



Report of the Comptroller and Auditor General of India for the year ended 31 March 2013



**Government of Uttarakhand
Report No. 1 of the year 2014**

Table of Contents		
Description	Reference to Paragraph	Page No.
Preface		v
Overview		vii
Chapter-I		
Social, General and Economic Sectors (Non-PSUs)		
Budget Profile	1.1.1	1
Application of resources of the State Government	1.1.2	1
Persistent savings	1.1.3	2
Funds transferred directly to the State implementing agencies	1.1.4	2
Grants-in-Aid from Government of India	1.1.5	3
Planning and conduct of Audit	1.1.6	3
Significant audit observations and response of Government to audit	1.1.7	3
Lack of responsiveness of Government to Audit	1.1.8	4
Follow-up on Audit Reports	1.1.9	4
Year-wise details of reviews and paragraphs appeared in Audit Reports	1.1.10	5
PERFORMANCE AUDIT		
MEDICAL HEALTH & FAMILY WELFARE DEPARTMENT		
National Rural Health Mission	1.2	6
RURAL DEVELOPMENT DEPARTMENT		
Indira Awaas Yojana	1.3	25
DEPARTMENT OF IRRIGATION		
Working of the Department of Irrigation	1.4	42
COMPLIANCE AUDIT		
HOME DEPARTMENT		
Procurement of Equipment under Modernisation of Police Force	1.5	54
MEDICAL EDUCATION DEPARTMENT		
Selection process for admission in MBBS course in Government Medical Colleges	1.6	57
Infructuous expenditure	1.7	61
MEDICAL HEALTH & FAMILY WELFARE DEPARTMENT		
Non-operationalisation of Trauma Centre	1.8	62
PEYJAL DEPARTMENT		
Execution of Water Supply Schemes under National Rural Drinking Water Programme (NRDWP)	1.9	63
PUBLIC WORKS DEPARTMENT		
Undue advantage to a contractor	1.10	67
RURAL DEVELOPMENT DEPARTMENT		
Rural connectivity under Pradhan Mantri Gram Sadak Yojana	1.11	70
SPORTS & YOUTH WELFARE DEPARTMENT		
Avoidable expenditure	1.12	74
TECHNICAL EDUCATION DEPARTMENT		
Infrastructure facilities in Technical Education Department	1.13	76

Description	Reference to	
	Paragraph	Page No.
Chapter-II		
Revenue Sector		
Trends of Revenue Receipts	2.1.1	81
Tax Revenue	2.1.2	81
Non-Tax Revenue	2.1.3	82
Variations between the budget estimates and actuals	2.1.4	83
Cost of collection of revenue receipts	2.1.5	84
Analysis of collection of tax revenue	2.1.6	84
Analysis of arrears of revenue	2.1.7	85
Evasion of Tax	2.1.8	85
Disposal of Refund cases	2.1.9	86
Response of the Departments/Government towards audit	2.1.10	86
Position of Audit Inspection Reports	2.1.11	88
Audit Planning	2.1.12	88
Results of audit	2.1.13	88
Contents of the Revenue Chapter of this Report	2.1.14	88
COMPLIANCE AUDIT		
COMMERCIAL TAX DEPARTMENT		
Arrears of Revenue in Commercial Tax Department	2.2	89
Non-recovery of tax and penalty	2.3	91
STAMP AND REGISTRATION DEPARTMENT		
Non-Levy of Stamp Duty amounting to ₹ 79.84 lakh	2.4	92
Chapter-III		
Social and Economic Sectors (Public Sector Undertakings)		
Status of Public Sector Undertakings	3.1.1	95
Audit Mandate	3.1.2	95
Investment in State Public Sector Undertakings (PSUs)	3.1.3	96
Budgetary outgo, grants/subsidies, guarantees and loans	3.1.4	97
Reconciliation with Finance Accounts of the Government	3.1.5	98
Performance of Public Sector Undertakings (PSUs)	3.1.6	98
Arrears in finalisation of accounts	3.1.7	99
Winding up of non-working PSUs	3.1.8	100
Comments on Annual Accounts	3.1.9	100
Internal Control /Internal Audit	3.1.10	101
Status of placement of Separate Audit Reports (SARs) in respect of Corporations	3.1.11	102
Recoveries at the instance of audit	3.1.12	102
Response of the departments to Audit Report material	3.1.13	102
Follow-up on Audit Reports	3.1.14	103
Disinvestment, Privatisation and Restructuring of PSUs	3.1.15	104

Description	Reference to	
	Paragraph	Page No.
PERFORMANCE AUDIT		
UTTARAKHAND POWER CORPORATION LIMITED		
Revenue Collection of the Power Distribution Company	3.2	105
COMPLIANCE AUDIT		
KUMAON MANDAL VIKAS NIGAM		
Promotion of Tourism related activities of Kumaon Mandal Vikas Nigam Limited	3.3	122
UTTARAKHAND POWER CORPORATION LIMITED		
Power purchase agreements entered into by Uttarakhand Power Corporation Limited	3.4	128

Appendices

Appendix	Particulars	Page
1.2.1	Organisational Set up of NRHM	133
1.2.2	Institutional deliveries	134
1.2.3	Staff position at District Level	135
1.2.4	HMIS (Immunisation) &(Family planning)	136
1.2.5	Mismatch of ANC	137
1.3.1	Delayed release of its share by the State Government	138
1.3.2	Physical status of IAY houses in the State	139
1.3.3	Details of IAY beneficiaries who had already benefitted under State housing schemes	140
1.4.1	Organisational Set up of Irrigation Department	142
1.4.2 (a)	Sources of funds	143
1.4.2 (b)	Application of funds	144
1.5.1	Details of Mobility	145
1.5.2	Vehicles and equipment provided to districts other than Border Districts (Pithoragrah, Champawat & Udham Singh Nagar)	146
1.6.1	Year wise position of pending verification of testimonials	147
1.7.1	Details of faculty members hired for MCI's inspections	148
3.1	Updated summarized financial results of Government Companies and Statutory Corporations for which accounts were finalised	149
3.2	Statement showing particulars of update paid-up-capital, loans outstanding and manpower as on 31 March 2013 in respect of Government Companies and Statutory Corporations	153
3.3	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 2013	157
3.4	Statement showing the investment made by the State Government in Companies whose accounts are not finalised upto 30 September 2013	158
3.5	Statement showing the department-wise outstanding Inspection Reports and paragraphs	159
3.6	The position of energy required, purchased, sold and the distribution losses of the Company during the years 2008-09 to 2012-13	160
3.7	Details of pending realization of late payment surcharge as well as electricity charges	161
3.8	Position of Uttarakhand Power Corporation Limited (UPCL) in meeting deficit power by unscheduled interchange (UI) overdrawal, short term power purchase and power cut	162

PREFACE

This Report has been prepared for submission to the Governor of the State of Uttarakhand under Article 151 (2) of the Constitution of India for being laid before the State Legislature.

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.

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.

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 cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2012-13 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2012-13 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 of three chapters containing audit findings pertaining to Social, General and Economic Sectors (Non-PSUs); Revenue Sector; and Social & Economic Sector (PSUs). There are four Performance audits on National Rural Health Mission, Indira Awaas Yojana, Working of Department of Irrigation and Revenue Collection of the Power Distribution Company (UPCL) and 14 compliance audit paragraphs involving ₹ 1134.14 crore relating to excess/wasteful/unfruitful/infructuous/avoidable/unproductive expenditure, undue favour to contractor, idle investment, diversion of funds, etc. Some of the major findings are mentioned below:

SOCIAL, GENERAL AND ECONOMIC SECTORS (NON-PSUs)

PERFORMANCE AUDITS

A performance audit on the **implementation of NRHM** was conducted. Some of the major findings are mentioned below:

- Household surveys and facility surveys intended for identifying the healthcare needs of the people at bottom level were not conducted in the State. District Health Action Plans for the year 2008-09 to 2012-13 were prepared without aggregating the Block and Village Health Action Plans.

[Paragraph 1.2.6.1]

- Against the availability of ₹ 778.28 crore during 2008-09 to 2012-13, ₹ 650.10 crore were spent and ₹ 12.41 crore were returned to GoI, thereby, leaving ₹ 115.77 crore unspent.

[Paragraph 1.2.7.1]

- Despite incurring an expenditure of ₹ 64.23 crore, the Department failed to get any input in planning and monitoring of implementation of NRHM from VHSSCs, besides utilization certificates for ₹ 30.44 crore were also not obtained from VHSSCs.

[Paragraph 1.2.7.2]

- Under Janani Suraksha Yojana, the Department made delayed payment of ₹ 2.98 crore to the beneficiaries.

[Paragraph 1.2.8.2(iii)]

- Due to excessive procurement, Drug Kits (A&B) valued at ₹ 1.21 crore expired in Drug Warehouse and equipment worth ₹ 2.18 crore were lying idle in the test-checked CHCs and PHCs.

[Paragraphs 1.2.9.1 & 1.2.9.2]

- An undue payment of ₹ 7.95 crore was made to a service provider (108-emergency response services) and operational cost of ₹ 3.20 crore was also not recovered from it.

[Paragraph 1.2.9.4]

A performance audit of **Indira Awaas Yojana (IAY)**, a Centrally Sponsored Scheme was conducted. Some of the major findings are mentioned below:

- IAY assistance of ₹ 2.49 crore was disbursed to 642 persons who were selected irregularly in violation of norms.
[Paragraph 1.3.6.1]
- Homestead site scheme was not implemented in the State.
[Paragraph 1.3.6.6]
- Due to huge unspent balances during 2008-13, central assistance of ₹ 39.19 crore was curtailed by the GoI.
[Paragraph 1.3.7.1]
- An amount of interest of ₹ 53.97 lakh, accrued against IAY funds, remained unaccounted for as these funds were kept together with other scheme accounts by the DRDAs.
[Paragraph 1.3.7.4]
- Unit assistance was provided to 77 beneficiaries against 38 BPL-IDs resulting in irregular benefit of ₹ 14.19 lakh.
[Paragraph 1.3.8.2]
- Houses were sanctioned to 73 beneficiaries by ignoring their ranking in the waitlist and 45 houses were allotted to those beneficiaries who had already benefitted from State Housing Schemes.
[Paragraphs 1.3.6.1 & 1.3.8.5]
- Figures of convergence of IAY houses with other schemes reported to GoI were not reliable as not a single case was found benefitted in audit as against 6 to 80 *per cent* reported achievement.
[Paragraph 1.3.8.8]

A Performance Audit of **Working of Irrigation Department** was conducted. Some of the major findings are mentioned below:

- Under utilisation of 295 canals resulted in a gap of 25,797 hectares in irrigation potential.
[Paragraph 1.4.6.2 (a)]
- The Department failed to collect outstanding dues of ₹ 16.39 crore from Jal Sansthan and M/s HMT since 1983-84.
[Paragraph 1.4.7.2]
- The Department was unable to levy water charges in Tarai-Bhawar area despite incurring ₹ 2.15 crore on repair and maintenance of the canal in the region.
[Paragraph 1.4.7.3]
- Unserviceable stores worth ₹ 68.62 lakh could not be disposed by the Department.
[Paragraph 1.4.11]
- The Internal Control and Monitoring Mechanism of the Department were inadequate.
[Paragraph 1.4.13.2]

COMPLIANCE AUDIT

Procurement of Equipment under Modernisation of Police Force

The main objective of 'Modernisation of Police Force' scheme was far from being achieved as there were huge shortages of mobility, communications and weaponry in the State. The prime objective of strengthening of the Indo-Nepal border could not be fulfilled as vehicles and equipment worth ₹ 2.13 crore were provided to districts other than entitled. The Department had also purchased 14 cars at a cost of ₹ 64.11 lakh out of the Police Modernisation funds for SSPs/SPs/DSPs in violation of the guidelines.

[Paragraph 1.5]

Selection process for admission in MBBS course in Government Medical Colleges.

The process for verification of genuineness of documents of UPMT candidates in Government Medical Colleges was found to be very slow as 47 *per cent* of the testimonials pertaining to the years 2008-09 to 2012-13 were yet to be verified. Seventeen MBBS seats of the Medical Colleges were rendered vacant for entire course period due to delayed forensic investigation. The Medical Colleges failed to claim compensation of ₹ 0.30 crore from each of the 24 candidates who left MBBS course after scheduled closing date of admission or were expelled on the grounds of using false domicile certificates or adverse forensic investigation reports.

[Paragraph 1.6]

Execution of water supply schemes under National Rural Drinking Water Programme (NRDWP)

Under NRDWP, the State could utilize only 38 *per cent* against the total available funds and 34 *per cent* needy habitations could be covered over the period 2009-13. There were instances of diversion of fund amounting to ₹ 6.04 crore, irregular expenditure of ₹ 47.50 lakh from the Calamity Relief Fund component of NRDWP and interest free advances amounting to ₹ 1.78 crore to contractors.

[Paragraph 1.9]

Rural connectivity under Pradhan Mantri Gram Sadak Yojana (PMGSY)

Under PMGSY, only 64 works (22 *per cent*) had been completed at a cost of ₹ 119.89 crore out of total sanctioned 291 road works amounting to ₹ 802.37 crore and 227 works remained incomplete despite incurring an expenditure of ₹ 237.58 crore as of March 2013. In test-checked PIUs, an amount of ₹ 4.16 crore was found expended irregularly and ₹ 3.73 crore was found charged to the scheme in contravention of the guidelines. Mobilisation advances amounting to ₹ 2.27 crore against nine contractors were still pending for recovery despite the facts that its bank guarantees had already been expired.

[Paragraph 1.11]

Infrastructure facilities in Technical Education

The Department failed in ensuring timely execution of projects meant for infrastructural facilities. Despite availability of sufficient funds to the tune of ₹ 227.02 crore, it could spend only ₹ 110.79 crore (49 *per cent*). 59 *per cent* of operational GITIs and GPs were being operated from rented buildings and employees were deprived of the Government accommodation due to

non-completion of residential buildings. 28 trades in 33 GITIs were running with a shortage of tools/equipment which was one of the main reasons for non-affiliation of several trades with the National Council for Vocational Training (NCVT).

[Paragraph 1.13]

REVENUE SECTOR

COMPLIANCE AUDIT

Arrear of Revenue in Commercial Tax Department

The arrear of tax revenue increased by ₹ 2061.74 crore over the period 2008-09 (₹ 501.43 crore) to 2012-13 (₹ 2563.17 crore). There were delays ranging between one month to eight years in issue of recovery certificates amounting to ₹ 48.03 crore. Also there were cases of non-vacation of stay cases ₹ 26.99 crore, non-settlement of ex-parte assessments ₹ 35.48 crore and overstatement of arrear of revenue ₹ 13.54 crore.

[Paragraph 2.2]

Inaction of the Department resulted in non levy of stamp duty amounting to ₹ 79.84 lakh.

[Paragraph 2.4]

ECONOMIC SECTOR (PSUs)

Performance Review

A Performance Audit of **Revenue Collection of the Power Distribution Company (UPCL)** was conducted. Some of the major findings are mentioned below:

- Cost of energy could not be recovered from different categories of consumers to the extent of ₹ 473.78 crore during the period 2008-09 to 2012-13 after allowing for prescribed energy loss limit fixed by the UERC.

[Paragraph 3.2.7.1]

- There was loss of revenue amounting to ₹ 196.07 crore due to non-finalization of 'stop billing' cases as per provisions of the Electricity Supply Code of the UERC.

[Paragraph 3.2.7.2(i)(a)]

- Company suffered a loss of ₹ 3.88 crore due to use of conductors of inappropriate capacity.

[Paragraph 3.2.7.6]

- Company could not realize electricity charges of ₹ 178.82 crore and late payment surcharge of ₹ 217.39 crore on account of delayed payment of electricity bills in respect of 1206 consumers.

[Paragraph 3.2.8.1(d)]

- There was non-realisation of additional security amounting to ₹ 17.04 crore from the 147 large & heavy consumers.

[Paragraph 3.2.8.1(e)]

- Inappropriate monitoring of recovery certificate by the company resulted into non-realization of dues of ₹ 45.51 crore from 2539 defaulting consumers.

[Paragraph 3.2.8.1(g)]

COMPLIANCE AUDIT

Promotion of Tourism Related Activities of Kumaon Mandal Vikas Nigam Limited

The Nigam could not achieve its objective of promoting tourism in the Kumaon region of the State. The percentage of tourist availing its facilities was negligible (5.29 *per cent*). The Nigam had no strategy for publicity. Due to inadequate planning the intended objective of promoting village tourism remained unrealized. During the period 2005-2008, the Nigam constructed 20 Tourist Information Centres (TICs) with an expenditure of ₹ 2.12 crore, out of which nine TICs involving expenditure of ₹ 0.97 crore were lying idle. Further, without approach road and basic facilities, constructed TRHs at a cost of ₹1.42 crore remained idle.

[Paragraph 3.3]

Power purchase agreements entered into by Uttarakhand Power Corporation Limited

UPCL had violated the provisions of the grid code by drawing 2793.45 MUs of unscheduled interchange (UI) energy during 2008-09 to 2012-13 for which UPCL had to pay ₹ 252.40 crore more as UI charges. Short term purchases drastically increased from 138.92 MU in 2009-10 to 1696.08 MU in 2012-13. UPCL was regularly overdrawing beyond the limit prescribed by the UERC thereby resulting in grid indiscipline

[Paragraph 3.4]

Chapter-I

Social, General and Economic Sectors (Non-PSUs)

Chapter-I

Social, General and Economic Sectors (Non-PSUs)

1.1 Introduction

1.1.1 Budget Profile

There are 70 Government Departments and 41 Autonomous Bodies in the State. The position of budget estimates and actuals thereagainst of the State Government during 2010-13 is given in **Table-1.1.1**

Table 1.1.1
Budget and expenditure of the State Government during 2008-13

(₹ in crore)

Particulars	2008-09		2009-10		2010-11		2011-12		2012-13	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue Expenditure										
General Services	3,019.18	3,103.97	4,118.72	3,694.34	4,109.96	4,180.15	4,993.94	4,475.11	5,443.94	5,372.23
Social Services	3,570.98	3,391.83	4,900.94	4,980.28	5,358.43	5,169.49	6,447.89	6,019.65	6,856.51	6,095.84
Economic Services	1,730.83	1,623.13	1,745.16	1,658.12	1,973.30	1,863.75	2,351.14	2,101.63	2,568.74	1,995.29
Grant-in-aid & contributions	342.53	274.77	396.29	324.73	555.00	407.68	532.72	378.80	847.92	496.86
Total (1)	8,663.52	8,393.70	11,161.11	10,657.47	11,996.69	11,621.07	14,325.69	12,975.19	15,717.11	13,960.22
Capital expenditure										
Capital Outlay	2,802.25	2,016.34	1,956.92	1,646.74	2,005.09	1,854.84	3,094.58	2,316.94	3,653.48	3,542.09
Loans and advances disbursed	407.12	121.71	307.77	30.06	150.54	59.68	307.91	246.83	264.05	272.57
Repayment of Public Debt	569.22	355.38	1,311.58	472.87	1,299.63	519.36	1,638.73	1,015.78	2,297.13	1,472.21
Contingency Fund	25.00	32.05	34.00	71.42	10.00	536.71	35.00	69.07	40.00	32.07
Public Accounts disbursements	10,194.09	13,476.62	10,963.47	12,321.83	11,665.36	17,608.20	12,662.52	19,832.00	12,872.30	20,961.24
Closing Cash balance	-	242.96	-	538.91	-	1229.41	-	1085.18	-	1945.54
Total (2)	13,997.68	16,245.06	14,573.74	15,081.83	15,130.62	21,808.20	17,738.74	24,565.80	19,126.96	28,225.72
Grand Total (1+2)	22,661.20	24,638.76	25,734.85	25,739.30	27,127.31	33,429.27	32,064.43	37,540.99	34,844.07	42,185.94

Source: Annual Financial Statements & Finance Accounts

1.1.2 Application of resources of the State Government

As against the total outlay of the budget of ₹ 34,844.07 crore, total expenditure was ₹ 42,185.94 crore. The total expenditure¹ of the State increased from ₹ 10,532 crore to ₹ 17,775 crore during 2008-09 to 2012-13, the revenue expenditure of the State Government increased by 66 per cent from ₹ 8,394 crore in 2008-09 to ₹ 13,960 crore in 2012-13. Non-plan revenue expenditure increased by 85 per cent from ₹ 6,220 crore to ₹ 11,533 crore and capital expenditure increased by 76 per cent from ₹ 2,016 crore to ₹ 3,542 crore during the period 2008-09 to 2012-13.

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

spent in a particular year on major flagship schemes and other important schemes which are being implemented by State Implementing Agencies and funded by GoI.

1.1.5 Grants-in-Aid from Government of India

The Grants-in-aid received from the GoI during the years 2008-09 to 2012-13 have been given in **Table 1.1.3**.

Table-1.1.3
Grants-in-Aid from GoI

(₹ in crore)					
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Non-plan Grants	1,270	1,183	1,435	762	869
Grants for State Plan Schemes	1,906	2,334	2,253	2,840	3,040
Grants for Central plan Schemes	08	11	21	10	8
Grants for Special Plan Schemes	200	217	356	462	540
Total	3,384	3,745	4,065	4,074	4,457
Percentage of increase over previous year	11	11	9	00	9
Percentage of Revenue Receipts	39	39	35	30	28

The Grants-in-Aid from GoI increased from ₹ 3,384 crore in 2008-09 to ₹ 4,457 crore in 2012-13. The percentage increase ranged between 0.22 *per cent* and 11 *per cent* during the period from 2009-10 to 2012-13 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 2012-13, compliance audit of 216 drawing and disbursing officers of the State and 28 autonomous bodies were conducted by the office of the Accountant General (Audit), Uttarakhand. Besides, three performance audits were 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 provision 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, draft reports on three draft Performance Audits and nine draft paragraphs were forwarded to the concerned Administrative Secretaries. But the reply of the Government has been received in one case only.

1.1.8 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 verify 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 Principal Secretary (Finance). At the end of March 2013, 4,255 IRs and 10,907 paragraphs pertaining to Social, General and Economic Sectors were outstanding for settlement.

During 2012-13, two meetings of *ad hoc* committee were held in which no paragraph was 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.

1.1.9 Follow-up on Audit Reports

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 and Reviews 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.

However, 26 Departments, from whom the ATNs are due, had not submitted the same for 93 Performance Audits/ paragraphs for the period since the creation of the State up to March 2013, is detailed in **Table 1.1.4**.

Table-1.1.4

Position regarding receipt of ATNs on the paragraphs included in the ARs

Audit Reports	Year	Departments	ATNs pending as of 31 December 2013	Date of presentation in the State Legislature	Due date for receipt of DNs
Civil/Social, General and Economic Sectors- Non-PSUs	2009-10	Miscellaneous Departments	16	29.03.2011	28.06.2011
	2010-11	Miscellaneous Departments	5	11.12.2012	10.03.2013
	2011-12	Miscellaneous Departments	14	18.09.2013	17.12.2013
State Finances	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

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

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

Table-1.1.5

Details regarding reviews and paragraphs appeared in Audit Report during 2010-12

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Paragraphs
2010-11	6	1,158.47	23	343.56	06	07
2011-12	4	409.18	13	146.32	04	00

During 2012-13, three performance audits involving money value of ₹ 283.16 crore and nine paragraphs involving money value of ₹ 166.42 crore have been included in the report. Out of this, reply of only one paragraph was received.

PERFORMANCE AUDIT

Medical Health & Family Welfare Department

1.2 National Rural Health Mission

Government of India launched National Rural Health Mission (NRHM) in April 2005 throughout the country with the objective to provide accessible, affordable, effective and reliable healthcare facilities in the rural areas. A special focus was on 18 States including Uttarakhand. Some of the significant findings of the audit are given below:

Highlights:

- *Household surveys and facility surveys intended for identifying the healthcare needs of the people at bottom level were not conducted in the State. District Health Action Plans for the year 2008-09 to 2012-13 were prepared without aggregating the Block and Village Health Action Plans.*
[Paragraph 1.2.6]
- *Against the availability of ₹778.28 crore during 2008-09 to 2012-13, ₹650.10 crore were spent and ₹12.41 crore were returned to GoI, thereby, leaving ₹115.77 crore unspent.*
[Paragraph 1.2.7.1]
- *Despite incurring an expenditure of ₹64.23 crore, the Department failed to get any input in planning and monitoring of implementation of NRHM from VHSSCs, besides utilization certificates for ₹30.44 crore were also not obtained from VHSSCs.*
[Paragraph 1.2.7.2]
- *Under Janani Suraksha Yojana, the Department made delayed payment of ₹2.98 crore to the beneficiaries.*
[Paragraph 1.2.8.2(iii)]
- *Due to excessive procurement, Drug Kits (A&B) valued at ₹1.21 crore expired in Drug Warehouse and equipment worth ₹2.18 crore were lying idle in the test-checked CHCs and PHCs.*
[Paragraphs 1.2.9.1 & 1.2.9.2]
- *An undue payment of ₹7.95 crore was made to a service provider (108-emergency response services) and operational cost of ₹3.20 crore was also not recovered from it.*
[Paragraph 1.2.9.4]

1.2.1 Introduction

The National Rural Health Mission (NRHM) was launched on 27th October, 2005 in Uttarakhand with the objectives to provide accessible, affordable, effective and reliable healthcare facilities in the rural areas, especially to poor and the vulnerable sections of the population. It aimed to involve community in planning and monitoring, reduce infant mortality rate, maternal mortality rate and total fertility rate for population stabilization and to prevent/control communicable/ non-

communicable diseases through its components¹. The NRHM aimed at an architectural correction in the healthcare delivery system by converging various standalone existing National Disease Control Programmes² (NDCPs). The Mission envisaged increasing expenditure on health, with a focus on primary healthcare, from 0.9 *per cent* of Gross Domestic Product in 2005 to 2-3 *per cent* over the mission period (2005-12). NRHM is the sole centrally sponsored flagship scheme being implemented in Uttarakhand as no other parallel scheme like this has been launched by the State Government.

1.2.2 Organizational Set-up

At the State level, NRHM functions under the overall guidance of the State Health Mission (SHM) headed by the Chief Minister Govt. of Uttarakhand. The activities under the Mission are carried out through the State Health Society (SHS) consisting of a Governing Body and an Executive Committee. The Governing Body of the SHS is headed by the Chief Secretary of the State. The Executive Committee of the SHS is headed by the Principal Secretary, Health and Family Welfare Department. The State Programme Management Support Unit (SPMSU) assists SHS and is headed by a Mission Director. At the district level, District Health Missions (DHMs) under chairmanship of respective Zilla Pramukhs and District Health Societies (DHSs) headed by respective District Collectors are responsible to implement the NRHM. The Executive Committee of DHS is headed by Chief Medical Officer (CMO). The overall organizational set-up of NRHM in the State is as shown in *Appendix-1.2.1*.

1.2.3 Audit objectives

The objectives of the performance audit were to assess whether:

- planning processes of the Mission at Village, Block, District and State levels were adequate and effective;
- release and utilization of funds was adequate and efficient;
- the performance indicators and targets fixed under the Mission were achieved timely and efficiently;
- procurement of drugs, equipment and services was cost effective, efficient, timely, and procurement rules and procedures were followed;
- capacity building and strengthening of physical and human infrastructure at different levels was adequate and the information, education and communication (IEC) was effective; and
- Health Management Information System and monitoring mechanism were functional and effective.

1.2.4 Scope and methodology of Audit

The performance audit was conducted during April 2013 to August 2013 covering the period from 2008-09 to 2012-13. Out of 13 districts of the State, five districts³ were selected by Probability Proportional to Size without Replacement (PPSWOR) method. In each sampled district, two Community Health Centre (CHC) and two Primary Health Centre (PHC) were

¹ Reproductive and Child Health (RCH), NRHM Additionalities, Immunization and National Disease Control Programmes (NDCPs).

² National Vector-borne Disease Control Programme, Revised National Tuberculosis Control Programme, National Leprosy Eradication Programme, National Blindness Control Programme and Integrated Disease Surveillance Project.

³ Almora, Chamoli, Haridwar, Pauri and Udham Singh Nagar.

selected for detailed analysis/ physical verification. Records of two Sub-Centers (SCs) of each selected CHC/PHC were also scrutinized during the course of audit. The selection of these CHCs/ PHCs/ SCs had been made using Simple Random Selection without Replacement (SRSWOR) method. Besides, the records of SHS, DHSs, District Hospitals (Male & Female) of each sampled district and Directorates of Ayurveda and Homeopathy were also scrutinized.

Before commencement of audit, the audit objectives, scope and methodology were discussed in an entry conference held on 18 April 2013 with the Additional Secretary, Department of Health and Family Welfare and other important officers of the State Government responsible for execution of the scheme in the State. Draft Report was sent (October 2013) to the Government for their reply/response and an exit conference was also held on 30 November 2013 with the Principal Secretary, Department of Medical Health & Family Welfare, Government of Uttarakhand to discuss the audit findings, but replies are still awaited. However, the response of the Department has been incorporated at appropriate places.

1.2.5 Audit Criteria

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

- GoI guidelines on the Scheme and related instructions issued from time to time;
- State Programme Implementation Plans (SPIPs) as approved by the GoI;
- Memorandum of understanding (MoU) executed between the State Government and the GoI;
- Indian Public Health Standards (IPHS) norms; and
- Uttarakhand Procurement Rules, 2008.

Audit findings

1.2.6 Planning

The NRHM aimed at decentralized planning and implementing arrangements to ensure need based and community owned District Health Action Plan (DHAP) which would form the basis for interventions in the health sector. The guidelines envisaged conducting of household survey, facility survey, preparation of perspective plan for the entire Mission period (2005-12) and Annual Action Plans. A scrutiny of the records showed that there were deficiencies in the planning process which are discussed in the following sub-paragraphs:

1.2.6.1 Non-conducting of Household Survey and non-utilization of data gathered from Family Health Survey

Scrutiny of records showed that the prescribed household survey for assessing the healthcare and identifying underserved and unserved areas, was not conducted by the State Health Society (SHS). Further, for conducting a Family Health Survey through Accredited Social Health Activists (ASHAs) for the implementation of Mother & Child Tracking System, the State Health Society (SHS) released ₹ 68.22 lakh to all the districts of the State out of which, ₹ 53.95 lakh was spent and ₹ 14.27 lakh was lying unspent with District Health Societies (DHSs). However, the above said expenditure of ₹ 53.95 lakh on the Family Health survey remained unfruitful as the information collected by the ASHA and handed over to the outsourced agencies for computerized compilation was not used for any purpose by the DHSs and the SHS due to introduction of new software by the GoI.

While accepting the audit observation on non-utilization of data the Mission Director also stated (August 2013) that due to shortage of technical manpower and difficult terrain of the State, the household surveys could not be conducted.

Reply is not acceptable as it was admitted by the Department in PAC meeting (August 2010) on earlier Audit Report (2008) that order had been issued to conduct household survey through ASHA and it would be done after constitution of Village Health & Sanitation Committees (VHSC). Though, the VHSCs had been constituted in the entire State in 2008-09 but the household surveys were not conducted even after a lapse of four years of their constitution. Thus, in the absence of household survey, actual health care requirements remained un-assessed.

1.2.6.2 Non-conducting of Facility Survey

In order to upgrade the infrastructure and services of the existing Health Care Centres as per IPHS norms, a Facility Survey⁴ was to be conducted by State Health Society in each health facility at regular intervals. Scrutiny of the records of SHS showed that the facility survey was not conducted at all.

On this being pointed out, the Mission Director accepted (August 2013) the fact and stated that facility survey could not be conducted due to shortage of doctors and specialists in health facilities. The reply is not acceptable as there was no requirement of specific staff since the prescribed format for facility survey as per IPHS could have been filled by the local staff of the Health facility concerned. Thus, in the absence of facility survey, the need of actual health interventions could not be assessed.

1.2.6.3 Non-preparation of Perspective Plan

During the scrutiny of the records of SHS and in sampled districts, it was noticed that perspective plans for the entire Mission period were not prepared by SHS and DHSs. On this being pointed out, Additional Director stated that Perspective Plan in respect of Reproductive & Child Health for the period from 2005 to 2010 was prepared by the Department. However, the reply of Additional Director is not acceptable as it did not include all the components⁵ of NRHM for the mission period.

1.2.6.4 Improper Preparation of Annual Action Plans

The District Health Action Plan (DHAP) should, as far as practicable, be an aggregation and consolidation of the Block and Village Health Action Plans. Scrutiny of the records of the sampled districts showed that DHAPs for the year 2008-09 to 2012-13 were prepared without aggregating the Block and Village Health Action Plans which had not been prepared. The DHAPs were submitted to SHS without the approval of the District Health Missions (DHMs). It was also seen that the State Programme Implementation Plan (SPIP), based on these DHAPs, was sent to the National Programme Co-ordination Committee (NPCC) without the approval of the Governing Body of the SHS.

This issue was raised (2008) in the earlier performance audit and the matter was also discussed (October 2010) in the Public Accounts Committee (PAC) wherein it was submitted by the Government that the DHAPs for the year 2011-12 were being prepared at the village level. On this being pointed out, the Mission Director stated (August 2013) that State does not have the capacity to get the Village Health Plans prepared from the VHSCs. Further, the Mission Director

⁴ A survey for identifying requirement of specialist service, manpower, investigating facilities, equipment and other infrastructure, etc

⁵ Reproductive & Child Health, NRHM Additionalities, Immunisation and National Disease Control Programme.

added that the SPIP was forwarded to the NPCC after its approval by the executive committee of the SHS and GOI had not raised any objection to this. Reply is not acceptable as SPIPs were deprived of the valuable suggestive inputs of Governing Body headed by Chief Secretary.

1.2.7 Funding Pattern and Financial Management

In the Eleventh Plan (2007-12), the contribution of the Centre and the State was to be in the ratio of 85:15. As per the approved SPIP for the year 2012-13, State share was fixed at 10 *per cent* by the GoI. Funds are received by the SHS mainly from two sources i.e. Grants-in-aid by MoHFW, GoI and the contribution made by the State Government. The vision of the Mission was to raise the public spending on health from 0.9 *per cent* of the GDP to 2-3 *per cent* of the GDP.

In Uttarakhand, the expenditure on health was almost consistent during the coverage period and remained between 0.68 *per cent* and 0.75 *per cent* of the Gross State Domestic Product (GSDP). The State did not contribute its share timely in the period 2008-09 to 2011-12 leaving a gap in its contribution of ₹ 18.16 crore. This was, however, released along with share of 2012-13.

1.2.7.1 Financial Position

The position of Grants-in-aid received from the GoI and the State Government and expenditure incurred there against during 2008-09 to 2012-13 is depicted in **Table 1.2.1**.

Table: 1.2.1
Position of funds released and expenditure incurred

Year	OB	Funds received				Total Fund available	Expenditure	Refund to GOI	CB	Unspent balance (in %)
		GOI	State Govt.	Misc. Receipts ⁶	Total					
2008-09	93.18	67.53	13.85	4.65	86.03	179.21	101.93	3.96	73.32	41
2009-10	73.32	103.44	13.80	1.82	119.06	192.38	94.23	0.09	98.06	51
2010-11	98.06	99.52	21.80	1.94	123.26	221.32	148.31	6.92	66.09	30
2011-12	66.09	128.89	35.65	2.45	166.99	233.08	133.35	0.90	98.83	42
2012-13	98.83	125.38	56.86	7.52	189.76	288.59	172.28	0.54	115.77	40
Total		524.76	141.96	18.38	685.10		650.10	12.41		41

Source: Information provided by the SHS (OB- Opening Balance, CB – Closing Balance)

It may be seen from the table that on an average, 41 *per cent* of the total available funds remained unutilized at the end of financial year during last five years. An amount of ₹ 115.77 crore remained unutilized at the end of 2012-13 which indicates a huge gap in State's capacity and infrastructure to utilize the earmarked funds. This has long term implications for the readiness of the State's health infrastructure in meeting health challenges and achieving laid down targets in health care. Audit also observed that one of the main reasons for under-utilisation of the allotted funds was absence of any input from DHSs and Sub-District Health Centres in the preparation of budget estimates at the State level.

As regards, non-utilisation of funds, the Mission Director stated (September 2013) that expenditure was not reported by DHSs well in advance while preparing the PIPs and activity wise annual budget was also not received from DHSs. The reply of the Mission Director itself indicates that the provisions for funds in the PIPs were made without input from DHSs.

⁶ This constitutes interest earned on Grants received and loans taken from 'Family Planning Services'.

1.2.7.2 Improper functioning of VHSSCs

The Government of Uttarakhand accorded sanction (February 2009) to constitute Village Health and Sanitation Sub Committees (VHSSCs) in the State. The VHSSC members (14) were to be given orientation training by DHSs through NGOs to equip them to provide leadership as well as to plan and monitor the health activities at the village level. These VHSSCs were to perform various health activities including IEC, household survey, preparation of health register, organization of meetings at the village level, etc. Untied funds at the rate of ₹ 10,000 per annum were to be made available to each VHSSC to carry out these activities. The amount of untied funds was to be kept in a bank account to be operated by the Auxiliary Nursing Midwife (ANM)/ Health linked worker and Chairman of the VHSSC jointly.

Audit scrutiny showed that a total of 15,411 VHSSCs were constituted in the State in 2008-09 and untied funds amounting to ₹ 61.72 crore were released to the VHSSCs during 2009-10 to 2012-13. Further, an amount of ₹ 2.51 crore was spent on training of the VHSSC members in the State imparted by State and District ASHA Resource Centre. During audit scrutiny of the records of the sampled districts as well as the SHS, it was observed that the required joint bank accounts with the ANM was not opened by any of the VHSSCs and money was kept in Gram Panchayat accounts by concerned Gram Pradhans. Further, neither the prescribed household survey was conducted nor was the Village Health Action Plan prepared by any of the VHSSCs. No other input in planning and monitoring of health activities at the village level was given by any of the VHSSCs. Thus, despite incurring an expenditure of ₹ 64.23 crore, the Department could not get any input in respect of planning and monitoring of implementation of NRHM from VHSSCs. Further, Statements of Expenditure (SoEs) and Utilization Certificates (UCs) for ₹ 30.44 crore were also not submitted by the VHSSCs of nine districts⁷. The SHS did not provide any information regarding SoEs and UCs from the VHSSCs of the remaining four districts.

On this being pointed out, the Mission Director, while accepting the audit observations, stated (August 2013) that the VHSSCs had not played any active role in health planning and monitoring. The Mission Director further intimated that the release of untied funds to all the districts had been proposed to be withheld from the year 2013-14, but GoI said that release of untied fund to VHSSC is mandatory, hence, nominal fund (₹ 500 per VHSSC) would be released.

1.2.7.3 Diversion of funds

NRHM guidelines stipulate that the State shall not make any change in allocation amongst different approved components/ activities without the approval of GoI.

Audit scrutiny showed that during the years 2009-10, 2010-11 and 2011-12, the SHS incurred an expenditure of ₹ 3.28 crore by diverting funds from one activity to another without obtaining the approval of the GoI.

1.2.7.4 Excess grant to NGOs over norms

As per norms prescribed for NRHM activities, up to five *per cent* of the total NRHM budget can be released to the NGOs at the State and the District levels to operate the health activities like operationalisation of Mobile Medical Units, District ASHA Resource Centres etc. as per approved Annual Health Action Plans.

⁷ Pauri-₹ 12.45 crore, Chamoli- ₹4.53 crore, Almora-₹ 3.11 crore, Haridwar- ₹ 1.80 crore, Udham Singh Nagar- ₹ 1.42 crore, Nainital- ₹1.80 crore, Tehri- ₹3.83 crore, Uttarkashi-₹ 1.14 crore and Bageshwar-₹ 0.36 crore.

Audit noticed that an amount of ₹ 34.16 crore was released to various NGOs in excess of the prescribed norms during 2008-09 to 2012-13 in violation of the aforesaid provisions of NRHM guidelines. There was an excess release of grant ranging from three to seven *per cent* (₹ 4.58 to ₹ 8.14 crore). Moreover, up to 21 *per cent* (₹ 3.82 crore) out of the total released funds of ₹ 17.97 crore in 2012-13 were lying unspent with the NGOs.

On this being pointed out, the Mission Director replied (August 2013) that the grant for NGOs was released as per the approved SPIP. The reply is not acceptable as provisioning of grants for the NGOs in the SPIP was made in excess of the prescribed norms.

1.2.7.5 Inadmissible expenditure from Untied Funds

Audit scrutiny of records of the sampled CHCs/ PHCs showed that out of total untied fund of ₹ 32.64 lakh released during 2008-09 to 2012-13, an expenditure of ₹ 25.98 lakh (80 *per cent*) was incurred on inadmissible items like purchase of office stationery and equipment, engagement of full time or part time staff, payment of honorarium/incentives/ wages of any kind, purchase of drugs, consumables and furniture, payments towards advertisements in Newspaper/ Journal/ Magazine by these CHCs/ PHCs. On this being pointed out, the Mission Director stated (August 2013) that instructions would be issued to CHCs and PHCs to incur the expenditure out of untied funds on only admissible items.

1.2.8 Performance indicators and Disease Control Programmes

The NRHM prescribed national targets for reducing Infant Mortality Rate (IMR), Maternal Mortality Rate (MMR), Total Fertility Rate (TFR), reducing morbidity and mortality rate and increasing cure rate of different endemic diseases covered under various national programmes. The programme wise achievement level of the national targets is discussed in the following paragraphs:

1.2.8.1 Reproductive and Child Health programme

Reproductive and Child Health (RCH) is the biggest programme under NRHM and aims to reduce MMR, IMR and TFR and to promote family planning, etc. to achieve population stability. Targets of MMR, IMR, TFR and achievement there against in the State as well as in sampled districts are as shown in the **Table 1.2.2**.

Table: 1.2.2
Achievement targets of MMR, IMR, TFR

Particulars	Targets to be achieved by 2012	Targets achieved by						
		Country	State	Selected districts				
				Pauri	Chamoli	Almora	Haridwar	U S Nagar
IMR	30/1000 live births	50	43 (AHS 2011)	43 (AHS 2011)	27 (AHS 2011)	20 (AHS 2011)	72 (AHS 2011)	37 (AHS 2011)
MMR ⁸	100/100000 live births	212	162 (AHS 2012)	155 (AHS 2012)	155 (AHS 2012)	181 (AHS 2012)	155 (AHS 2012)	181 (AHS 2012)
TFR	2.1	2.7	2.3 (AHS 2011)	2.4 (AHS 2011)	2.0 (AHS 2011)	2.0 (AHS 2011)	3.1 (AHS 2011)	2.4 (AHS 2011)

Source: Annual Health Survey 2011 & 2012 conducted by GoI

⁸ State followed the indicators of Annual Health Survey conducted by the GoI in the absence of any State level survey conducted by the State Government. Figures mentioned in the table for MMR pertain to Garhwal (Chamoli, Dehradun, Haridwar, Pauri, Rudraprayag, Tehri and Uttarkashi) and Kumaon (Almora, Bageshwar, Champawat, Nainital, Pithoragarh and Udham Singh Nagar) regions as no district-wise indicators were available with the Department.

It can be observed from above that although the indicators of the State with reference to IMR, MMR and TFR are better than the national level, the prescribed targets are yet to be achieved at the State level. In the sampled districts, IMR and TFR statistics in Haridwar district and MMR in Almora and Udham Singh Nagar districts are far above from the fixed targets.

On this being pointed out, the Department admitted (August 2013) the facts and replied that Haridwar and Pauri districts are kept in high priority districts and State is giving more emphasis for improvement in these districts.

1.2.8.2 Implementation of Janani Suraksha Yojana

The Janani Suraksha Yojna (JSY) is a safe motherhood scheme under NRHM implemented with an objective of reducing maternal and infant mortality by promoting institutional deliveries. During scrutiny of records in test-checked districts as well as SHS, the following irregularities were noticed:

(i) Ante-Natal Care of pregnant women

In order to provide safe motherhood, at least three Ante-Natal Care (ANC) checkups, 100 days intake of Iron Folic Acid (IFA) and two doses of Tetanus Toxoid (TT) were to be provided to all registered pregnant women. Besides, to encourage the pregnant women to volunteer for ANCs, the distribution of IFA tablets was linked⁹ to each check-up. The details of ANCs provided to registered pregnant women during audit period are shown in the **Table 1.2.3**.

Table: 1.2.3
Details of ANCs provided to registered pregnant women

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Registered pregnant women	2,43,301	2,26,481	2,03,131	2,24,167	1,95,699
Provided with three ANCs	1, 78,273(73%)	1, 70,389(75%)	1, 52,838(75%)	1, 67,585(75%)	1, 39,410(71%)
Provided two doses of TT	2, 09,578(86%)	1, 94,789(86%)	1, 79,278(88%)	1, 89,984(85%)	1, 58,528(81%)
Provided with 100 IFA tablets	69,158(28%)	2, 05,734(91%)	1, 79,231(88%)	1, 01,732(45%)	1, 08,985(56%)

Source: Information extracted from the records of the Department

Thus, there was a shortfall of up to 29 *per cent* in providing three ANCs to pregnant women. In respect of administration of two doses of TT, the shortfall was up to 19 *per cent* whereas in respect of providing of IFA tablets, the shortfall was up to 72 *per cent* during the period 2008-09 to 2012-13.

Analysis of the ANC data provided by the SHS showed widespread discrepancies in the number of registered pregnant women provided with three ANCs *vis-à-vis* those provided with 100 IFA tablets. In the years 2008-09, 2011-12 and 2012-13, 71 to 75 *per cent* of the registered pregnant women were provided with three ANCs whereas IFA tablets were provided only to 28 to 56 *per cent*. In the years 2009-10 and 2010-11, 88 to 91 *per cent* of the registered pregnant women were provided with 100 IFA tablets whereas only 75 *per cent* were provided with three ANCs. The mismatch between the two sets of figures i.e. between the data regarding three ANCs and the data regarding hundred IFA tablets provided to registered pregnant women indicates misreporting as the mandatory IFA doses are administered during ANCs. In reply, the Additional Director while accepting the facts, assured that efforts would be made to provide IFA tablets to all pregnant women.

⁹ 1st ANC- 30 IFA tablets, 2nd ANC- 30 IFA tablets, and 3rd ANC- 40 IFA tablets.

(ii) **Institutional deliveries**

One of the important interventions of the JSY under the Reproductive and Child Health (RCH) programme was to promote institutional delivery in order to reduce MMR and IMR. The details of institutional deliveries carried out in the State against the total registered pregnant women during 2009-13 are given in the **Table 1.2.4**.

Table: 1.2.4
Details of institutional deliveries

Year	Total registered pregnant women	Number of deliveries	
		Institutional deliveries	Domiciliary deliveries
2008-09	2,43,301	71,285 (29%)	Not Available
2009-10	2,26,481	74,731(33%)	4,729(2%)
2010-11	2,03,131	75,625(37%)	4,543(2%)
2011-12	2,24,167	80,562(36%)	7,375(3%)
2012-13	1,95,699	83,797(43%)	5,564(3%)
Total	10,92,779	3,86,000 (35%)	22,211(02%)

Source: Information provided by the Department

Out of the total 10.93 lakh registered pregnant women in the State during 2008-09 to 2012-13, data regarding only 3.86 lakh (35 *per cent*) institutional deliveries and 0.22 lakh (two *per cent*) domiciliary deliveries was available with the Department. The institutional deliveries carried out in the State at Government Health Centers against the registered pregnant women during 2008-09 to 2012-13 were a meager 29 to 43 *per cent*. In test-checked districts, shortfall in institutional deliveries in Haridwar was up to 86 *per cent*, in Pauri up to 63 *per cent*, in Chamoli up to 74 *per cent*, in Almora up to 58 *per cent* and in Udham Singh Nagar up to 71 *per cent* (**Appendix-1.2.2**) during the reported period. The SHS as well as the district health authorities were unaware about the delivery status of remaining 6.85 lakh registered pregnant women.

The comparison of data pertaining to the period 2008-13 regarding domiciliary deliveries as provided by the SHS (**Table: 1.2.4**) and the sampled DHSs (**Appendix-1.2.2**) showed that the difference in number of domiciliary deliveries stood at 1.31 lakh with the sampled DHSs depicting it at 1.53 lakh and the SHS at 0.22 lakh. The huge difference in the figures of domiciliary deliveries needs to be looked into and reconciled.

On this being pointed out, the Department replied (August 2013) that there was an increasing trend in institutional deliveries but it would have to be improved. It was further assured that functional delivery points were being identified and strengthened and IEC for promotion of institutional deliveries was in process.

(iii) **Cash assistance to JSY beneficiaries**

According to JSY guidelines, JSY card should be filled at least 16-20 weeks before the expected date of delivery and completed JSY card should be submitted to the Health Centre for verification by the authorized Medical Officer at least before two weeks of expected date of delivery. Under the scheme, a cash assistance of ₹ 1,400 in rural areas and ₹ 1,000 in urban areas is admissible to meet out the post delivery expenses which was to be paid at the time of delivery. Further, all such payments made to the beneficiaries after seven days of delivery were to be treated as illegal.

Audit scrutiny of the records of five test-checked districts showed that an amount of ₹ 31.33 crore was paid to the JSY beneficiaries during 2008-09 to 2012-13 without adhering to

the guidelines i.e. JSY cards were filled up on or after the delivery in all cases, micro birth plan for any beneficiary was not drawn and identity proof was not obtained from the beneficiaries. Further, a payment of ₹ 2.98 crore to 22,873 beneficiaries (38 *per cent*), out of total 60,758 beneficiaries of the selected CHCs and PHCs in the aforesaid five districts was made beyond seven days or more after the delivery and the delay ranged up to 20 months. The main reason for delay in payment was non-filling of JSY cards along with other necessary documents required for availing benefits in time by ASHAs/ANMs which could help the beneficiary to receive the cash assistance at the time of discharge from the health centre.

On this being pointed out, the Mission Director replied (August 2013) that justification for non-adhering to the guidelines would be asked from the districts.

1.2.8.3 Family Planning

The family planning includes terminal method to control total fertility rate and spacing methods to improve couple protection ratio.

(i) Terminal method

The terminal method of family planning includes vasectomy for males and tubectomy/laparoscopy for females. Audit scrutiny noticed shortfall in achievement of sterilization targets was between 23 and 43 *per cent* during 2008-09 to 2012-13. The proportion of vasectomy to the total sterilization was only seven *per cent* during 2008-09 to 2012-13.

(ii) Spacing method

Oral pills, condoms and intra uterine device (IUD) insertion are the three prevailing spacing methods of family planning to regulate fertility and promote couple protection ratio. Fifty, 21 and 42 *per cent* targets of oral pills, IUD insertions and distribution of condoms respectively remained unachieved.

The main reason for shortfall in achieving the targets were shortage of manpower, service providers and improper road connectivity. On this being pointed out, the Joint Director stated that awareness would be increased to achieve the targets.

1.2.8.4 Revised National Tuberculosis Control Programme

The main objective of the Revised National Tuberculosis Control Programme (RNTCP) was to detect at least 70 *per cent* of the smear positive cases and to ensure cure rate of at least 85 *per cent* of such cases through Direct Observed Treatment Short Course (DOTS).

Under NRHM, full coverage for detection and treatment of tuberculosis is guaranteed at CHCs and PHCs. Out of 59 CHCs and 254 PHCs in the State, 53 CHCs (90 *per cent*) and 54 PHCs (21 *per cent*) were provided with laboratory facilities under the DOTS scheme. At State level, against the target of detection of 70 *per cent* of the estimated 95 sputum positive cases per lakh per year, the detection rate was only 57 to 59 *per cent* during January 2008 to December 2012. The cure rate remained between 80 and 83 *per cent* during 2008-12. On this being pointed out, the Department replied (August 2013) that the State is considerably short on doctors and lab technicians which is hampering the work of microscopy centres.

1.2.8.5 National Vector Borne Disease Control Programme

The National Vector Borne Disease Control Programme (NVBDCP) aimed to control vector borne diseases by reducing mortality and morbidity due to Malaria, Filariasis, Kala Azar, Dengue and Japanese Encephalitis in the respective endemic areas. During the coverage period, 26 deaths occurred due to Dengue in the State; out of which, 13 cases pertained to Dehradun district alone while one death occurred due to Malaria in the State.

The NVBDCP further stipulated to achieve ABER (Annual Blood Examination Rate) of 10 *per cent* of the target population under surveillance. Due to shortage of Lab Technicians and Multi Purpose Workers required for carrying out the tests, the State's achievement on ABER was substantially less than the targets and stood at 2.52, 2.20, 2.24, 2.43 and 2.64 during 2008-09 to 2012-13 respectively.

1.2.8.6 National Programme for Control of Blindness

The objective of National Programme for Control of Blindness was to reduce prevalence of blindness cases through various activities like Cataract operations, distribution of free spectacles to children diagnosed with refractive errors, school eye testing programme etc.

(i) Cataract Operations

The State achieved 92 *per cent* to 100 *per cent* of targets fixed for Cataract operations during the coverage period. Cataract operations were to be shared equally between Government health facilities, NGOs and private clinics but it was observed that Government Hospitals performed only 27 to 30 *per cent* Cataract operations during last five years whereas NGOs and private practitioners performed 70 to 73 *per cent* Cataract operations during the same period. On this being pointed out, the Department replied (April 2013) that due to posting of inadequate number of Eye Surgeons in Government Hospitals, less number of operations were conducted.

(ii) Distribution of Free Spectacles

The programme envisaged screening of students for refractive errors and free distribution of spectacles to poor children. During 2008-09 to 2012-13, out of 31,314 students detected with refractive errors in the school health programme, only 9,070 students were provided with spectacles in the entire State thereby leaving 71 *per cent* of the students unattended. Whereas in test-checked districts, 44 to 80 *per cent* of eligible students were deprived of free spectacles during the aforesaid period.

On this being pointed out, the Department, while accepting the facts, stated (August 2013) that the targets for distribution of free spectacles were fixed by GoI and poor students were given preference.

1.2.8.7 National Leprosy Eradication Programme

The National Leprosy Eradication Programme (NLEP) aimed to eliminate leprosy by the end of eleventh Five Year Plan. It also aimed to ensure leprosy prevalence rate to less than one per ten thousand. The leprosy prevalence rate in the State during 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 was 0.45, 0.38, 0.30, 0.28 and 0.25 respectively which was well within the prescribed targets.

1.2.9 Procurement of medicines, equipment and services

All the procurements in the State are governed by the Uttarakhand Procurement Rules, 2008 in which detailed provisions have been mentioned for purchase of goods and services. During the coverage period ₹ 19.47 crore, ₹ 16.39 crore and ₹ 67.50 crore were spent on procurement of medicines, equipment and services respectively under NRHM in the State. The major irregularities noticed in the procurement of goods and services are discussed in the following paragraphs:

1.2.9.1 Excessive procurement and expiry of drug kits

Government of India released (April 2008) an amount of ₹ 11.40 crore under NRHM for procurement of identified drugs, kits, and equipment under RCH-II to the SHS. On the basis of rates obtained from five Central Public Sector Undertakings¹⁰, Director General, Medical Health & Family Welfare (DGMH&FW) placed (December 2008) supply order to Hindustan Antibiotics Ltd. (HAL) for supply of Kit-A (2,500 kits), Kit-B (2,050 kits) and ASHA Kit (10,000 kits) at the unit rates of ₹ 32,105, ₹ 3,822 and ₹ 3,007 respectively, however, no tendering process was followed. All the 13 CMOs and the Joint Director (RCH) DG-MH&FW, Dehradun were made consignees by the DGMH&FW.

During scrutiny of the records, it was observed that a consignment of 726 Kit-A and 276 Kit-B was made available to the Joint Director (RCH) DGMH&FW Dehradun but due to non-availability of space at Drug Warehouse-Dehradun, these kits were delivered (February 2009) at Drug Warehouse-Roorkee. Of these, 364 Kit-A and 146 Kit-B were delivered to three CMOs¹¹ and the remaining 362 Kit-A and 130 Kit-B costing ₹ 1.21 crore expired at the Drug Warehouse-Roorkee.

Further, it was observed that GoI approved the contents and quantity of drugs under Kit-A which included 300 packets of ORS, 15,000 large IFA tablets and 400 bottles of IFA Syrup but the Department increased (December 2008) the quantity of ORS, large IFA tablets and IFA Syrup from 300 to 1,000, 15,000 to 20,000 and 400 to 1,000 respectively. Audit observed that 1,00,150 large IFA tablets were found to be beyond their expiry dates at the nine sampled Sub Centres due to supply in excess of requirement.

On this being pointed out, the Department accepted (August 2013) the facts and stated that indent from the CMOs were not received and quantity of contents of Kit-A was increased at the State level without approval of GoI. Thus, due to the lack of assessment of requirement of medicines and negligence in utilization of medicines kits procured, not only medicines costing ₹ 1.21 crore expired, but the needy people were deprived of the said medicines.

1.2.9.2 Non-utilization of equipment

During the physical verification of sampled DHs/CHCs/PHCs, it was noticed that 142 medical equipment like X-ray Machine, Baby Warmer, Boyles Apparatus, Radiant Heat Warmer, Auto Clave, etc. worth ₹ 2.18 crore were lying idle from the period ranging March 2006 to July 2012 for want of installation/ technicians/ operators.

¹⁰ 1. Indian Drugs & Pharmaceuticals Limited, 2. Hindustan Antibiotics Limited, 3. Bengal Chemicals & Pharmaceuticals Limited, 4. Rajasthan Drugs & Pharmaceuticals Limited and 5. Karnataka Antibiotic & Pharmaceuticals Limited.

¹¹ Rudraprayag, Uttarkashi and Pauri.

On this being pointed out, the Department replied (August 2013) that all the Medical officers in-charge will be directed to use the supplied equipment.

1.2.9.3 Operation of Pandit Deen Dayal Upadhyay Arogya Rath (DDUARs)

The Deen Dayal Upadhyay Arogya Rath (DDUAR) was launched under NRHM by providing one health van to each district of the State. In addition, Sehat Ki Sawari was also launched under NRHM in Tehri and Chamoli districts for the same purpose. Memorandum of Understandings (MoUs) for operation of Arogya Rath were executed with Society of People for Development (SPD), for five districts¹², with M/s Rajbhara Medicare Private Limited (RMPL) for seven districts¹³ and with M/s GVK-108 for Pithoragarh district. MoUs for operationalization of Sehat Ki Sawari were executed with Hindustan Latex Family Planning Promotion Trust (HLFPPT). As per terms and conditions of MoUs, the operator was to operate the Vans on a predetermined route plan for at least 22 days in a month, failing which, penalty¹⁴ was to be levied at the time of payment.

Audit scrutiny of records of the SHS showed that against total numbers of 3,848 and 3,938 camps required to be organized during June 2011 to May 2012 and August 2012 to July 2013 respectively by these private partners in the State, only 3,357 and 2,631 camps¹⁵ were organized. As per provision of the MoUs, an amount of ₹ 1.08 crore as liquidated damages was to be recovered from the service providers for shortfall in organizing the health camps but only a deduction of ₹ 1.58 lakh and ₹ 1.32 lakh was made from RMPL in Tehri and Udham Singh Nagar districts respectively. Thus, an amount of ₹1.05 crore¹⁶ was outstanding for recovery from these service providers. On this being pointed out, Additional Director (RCH) replied (September 2013) that the recovery of the outstanding amount would be made from the service providers.

1.2.9.4 Arbitrary selection of service provider for Emergency Response Services

Government of Uttarakhand launched (March 2008) 108 Emergency Response Services (ERSs) in the State. An MoU for this purpose was signed (March 2008) between the Department of Health & Family Welfare, Government of Uttarakhand and Emergency Management & Research Institute (EMRI), Secunderabad, Andhra Pradesh. The EMRI was to provide ERSs with reference to medical, police and fire to entire population of State for a period of ten years. Similarly, another parallel MoU was signed with EMRI (October 2011) for one year which was extendable for another one year for providing Drop Back Facility (DBF) to Mother and Neonate (less than 30 days old) after delivery/ undergoing treatment at Government Hospitals. Further, the validity of this agreement had been linked (September 2012) to State Government's MoU dated 8 March 2008 with erstwhile EMRI for providing ERSs. The 108 ERSs was being funded from State and NRHM Budget whereas DBF was being funded from NRHM. Both the assignments were awarded to EMRI on nomination basis i.e. without adopting tendering process. On this being pointed out, the Mission Director replied (August 2013) that selection of service provider was done at the Government level.

¹² Dehradun, Haridwar, Nainital, Bageshwar and Champawat.

¹³ Almora, Chamoli, Pauri, Rudraprayag, Tehri, Udham Singh Nagar and Uttarkashi.

¹⁴ At a rate of ₹ 6,000 per day for non organizing the camp, ₹ 2,000 per day for absence of MBBS Doctor and ₹ 500 per day for absence of each paramedical staff.

¹⁵ SPD- 2,303 camps, RMPL-2,384 camps, GVK 108- 420 camps and HLPPT- 881 camps.

¹⁶ SPD- ₹ 20.22 lakh, RMPL- ₹73.18 lakh, GVK- ₹ 6.48 lakh and HLPPT- ₹5.10 lakh.

Further, audit also observed that no bank guarantee and indemnity bond was obtained by the Department from the service provider against handing over the assets (vehicles and other assets) valued at ₹ 20.08 crore which it was required to do under provisions of the Uttarakhand Procurement Rules, 2008. Apart from above, the following irregularities were also noticed in contract management of the ERSs:

(a) Non-recovery of operational cost

As per clause-7(c) (i) of the MoU with EMRI, the firm was to bear five *per cent* of annual operational expenses of the ERSs. Scrutiny of records showed that the operational expenses of the EMRI during the period 2008-09 to 2012-13 was ₹ 73.84 crore against which Grants-in-aid of ₹ 99.74 crore was released to the EMRI as advance. Further, the EMRI was to bear ₹ 3.69 crore being five *per cent* of annual operational cost against which only an amount of ₹ 0.49 crore was borne by it in the year 2008-09 thereby, leaving an amount of ₹ 3.20 crore unadjusted till the date of audit (August 2013). On this being pointed out, the Department stated (September 2013) that a letter regarding revision of terms and conditions of the MoU was sent to the Government and the MoU was to be amended at Government level. The reply furnished by the Department is not acceptable as it failed to recoup, as per the agreement clause, the outstanding amount from the EMRI and also provided undue advantage of ₹ 3.20 crore to the EMRI.

(b) Undue payment to service provider

As has been discussed above, the Department executed two separate MoUs with EMRI, i.e. one for providing Emergency Response Services (ERSs) with reference to medical, fire and police and another in respect of Drop Back Facility (DBF) to mothers and neonates. As per the MoUs, reimbursement of actual operational cost including capital expenditure was to be done to the service provider in both the assignments. During scrutiny of the records it has been noticed that during the years 2011-12, 2012-13 a separate payment of ₹ 7.95 crore at the rate of ₹ 1,000 was made to EMRI to pick up 79,505 expectant mothers from their home and drop them to the health center for delivery whereas these cases were covered under ERSs. This was in violation of the terms and conditions of the MOUs as there was no such clause in both the MOUs.

On this being pointed out, the Additional Director (RCH) accepted (September 2013) the fact that pick up of pregnant women was a part of ERSs and no provision of payment of ₹ 1,000 per case was made in the MOU. Thus, in view of the facts, undue payment of ₹ 7.95 crore was made to EMRI.

1.2.10 Health infrastructure

The mandate of NRHM includes creation of new infrastructure/buildings for health centres and strengthening of the existing ones as per IPHS norms for improving accessibility and quality of healthcare delivery services. As per the programme norms, there should be one SC for 3,000 population, one PHC for a population of 20,000 and one CHC for a population of 80,000 in hilly States like Uttarakhand. Based on the rural population of the State, there should be 88 CHCs, 351 PHCs and 2,343 SCs against which only 59 CHCs, 254 PHCs and 1,848 SCs were established in the State as on 31 March 2013. The shortcomings noticed in infrastructure facilities are discussed in the following paragraphs:

1.2.10.1 Inadequate Health infrastructure at health centres

As per the Indian Public Health Standards norms, basic facilities i.e. electricity connection, separate wards for male and female patients, separate utilities for men and women, waiting rooms for patients, provision of water supply and provision of storage of water should be

available at each tiers of health centres. During the joint physical inspection of sampled CHCs, PHCs and SCs, 38 *per cent* of the SCs and 10 *per cent* of the PHCs had no provision of water supply, 73 *per cent* SCs and 20 *per cent* PHCs had no facilities for storage of water to ensure 24x7 water supply, and 50 *per cent* of the SCs had no electricity connection. To provide 24x7 emergency services at Community Health Centres and Primary Health Centres, residential accommodation for staff within or in the vicinity of the health facility is essential. It was seen that 30 *per cent* of the PHCs did not have residential accommodations.

On this being pointed out, the Department assured (August 2013) that these issues would be discussed with the CMOs in monthly meetings and State authorities would also personally monitor the availability of these facilities at SCs, PHCs and CHCs of the districts.

1.2.10.2 Diagnostics services

The Mission provides for essential laboratory services at PHCs and CHCs. At the PHC, the services should include laboratory services for routine urine, stool and blood tests, blood grouping, bleeding time, clotting time, diagnosis of sexually transmitted diseases, sputum testing for tuberculosis, blood smear examination for malaria parasites and rapid tests for pregnancy / malaria. Out of 10 test-checked PHCs, 06 PHCs¹⁷ (60 *per cent*) had no facilities for laboratory services. The CHC is required to have additional laboratory services like microscopy facilities for tuberculosis, diagnostic facilities for complicated cases of malaria, dengue, leprosy, etc. Out of 10 test-checked CHCs, only one CHC at Dwarahat, Almora did not have RNTCP and other facilities. On this being pointed out, Additional Director stated that due to shortage of Doctors and Lab technicians these services were not available. Thus, in absence of these services routine medical examination such as urine, stool and blood tests etc. were not being conducted.

1.2.10.3 Operation theatres

The Community Health Centres (CHCs), which constitute the secondary level of health care, were designed to provide referral as well as specialist health care to the rural population. According to IPHS norms, CHCs should have fourteen major equipment necessary to make an Operation Theatre (OT) fully operational. During the physical inspection of CHCs, audit observed that out of 10 test-checked CHCs, in four CHCs, there was no OT, while six CHCs (Tharali, Bhikiasen, Ghandiyal, Bhagwanpur, Kichcha and Bajpur) had a functional OT but the same were running with inadequate essential equipment. In six functional OTs; Ventilator, EMO Machine and Defibrillator were not available at all. Boyle's Apparatus in one CHC and Vertical High Pressure Sterilizer in two CHCs were available but these were non-functional.

On being asked, CMOs of sampled districts stated that due to non-availability of anaesthetists and surgeons major operations were not being conducted.

1.2.10.4 Construction of facilities

During 2010-11 to 2012-13, an amount of ₹ 27.67 crore for execution of 70 works was released. Out of the 70 planned works, 60 works were completed at a cost of ₹ 21.01 crore and construction of remaining 10 works was under progress.

Physical verification of constructed buildings in the selected CHCs/PHCs/SCs disclosed that the following two buildings constructed at a cost of ₹ 2.03 crore were lying idle:

¹⁷ PHC: Malsi (Chamoli), Kimsar & Khirsu (Pauri), Manakpur (Haridwar), Masi (Almora) and Mohanpur (Udham Singh Nagar).

(i) The construction of building for Auxiliary Nurse and Midwife Training Centre (ANMTC) in Chamoli district was completed (May 2011) at a cost of ₹ 1.95 crore and handed over (July 2011) to the Department. The building was lying unutilized for more than two years after its completion. It was further observed that old building of General Nursing Training Centre (GNTC), which was in good condition, was also lying unutilized since 1990.

(ii) It was also found in physical inspection (July 2013) by audit that a building of Sub-Centre Khanjarpur (Haridwar) constructed at a cost of ₹ 8.40 lakh and handed over to the Department (March 2012) was lying unutilized and the SC was being operated from a private house.

On this being pointed out, the Department stated (August 2013) that matter would be investigated and efforts would be made to make the ANMTC functional at the earliest. Regarding non-functioning of Sub-Centre Khanjarpur, it was assured (July 2013) by the CMO-Haridwar that efforts would be made to make the Sub Centre functional.

1.2.10.5 Management of hazardous Bio Medical Waste (BMW)

The Bio-Medical Waste (Management and Handling) Rules, 1998 provided that the institutions generating bio medical waste should ensure that all such waste be segregated, transported, processed and disposed off as per guidelines.

During the course of joint physical verification of eight DHs (Male & Female), 10 CHCs, 10 PHCs and 40 SCs in the sampled districts, it was noticed that one PHC and 22 SCs did not have any bio medical waste disposal system. In addition, some interesting facts like Bio Medical Waste (BMW) being burnt openly in District Hospital, Pauri, BMW and medicines being thrown in open at CHC Dwarahat, Almora and expired medicines being burnt openly at SC Barhani under PHC Kelakhera, Udham Singh Nagar, were also noticed.

On this being pointed out, the Department replied (August 2013) that repeated instructions had been issued to districts and concerned officials for proper disposal of Bio Medical Waste. The Department further assured that instructions would be again issued to the concerned officials.

1.2.11 Human Resource Management and Information, Education and Communication

1.2.11.1 Inadequate deployment of staff

NRHM aims to provide adequate medical and other manpower at different health centres of the State.

As per information provided by the Department, there was shortage of staff in each cadre which was to the extent of 765, 812 and 946 in Class I, Class II and Technician cadres respectively. Similarly, in the sampled districts, it was noticed that there was shortage of staff in each cadre (**Appendix-1.2.3**) with 48 (38 per cent), 514 (58 per cent), 530 (24 per cent) vacancies, in the Class-I, Class-II and Technician cadres respectively. Out of these, the vacancies of Surgeons, Physicians, Pathologists and Anaesthetists were 28, 24, 16 and 24 respectively. Further, it was also noticed in selected districts/CHCs/PHCs that despite availability of funds, salaries to the Ayurveda contractual employees was being disbursed at Directorate level with a delay of two to five months.

On this being pointed out, the Department replied (August 2013) that payment of salaries were delayed due to late receipt of attendance of contractual staff from the districts.

1.2.11.2 Improper distribution of staff

Despite an acute shortage, staff was not deployed rationally in the hilly and plain areas of the State. In the sampled hilly districts (Almora, Pauri and Chamoli) where health facilities are scarce and difficult to reach, 43 *per cent* and 65 *per cent* of Class I & II posts respectively were lying vacant whereas in the sampled plain districts (Haridwar & Udham Singh Nagar), the vacancies were 31 and 44 *per cent* respectively. Similarly, 33 *per cent* posts of Technicians/ LHVs/ Pharmacists were lying vacant in hilly districts whereas the vacancy stood at eight *per cent* in plain districts. On this being pointed out, the Department replied that new transfer policy is under process.

Thus, due to shortage and improper distribution of staff, health services were inadequate as detailed in paragraphs 1.2.10.2 and 1.2.10.3.

1.2.11.3 Training of medical, para-medical and other staff

As per the NRHM framework, a comprehensive plan and policy to provide support for capacity building at all levels including PRIs/Community was required. Out of total 7,893 participants targeted to be trained under various programmes, 6,776 (86 *per cent*) participants attended the trainings.

1.2.11.4 Information, Education and Communication

The Information, Education and Communication (IEC) strategy under the NRHM aimed to spread awareness on the preventive aspects of healthcare and to disseminate information regarding availability of and access to quality healthcare for the poor, women and children in rural areas. The Mission envisages the establishment of IEC Bureau for proper execution of the IEC activities in the State. However, audit scrutiny showed that the IEC Bureau was not established at the State level. District IEC wings were also not established at district level.

This issue was also raised (2008) in last performance audit and the matter was also discussed in Public Accounts Committee (PAC) where the Government, in its reply, had stated (October 2010) that for filling up of vacant posts under IEC at State, District and Block levels, framing of Service Rules is under progress. On this being pointed out, the Department replied (May 2013) that the State has constituted an IEC cell in place of State IEC Bureau. Reply was not acceptable as no staff was deployed to the IEC cell till the completion of audit. Thus, it remained non-functional.

1.2.12 Health Management Information System and Monitoring Mechanism

Health Management Information System (HMIS) is an important constituent in the efficient and effective functioning of the Scheme. The centralized data plays a crucial role in providing management inputs necessary to monitor, evaluate and direct all the aspects of the Scheme.

1.2.12.1 Mismatch between the data uploaded in HMIS website with figures reported through MPR

As the HMIS was primarily based on inputs by block level officials through the website at different levels of the implementation hierarchy, the data uploaded in the website was examined to ensure the veracity of information flow. A detailed analysis of data (**Appendix-1.2.4**) related to Immunization and Family Planning of the State showed that there was mismatch between the figures uploaded in the HMIS website and figures reported through MPR. This is a serious issue and puts the reliability of the HMIS data at stake, which is being used by GoI for showcasing the achievements and is also relied upon by intelligentsia.

On this being pointed out, the Mission Director stated (August 2013) that the irregularities noticed by audit had also been noticed by the SHS and corrective measures in the form of review/ timely check/ validation were being done.

1.2.12.2 Mismatch between ANC Registration reported through HMIS and actual records of SCs

Data of ANC registration for the year 2012-13 of 40 SCs of test-checked districts was cross checked and it was noticed that the base records of ANC registration varied with the data uploaded on HMIS (**Appendix-1.2.5**). On this being pointed out, the Department replied (August 2013) that ANMs always liked to show a greater achievement than their actual performance shown in MPRs. The reply of the Department indicated that the data received from ANMs were not cross checked before being uploaded in the website.

1.2.12.3 Delayed constitution of District Health Monitoring and Planning Committee

As per the NRHM framework, monitoring and planning committees at the district level were to be formed at the start of implementation of NRHM (2005) to ensure regular community based monitoring of activities and facilitating relevant inputs for integrated planning covering other determinants of health like drinking water, sanitation, etc. As per norms, quarterly meetings were required to be held by the monitoring and planning committees. During the scrutiny of records of test-checked districts, it was noticed that these committees were constituted with delays of six to seven years. It was also noticed that no meetings were organised since their constitution in Pauri, Almora, Haridwar and Udham Singh Nagar districts whereas only two meetings were held in Chamoli district but minutes of the meetings were not made available to audit. In reply, it was assured by the Additional Director that State would make efforts to organize the meetings of these committees and maintain the records of meetings.

Thus, delay in constitution of committees and non-arranging the required meetings affected community based monitoring of activities and facilitating relevant inputs for the integrated planning.

1.2.12.4 Inadequate monitoring of SCs

As per IPHS norms, Medical Officer in Charge of CHCs/ PHCs have to visit SCs once in a month. During the scrutiny of records of test-checked SCs, it was noticed that there was a shortfall of 91 to 98 *per cent* in the visits to the SCs by the MOICs. On this being pointed out, the Department replied (August 2013) that it could not be done due to intense shortage of Medical Officers and they have to deal with administrative, clinical and other works.

1.2.12.5 Non-display of Citizen Charter and inadequate Public hearings/dialogues

In the sampled districts, Citizen Charter was not found displayed at 30 (44 *per cent*) of the health facilities physically verified. On this being pointed out, the Department replied (August 2013) that CMOs would be enquired about such discrepancies and action will be initiated accordingly. Further, the NRHM framework also stipulates that public hearings (Jan Sunwai) or public dialogues (Jan Samwad) would need to be conducted. Audit scrutiny showed that during 2008-11, no Jan Sunwai and Jan Samwad were organised. However, 1,474 Jan Sunwai at SC level, 223 at PHC level and 11 at district level were organised during the period 2011-12 and 2012-13.

Conclusion

The programme was implemented in the State without conducting household and facility surveys for understanding and identifying the health care needs of the rural population. DHAPs for the

year 2008-09 to 2012-13 were prepared without aggregating the Block and Village Health Action Plans and SPIP was sent to NPCC without the approval of the Governing Body of the SHS. Funds remained unutilized at the end of financial year during last five years. There were shortfall in providing three ANCs to pregnant women and shortfall of institutional deliveries against the registered pregnant women. Payments to JSY beneficiaries were made without adhering to the guidelines. Bio Medical Waste was not being disposed off as per the norms and provisions of guidelines. Posts were lying vacant in Class-I and Class-II cadres and there was acute shortage in critical posts like Surgeons, Physicians, Pathologist and Anesthetists. The Pandit Deen Dayal Upadhyay Arogya Rathes were functioning without adequate monitoring. Mandatory camps were also not organized. Selection of EMRI was made without adopting tendering process. Five *per cent* operational cost was not recovered from EMRI and undue payment was also made to it. There was mismatch between the figures uploaded in the HMIS website with figures reported through MPR. State and District level Monitoring and planning committees were constituted with delay of six to seven years.

Recommendations

The Government may consider to ensure:

- compliance of NRHM Guidelines with regard to completing household surveys, facility surveys and preparation of Village and Block level annual health action plans;
- increasing the number of institutional deliveries to reduce maternal and infant mortality;
- adequate infrastructure, required number of doctors and other paramedical staff for providing quality services to rural population at all health centers as per IPHS norms; and
- establishing IEC wings at district levels and IEC Bureau at State level and make them functional at the earliest.

The audit findings were referred to the Government in October 2013. The reply had not been received (December 2013).

Rural Development Department

1.3 Indira Awaas Yojana

The Government of India earmarked (June 1985) a part of Rural Landless Employment Guarantee Programme (RLEGP) fund for the construction of houses for Scheduled Caste (SC)/Schedules Tribes (ST) and freed bonded labourers. As a result, Indira Awaas Yojana (IAY) was launched during 1985-86 as a sub-scheme of RLEGP. IAY, thereafter, continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since April 1989. IAY was delinked from JRY and was made an independent scheme with effect from January 1996. The main objective of IAY is to help in construction/ upgradation of dwelling units of rural Below Poverty Line (BPL) households belonging to members of SCs/STs, freed bonded labours, minorities and other non-SC/ST by providing them financial assistance.

Some of the significant findings of the performance audit are given below:

Highlights:

- *IAY assistance of ₹2.49 crore was disbursed to 642 persons who were selected irregularly in violation of norms.*
[Paragraph 1.3.6.1]
- *Homestead site scheme was not implemented in the State.*
[Paragraph 1.3.6.6]
- *Due to huge unspent balances during 2008-13, central assistance of ₹39.19 crore was curtailed by the GoI.*
[Paragraph 1.3.7.1]
- *An amount of interest of ₹53.97 lakh, accrued against IAY funds, remained unaccounted for as these funds were kept together with other scheme accounts by the DRDAs.*
[Paragraph 1.3.7.4]
- *Unit assistance was provided to 77 beneficiaries against 38 BPL-IDs resulting in irregular benefit of ₹14.19 lakh.*
[Paragraph 1.3.8.2]
- *Houses were sanctioned to 73 beneficiaries by ignoring their ranking in the waitlist and 45 houses were allotted to those beneficiaries who had already benefitted from State Housing Schemes.*
[Paragraphs 1.3.6.1 & 1.3.8.5]
- *Figures of convergence of IAY houses with other schemes reported to GoI were not reliable as not a single case was found benefitted in audit as against 6 to 80 per cent reported achievement.*
[Paragraph 1.3.8.8]

1.3.1 Introduction

Indira Awaas Yojana is a flagship rural housing scheme of Government of India (GoI) on a cost sharing basis between the GoI and the State Government in the ratio of 75:25. It aims at helping in construction of dwelling units and upgradation of existing unserviceable *Kuchcha* houses to rural BPL householders by providing them financial assistance. Since 1999-2000, a number of

initiatives have been taken to improve IAY such as providing credit with subsidy for the poor and providing homestead sites to those rural BPL households who have neither agricultural land nor a house-site. Central assistance is directly released to the District Rural Development Agencies (DRDAs) which in turn release the assistance to the selected beneficiaries.

1.3.2 Organisational Set-up

The Rural Development Department (RDD) of the State is the nodal Department for implementing the programme at the State level. The Department is headed by a Secretary, who is assisted by a Joint Director, DRDA, Additional Commissioner, three Deputy Commissioners and three Assistant Commissioners at the Department's headquarters. At the district level, Project Directors (PDs) of DRDAs are responsible for management of funds. At the block level, the Block Development Officers (BDOs) are responsible for implementing the programme with the assistance of Village Development Officers (VDOs) of Gram Panchayats (GPs). The identification of beneficiaries and monitoring of the progress of execution is done at the Gram Panchayat (GP) level.

1.3.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- The planning process for identification and selection of beneficiaries was efficient;
- the allocation and release of funds under IAY was adequate;
- the physical targets were achieved;
- the convergence of IAY with other programmes was achieved to ensure availability of a complete functional dwelling unit; and
- the mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective.

1.3.4 Scope and Methodology

The Performance audit for the period 2008-09 to 2012-13 was conducted from May to September 2013. For this purpose, the records at the Directorate office, five¹⁸ DRDAs out of 13 Districts¹⁹ and 10 blocks²⁰ of these selected DRDAs were test-checked. Four²¹ DRDAs were selected through statistical sampling by applying Probability Proportional to Size with Replacement (PPSWR) method while DRDA, Dehradun was selected being the capital district of the State. 10 blocks under these five DRDAs were selected by Simple Random Sampling without Replacement (SRSWOR) method. The selection of districts and blocks was based on cumulative expenditure for the period of the last three years and the number of houses executed respectively. Audit also conducted joint physical verification of 1,149 IAY houses²² in 100 GPs of 10 selected blocks. An Entry Conference was held on 2nd May 2013 with the Secretary, RDD along with Deputy Commissioner and Joint Director (DRDA) wherein the audit objectives, criteria, scope and methodology were discussed and agreed upon. The audit findings were discussed in the Exit

¹⁸ Dehradun, Haridwar, Tehri Garhwal, Nainital and Udham Singh Nagar.

¹⁹ Dehradun, Haridwar, Udham Singh Nagar, Pauri-Garhwal, Nainital, Uttarkashi, Bageshwar, Tehri-Garhwal, Chamoli, Champawat, Pithoragarh, Almora and Rudrapur.

²⁰ Raipur, Sahaspur, Narsan, Roorkee, Devprayag, Jaunpur, Ramnagar, Haldwani, Rudrapur and Jaspur.

²¹ Haridwar, Tehri Garhwal, Nainital and Udham Singh Nagar.

²² Dehradun-240, Tehri Garhwal-168, Haridwar-241, Nainital-246 and Udham Singh Nagar-254.

Conference on 29th November 2013 with the Secretary, Rural Development, Government of Uttarakhand and the replies have been incorporated at appropriate places.

1.3.5 Audit Criteria

The audit findings were benchmarked against the criteria derived from the following sources:

- IAY guidelines issued by the Department of Rural Development, Ministry of Rural Development (MoRD), GoI;
- Annual targets fixed by the GoI;
- BPL Survey List 2002, IAY permanent waitlist of selected districts; and
- Relevant circulars and departmental orders issued by State Government/GoI from time to time.

Audit findings

1.3.6 Planning and selection of beneficiaries

1.3.6.1 Irregular selection of IAY beneficiaries

IAY guidelines stipulated that assistance should be given to the BPL beneficiaries in the order of their ranking (from lower to higher) in the permanent IAY waitlists. Scrutiny of payment lists and IAY waitlists extracted from the list of BPL Survey 2002 of four test-checked districts²³ (except Udham Singh Nagar²⁴) showed IAY assistance of ₹ 249.43 lakh was provided to 642 irregularly selected beneficiaries as detailed in **Table 1.3.1**.

Table: 1.3.1

Details of IAY beneficiaries selected irregularly

Name of districts	BPL IDs not found in BPL Survey	Category of beneficiary changed from		BPL IDs not matching with the name of beneficiaries	Beneficiaries not found in Permanent IAY waitlists	Changes in score of beneficiaries		No. of irregular selection of beneficiaries	Assistance provided to irregularly selected beneficiaries (₹ in lakh)
		General to SC/ST	SC/ST to General			Cases of Decrease in Score	Cases of Increase in Score		
Dehradun	7	13	15	42	0	15	12	104	39.50
Haridwar	0	6	4	26	156	0	0	192	72.93
Nainital	16	10	7	66	0	23	20	142	64.16
Tehri	6	102	17	55	0	19	05	204	72.84
Total	29	131	43	189	156	57	37	642	249.43

Source: Payment list, IAY waitlist and BPL survey 2002 list provided by DRDAs of four selected districts

It can be seen from the above details that:

- Houses were allotted to 29 beneficiaries whose BPL IDs were not found in BPL survey list.
- Category had been changed in 174 cases from general to SC/ST and *vice versa*.
- BPL IDs were not matching with the name of beneficiaries in 189 cases.
- In Haridwar district, 156 beneficiaries were not found in permanent IAY waitlists which was the main basis of the selection of the beneficiaries.
- Cut-off score of the beneficiaries were found decreased in 57 cases and increased in 37 cases.

²³ Tehri, Nainital, Haridwar and Dehradun.

²⁴ in DRDA, Udham Singh Nagar ID of BPL family was not mentioned in any of their IAY basic records i.e. payment list, BPL Survey list, IAY permanent waitlist, separate list of SC/ST and non SC/ST etc. In absence of BPL ID of IAY beneficiaries audit could not analyse the genuineness of the beneficiaries.

Apart from the above, it was also observed that 73 beneficiaries²⁵ having higher marks were selected for assistance under IAY ignoring those with lower marks during 2008-13.

Above cases indicate non-compliance of IAY guidelines and other norms set by State Government besides arbitrary approach adopted in selection of beneficiaries. .

In the exit conference (November 2013), the Secretary, RDD accepted the above facts and assured that necessary instructions would be issued in this regard.

1.3.6.2 Non-preparation of the Annual Plans

As per Clause 4.2 b (viii) of the IAY guidelines, Annual Plan is required to be prepared by each district /block and approved by the governing body of the DRDA by including annual block-wise/panchayat-wise targets for construction of IAY houses and targets for covering prescribed percentage of beneficiaries from SC/STs, minorities and non SC/STs categories. These annual targets (physical as well as financial) were required to be broken into monthly targets to ensure cent *per cent* achievement of annual targets. Further, timeframes for completion of incomplete houses, schedule of supervision, physical verification and inspection of houses allotted in previous years, etc. were also required to be planned and included in the Annual Plan.

Audit scrutiny showed that the Annual Plan was not prepared by any of the test-checked DRDAs. Instead, only annual financial and physical targets for each block were fixed with no timeframes for completion of incomplete houses of previous years. No monthly targets were fixed for achievement of annual targets. Even the schedules for physical verification or for supervision and inspection of houses were not finalised. Thus, the IAY programme was implemented in an *ad-hoc* manner, resultantly, the construction and completion of IAY houses was adversely impacted upon.

1.3.6.3 Non-identification of beneficiaries for cluster approach

Para 2.1 of IAY guidelines provides that DRDAs/ZPs, on the basis of allocations made and targets fixed, shall decide the number of houses to be constructed/upgraded Panchayat-wise during a particular financial year and shall follow a cluster approach to facilitate better supervision, convergence with other schemes and economies in purchases by dividing all the villages in a district/block into three groups of villages and each group of villages was to be provided funds every year.

However, it was noticed in audit that villages in a district/block were not divided into three groups in any of the test-checked districts and the permanent IAY waitlist was not approved/submitted by any Gram Sabha to the DRDAs. This indicates that participation at the grass root level in identifying beneficiaries was not ensured by the Department.

1.3.6.4 Non-assessment of housing shortage

As per the IAY guidelines, targets for blocks and village panchayats were to be decided by giving 75 *per cent* weightage to areas with housing shortage as per census data and 25 *per cent* weightage to the rural SC/ST population within the respective blocks/panchayats. Accordingly, funds were to be transferred from the DRDAs to the blocks for programme implementation. Audit scrutiny showed that no data regarding housing shortage was available with Department at any level. The funds were being allotted by DRDAs to the concerned beneficiaries on the basis

²⁵ 42 out of a total of 1,187 beneficiaries in Sahaspur Block and 31 out of a total of 540 beneficiaries in Raipur Block.

of their cut off score²⁶ instead of SC/ST population which was in contravention of the scheme parameters. Thus, the actual requirement of houses at block or panchayat could not be assessed by the DRDAs.

In exit conference (November 2013), the Secretary, RDD accepted the facts and assured that necessary instructions would be issued in this regard.

1.3.6.5 Non-maintenance of inventory of houses

Para 5.9 of IAY guidelines provides that the implementing agency shall have a complete inventory of houses constructed/upgraded under IAY, giving details regarding the date of start and completion of construction of dwelling units, name of the village and block in which the house is located, occupation and category of beneficiaries and other relevant particulars. Audit noticed that provisions of IAY guidelines were not being fulfilled by the DRDAs Tehri Garhwal, Udham Singh Nagar and Dehradun as the available inventory of houses sanctioned/prepared by these DRDAs during the years 2008-10 was not being updated regularly. On this being pointed out, the PDs of DRDAs concerned replied that all the BDOs concerned would be instructed to complete the inventory of the IAY houses.

1.3.6.6 Non-implementation of homestead sites scheme

The GoI had started (August 2009) homestead site scheme for allotment of land to rural landless BPL households who were already in the permanent IAY waitlist for construction of houses under the IAY. This scheme was to be implemented as part of IAY and the cost of the land was to be shared by GoI and State Government in the ratio of 50:50 (₹ 10,000 each).

During Audit, it was noticed in four districts²⁷ that there were 12,505²⁸ landless BPL households which were in permanent IAY waitlist, for which proposals amounting to ₹ 61.87 crore²⁹ were sent to the Commissioner, Rural Development Department (CRDD) by the DRDAs concerned during the year 2009-10 and 2010-11. Despite such large number of landless BPL households, the CRDD had submitted a proposal (March 2012) of ₹ 23.46 crore for covering 5,229 landless beneficiaries of nine districts only to the State Government to purchase 50 sqm land per beneficiary but the same was not sent to the GoI by the State Government till date (September 2013).

In the exit conference, the Secretary, RDD stated (November 2013) that proposals of providing land under homestead site scheme could not be forwarded to GoI as its modalities including financial aspects were yet to be worked out by the State Government.

1.3.7 Financial Management

1.3.7.1 Funding Pattern

Under IAY, funds were released directly to DRDAs in two instalments. The first instalment of 50 per cent of the total allocation for a particular district was released in the beginning of the

²⁶ The cut-off score was based on the survey conducted by the Planning Commission on 13 parameters such as area of the land, type of houses, no. of dependents, food security, toilets, consumer goods, literacy, job status etc. The rural families have to be given a score from 0 to 4 for each parameter. The maximum score is 52. In Uttarakhand, the cut off score for identifying a BPL family is 23.

²⁷ Dehradun, Haridwar, Nainital and Udham Singh Nagar (In Tehri district no landless beneficiaries were available).

²⁸ Dehradun: 339, Haridwar: 146, Nainital: 4,573 and Udham Singh Nagar: 7,447.

²⁹ Dehradun: ₹ 3.61 crore, Haridwar: ₹ 1.17 crore, Nainital: ₹ 1.24 crore and Udham Singh Nagar: ₹ 55.85 crore.

financial year. As per IAY guidelines, a deduction of amount in the release in second instalment of central assistance is to be effected in case of irregularities such as excess carryover of funds³⁰, unspent balances, short release of State share of funds and non-submission of Utilisation Certificates. Further, IAY funds should be kept in a separate saving bank accounts and interest accrued should be treated as a part of IAY resources. Guidelines also prohibited utilisation of IAY funds for any other purpose/scheme. The financial position of the scheme in the State and selected districts during 2008-13 is given in **Table 1.3.2 (a)** and **Table 1.3.2 (b)** respectively.

Table: 1.3.2 (a)
Financial position of scheme at State level

(₹ in crore)

Year	Opening Balance	Allocation			Funds released			Other Receipts	Total available funds (TAF)	Expenditure	Unspent balances (per cent of TAF in bracket)
		Central	State	Total	Central	State	Total				
2008-09	8.98	47.97	15.99	63.96	48.88	15.99	64.87	0.72	74.57	40.93	33.64 (45)
2009-10	29.91	64.90	21.63	86.53	50.39	13.38	63.77	4.52	98.20	78.28	19.92 (20)
2010-11	19.92	57.68	19.22	76.90	51.83	20.08	71.91	1.55	93.38	80.62	12.76 (14)
2011-12	12.76	56.34	18.78	75.12	58.21	19.63	77.84	0.65	91.25	76.38	14.87 (16)
2012-13	14.87	64.62	22.26	86.88	43.01	14.18	57.19	1.17	73.23	60.21	13.02 (18)
Total		291.51	97.88	389.39	252.32	83.26	335.58	8.61		336.42	

Source: Data provided by the Commissioner, Rural Development Department

Table: 1.3.2(b)
Financial position of scheme in selected districts

(₹ in crore)

Year	Opening balance	Normal Allocation		Released by Central Govt.		Total Released by Central Govt.	Total Released by State Govt.	Misc Receipts ³¹	Total Available fund (TAF)	Expenditure	Closing balance (percentage of TAF)	Expenditure reported as per MPR
		Central	State	Against normal allocation	Additional share							
2008-09	9.21	25.23	8.41	23.22	12.99	36.21	12.67	1.67	59.76	30.95	28.81(48)	28.62
2009-10	28.81	37.97	12.66	28.83	9.10	37.93	10.77	2.80	80.31	59.96	20.35(25)	56.76
2010-11	20.35	43.40	14.47	37.65	00	37.65	15.33	2.39	75.72	58.14	17.58(23)	59.68
2011-12	17.58	42.40	14.13	42.14	0.58	42.72	14.45	1.40	76.15	62.03	14.12(19)	55.11
2012-13	14.12	46.98	15.66	26.38	1.58	27.96	9.52	11.02	62.62	52.45	10.17(16)	41.07
Total		195.98	65.33	158.22	24.25	182.47	62.74³²	19.28		263.53		

Source: Selected DRDAs

Analysis of data in the tables above showed that:

- There were huge unspent balances during 2008-13, ranging between 14 to 45 per cent at the State level and 16 to 48 per cent in test-checked districts of the total available funds along with short release of State share and non/late submission of proposal for releasing second installment which led to curtailment of central assistance of ₹ 39.19 crore to the State of which ₹ 37.76 crore pertained to the test-checked districts alone.
- There was a mismatch between the data pertaining to utilisation of funds maintained by the Commissioner, RDD (CRDD), and the DRDAs. The opening balances in 2008-09 in all thirteen districts as per the CRDD's figures was ₹ 8.98 crore whereas opening balances on

³⁰ Opening balance of the district should not exceed 10 per cent of the funds available during the previous year. In case, the opening balance exceeds this limit, the Central share of the excess will be deducted proportionately at the time of release of second installment.

³¹ Funds returned from blocks/beneficiaries, diverted from other district and interest accrued.

³² Total release of state share was in excess by ₹ 1.92 crore of its required 25 per cent share (₹ 60.82 crore).

1st April 2008 in the five test-checked districts alone was ₹ 9.21 crore. Thus, it is evident that there is deficiency in the reporting system, both at the district and at the State level.

- The table 1.3.2 (a) depicts the difference of ₹ 3.73 crore³³ between closing balance of 2008-09 and opening balance of the year 2009-10. The reasons for such differences could not be verified in audit at the Commissioner level due to non-availability of supporting data for all the thirteen districts of the State. On these being pointed out in audit, the test-checked DRDAs clarified that figures of physical and financial progress which were sent to CRRD, were not based on actual expenditure. They were instead based on funds released to the beneficiaries due to late submission of completion certificates/UCs by the concerned blocks.
- As per IAY guidelines, the State Government was to release its matching share of funds for IAY within a month from the date of sanction of the Central share of funds. However, in the five test-checked districts covered in the audit, there were delays ranging between 02 and 266 days (*Appendix- 1.3.1*) in release of its matching share of IAY funds.

Apart from the above, scrutiny of the records also showed that the UCs for the year 2012-13 were not sent to GoI by any of the test-checked districts except District Nainital. Moreover, the UCs sent to GoI for the year 2008-12 were either inflated or pending as shown in the **Table 1.3.3**.

Table-1.3.3
Details of inflated/pending UCs

(₹ in crore)

Name of district	Expenditure during 2008-12	UCs send to GoI	Inflated/ Pending UCs
U S Nagar	85.98	87.28	1.30/ <i>Inflated</i>
Total inflated figure reported			1.30
Nainital	27.06	26.84	0.22
Haridwar	51.78	48.75	3.03
Dehradun	26.31	24.85	1.46
Total pending UCs			4.71

Source: DRDAs of selected districts

Further, during scrutiny of records in DRDA-Tehri, it was noticed that during 2008-12, the DRDA reported 100 *per cent* utilization by its nine blocks to GoI with nil closing balance although ₹ 0.22 crore were lying unutilized as on 31st March 2012. Similarly, in Haridwar and Dehradun, UCs were submitted to GoI without expenditure being incurred by the concerned blocks.

In exit conference (November 2013), the Secretary accepted the facts.

1.3.7.2 Short disbursement of IAY assistance to the beneficiaries

The unit cost for construction of houses under IAY was ₹ 45,000 for plain areas and ₹ 48,500 for hilly areas w.e.f. 1 April 2010. However, scrutiny of records and joint physical verification of selected blocks of Dehradun showed that 16 beneficiaries of Sahaspur block and 27 beneficiaries of Raipur block (to whom houses were sanctioned during 2010-11) were provided assistance of ₹ 35,000 and ₹ 38,500 instead of ₹ 45,000 and ₹ 48,500 as per the norms for plain and hilly areas respectively.

It was replied by the Project Director that unit cost of the IAY house to beneficiaries could not be released at revised rates as Government Order regarding unit cost was received late at DRDA. The reply of the concerned Project Director was not acceptable as such instances were not noticed in any of the other test-checked districts.

³³ ₹ 33.64 crore - ₹ 29.91 crore = ₹ 3.73 crore.

Besides, houses of two beneficiaries were found abandoned out of the above mentioned 43 houses³⁴ due to providing of less than unit cost to the concerned BPL beneficiaries.

1.3.7.3 Diversion of IAY funds

Audit scrutiny of records of four DRDAs (Haridwar, Dehradun, Udham Singh Nagar and Nainital) showed that IAY funds amounting to ₹ 1.74 crore were diverted to other items of expenditure such as contingency office expenditure and establishment, out of which, ₹ 0.37 crore remained unadjusted till the date of audit. On this being pointed out in audit, DRDAs stated that the funds were diverted temporarily with the approval of the DMs/CDOs concerned to meet out expenses as funds were not available under these schemes. The reply was not acceptable as such practices not only deprived the beneficiaries of the timely assistance but also defeated the objectives of the scheme in violation of clause 4.9 of the guidelines which clearly stipulates that drawal of funds from the Accounts shall only be made for incurring expenditure under IAY.

1.3.7.4 Non-accounting of interest due to parking of IAY funds in other than IAY accounts

As per scheme guidelines, there should be specific account of IAY funds and the interest amount accrued on the deposits of the IAY funds was to be treated as part of the IAY resources which were to be utilized for expenditure incurred on fixing IAY logo on constructed IAY houses, etc. Further, Central share was directly released to DRDAs in master bank accounts which were opened for all centrally sponsored schemes and not exclusively opened for IAY scheme. During scrutiny of records in five test-checked districts, it was noticed that an amount of central share of ₹146.81 crore deposited in the master bank account was transferred to IAY bank accounts after 10 to 349 days without interest accrued thereon. A calculation made by audit on a constant rate of interest (four *per cent* per annum) being paid by the nationalized banks showed that an amount of ₹ 53.97 lakh, accrued as interest, was not credited to IAY kitty and remained unaccounted in master accounts. On being pointed out, test-checked DRDAs assured that necessary steps would be taken to transfer this accrued interest to the IAY account.

Further, in violation of guidelines, multiple accounts were opened (ranging between two and eleven) in different banks in all the five selected districts. Further, the scheme funds were kept in current accounts in DRDA, Haridwar and Devprayag block of district Tehri which led to loss of interest on IAY funds.

1.3.7.5 Non-claiming of reimbursement

As per clause 4.4.1 of the IAY guidelines, in order to facilitate timely relief to victims of natural calamities and in other emergent situation like fire, riots etc., the District Magistrates are authorised to incur expenditure and extend assistance to victims for immediate reconstruction of their damaged IAY houses from their own available resources or from the district IAY allocation. The expenditure from the Central share so incurred by the DRDAs was to be reimbursed by GoI. The DRDAs were required to submit proposals for such reimbursement along with their UCs.

Audit scrutiny showed that in three districts (Udham Singh Nagar, Tehri Garhwal and Nainital), an expenditure of ₹ 12.45 lakh³⁵ was made to provide timely relief to 32 victims³⁶ of natural

³⁴ 16 houses of Sahaspur block + 27 houses of Raipur block.

³⁵ ₹ 7.70 lakh /2008-09: Udham Singh Nagar, ₹ 4.37 lakh/2010-11: Tehri Garhwal and ₹ 0.38 lakh/2008-09: Nainital.

³⁶ 22 victims in Udham Singh Nagar @ ₹ 35,000, 09 victims in Tehri Garhwal @ ₹48,500 and 01 victim in Nainital @ ₹ 38,000.

calamities from the district IAY allocation. Out of this expenditure, ₹ 9.34 lakh was yet to be reimbursed by the GoI due to non-submission of proposals by the DRDAs for such reimbursement along with relevant UCs till the date of audit (September 2013) as UCs were not submitted by the Blocks concerned to the DRDAs. In the exit conference (November 2013), the Secretary RDD assured that the matter would be looked into.

1.3.8 Targets and achievements

1.3.8.1 Physical progress of IAY houses

As per clause 1.6 of the IAY guidelines, the scheme was to be implemented through the respective DRDAs and houses under this scheme were to be constructed by the beneficiaries themselves on their own land. For construction of each dwelling unit, financial assistance as per norms was to be provided directly to the beneficiaries. As per clause 2.1 of the IAY guidelines, the targets of construction of IAY houses in respect of all districts were fixed by the GoI. Accordingly, the DRDAs were to decide the number of houses to be constructed panchayat-wise during a particular financial year.

The GoI fixed a target of 83,215 houses to be constructed under IAY for the State during 2008-13. Out of this, 80,155 (96 *per cent*) houses were sanctioned and 76,548 (95 *per cent*) houses were constructed including houses sanctioned prior to April 2008 (*Appendix-1.3.2*).

The position of year-wise targets of construction of houses, assistance extended and houses completed during 2008-13 in five test-checked districts is given in the **Table 1.3.4**.

Table: 1.3.4
Physical progress of IAY houses in test-checked districts

Year	Target	No. of beneficiaries to whom houses were sanctioned	No. of houses to be completed	Completed houses shown in MPRs	Completed houses as per work completion certificates	Incomplete houses
Incomplete houses as on 1 st April 2008						3,084*
2008-09	8,738	8,007	11,091	7,808	4,426	6,665
2009-10	22,642	16,554	23,219	14,873	7,839	15,380
2010-11	11,932	12,209	27,589	11,695	5,834	21,755
2011-12	11,657	12,488	34,243	11,422	6,266	27,977
2012-13	13,370	9,685	37,662	9,508	2,844	34,818
Total	68,339	58,943 (86)		55,306 (94)	27,209 (44) ³⁷	

Source: Data provided by test checked DRDAs *Nainital: 384 houses, Haridwar: 2046 and Dehradun: 654
(Figures in brackets indicate percentage)

It can be seen from the above details that, while 86 *per cent* of the targeted houses were sanctioned for construction by the beneficiaries in the test-checked districts during 2008-13, only 44 *per cent* of sanctioned houses including houses sanctioned prior to the year 2008-09 were actually completed as against target of 86 *per cent* during 2008-13 as per work completion certificates available at the block level whereas 94 *per cent* physical achievement was shown in MPRs.

1.3.8.2 Funds released to multiple beneficiaries against single BPL ID number

As per the provisions of the scheme guidelines, the Block Development Officers at the Block level and the Village Development Officers at the GP level were fully responsible to check the authenticity of BPL IDs against the payments made. Scrutiny of records of two selected blocks

³⁷ $27,209 \times 100 \div 62,027$ [3,084(Incomplete houses prior to 1st April 2008) + 58,943 (No. of beneficiaries to whom houses were sanctioned)].

(Sahaspur and Raipur) of Dehradun district showed that during 2008-13, in both blocks, unit assistance was provided to 77 beneficiaries³⁸ against 38 BPL-IDs³⁹ (except in one case of Sahaspur where unit assistance was provided to three beneficiaries against a single BPL-ID). Thus, excess sanction and release of financial assistance of ₹ 14.19 lakh⁴⁰ against 38 BPL IDs⁴¹ was irregular and a result of negligence of responsible authorities (BDOs) of the Department of these two blocks. Further, it was also observed during the audit of Devprayag block of District Tehri that 1st instalment of ₹ 35,000 was released to a beneficiary twice, resulting in excess payment of ₹ 35,000. On this being pointed out, the concerned BDOs stated that audit would be intimated after a verification of the facts by the respective VDOs.

1.3.8.3 Non-allotment of IAY houses in the name of female members

As per the guidelines, allotment of dwelling units was to be made in the name of female member of the household to empower the women and to give them social security. Alternatively, it could also be allotted to the male member in case female member was not available/alive in the family. A Joint physical verification of 1,149 IAY houses showed that 947 (82 per cent) of these houses were allotted in the name of female members and remaining 202 houses were allotted to the male members. Out of 202 houses, which were allotted to the male members, 117 households had an adult female member available in their families. Thus, the allotment of these 117 houses in the name of male members was irregular.

1.3.8.4 Non-adherence of prescribed limit for allotment of houses to SC/ST BPL families

As provided in the guidelines, a separate list of SC/ST BPL families in the order of their ranks should be derived from the larger IAY list so that allotment of 60 per cent of the houses to them is facilitated. Accordingly, there should be two IAY waitlists, at any given point of time, one for SC/ST families and the other for non SC/ST families.

During the scrutiny of the records of the five test-checked districts, it was noticed that only two districts⁴² had prepared two separate IAY waitlists for SC/ST and non SC/ST. Further, it was also observed that at the State level as well as in the selected districts, the percentage of allotment to SC/ST beneficiaries against sanctioned houses was 38.43 per cent and 34.19 per cent respectively which was much below the prescribed limit (60 per cent). The status of allotment of IAY houses to SC/ST at the State level and in the five selected districts during 2008-13 is tabulated in **Table 1.3.5**.

Table-1.3.5
Status of allotment of IAY houses to SCs/STs

Year of Sanction	State level		Selected district	
	Year wise sanctioned houses in the State	Number of houses allotted to SC/ST beneficiaries	Year wise sanctioned houses in the five selected districts	Number of houses allotted to SC/ST beneficiaries in five selected districts
2008-09	11,067	6,548(59.17%)	8,007	4,607 (57.54%)
2009-10	22,326	8,858(39.68%)	16,554	5,889(35.57%)
2010-11	16,827	5,877(34.93%)	12,209	3,521(28.84%)
2011-12	16,048	5,046 (31.44%)	12,488	3,001(24.03%)
2012-13	13,887	4,476 (32.23%)	9,685	3,135(32.37%)
Total	80,155	30,805(38.43%)	58,943	20,153(34.19%)

Source: CRDD, Selected DRDAs

³⁸ 57 persons in Sahaspur and 20 persons in Raipur.

³⁹ 28 of Sahaspur and 10 of Raipur.

⁴⁰ Sahaspur: ₹ 10.57 lakh and Raipur: ₹ 3.62 lakh.

⁴¹ Sahaspur: 28, Raipur: 10.

⁴² Nainital and Udham Singh Nagar.

It was stated by the concerned Project Directors that allotment of houses to SC/ST beneficiaries was based on availability of SC/ST category beneficiaries in their districts. The reply was not acceptable as it was noticed that for each year, targets were not met despite the subsequent years showing fresh allotments having been made to SC/ST beneficiaries. Thus, SC/STs were not allotted houses despite their presence in the permanent waitlist.

1.3.8.5 Allotment of houses to those beneficiaries who had already benefitted from State housing schemes and to those having pucca houses as per BPL Survey 2002

As per guidelines, assistance for construction of *Pucca* house was to be provided to rural BPL beneficiaries who were shelterless or were having *Kuchcha* houses. Accordingly, assistance was not to be provided to those beneficiaries who had already benefitted from assistance provided for construction of *Pucca* houses under other schemes.

- Out of the five test-checked districts, in three districts⁴³, it was noticed that during 2008-13, 45 IAY houses⁴⁴ were allotted to those beneficiaries who had already been benefitted by the State Housing Schemes such as Deen Dayal Upadhyay and Atal Awaas Yojana (*Appendix-1.3.3*). In the exit conference, the Secretary RDD accepted the facts mentioned in the audit observation and assured that necessary action would be taken in this regard.
- In two selected blocks (Roorkee and Narsan) of Haridwar district it was noticed that the names of beneficiaries having *Pucca* houses were included in the IAY waitlists. Of the above, 10 beneficiaries⁴⁵ had been paid ₹ 4.41 lakh during 2011-13.

In the exit conference (November 2013), the Secretary, RDD accepted the facts and assured that necessary instructions would be issued in this regard.

1.3.8.6 Lack of loan facility to IAY beneficiaries

Para 3.3 of IAY guidelines stipulated that the beneficiary, in addition to the assistance provided under the scheme, could also avail a loan of up to ₹ 20,000 per housing unit under Differential Rate of Interest (DRI) scheme at an interest rate of 4 *per cent* per annum. It was the responsibility of the State Governments/DRDAs concerned to coordinate with financial institutions to get this facility extended to the interested beneficiaries.

Audit found that no housing loan was given to any beneficiary during 2008-13. Audit also conducted joint physical verification of 1,149 IAY houses wherein it was noticed that the beneficiaries were not even aware of any such facilities.

On this being pointed out in audit, Project Directors of the DRDAs concerned stated that loan facility could not be provided to needy beneficiaries as no beneficiary applied for the same. The reply is not acceptable as there was a lack of awareness amongst the people about the facility which was to be publicised by the Department as per provisions of the scheme guidelines.

1.3.8.7 Poor quality of houses

As per clause 5.2.1 of the IAY guidelines, efforts should be made to ensure that the house built under IAY is a *Pucca* one with permanent walls and permanent roofing. During joint physical verification, it was noticed that there were 47 *per cent*⁴⁶ houses which were constructed without

⁴³ Nainital, Haridwar and Dehradun.

⁴⁴ Nainital: 08, Haridwar: 13 and Dehradun: 24.

⁴⁵ 8 cases of Roorkee and 02 cases of Narsan.

⁴⁶ 537 houses (47 per cent) out of 1,149 physically verified IAY houses.

permanent walls and roofing, and walls of houses were not externally plastered. There were also houses without doors/windows.

1.3.8.8 Misreporting of convergence data

As per Clause 5.11 of the IAY guidelines, DRDAs will make concerted efforts (from February 2009 onward) to identify the programmes/schemes being implemented by various Ministries/Departments of the Central Government like Total Sanitation Campaign (TSC) for constructing sanitary latrines, Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for providing free electricity connections, National Rural Water Supply Programme (NRWSP) for making provision of drinking water, etc. in every IAY house, which could be dovetailed with the IAY so as to ensure that the beneficiaries of IAY also derive the benefits from these schemes.

During scrutiny of records, it was noticed that not a single file was opened for convergence purpose in the test-checked DRDAs. The Project Directors of the selected DRDAs accepted that they neither had any co-ordination with other departments in identifying the Schemes/programmes that could be converged with IAY nor did they have any documents for the same. Despite this, the status of convergence with other flagship schemes during 2008-13 was being regularly reported to GoI by the Department through its MPRs as depicted in the **Table 1.3.6**.

Table: 1.3.6
Status of convergence in MPRs

<i>At State level</i>							
Number of completed houses during 2008-13	Sanitary latrine constructed	Smokeless chullahs	Benefit availed under RGGVY	Enrolled under Janshree/Aam Aadmi Beema	Enrolled under Health insurance scheme	Membership under Self help group (SHG)	Job card issued under MNREGA
76,781	61,632	48,163	4,460	28,034	9,765	12,060	32,167
Percentage	80.27	62.73	5.81	36.51	12.72	15.71	41.89
<i>At five selected districts</i>							
55,521	44,465	35,954	3,659	22,676	9,490	10,721	22,954
Percentage	80.09	64.76	6.59	40.84	17.09	19.31	41.34

Source: MPRs of State level and five selected districts

It was clarified by the Secretary, RDD during the exit conference that the convergence of other flagship schemes with IAY was not in existence in the State up to 2012-13 but necessary efforts in this regard had been initiated from 2013-14.

1.3.8.9 Non-display of IAY board and logo

As per clause 5.10 of the IAY guidelines, on completion of the dwelling units, the DRDAs concerned were to ensure that the GoI rural housing logo alongwith year of construction, name of beneficiaries, etc. was affixed on them. The expenditure on this account was to be met from the interest accrued from the funds available under this scheme.

Scrutiny of balance sheet showed that out of five selected districts, only in Udham Singh Nagar, an amount of ₹ 2.41 lakh⁴⁷ was released by the DRDA to its blocks for the purpose. However, it could not be assured by the DRDA whether this money had been utilized for affixing IAY board and logo properly or not, as no utilisation certificates had been found provided by the blocks to the DRDAs against the released amount till the date of audit (May 2013). In reply, it was assured by all the DRDAs that the interest accrued from the scheme funds would be utilized in future for affixing the scheme logo in constructed houses.

⁴⁷ ₹ 0.52 lakh in 2008-09, ₹0.43 lakh in 2009-10 and ₹ 1.45 lakh in 2011-12.

1.3.9 Human Resources Management

1.3.9.1 Work load assessment

The success of implementation of IAY scheme is critically dependent on proper identification of beneficiaries and monitoring of the progress of execution at the grass root level. This is the responsibility of the concerned Village Development Officer (VDO) of the GP.

It was observed that there was an acute shortage of VDOs in GPs of all test-checked blocks ranging from 56 to 93 per cent as given in **Table 1.3.7**.

Table: 1.3.7

Work load on VDOs

WORK load on VDOs					
Sl. No.	Name of selected Districts	Name of selected blocks	Number of VDOs ⁴⁸ required in GPs of selected blocks	Actual number of available VDOs in GPs in selected blocks (in per cent)	Shortfall (in per cent)
1	Dehradun	Raipur	55	18	37 (67)
		Sahaspur	55	17	38(69)
2	Haridwar	Roorkee	59	26	33(56)
		Narsan	59	26	33(56)
3	Tehri	Devprayag	111	13	98(88)
		Jaunpur	128	12	116(91)
4	Udham Singh Nagar	Rudrapur	45	7	38(84)
		Jaspur	43	3	40(93)
5	Nainital	Ramnagar	53	5	48(91)
		Haldwani	69	8	61(88)
Total			677	135 (20)	542(80)

Source: Information collected from DRDAs

In the exit conference, the Secretary, RDD accepted (November 2013) the facts and assured that the matter would be looked into.

1.3.9.2 Absence of training on housing technologies to officials

The guidelines provide that officers dealing with IAY at the State, districts and block level must be trained in various disaster resistant features to be adopted in the IAY houses and that they should ensure during their field visits that these features were being adopted. However, it was observed that no district and block level official was trained in adopting cost effective and environment friendly housing technologies and also disaster proof building practices, to assist the beneficiaries.

1.3.10 Monitoring mechanism

The short comings noticed in monitoring by the State Level Vigilance and Monitoring Committee (SLVMC) and District Level Vigilance and Monitoring Committee (DLVMC), inspection/physical verification by the functionaries at all levels, grievance redressal, and involvement of NGOs in monitoring are discussed in succeeding paragraphs:

1.3.10.1 Ineffective monitoring of the State and District level Committees

As per Vigilance Monitoring Committee (VMC) guidelines, 20 meetings (four meetings in a year) were to be held during 2008-13 at the State level as well as at the District level. However, only three such meetings were held at the State level and three to four meetings in test-checked districts during 2008-13 wherein only financial and physical targets and achievements were discussed.

⁴⁸ As per norms one VDO per Gram Panchayat.

1.3.10.2 Inadequate inspection/physical verification by State/District/Block level functionaries

During scrutiny of records it was noticed that during 2008-13, against the target of 2 *per cent* at directorate level, the inspection conducted ranged from 0.05 to 0.08 *per cent*. In the district, against prescribed 20 *per cent* inspection, actual inspection ranged between 5.20 and 11.99 *per cent* and in block level against 100 *per cent* physical verification it ranged from as low as 2 *per cent* to 17 *per cent*. Thus, the poor monitoring adversely affected the implementation of the scheme which can be gauged from the poor physical achievement of five selected districts⁴⁹ as only 42 *per cent* houses were completed against the total sanctioned houses during the years 2008-13. The PDs of DRDAs attributed conducting of less number of inspections to the busy schedule of state level meetings and shortage of staff at Block level.

1.3.10.3 Poor grievance redressal mechanism

During test-check of relevant records in the selected districts, it was found that the selected DRDAs received 823 grievances/complaints⁵⁰ during 2008-13, which were forwarded to the block level for taking appropriate action. Out of the above, the DRDAs received verification reports on only 78 cases⁵¹ from the concerned blocks, of which only 34 cases⁵² were settled. Action taken on the remaining grievances/complaints was not available with the DRDAs. In reply, it was assured by all the Project Directors concerned that instructions would be issued to all the BDOs to take appropriate action and ensure disposal of these remaining grievances.

1.3.10.4 Non-involvement of NGOs in monitoring process

As required under IAY guidelines, Para 5.8, no attempt was found to have been made by the DRDAs of the selected districts to involve NGOs for monitoring and supervision of the scheme, thus, the community monitoring and transparency was found lacking. However, it was stated by the PDs of the DRDAs (Dehradun, Haridwar) that NGOs could not be identified due to lack of awareness in this regard.

1.3.10.5 Social Audit

Para 6.3.5 of IAY guidelines provides that system of social auditing of the scheme would be followed. Further, para 8.3 of the guidelines provides that Social Audit is a continuous and ongoing process, involving public vigilance and verification of implementation of the scheme. The basic objective is to ensure public accountability in implementation and provide an effective means for its achievement. However, audit noticed that no system of social audit of the scheme was being followed in any of the test checked districts.

In the exit conference, the Secretary, RDD accepted (November 2013) the facts and assured that the matter would be looked in to.

1.3.11 Impact assessment by Audit through beneficiary survey

In order to assess the impact of the scheme on the rural population and to physically inspect existence and quality of IAY houses, audit along with State Government officers interacted with 1,149 beneficiaries⁵³ of 115 villages of 10 test-checked blocks in five selected districts. Responses to some important parameters relating to coverage of SC/ST BPL households,

⁴⁹ Tehri- 48%, Udham Singh Nagar- 45% , Nainital- 66% , Haridwar-38% and Dehradun-10%.

⁵⁰ Tehri- 55, Udham Singh Nagar-179, Nainital-230, Haridwar-308 and Dehradun-51.

⁵¹ Tehri-04, Udham Singh Nagar-11, Nainital-18, Haridwar-40 and Dehradun- 05.

⁵² Tehri-02, US Nagar-03, Nainital-04, Haridwar-20 and Dehradun- 05.

⁵³ Sampled beneficiaries as per systematic random sampling.

category of construction, problems faced by the beneficiaries and types of facility available in IAY houses etc. derived from the interviews of beneficiaries and physical inspection of IAY houses are given in the **Table-1.3.8**.

Table 1.3.8
Results of beneficiary survey

(Sample Size: 1149)

(Sample Size: 1149)

Sl. No.	Particulars	In number	Percentage	
1.	Coverage of SC/ST BPL households	SC/ST	376	33
		Others	773	67
2.	House allotment in the name of	Female	945	82
		Male	204	18
3.	Category under which grant sanctioned	New construction	1,149	100
		Upgradation	0	0
4.	Position of construction	Completed	982	85
		Ongoing/abandoned	167	15
5.	House displays the logo	Yes	182	16
		No	967	84
6.	Awareness of Differential Rate of Interest loan/credit-cum-subsidy grants	Yes	118	10
		No	1,029	90
		Not asked	2	0
7.	Problems faced in sanction of IAY house	Yes	97	8
		No	884	77
		Not asked	168	15
8.	Awareness about waiting list of IAY	Yes	956	83
		No	25	2
		Not asked	168	15
9.	Allotment made as per priority list in waitlist	Yes	956	83
		No	25	2
		Not asked	168	15
10.	Expertise/information provided by Govt./NGO on innovative material, low cost material, etc.	Yes	0	0
		No	1,149	100
11.	Full freedom in construction of house	Yes	1,149	100
		No	0	0
12.	Type of facilities available in IAY house			
	a) Kitchen	Yes	718	62
		No	431	38
	b) Smokeless chullahs	Yes	0	0
		No	1,149	100
	c) Ventilation	Yes	1,029	90
		No	120	10
	d) Sanitary facilities	Yes	883	77
		No	266	23
	e) Drainage facilities	Yes	662	58
		No	487	42
	f) Electric supply	Yes	1,020	89
		No	129	11

Sl. No.	Particulars		In number	Percentage
13.	Support from any Government scheme like			
	a) Total Sanitation Campaign (TSC)	Yes	1	0
		No	1,148	100
	b) National Rural Water Supply Programme (NRWSP)	Yes	0	0
		No	1,149	100
	c) Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)	Yes	3	0
		No	1,145	100
		No Reply	1	0
	d) LIC Janshree Bima or Aam Aadmi Bima	Yes	0	0
		No	1,149	100
14.	Design of house as per specification of State Government	Yes	0	0
		No	1,149	100

Source: Response of the beneficiaries to the survey conducted by the audit team

Audit analysis of the above table showed that:

- IAY board and logo were not displayed in 967 houses (84 *per cent*) out of 1,149 houses physically verified in 10 selected blocks of five selected districts whereas only 182 houses (15.84 *per cent*) were painted with information showing that these houses were sanctioned under IAY. Moreover, proper logo was not found to be affixed on any of these IAY houses.
- 47 *per cent* of the houses out of the physically verified IAY houses in test-checked districts were without permanent walls, roofing and external plastering.
- In all the cases (1,149 houses) the beneficiaries were not even aware of the housing loan facility in addition to assistance under the scheme.
- Out of the total physically verified houses, 165 IAY houses were found incomplete.
- Expertise/information on innovative material, low cost material and design of house, etc. was neither being provided by the Government nor was any NGO associated for assistance in construction of IAY houses.
- Percentage of facilities which were not available in IAY houses such as kitchen, smokeless chulhas, ventilation, sanitary and drainage facilities and electric supply ranged between zero and 90 *per cent*.
- No beneficiary was found to have received any support under TSC, NRWSP, RGGVY and LIC Janshree Bima or Aam Aadmi Bima Insurance Policy.
- No specific and standard design for construction of IAY houses was found made available to the beneficiaries from the Department.
- Houses were allotted to 117 male members (10 *per cent*) despite the fact that adult female members were residing in IAY houses.

In the exit conference, the Secretary, RDD accepted (November 2013) the findings of the survey and assured that the matter would be looked in to.

Conclusion

Benefits of the scheme were extended to ineligible persons. The percentage of allotment to SC/ST BPL families remained much below the prescribed norms. Annual Plans and monthly

targets were not prepared/ fixed. The State Government failed to implement the scheme for homestead sites. The financial management was ineffective as seen in the observations on curtailment of Central Share, delay in release of funds, diversion of scheme funds and loss of interest on the scheme funds. No effort was made to ensure convergence of IAY with other rural development schemes. Monitoring system was weak as vigilance monitoring committee meetings were not being convened as per prescribed norms. Grievance redressal mechanism was very poor. Work load assessment was not being done properly for implementation of the scheme successfully and no district and block level official was trained in adopting cost effective and environment friendly housing technologies.

Recommendations

The State Government may like to ensure:

- compliance of the provisions of IAY guidelines so as to extend benefits of the Scheme to eligible persons;
- strengthening financial management system so as to avoid delay in release of funds to the implementing agencies, diversion of funds, curtailment of funds from GoI;
- prioritizing convergence of IAY activities with other programmes at State/District level to ensure complete functional dwelling units; and
- strengthening internal control mechanism and follow the system of social audit as per the guidelines.

The audit findings were referred to the government in October 2013. The reply had not been received (December 2013).

Department of Irrigation

1.4 Working of the Department of Irrigation

The Department of Irrigation is responsible for harnessing water resources of the State for accelerating agricultural production through irrigation and mitigating the devastating effects of floods/soil erosion. Some of the major findings are highlighted below:

Highlights:

- *Under utilisation of 295 canals resulted in a gap of 25,797 hectares in irrigation potential.*
[Paragraph 1.4.6.2 (a)]
- *The Department failed to collect outstanding dues of ₹16.39 crore from Jal Sansthan and M/s HMT Ltd. since 1983-84.*
[Paragraph 1.4.7.2]
- *The Department was unable to levy water charges in Tarai-Bhawar area despite incurring ₹2.15 crore on repair and maintenance of the canal in the region.*
[Paragraph 1.4.7.3]
- *Unserviceable stores worth ₹68.62 lakh could not be disposed by the Department.*
[Paragraph 1.4.11.1]
- *The Internal Control and Monitoring Mechanism of the Department were inadequate.*
[Paragraph 1.4.13.2]

1.4.1 Introduction

The State of Uttarakhand has 13 districts. Its total area is 56.73 lakh hectares of which 7.26 lakh hectare is agricultural land (2010-11). Out of the total agricultural land, 64.18 *per cent* is in hilly region and the remaining 35.82 *per cent* is in plains. The irrigated area in hilly and plain regions is 25.49 *per cent* and 74.51 *per cent* respectively of the total irrigated land.

The Department maintains 2,735 canals, 1,248 tube wells and 166 lift irrigations for irrigation purposes and is functioning with a total manpower of 6,455 which is 76 *per cent* of its sanctioned strength of 8,528 (as on 31st March 2013). The existing strength in Group⁵⁴ A and B cadres was 79 and 54 *per cent* respectively while it was 71 and 84 *per cent* in the cadres of Group C and D respectively.

1.4.2 Organizational Structure

The Principal Secretary is the Chief Controlling Officer of the Department of Irrigation. He is assisted by the Chief Engineer (Level-I) who is also the Head of the Department (HOD). The HOD is responsible for formulating policies, implementation and monitoring of irrigation

⁵⁴ Group A- Chief Engineer (Level-1 and 2), Superintending Engineer, Executive Engineer, Research Officer and Finance Controller; Group B- Assistant Engineer, Assistant Research Officer, Labour Welfare Officer, Medical Officer and Dy. Revenue Officer, Group C-Junior Engineer, Foreman, Draughtsman, Administrative and Finance personnel and all other staff in Group D.

projects in the State. He is assisted by five Chief Engineers (Level-II), 28 Superintendent Engineers (SEs) and 97 Executive Engineers (EEs). The organogram is depicted in **Appendix-1.4.1**.

1.4.3 Audit Objectives

The objectives of the review of the working of the department of irrigation were to assess whether:

- Planning was efficient and programme management was economical, efficient and effective;
- Financial management was adequate and efficient;
- Stores and stock management was efficient;
- Human Resource Management was adequate and efficient; and
- Internal control & monitoring mechanism was in place and were effective.

1.4.4 Audit Scope and Methodology

The records of the Principal Secretary, the Office of the HOD, four⁵⁵ out of five Chief Engineers (level-II), five⁵⁶ Circles (out of 15) and 15⁵⁷ out of 57 divisions for the period 2008-13 were test-checked between May and August 2013. The circles and divisions were selected using Probability Proportional to Size with Replacement (PPSWR) sampling method.

An Entry Conference with the Secretary, Department of Irrigation was held on 7th May 2013 to explain the scope and methodology of audit. The Exit Conference was held with the Secretary on 29th November 2013 to discuss the audit findings and their responses have been incorporated at appropriate places.

1.4.5 Audit Criteria

The audit criteria for assessing the working of the department were drawn from the following sources:

- Government orders, Departmental Rules and provision of Irrigation Manual;
- Norms and benchmark of irrigation potential fixed for each irrigation project/ scheme;
- Norms and provision of sanction orders in respect of GoI and NABARD funded projects; and
- Provisions of the State Financial Rules/Uttarakhand Procurement Rules 2008.

Audit findings

1.4.6 Planning

The Department requires a planned approach for implementing irrigation oriented programmes efficiently and effectively. However, audit observed instances of inefficient planning in the Department which are brought out in the succeeding paragraphs.

⁵⁵ CE (Garhwal), Dehradun; CE (Kumaon), Haldwani; CE (Design), Roorkee and CE (Training), Kalagarh.

⁵⁶ Almora, Dehradun (2), Haldwani and Nainital.

⁵⁷ ID at Almora, Duggada, Haldwani, Haridwar, Kashipur, Nainital, New Tehri, Narendranagar, Purola, Pithoragarh, Rudrapur and TW at Dehradun, Haldwani, Ramnagar and Roorkee.

1.4.6.1 Inefficient management in providing irrigation facilities

The Department of Irrigation requires to put in place a sound system for bringing about non-irrigated land into irrigated fold for ensuring higher agricultural production. The irrigation profile of the State is given in **Table 1.4.1**.

Table 1.4.1

Irrigation profile of the State

(Area in hectare)

Year	Net Cropped Area (NCA)/declining rate over previous year (in %)	Net irrigated area (NIA)		% of net agriculture income from Agriculture and others in Net State Income (NSI)
		Area	% of NIA to NCA	
2006-07	7,65,150	3,45,020	45.09	18.99
2007-08	7,55,035 (-1.32 %)	3,40,925	45.15	15.92
2008-09	7,53,711 (-0.17 %)	3,40,129	45.12	15.33
2009-10	7,41,099 (-1.67 %)	3,38,493	45.67	14.70
2010-11 ⁵⁸	7,26,537 (-1.96 %)	3,36,136	46.26	13.60

Source:- Date published by the Department of Statistics, GoU.

The Net Cropped Area (NCA) and Net Irrigated Area (NIA) had a negative growth of 5.05 per cent and 2.57 per cent from 7.65 lakh hectare and 3.45 lakh hectare respectively during the period 2006-11 though there was an impressive growth in canals from 2,323 to 2,648 numbers (14 per cent), tube wells from 782 to 1,051 numbers (34 per cent), lift canals from 98 to 139 numbers (42 per cent) and the Culturable Command Area-CCA from 2,877 to 3,256 hectares (13 per cent) over the period 2006-11. The continuous fall in NCA and NIA also had an adverse impact on contribution of agriculture income in the Net State Income (NSI) which declined from 19 per cent in 2006-07 to 14 per cent in 2010-11.

In the exit conference, the Secretary (November 2013) assured of adopting an integrated approach based on ground realities and interaction with other line departments for achieving better results from irrigation facilities. The factors contributing to the above are discussed in the succeeding paragraphs.

1.4.6.2 Delay in abandoning of defunct canals

The Department of Irrigation is required to identify, declare and abandon canals which become unfruitful after a certain interval of time due to drying of sources and non-repairable damages so that new construction can be facilitated for providing irrigation facilities in the respective command areas. The then Principal Secretary (June 2004) had instructed the Department to send proposals for abandoning idle canals.

Scrutiny of records of nine sampled divisions of the Department showed that a total of 45 canals were not providing irrigation facilities to 1,403 hectare due to scarcity of water and damages. The details of proposed abandonment of canals are given in **Table 1.4.2**.

⁵⁸ The Department of Statistics is yet to publish the information for the period after 2010-11.

Table 1.4.2

Details of proposed abandonment of canals

Name of division	Breakup of canals proposed for abandonment and reason thereof				Year from which canal was defunct
	No.	CCA (Hectare)	Drying up of source		
			No.	CCA (Hectare)	
ID, Almora	07	253	06	132	1988-04
ID, Dugadda	06	93	06	93	1987-98
ID, Haldwani	02	64	01	24	1993
ID, Nainital	07	194	06	181	1992-95
ID, Narendranagar	02	21	02	21	1999-01
ID, New Tehri	04	105	02	40	1980-95
ID, Pithoragarh	09	329	06	185	1984-02
ID,Purola	07	161	00	0	1981-95
ID, Rudrapur	01	183	01	183	1983-84
Total	45	1,403	30	859	

(Source: Information provided by the Department) Note:-CCA: Culturable Command Area

Further, analysis showed that 14 canals became defunct due to landslides and natural calamities while 30 canals failed due to drying up of sources. Also, 15⁵⁹ out of 30 canals became inoperative within one to three years of their construction due to drying up of source. It was also seen that Divisions did not make any effort for recharging the water sources before proposing their abandonment. Thus, the Department did not plan to provide irrigation to 1,403 hectares of agriculture land. In the exit conference, the Secretary (November 2013) assured of prompt action for abandoning the defunct canals and exploring new avenues for irrigation in the affected areas.

(a) Under utilisation of canal potential

Test-check of seven divisions showed that 295 out of 935 canals were not providing sufficient irrigation to the culturable area as can be seen in the Table 1.4.3.

Table 1.4.3

Details of Under-utilised canal

Sl. No.	Name of Irrigation Divisions	Total canal	Details of Under-utilised canal						
			No. of canal	CCA	Details of PPA for 2008-13		GAP		Exp. on R&M during 2008-13 (₹ in lakh)
					Proposed	Achieved	In ha	%	
1	Rudrapur	114	25	12,723	17,701	9,000	8,701	49	NA
2	Duggadda	126	30	673	760	127	633	83	39.63
3	Almora	119	19	720	788	186	602	77	49.91
4	Nainital	134	09	1,326	2,517	276	2,241	89	89.72
5	Pithoragarh	179	87	2,663	4,300	1,268	3,032	71	158.48
6	Kashipur	112	32	17,875	16,160	7,120	9,040	56	55.56
7	Narendra Nagar	151	93	1,819	2,215	667	1,548	70	107.45
Total		935	295	37,799	44,441	18,644	25,797	58	500.75

(Source: Information provided by the Department) Note: CCA Culturable Command Area, PPA: Proposed Potential Area and PPA achieved: Average achieved PPA during the period 2008-13.

Analysis of the above table showed that these canals could irrigate only 18,644 hectare out of the average of total proposed potential area (PPA) of 44,441 hectare leaving 25,797 hectare

⁵⁹ Almora (three canals), Duggada (five canals) New Tehri (three canals) and Pithoragarh (four canals).

un-irrigated despite spending ₹ 500.75 lakh on repair and maintenance of these 295 canals during the year 2008-13.

In the exit conference, the Secretary (November 2013) stated that the main reasons for under utilisation of canal potentials were uneven conditions of ground level of the agricultural land, non-consolidation of land, destruction of crops by the wild animals, shortage of man-power, and inadequate funding under R&M. Further, he assured (November 2013) that necessary remedial measures for increasing canal utilisation would be taken.

1.4.6.3 Non-revision of water charges

The National Water Policy (NWP) 2002 stressed upon giving adequate emphasis to the physical and financial sustainability of existing water resources. Audit scrutiny showed that the Department was still collecting water charges at the rates fixed in the year 1995 and raised ₹ 44.59 crore as water charges during 2007-08 to 2011-12. Further, it was also observed that the Department of Irrigation initiated (August 2006) the process of revising rates and submitted a proposal for the same twice (June 2009 and July 2012) to the State Government. But the State Government returned the proposal and directed (October 2012) the Department to submit it after incorporating recommendations of the 13th Finance Commission (FC) as the same was a pre-condition for availing central assistance of ₹ 76 crore for water management in the State. The Department accordingly prepared a fresh proposal for revising water charges and submitted (January 2013) it to the State Government. The proposal is still pending with the Government (August 2013).

In the exit conference, the Secretary stated (November 2013) that the process for adopting of policy for fixing water charges would be expedited at the Government level.

1.4.6.4 Extraction of groundwater without recharging in semi-critical area

The NWP 2002 provides that the ground water should be exploited only to the extent of re-charging possibilities. It also prescribes that the Department should develop and implement ground water recharging projects for improving availability of ground water resources. The Central Ground Water Board (CGWB) assessed (March 2004) that it witnessed over exploitation of ground water to the extent of 133.41 and 142.53 *per cent* in the Bhagwanpur and Laksar blocks of Haridwar district. The CGWB, Dehradun categorized (March 2011) Bhagwanpur and Laksar blocks of the district as semi-critical zones. Meanwhile, the State Government, after a delay of six years, constituted (December 2010) a committee for re-assessing Ground Water Resources. The Committee recommended (January 2013) that the State Government should restrict financing of ground water extraction structures in critical/ semi-critical zones.

Audit scrutiny of Tube Well Division, Roorkee showed that the Department, setting aside the assessment of the CGWB, constructed (2005-13) 15 TWs and 42 TWs in Bhagwanpur and Laksar blocks respectively despite the facts that 109 TWs were already in operation in these blocks and one TW failed due to critical condition of water level in Bhagwanpur block.

In the exit conference, The Secretary agreed (November 2013) with the necessity of adhering to the extant policy on extraction and recharging of ground water in critical / semi-critical zone.

1.4.7 Financial Management

For providing irrigation facilities in the State, the Department was largely dependent upon National Bank of Agriculture and Rural Development (NABARD) and Central Assistance which

together contributed 73 per cent (NABARD; 37% and CSS; 36%) of the total Plan expenditure during 2009-13 as shown in the **Table 1.4.4**.

Table-1.4.4*(₹ in crore)*

Sector	2008-09		2009-10		2010-11		2011-12		2012-13		Total	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
State Sector	63.73	27	58.07	28	60.24	29	65.15	25	76.63	26	323.82	27
NABARD	76.02	32	69.06	33	76.47	37	86.52	34	136.41	46	444.48	37
State + NABARD*	139.75		127.13		136.71		151.67		213.04		768.30	
CSS	96.18	41	80.46	39	69.55	34	104.93	41	80.63	28	431.75	36
Total	235.93		207.59		206.26		256.60		293.67		1,200.05	

*Total of State Sector and District Plan.

The year-wise details of resources and their application under the State budget and the Centrally Sponsored Schemes during the period 2008-09 to 2012-13 are given in **Appendix-1.4.2 (a) & (b)**. The analysis of resources and their application showed the following:

- The Department of Irrigation unauthorisedly incurred (2008-13) expenditure of ₹ 13.01 crore on the Repair & Maintenance (R&M) of 251 Tube-wells which had already been handed over (2005-13) to the Gram Panchayats for operation, maintenance and collection of water charges.
- The State Government released a total of ₹ 15.58 crore to three Tubewell divisions⁶⁰ for meeting expenditure on R&M during the period 2008-13. These divisions however incurred expenditure in excess of the provision for the said purpose. The excess expenditure of ₹ 1.99 crore⁶¹ was then booked to the Capital Head through transfer entry which was irregular as R&M can be booked under Revenue Head only.
- As per AIBP guidelines, funds were to be released within 15 days of their receipt from the GOI. The State Government had released funds to the implementing agencies with delays ranging from 30 to 165 days during the period 2007-08 to 2012-13. Out of 201 projects, 34 projects were still pending completion (March 2013).

In the exit conference, the Secretary (November 2013) stated that the release of funds was delayed due to official procedures involved. Necessary action would be taken to avoid delay.

Other deficiencies noticed in financial management are discussed below:

1.4.7.1 Execution of deposit works without receipt of funds

Article-633 of the Financial Hand Book (Vol-VI) provides that the deposit works should be executed only after receipt of estimated expenditure. In violation of the said financial rules, the Irrigation Division, Haridwar executed and completed 21 deposit works in Kumbh Mela, 2010 without receiving funds for the said purpose. No payments were made to the contractors. As a result, a liability of ₹ 1.22 crore was created on the Department. On this being pointed out, the Secretary (November 2013) informed, in the exit conference, that the process of according financial sanction was in progress.

1.4.7.2 Recovery of outstanding dues

Irrigation Manual of Orders authorises the Department to levy water charges for non-agriculture use⁶² of water.

⁶⁰ ₹6.03 crore (Dehradun) + ₹6.36 crore (Roorkee) + ₹3.19 crore (Ramnagar) = ₹15.58 crore.

⁶¹ ₹1.44 crore (Dehradun) + ₹0.08 crore (Roorkee) + ₹ 0.47 crore (Ramnagar) = ₹1.99 crore.

⁶² Drinking Water, Urban utility, Power Generation and Industry.

Scrutiny of records showed that four divisions supplied water costing ₹ 5.55 crore to Jal Sansthans (JS) and HMT Watches Limited, a wholly owned subsidiary of HMT limited, a Government of India undertaking, during the period 2009-13 but could not collect the cost of water supplied. Further, it was found that the recoveries of water charges on account of water supplied to the Jal Sansthans and HMT Watches Ltd. were pending since 1983-84 and had now accumulated to ₹ 16.39 crore⁶³ (March 2013) although the divisions had issued Recovery Certificates from time to time.

In the exit conference, the Secretary assured (November 2013) that suitable action would be taken to ensure realisation of dues from the Jal Sansthans and HMT Watches Limited.

1.4.7.3 Non-collection of water charges for providing irrigation

During the British period, it was decided to provide drinking water through canals with the objective of promoting habitat in the thinly populated Tarai-Bhawar area⁶⁴. The Department of Irrigation (DoI) took over the control of the canals in the area from August 1956. However, the objective of canals changed from providing potable water to irrigation when Uttar Pradesh Jal Sansthan started providing potable water in the area in the year 1980.

Scrutiny of records of the five sampled divisions providing irrigation facility in the area showed that a total of 146 canals (including four canal systems) catered to the irrigation requirement of 38,201 Hectares of agricultural land but no water charges were being levied from farmers. Further, two divisions had to incur an expenditure of ₹ 2.15 crore, during the period from 2008-09 to 2012-13, on R&M of canals exclusively meant for providing irrigation in Terai-Bhawar area. The Department had, on several occasions⁶⁵, decided and recommended for levy of water charges in view of the development of the irrigated area but could not implement the same (January 2013) as the State Government had not accorded approval for collection of water charges for irrigation in this area.

In the exit conference, the Secretary, DoI replied (November 2013) that the proposal for bringing the Terai-Bhawar area in tax zone was pending with the Government since January 2003.

1.4.8 Implementation of schemes

The performance and execution of some of the departmental schemes and the findings thereof are discussed below.

1.4.8.1 Accelerated Irrigation Benefit Programme (AIBP)

The Government of India launched (1996-97) Accelerated Irrigation Benefit Programme (AIBP) for accelerating the completion of ongoing irrigation projects. A total of 201 projects were approved by GOI including 75 incomplete projects sanctioned prior to 2008 in the State. It was seen that the Department could complete only 168 (83 *per cent*) projects at a cost of ₹ 298.46 crore during the period 2008-13. 33 projects were still pending for completion. In addition, it was noticed that 67 Nos. of projects had suffered through time-overrun of one year. The audit scrutiny of the implementation of schemes showed the following:

⁶³ ₹15.84 crore, ₹0.27 crore, ₹0.05 crore and ₹0.21 crore to JS Haldwani, Kotdwar, Ramnagar and HMT Ltd, Nainital.

⁶⁴ The Tarai and Bhawar area spreads over some parts of Dehradun, Nainital (Haldwani, Chorgalia, Kaladungi and Ramnagar), Pauri Garhwal (Kotdwar region) and Udham Singh Nagar (Bajpur and Khatima).

⁶⁵ May 1973; February 1982 and September 1996.

(a) Unproductive expenditure

The State Government had accorded (June 2011) administrative and financial sanction of ₹ 695.98 lakh for construction of the Subashgarh canal under AIBP. With the objective to provide irrigation facility to 450 hectares of agricultural land located in Laksar Block of Haridwar district. The division was required to construct the main canal (2,500 metre) with source at Pathri Nala along with branch canals (2,000 metre) and tail gules (1,000 metre). It also involved construction of two Head Regulators on both sides and one Cross Regulator at a distance of 20 metre from the head of the canal in the downstream for ensuring flow of water to the left and right side of the canal.

Scrutiny of records showed that the Division started (December 2011) the construction of canal from chainage 0.025 Km to 1.250 Km and completed (March 2012) the construction of only 673.20 metre of the main canal at a cost of ₹ 66.03 lakh in a piecemeal⁶⁶ manner in the scheduled period of three months ending in March 2012.

The division did not link the constructed canal with the source as it could not take (May 2013) up the work at the Head Regulators and the Cross Regulators of the canal due to non-acquisition of land between the head of the canal and the proposed site for regulators even though the Government had earmarked a sum of ₹ 12.59 lakh for the same. The Secretary stated (November 2013) that the process of land acquisition had been initiated.

(b) Wasteful expenditure

The Government, after obtaining approval of Technical Advisory Committee (TAC), had accorded (December 2002) technical and financial sanction of ₹ 22.80 lakh for brick lining the Sarenda canal in a stretch of 1.50 kms under AIBP. The scheme aimed at creating additional CCA⁶⁷ of 68 hectare along with preventing water logging. The Irrigation Division, Rudrapur completed this project at a cost of ₹ 22.75 lakh in the year 2003-04 and also claimed to have created additional CCA of 64 hectares. Soon after completion of this project, the Government transferred (June 2005) 0.00 Kms. to 0.972 Kms. of canal length and its adjoining area of 1.118 hectare to the State Industrial Development Corporation of Uttarakhand Limited (SIDCUL) free of cost for promoting industrialisation. Thus, due to lack of co-ordination between the Irrigation and Industry Departments of the State Government, AIBP funds of ₹ 22.75 lakh spent on renovation of the Sarenda canal became wasteful within two years of its renovation defeating the very purpose for which the AIBP funds had been released.

In the exit conference, the Secretary stated (November 2013) that irrigation means in future would be created only after ensuring its utility on ground and would be in line with government policies in other sectors.

1.4.8.2 Execution of NABARD funded schemes

The NABARD provides funds on loan basis to the State Government for the projects related to reforms in agriculture and rural sector under the Rural Infrastructure Development Funds (RIDF). It disburses the loan amount on monthly basis on submission of Statement of Expenditure (SOE) for actual execution of works.

⁶⁶ Ch. 0.025 Km to 0.750 Km and Ch. 1.000 Km to 1.250 Km.

⁶⁷ CCA stands Culturable Command Area. It is the area which can be irrigated from a scheme and is fit for cultivation.

The Government had sanctioned a total of 231 projects under NABARD during 2008-13. It included 103 projects, sanctioned prior to 2008-09, that were pending for completion. Audit scrutiny showed that the Department could complete only 114 out of 231 projects during 2009-13 and therefore, the Department succeeded in receiving only ₹ 447.52 crore out of ₹ 454.48 crore from NABARD due to slow rate of execution of projects. It was further noticed that the Department was able to utilise only ₹ 444.48 crore out of the released amount of ₹ 447.52 crore. Audit scrutiny of the implementation of schemes showed the following:

(i) Failure of tube-wells to function at optimal level

The Department provides tube-well irrigation facilities to 94,806 hectares of agricultural land through four divisions⁶⁸. The details of functioning of tube-wells are given in **Table 1.4.5**.

Table-1.4.5
Details of functional tube-wells

Sl. No.	Items	Name of Tube-well division				Total
		Dehradun	Roorkee	Haldwani	Ramnagar	
1	Total tube-wells (TWs)	230	432	469	131	1,262
2	In operative Tube-well					
	Disposable TWs	09	39	27	Nil	75
	Failed TWs	11	42	46	Nil	99
	Total	20	81	73	Nil	174
3	Operational TWs	210	351	396	131	1,088
4	TW handed over to Panchayats	70	26	47	108	251
5	Departmentally operated TWs (row 4-5)	140	325	349	23	837
6	CCA covered by TWs	17,155	30,650	35,175	10,673	93,653
7	Irrigation potential	12,000	22,988	37,764	10,974	83,726
8	IP achieved	9,241	12,078	21,953	9,300	52,572
9	Shortage in irrigation	2,759	10,910	15,811	1,674	31,154

(Source: Information provided by the Department)

The deficiencies observed in the functioning of these Tube-Wells are as below:

(ii) Failure in providing irrigation facility due to inoperative tube-wells

Scrutiny of records of the test-checked divisions showed that 174 TWs were inoperative for a period⁶⁹ ranging from two to 25 years. They were either proposed for abandonment (75 Nos.) or declared failed (99 Nos.) due to technical problems. As a result, an area of 13,050 hectares⁷⁰, out of 93,653 hectares of agricultural land, was left without irrigation facility. In the exit conference, the Secretary assured (November 2013) to take remedial measures for providing water to un-irrigated land.

(iii) Under-achievement of irrigation potential

The Department was required to irrigate at least 93,653 hectare of agricultural land through operational tube wells (1,088 TWs) which had a combined irrigation potential (IP) of 83,726 hectare. The Department could, however, achieve 52,572 hectare of IP due to construction of inadequate number of water distributaries as discussed in the succeeding paragraph. The Secretary assured (November 2013) of necessary remedial measures for increasing irrigation potential.

(iv) Construction of inadequate water distributaries

The Department had sanctioned⁷¹ an amount of ₹ 14.60 crore to four projects for the construction of 23 tube-wells under RIDF⁷²-XIII and XIV respectively. The construction of tube-well

⁶⁸ Tube well Division at Dehradun, Haldwani, Ramnagar and Roorkee.

⁶⁹ 127 TWs (2002-2012), 40 TWs (1992-2002) and 07 TWs (before 1992).

⁷⁰ 174 TWs *75 hectare per TW=13,050.

⁷¹ March 2008 and February 2009.

⁷² Rural Infrastructure Development Funds.

involved boring, assembling of equipment and creation of Water Distributaries' System (WDS) for supplying water to fields.

Records of TW Division, Dehradun showed that the division could complete boring, assembling of equipment and construction of only 31.16 Kms (68 *per cent*) of Water Distributaries System (WDS) as against the required 46.00 Kms spread over 23 TWs with the sanctioned amount. In an audit query about inadequate construction of Water Distributaries System (WDS), the Department stated that the estimates of schemes were prepared in 2006-07 but were approved only in 2008-09 thereby, cost of construction escalated which resulted in inadequate construction of WDS. Thus, cost escalation had adversely affected the availability of funds for works as against originally envisaged. The Department assured that the matter would be looked into.

1.4.9 Beneficiary survey

In an attempt to ascertain the actual benefits of irrigation facilities that have accrued from irrigation facilities being provided by the Department to the farmers, audit conducted a joint beneficiary survey of 132 farmers⁷³ in the command area of four tube-wells and 24 canals of six divisions⁷⁴. For this purpose, these farmers were given a questionnaire to gauge their satisfaction level about various irrigation projects being implemented in their area. The results of the survey are given below:

- 41 (30 *per cent*) farmers complained about non-availability of water distributaries.
- 111 (84 *per cent*) farmers stated that Water users Group were not constituted.
- Seven *per cent* farmers stated that the canals were non-functional.
- 97 (73 *per cent*) farmers stated that they did not receive water during summer while 15 (11 *per cent*) of them complained of irregular supply of water.

In the exit conference, the Secretary accepted (November 2013) the results of the beneficiary survey and assured of necessary action to address the concerns raised in the beneficiary survey.

1.4.10 Flood Protection Programme

The Department executes floods control and anti-erosion works to provide protection from flood which causes damage to life and property.

Audit scrutiny showed that the Department could complete 107 projects at a cost of ₹ 67.99 crore out of 128 projects with the total sanctioned cost of ₹ 170.52 crore which included 75 projects sanctioned prior to 2008. Out of 107 completed projects, the Department could complete only 44 (41 *per cent*) projects within stipulated time. The remaining 63 projects were completed after delays ranging from one to four years.

1.4.11 Store Management

1.4.11.1 Non-disposal of unserviceable stores in time

It is essential to auction stores as soon as they are declared unserviceable so as to avoid any further devaluation and deterioration in quality of stores and increase their storage cost. Further, the delegation of financial power, rules provides that the Department is required to obtain approval of the Government for auctioning unserviceable stores costing more than ₹ 5.00 lakh. Scrutiny of records in four divisions⁷⁵ showed that unserviceable stores including tools and

⁷³ Five users of each selected canal/tube well were selected randomly.

⁷⁴ ID Dugadda; Haridwar; Pithoragarh; Rudrapur; TWD, Ramnagar; and Roorkee.

⁷⁵ TWD, Haldwani (₹ 55.94 lakh), Ramnagar (₹ 9.45 lakh), ID Haldwani (₹ 0.87 lakh) and Kashipur (₹ 2.36 lakh).

plants costing ₹ 68.62 lakh were not disposed off for a period ranging from seven to 50 years (since 1963). It was noticed that the divisions did not auction them despite the fact that most of the stores were prone to rusting.

Audit scrutiny of the Tube-well Division, Haldwani showed that the Division was in possession of unserviceable stores worth ₹ 99.06 lakh (March 2009) out of which stores worth ₹ 15.59 lakh and ₹ 27.53 lakh were stolen (February 2011) and auctioned (October-November 2012) respectively. The remaining stores worth ₹ 55.94 lakh were still to be disposed off. Further, scrutiny showed that the division, after the theft case, obtained (August 2012) the approval of the Chief Engineer (North) for disposal of the unserviceable stores and auctioned stores worth ₹ 27.53 lakh in two lots.⁷⁶ However, the procedure adopted was not in order as the Department did not obtain the approval of the Government as mandated for auctioning unserviceable stores costing more than ₹ 5.00 lakh.

In the exit conference, the Secretary assured (November 2013) to take necessary action for disposing off the unserviceable stores and also stated that the circumstances for not taking Government approval while auctioning unserviceable stores will be looked into.

1.4.12 Human Resources Management

Human Resources Management necessitates that the Department should assess staff requirements and review it at regular intervals by giving due consideration to the departmental activities. The Department had been functioning with 76 *per cent* of its sanctioned strength of 8,528 posts. The cadre-wise sanctioned strength and men-in-position as on 31st March 2013 are given in Table 1.4.6.

Table-1.4.6
Cadre-wise sanctioned strength and men-in-position

Cadre	Sanctioned Strength	Men-in-position	Shortfall	Shortfall in percentage
A	143	113	30	21
B	452	243	209	46
C	4,417	3,131	1,286	29
D	3,516	2,968	548	16
Total	8,528	6,455	2,073	24

Source: Information provided by the department

The analysis showed that there were shortages of 21 and 46 *per cent* in Group A and B cadres while it was 29 and 16 *per cent* in the cadres of Group C and D respectively.

In the exit conference, the Secretary stated (November 2013) that shortage of staff was a matter of concern. However, he added that the Department is exploring the possibility of outsourcing / hiring contract workers to address the shortages in the critical cadres.

1.4.13 Monitoring mechanism and Internal Control System

1.4.13.1 Non-preparation of Manuals by the Department

In order to bring transparency and competence in the functioning of the Department, it is essential to update existing Departmental Acts and Rules, and to compile them along with Government orders/ rules in the form of manuals and make them available to the authority responsible for executing departmental activities. The Secretary constituted (June 2002) a team for preparing manuals of Acts and Rules by amending the Northern India Canal & Drainage Act, the Minor Irrigation Works Act, the State Tube Well Act and the Kumaon and Garhwal Water

⁷⁶ ₹12.58 lakh (October 2012) + ₹14.95 lakh (November 2012) = ₹27.53 lakh.

(Collection, Retention and Distribution) Act keeping the State of Uttarakhand in view. The team submitted (May 2003) the draft amendments to the Government which was not approved by the Government. Thus, lack of pursuance and communication between the Department of Irrigation and the State Government resulted in non-preparation of manuals. In the exit conference, the Secretary informed (November 2013) that the preparation of manuals was in progress.

1.4.13.2 Internal control

Internal control is an integral process by which an organisation governs its activities to achieve its objectives effectively. An inbuilt internal control mechanism and strict adherence to codes and manuals provides reasonable assurance to the department about compliance of applicable rules, achieving reliability of financial reporting, effectiveness and efficiencies in its operations. Internal control works through various returns, maintenance of registers and periodical inspections.

During the course of audit of 24 entities of the Department, for the period 2008-09 to 2012-13, it was noticed that as a result of various deficiencies mentioned *supra* the internal control in the department was weak and only 14 intra-departmental inspections were carried out during the audit period.

1.4.13.3 Internal Audit System

Internal Audit Wing of an organisation is a vital wing for monitoring its functioning. It helps the management to take corrective action wherever necessary to ensure that systems are functioning reasonably well and stated objectives are achieved, especially in the process of assessment of cases, speedy collection of revenue, prevention and detection of fraud/irregularities. The Internal Audit Branch has been set up under the Finance Department which conducts internal audit in various departments in the State.

Audit scrutiny of records of 24 entities of the Department (May 2013 to August 2013) showed that internal audit of these field units had not been conducted by the internal audit branch of the Finance Department. Also, no internal audit wing of the Department has been established till the date of audit.

Conclusion

The performance audit of working of Irrigation Department showed inadequate planning and poor financial management as can be seen from the instances of decrease in net cropped area, under-utilisation of canal potential, non-revision of water charges, non-preparation of departmental manuals, execution of deposit works without receipt of funds and non-recovery of outstanding dues. Non-linking of constructed canal with its source, construction of insufficient water distributaries and cases of tube wells remaining inoperative for last 25 years are indicative of deficient program implementation by the Department. It also lacked an efficient store management system which is essential for its work. Thus, the overall working of the Department needs to be improved in order to enable it to fulfill its objectives.

Recommendations

The Government may consider to ensure:

- Streamlining the planning mechanism in the Department through preparation and adoption of proper manuals;
- Revising water charges to ensure sustainability of water resources; and
- Implementing proper financial management through compliance of existing financial rules.

The audit findings were referred to the Government in October 2013. The reply had not been received (December 2013).

COMPLIANCE AUDIT

Home Department

1.5 Procurement of Equipment under Modernisation of Police Force

The main objective of 'Modernisation of Police Force' scheme was far from being achieved as there were huge shortages of mobility, communications and weaponry in the State. The prime objective of strengthening of the Indo-Nepal border could not be fulfilled as vehicles and equipment worth ₹ 2.13 crore were provided to districts other than entitled. The Department had also purchased 14 cars at a cost of ₹ 64.11 lakh out of the Police Modernisation funds for SSPs/SPs/DSPs in violation of the guidelines.

The compliance audit focused on the procurement by the Department under the Modernisation of Police Force (MPF) during the period 2008-09 to 2012-13. It was conducted between April 2013 to August 2013 by test-check of records of the Director General of Police (DGP), seven⁷⁷ out of 13 SSPs/SPs of the districts and one Provincial Armed Constabulary (PAC) battalion from Kumaon out of the three PAC battalions in the State. The following are the audit findings:

1.5.1 Planning

Procurement of equipment is one of the major components of the Modernisation of Police Force (MPF) scheme. The GOI, while approving further continuance of the scheme from 2000-01, stipulated for the submission of a five-year Strategic Plan by the State Government to the Union Ministry of Home Affairs (MHA) indicating specific projects required to be implemented each year under annual plans for modernization of its police force.

Deficiencies in preparation of the Strategic Plans (SP) and the Annual Action Plans (AAPs) are given below:

- From 2000-01 onwards, a five-year Strategic Plan was required to be prepared by the State Government⁷⁸ and approved by the Union Ministry of Home Affairs (MHA). The SPs include specific projects required to be included in AAP and implemented each year for the modernisation of the State Police Force. Audit noticed that the AAPs were not approved by the State Level Empowered Committee (SLEC) except in 2012-13 as the committee was constituted only in January 2011.
- The Department did not prepare any SPs except for the period 2011-16. AAPs were prepared every year but were more in nature of a list of items for procurement rather than a coherent, well-thought-out programme of action for up-gradation of capability as was envisaged in the GOI scheme guidelines.
- There were delays of two to 10 months in submission of AAPs by the State Government to the MHA. There were also delays in approval of the Plans by the MHA ranging from one and half to four months.

⁷⁷ Four from Garhwal Region (Dehradun, Tehri, Pauri, Haridwar) and three from Kumaon Region (Nainital, Almora, Pithoragrah).

⁷⁸ The State Government shall constitute a State Level Empowered Committee under the Chairmanship of Chief Secretary with Home Secretary and Director General of Police as Members amongst others to monitor the implementation of the projects and forward a copy of the Plan to the MHA.

Annual Action Plans prepared by the State Government were, thus, a mere formality carried out perfunctorily every year. Consequently the Department could not avail of the full benefits of the scheme due to absence of a long-term Strategic Plan.

1.5.2 Funding Pattern

The scheme was funded, based on approved AAPs, in the ratio of 75:25 during 2008-12 and in the ratio 60:40 in 2012-13 by GOI and the State Government respectively. The total receipt of funds for, and expenditure incurred on the procurement of equipment during 2008-09 to 2012-13 are shown in **Table 1.5.1**.

Table: 1.5.1
Details showing the position of funds for the procurement of equipment, etc. (₹ in crore.)

Year	Procurement of Equipment			
	Released	Expenditure	Savings	% of saving
2008-09	861.33	688.80	172.53	20
2009-10	1,535.87	1,355.68	180.19	12
2010-11	457.16	446.19	10.97	2
2011-12	358.31	228.89	129.42	36
2012-13	582.66	0.00	582.66	100

Source: Data provided by the Police Department

As can be seen from the above table, there was an overall saving ranging from 2 to 100 per cent during the period 2008-13. Further, the Department kept ₹ 5.83 crore in Personal Ledger Account (PLA) due to late release of funds (March 2013) by the State Government. Thus, implementation of the scheme was affected adversely.

1.5.3 Procurement of Equipment

The major components covered under the scheme for procurement of equipment were mobility, communication equipment, weaponry and forensic set-up.

1.5.3.1 Deficiency in Mobility (Motor Vehicles)

As per the Bureau of Police Research and Department norms, mobility (motor vehicles) deficiency should be 'nil' in a well-equipped police force in order to achieve the prescribed reduction in response time to crime. The position and shortage of essential vehicles as on May 2013, which could have an impact on response time to crime and other contingencies, is depicted in the **Table 1.5.2**.

Table: 1.5.2
The position and shortage of essential vehicles

Types of Vehicles	Requirement as per BPR&D norms	Included in the plan 2008-13	Purchased during 2008-13	Total available as on March 2013	Shortfall/Excess	
					Number	Per cent
Heavy	208	11	02	154	54	25.96
Medium	263	03	03	91	172	65.40
Light	491	184	161	462	29	5.91
Motor cycle	991	363	198	455	536	54.09
Other vehicles	137	51	51	144		
Total	2,090	612	415	1,306		

Source: Data provided by the Department

Records of the test-checked districts showed that 27-52 per cent⁷⁹ of the available vehicles (medium and light) had completed their life span (according to the norms⁸⁰) in addition to the

⁷⁹ Dehradun-28 per cent, Pauri-29 per cent, Tehri- 35 per cent, Haridwar- 52 per cent, Nainital- 27 per cent, Almora-38 per cent and Pithoragrah-35 per cent.

⁸⁰ Norms for hilly areas are 8 years or 1.50 lakh km and for Plain area 10 years or 1.75 lakh km.

existing shortage of vehicles which ranged between 42-66 per cent⁸¹ (**Appendix-1.5.1**). Records also disclosed that six Police Stations⁸² (PS) (out of six, two PSs⁸³ were physically verified) and 105 outposts⁸⁴ had no vehicles. The test-checked records of Police Headquarters' (May 2013) also showed that the Department had purchased 14 cars⁸⁵ at a cost of ₹ 64.11 lakh out of the Police Modernisation funds for SSPs/SPs/DSPs in violation of the guidelines⁸⁶. The Department had not planned for the replacement of old vehicles which had completed their life span. Thus, the Department lacked focus in reducing the deficiency of the State police force in terms of availability of reliable transport and also failed to achieve the targets fixed in the Annual Action Plan.

1.5.3.2 Unfruitful expenditure

Records of the PHQ showed (May 2013) that a bullet proof vehicle TATA SAFARI was purchased for the security of VVIP/VIP under the MPF scheme at a cost of ₹ 28.25 lakh in October 2008 and was transferred to the Intelligence Headquarter (IH) in July 2009. The vehicle could not be brought into use till date, due to technical defects. Thus, not only the objective to purchase the vehicle was defeated but also its value was depreciating continuously without it being put into use.

1.5.3.3 Shortage of Wireless sets and batteries

Records of PHQ, Dehradun showed that the position (May 2013) of the availability of Very High Frequency (VHF) and High Frequency (HF) sets along with battery was very low as compared to the desired level of requirement as per the BPR&D norms as detailed in **Table 1.5.3**.

Table 1.5.3
The details of availability of VHF, HF sets with batteries

Type	Wireless sets			Batteries		
	Requirement	Availability	Shortfall (%)	Requirement	Availability	Shortfall (%)
HF sets	264	84	180(68)	168 (12 volt)	1,152	1,794(61)
VHF Sets / Mobile Sets	2,254	1,852	402(18)	2,778 (12 volt)		
VHF Hand held sets	4,644	2,663	1,981(43)	5,326 (7.2-7.5 volt)	2,245	3,081(58)

Source: Records of PHQ

Audit scrutiny showed that no procurement of wireless sets was made in last three years whereas there was a saving of ₹ 2.66 crore against this component (communication) of the scheme in the last five years which could have easily been utilised by the department for the purpose.

1.5.3.4 Shortage of Weaponry

Scrutiny of records of the PHQ and Commandant, Central Ordinance Depot, Udham Singh Nagar during the period 2008-09 to 2012-13 showed the following:

⁸¹ Dehradun- 50 per cent, Pauri-55 per cent, Tehri- 66 per cent, Haridwar-53 per cent, Nainital-43 per cent, Almora- 50 per cent and Pithoragrah- 42 per cent.

⁸² PS- Thal, Baluwakot, Pangla, Gunji, Women PS, Srinagar and Almora.

⁸³ Women PS Srinagar and Women PS Almora.

⁸⁴ Dehradun- 36, Pauri- 11, Tehri- 11, Haridwar-30, Nainital-03, Almora-03 and Pithoragrah-11.

⁸⁵ Two cars in year 2010-11 and 12 cars in 2011-12.

⁸⁶ Only operational vehicles like jeeps, motor cycles and medium/heavy vehicles have been allowed. Vehicles such as cars have not been approved. Replacements can be met out of State Governments normal budget provision for the police.

- Against the requirement of 14,083 normal weapons in the State, only 11,586 weapons were available whereas against the requirement of 8,345 main strike weapons (MSW), only 5,262 MSW were available as per the records of PHQ. Thus, there were shortfalls of 18 *per cent* and 37 *per cent* respectively in both categories of weaponry.
- Records of Commandant, Central Ordinance Depot, Udham Singh Nagar showed that out of 20,003 weapons available in the State, 2,853 (14 *per cent*) weapons were prior to year 1947.

Further, equipment like Poly carbonate shields, canes and helmets were essential for safety of the police force involved in the maintaining the law & order and other operations. It was seen that as against the requirement of 16,339 equipments, only 12,274 were available leaving behind a shortage of 25 *per cent*.

1.5.3.5 Strengthening of the International Border

Scrutiny of the records of the PHQ showed (May 2013) that the State Government purchased equipment and vehicles for an amount of ₹ 3.37 crore, as per the approved AAPs, for strengthening the police presence on the Indo-Nepal border. Out of this amount, during the last five years, the Department provided vehicles and equipment worth ₹ 2.13 crore (63 *per cent*) to districts (**Appendix-1.5.2**) other than the entitled.

On this being pointed out, the Department replied that the equipment and vehicles were provided to districts other than the border districts on the instructions of higher officers for policing works. The reply was not acceptable because these were purchased for the international border (PSs) and not for other districts.

The shortcomings and deficiencies detailed above were also included in the Audit Report for the year ended 31 March 2008 but no remedial measures were taken by the Department/ Government in this regard.

The audit findings were referred to the Government in September 2013. The reply had not been received (December 2013).

Medical Education Department

1.6 Selection process for admission in MBBS course in Government Medical Colleges

The process for verification of genuineness of documents of UPMT candidates in Government Medical Colleges was found to be very slow as 47 *per cent* of the testimonials pertaining to the years 2008-09 to 2012-13 were yet to be verified. Seventeen MBBS seats of the Medical Colleges were rendered vacant for entire course period due to delayed forensic investigations. The Medical Colleges failed to claim compensation of ₹ 30 lakh from each of the 24 candidates who left MBBS course after scheduled closing date of admission or were expelled on the grounds of using false domicile certificates or adverse forensic investigation reports.

An audit of admission selection process in MBBS course in Government Medical Colleges covering the period from 2008-09 to 2012-13 was conducted from May 2013 to June 2013 through test-check of records of all the two Government Medical Colleges of Uttarakhand. The following are audit findings:

Audit findings

The State has only two Government Medical Colleges (GMCs) at Srinagar and Haldwani respectively each having per year intake capacity of 100 seats for Bachelor of Medicines &

Bachelor of Surgery (MBBS) course. Eighty five seats each in the GMCs are filled up through the Uttarakhand Pre-Medical Test (UPMT) conducted by the State. The remaining 15 seats are reserved for candidates selected through the All India Pre-Medical Test (AIPMT). The candidates for admission in these GMCs are selected on the basis of merit list of the UPMT/AIPMT and subsequent counselling conducted by State/Central Counselling Boards each year.

The decision for selection of Agency/Institution for conducting the UPMT is taken by the State Government every year without calling open tenders or expression of interest. Accordingly, UPMT 2008 was conducted by Educational Consultant India Limited-Noida, whereas UPMT 2009 & 2010 were conducted by Uttarakhand Technical University-Dehradun, and UPMT 2011 & 2012 were conducted by G. B. Pant Agriculture & Technology University-Pantnagar. After declaration of UPMT results by the examination conducting agency, the seats for every Medical College are allotted by the State level Counselling Board⁸⁷ on the basis of UPMT merit and choice of the GMC opted by the concerned candidate. The counselling is conducted in three to four rounds between the months of July and September every year. The year wise details of MBBS seats filled up through UPMT/AIPMT and the overall position as on date of audit in both the GMCs, for the period 2008 to 2012, are shown in **Table 1.6.1**

Table: 1.6.1
Details of MBBS seats filled up through UPMT/AIPMT

UPMT Year	Srinagar Medical College				Haldwani Medical College			
	Seats filled up through		Position of seats as on date of audit		Seats filled up through		Position of seats as on date of audit	
	UPMT	AIPMT	Filled Seats	Vacant seats	UPMT	AIPMT	Filled seats	Vacant seats
2008	85	15	100	00	85	14 ⁸⁸	93	07
2009	88	12	100	00	85	15	98	02
2010	88	12	99	01	87	12	99	01
2011	88	12	84	16	87	13	99	01
2012	87	13	100	00	87	13	99	01
Total	436	64	483	17	431	67	488	12

Source: Information provided by the respective GMC.

Audit scrutiny showed that 17 seats⁸⁹ in GMC Srinagar and 12 seats⁹⁰ in GMC Haldwani were vacant due to following reasons reflecting administrative inefficiency.

1.6.1 Delay in verification of testimonials

As per the norms prescribed by the State Government/ Medical Council of India (MCI), only those candidates are eligible⁹¹ for appearing in the UPMT who were either domicile of Uttarakhand or those who had passed their High School and Intermediate Examinations from a recognised Educational Institute situated in Uttarakhand. Further, there is a provision of reservations for candidates belonging to Scheduled Caste (19 per cent), Scheduled Tribes (4 per cent), Other Backward Classes (14 per cent), Kashmiri migrants (1 seat in each college) and 30 per cent seats of all categories are reserved for girls. Therefore, verification of genuineness of the testimonials of the selected candidates is essential.

⁸⁷ Constituted by the State Government every year.

⁸⁸ The seats were reserved for management/NRI quota in the year 2008.

⁸⁹ Seats were vacant due to cancellation of candidature on the basis of fake domicile certificate/forensic investigation.

⁹⁰ Out of these, 02 seats were vacant due to non-reporting of selected candidates on last date of admission, 07 seats were vacant due to cancellation of candidature on the basis of fake domicile certificate/forensic investigation and 03 seats were vacant due to untimely demise of the candidates.

⁹¹ Having educational qualification of 10+2 with Physics, Chemistry, Biology and English (PCB-E) subjects.

As per directives of the Department, the verification of testimonials of candidates selected at the end of the first and the second rounds of counselling is to be completed by the concerned GMC before last/extended round of counselling, that is, 30 September every year so that proper replacements for qualified candidates against the cancellation of admission based on forged certificates, could be provided. Audit scrutiny showed that six seats in GMC Haldwani (05 seats of 2008 batch and 01 seat of 2009 batch) and one seat in GMC Srinagar (2010 batch) were rendered vacant due to cancellation of candidature of the selected candidates on receipt of confirmation reports (with delay of 1 to 3 month) for fake domicile certificates from the respective district authorities after the expiry of scheduled time⁹² of admissions, that is, 30 September every year. However, the Haldwani GMC succeeded in filling up of its six MBBS seats (03 of 2008 batch and 03 of 2010 batch) by timely verification/detection of fake domicile certificates and effecting their proper replacements through last/extended counselling of the candidates available through the respective UPMTs. Further, the testimonials of 411 candidates (220 in Srinagar and 191 in Haldwani), that is, 47 per cent pertaining to the years 2008-09 to 2012-13 were yet to be verified out of total 867 candidates (436 in Srinagar and 431 in Haldwani) admitted through the UPMT (details as per **Appendix-1.6.1**).

Thus, the process for verification of genuineness of documents of UPMT candidates in these two Medical Colleges was found to be very slow as 47 per cent of the testimonials were yet to be verified.

1.6.2 Delay in conducting forensic investigations

Responsibility of forensic investigations of signatures/finger prints of the candidates selected through UPMT was with the exam conducting agency (Uttarakhand Technical University, Dehradun) in 2010 which was subsequently entrusted (September 2011 and August 2012) to the respective GMCs for UPMT 2011 and 2012 by the Government so that impersonation could be checked. The investigations were to be completed in time bound manner before the final round of counselling and the State Government/State Counselling Board was to be intimated accordingly so that all cases of the impersonation could be identified and replacements could be provided through last/extended counselling in order to fill up all the seats.

Audit scrutiny of records of GMC, Srinagar and Haldwani showed that the authorities responsible for carrying out the forensic investigations of signatures/fingerprints of admitted candidates of UPMTs 2010 to 2012 failed to complete the process before last date (i.e. 30th September) of admission in the GMCs as given in **Table 1.6.2**.

Table: 1.6.2

UPMT Year	Name of GMC	Forensic investigations required to be conducted	Forensic investigations conducted	Status of forensic investigations reports				No. of candidates expelled	Replacement obtained through fresh counselling	Seats remained vacant due to FI
				Reports received	Matched	Not clear/doubtful	Un-matched			
2010	Haldwani	87	02	02	01	-	01	01	01	Nil
	Srinagar	89	Nil	-	-	-	-	-	-	-
2011	Haldwani	105	105	105	47	41	17	17	16	01
	Srinagar	88	88	88	32	40	16	16	Nil	16
2012	Haldwani	87	85	82	46	36	-	Nil	Nil	Nil
	Srinagar	87	Nil	-	-	-	-	Nil	Nil	Nil

Source: Information provided by the respective GMC.

⁹² GMC Haldwani: The candidature of one and four candidates of 2008 batch were cancelled on 14.10.2008 and 16.12.2008 respectively whereas candidature of one candidate of 2009 batch was cancelled on 14.10.2010. The candidature of one candidate of GMC Srinagar (2010 batch) was cancelled on 22.11.2010.

It was observed in audit that Uttarakhand Technical University provided reports of forensic investigations of only two candidates of GMC Haldwani out of total 176 candidates in 2010. One of these two candidates was expelled as his signatures/fingerprints were found un-matched with the samples provided at the time of examinations. The seat vacated by his expulsion was filled in subsequent counselling.

Signatures/fingerprints of all 193 candidates were investigated in 2011 and 33 candidates were expelled due to their samples being unmatched. GMC Haldwani succeeded in filling 16 of its 17 vacated seats in subsequent counselling while 16 seats of GMC Srinagar and one seat of GMC Haldwani could not be filled for the entire course period of five years as investigation reports of these candidates were received after last date of admission (i.e. 30th September) due to non-pursuance of the matter by GMCs.

In 2012, no seat was vacated in GMC Haldwani as none of its 85 samples submitted for forensic investigations were found unmatched. Further, it was also observed that details of two candidates⁹³ were not made available by the College for forensic investigations. At the same time, GMC Srinagar failed to conduct forensic investigations in respect of all of its 87 candidates despite the repeated instructions (September 2011 and August 2012) of the State Government.

Thus, overall approach towards conducting of forensic investigation was found to be inefficient, due to which, 17 MBBS seats of the GMCs were rendered vacant for entire course period and possibility of such other ineligible candidates cannot be ruled out as the forensic investigation in respect of many candidates was yet to be conducted. These vacant seats could have been filled up had timely action been taken by the authorities responsible for this purpose. As a result, 17 prospective waitlisted candidates could not avail the benefit of subsidised medical education of the State Government.

1.6.3 Non-claiming of compensation

The State Government introduced (July 2008) subsidised medical education scheme for MBBS course in GMCs with per year fee of ₹ 15,000 for each selected candidate with a view to ensure that the State will receive the services of 200 doctors every year on contractual basis for five years to address the acute shortage of doctors in remote/hilly areas of the State. The candidates, after passing out from the GMCs, if they failed to serve the State, had to pay compensation at the rate of ₹ 6.00 lakh per year or part thereof subject to maximum of ₹ 30 lakh to the State Government. A bond⁹⁴ to this effect was to be mandatorily executed by each candidate and his/her father/guardian at the time of admission in the GMCs.

Provision for furnishing of the prescribed bond by a medical student selected for admission in the GMCs also provided that a medical student, once having joined the college, would not be permitted to withdraw from the College without paying the prescribed bond money/compensation money amounting to ₹ 30 lakh for rendering the seat vacant. However, a medical student could be removed from the roll of the GMC by the appropriate authority on unsatisfactory disciplinary conduct/academic progress, for knowingly furnishing false particulars at the time of admission and for failing to give correct medical history to the GMC.

It was noticed that 07 candidates by the GMC Haldwani and 17 candidates by GMC Srinagar were expelled from their rolls during 2008-09 to 2012-13 on the grounds of using false domicile

⁹³ Admitted in the college on 29-09-2012 through last counselling.

⁹⁴ As prescribed vide G.O.No. 596/XXXVIII(1)/2009/U.O./03 dated 07-09-2009.

certificates at the time of admission and on adverse forensic investigation reports as discussed in previous paragraphs but neither any compensation was charged from the candidates nor any legal action was taken by these GMCs against such candidates for recovery of the same. Similarly, it was also noticed in audit of GMC Srinagar that the requisite compensation was not recovered from a candidate who left her MBBS seat after (on 3rd October 2008) the scheduled cut-off date of admission in the College. However, the seat was co-incidentally filled up by another candidate whose candidature was initially cancelled erroneously. Thus, the GMCs failed to recover prescribed compensation due to be paid to the Government as per the provisions of the subsidised medical education scheme of the State Government.

Audit also noticed that GMC Srinagar had adopted its own format of the bond to be executed in place of the prescribed format by the State Government wherein only a mention of payment of prescribed tuition fee for entire course period was made in place of requisite bond money of ₹ 30 lakh. This step may also create a hindrance in recovery of full payment from the rusticated candidates.

GMC Haldwani replied (June 2013) that all fee including the securities/caution money in respect of above mentioned cases had been forfeited and the concerned candidates had been informed to deposit the full amount of compensation as per conditions of the bond. The GMC Srinagar replied that FIRs against the 16 candidates had been lodged in the Srinagar Police Station and final action would be taken as per directions of the Court. However, the GMC could not give specific reply in respect of other two candidates.

The audit findings were referred to the government in July 2013. The reply had not been received (December 2013).

1.7 Infertuous expenditure

An infertuous expenditure of ₹ 1.30 crore was incurred by the Government Medical College, Srinagar towards hiring of 34 faculty members only for two or three days' inspection by the Medical Council of India to show the strength as per norms.

Government Medical College (GMC) at Srinagar was made functional by the State Government from the year 2008-09 with a per year intake of 100 Bachelor of Medicines & Bachelor of Surgery (MBBS) seats. As per the provisions of the Medical Council of India (MCI) Act 1956 (as amended from time to time), the MCI conducts periodic inspections of every medical institute or college where medical education is given to check/maintain the adequacy of the standards of medical education including availability of full time teaching faculty, equipment, accommodation and training facilities as prescribed for imparting medical education.

Audit scrutiny (May 2013) of records of the Principal, GMC, Srinagar showed that the GMC was running with shortage of teaching faculty and some temporary faculty members were being hired through consultancy firms for every occasion of the MCI's inspection of the GMC. Proper joining letters were issued to such temporary faculty members by the competent authority⁹⁵ for a period of two years, but in actual practice, it was found mutually agreed upon by both the parties (Consultancy firm and GMC) that the College would pay four months' salary against each contractual appointment through the consultancy firm. Out of this payment, three months' salary was being paid to the faculty members taken on roll temporarily and one month's salary was

⁹⁵ The Principal Secretary/ Secretary of Medical Education, Government of Uttarakhand.

being paid to the consultancy firm who had arranged these faculty members for the occasion of MCI inspection. Besides, some other faculty members were also being hired directly by the GMC/State Government for the purpose of MCI's inspections and three months' salaries were being allowed in such cases.

Audit observed that these faculty members were hired to hide the actual/less numbers of teaching faculty of the GMC so that minimum criteria of faculty members as per norms of the MCI could be maintained during their inspections of the College. A total 34 faculty members were hired temporarily during 2009-10 to 2012-13 on four occasions⁹⁶ related to MCI inspections of the GMC and an expenditure of ₹ 1.30 crore was incurred on account of the same (**Appendix-1.7.1**). It was also found that a false consolidated 'certificate of presence' for each month was issued directly at the level of the Principal to the Accounts Wing of the GMC for processing/passing the payment of salaries whereas the 'presence certificates' in regular cases of contractual appointments were being issued by the respective Heads of Department of the GMC along with absentee statements/details of leave/attendance to the Accounts Wing. All these faculty members neither took any teaching classes of the College nor stayed in the College after the respective inspections by the MCI.

It was replied (November 2013) by the Principal, GMC Srinagar that all appointments of faculty members were made by the State Government. He further added that the faculties for MCI's inspections were hired through external agencies to fulfil the MCI norm and to safeguard the recognition of College with the MCI. The reply was not acceptable as this was an act by a Government institution to mislead the MCI.

The matter was referred to the Government (July 2013), reply was awaited (December, 2013).

Medical Health & Family Welfare Department

1.8 Non-operationalisation of Trauma Centre

A trauma care centre constructed at a cost of ₹ 59.70 lakh was non-operational due to non-providing of staff/equipments/machinery which rendered the entire expenditure unfruitful.

State Government accorded (March 2007) an administrative approval and financial sanction of ₹59.70 lakh for construction of a Trauma Centre (TC) at Goverdhan Tiwari Rajkiya Base Hospital, Almora for providing and strengthening of emergency facilities in the vicinity of Almora. The construction work of the Trauma Centre was assigned (April 2007) to Uttar Pradesh Rajkiya Nirman Nigam (UPRNN), Almora with the scheduled date of completion as May 2008.

Audit scrutiny of records (August 2012) of the Chief Medical Superintendent (CMS), Goverdhan Tiwari Rajkiya Base Hospital, Almora showed that the construction work was completed (November 2008) after incurring an expenditure of ₹ 59.70 lakh but the same could not be handed over by UPRNN to the CMS for the next three years (November 2011) due to non-completion of external electrification work. The delay was attributed by UPRNN to the process followed for getting the approval for enhancement of electric load. Audit also noticed that the CMS requested the Director General, Medical Health & Family Welfare (MH&FW) Department,

⁹⁶ 16th & 17th March in 2010, 15th-16th March & 23rd May in 2011, 24th & 25th January in 2012, and 22nd to 24th January in 2013.

Government of Uttarakhand for providing essential equipments, machinery and ambulance (October 2007 & May 2012) and for posting of staff (January 2009 & March 2012) which had been sanctioned⁹⁷ by the Government but neither the requisite staff (except two nursing sisters) was posted nor any essential equipments, machinery and ambulance provided to the Trauma Centre by the Director General (MH&FW) as of June 2013. As a result, the Trauma Centre remained non-functional due to non-availability of staff and essential equipments even after a lapse of more than one and half year of it being handing over to the Department. At present, the Trauma Centre has been temporarily transferred to the TB centre of the Goverdhan Tiwari Rajkiya Base Hospital.

The significance of Trauma Centre in the vicinity of Almora can be gauged from the fact that 1,012 accidents victims were registered in the Goverdhan Tiwari Rajkiya Base Hospital, Almora within a span of May 2007 to May 2013. Out of these, 242 victims were referred to other hospitals and as per Government records, and 37 victims expired due to non-availability of Trauma Centre in the vicinity of Almora.

On this being pointed out in audit, the CMS accepted (August 2012 & June 2013) the facts and stated that correspondence is being made with the Director General, MH&FW for posting of staff and for providing equipments, machinery and ambulance to the Trauma Centre.

The matter was referred to the Government (May 2013); their reply was awaited (December, 2013).

Peyjal Department

1.9 Execution of water supply schemes under National Rural Drinking Water Programme (NRDWP)

Under NRDWP, the State could utilize only 38 per cent of the total available funds and 34 per cent needy habitations could be covered over the period 2009-13. There were instances of diversion of fund amounting to ₹ 6.04 crore, irregular expenditure of ₹ 47.50 lakh from the Calamity Relief Fund component of NRDWP and interest free advances amounting to ₹ 1.78 crore to contractors.

The Provision of safe drinking water is a basic necessity. Community managed open wells, private wells, ponds and small reservoirs remain the main sources of drinking water in rural areas. The first intervention in this field, from the Government of India (GoI), came in the form of Accelerated Rural Water Supply Programme in 1972 -73. The programme has been revised with effect from April 2009 as National Rural Drinking Water Programme (NRDWP) with focus on tackling the problem of sustainability, sufficiency of water availability & supply and management of water quality. In Uttarakhand, the programme is implemented by Uttarakhand Pey Jal Nigam (UPJN) under administrative control of the Peyjal Department. The main job of the UPJN is to tap the water from the source and take it to the doorsteps of the rural population by way of laying pipelines.

An audit on the execution of water supply schemes under NRDWP in the State during the period 2009-10 to 2012-13 was conducted between January 2013 and June 2013 by test-check of

⁹⁷ Total 33 posts of specialists, paramedical and other supporting staff was sanctioned (January 2011) for the TC.

records of nine⁹⁸ construction divisions of UPJN (out of 39 divisions) in light of NRDWP guidelines and other relevant orders issued by GoI as well as Government of Uttarakhand (State Government). Funds were released under NRDWP for 74 projects/ schemes, against which 45 projects/schemes were test-checked in audit. The following are the audit findings:

1.9.1 Inadequate planning and financial management

Implementation of water supply schemes under NRDWP is funded by the GoI and State Government on component wise sharing⁹⁹ basis. The details of funds received from GoI and State Government during 2009-10 to 2012-13 have been depicted in the **Table 1.9.1**.

Table: 1.9.1
Details showing total funds received and utilised (₹ in crore)

Year	Opening Balance	Funds Received from		Accrued Interest	Available funds	Funds Utilised	Closing Balance
		GoI	State				
2009-10	105.80	124.90	89.29	1.22	321.21	64.07	257.14
2010-11	257.14	136.41	136.47	4.87	534.89	55.38	479.51
2011-12	479.51	75.57	91.44	6.85	653.37	96.90	556.47
2012-13	556.47	74.28	107.52	8.72	746.99	147.99	599.00
Total		411.16	424.72	21.66		364.34	

Source: Information provided by SWSM.

The Central share of the scheme is released to the implementing agency (UPJN) via Nodal Agency State Water and Sanitation Mission (SWSM) and the State share is released by the Government of Uttarakhand directly to the UPJN. Thus, the unspent balance of Central share was lying with the SWSM and the State share was lying with Implementing Agency.

Analysis of the programme/financial management by the Department with reference to provisions of the NRDWP guidelines showed that there was under utilisation of funds by the Department and that has affected the implementation in the State as below:

- The State could utilise only ₹ 364.34 crore (38 per cent) against the total available funds of ₹ 963.34 crore over the period 2009-10 to 2012-13 whereas utilisation of funds by the selected divisions was 84 per cent of the released amount (₹ 100.35 crore) in this period. Out of the closing balance of ₹ 599 crore, the Central funds of ₹ 174.27 crore was lying with the SWSM and the remaining amount of ₹ 424.73 crore was lying with the MD UPJN. This underutilization of funds severely affected the programme implementation in the State and led to short release of funds by the GoI by up to 53 per cent of allocation for the State over the period 2010-11 to 2012-13. Further, the Central Government stopped releasing funds on account of slow utilisation of funds to the tune of ₹ 234 crore. On this being pointed out in audit, the Department stated that the water supply schemes in the State were/are being executed/implemented on Sector Wide Approach (SWAp) mode, which involves the direct involvement of the PRIs. Therefore, it takes more time than the prescribed cycle period for completion.

⁹⁸ Const. Division (UPJN) Chamba, Haldwani, Haridwar, Pauri (2), Pithoragarh, Ranikhet, Rudraprayag & Tehri.

⁹⁹ 50:50 share for Coverage, Operation, Maintenance, & Water Quality; and 100 per cent Central share for sustainability & Support Activities.

- ii. Information provided (July 2013) by the State Government showed that an amount of ₹ 424.72 crore was released to NRDWP during 2009-10 to 2012-13 but details were not made available by the Department to audit despite repeated requests (July and August 2013). Further, audit scrutiny of some test-checked divisions¹⁰⁰ showed that the State Government, in place of actually releasing required State share to the SWSM as per the provisions of NRDWP guidelines (Para-16.5), was instead charging the amount already spent on various State Sector water supply schemes to the NRDWP.
- iii. The Policy Framework had not been framed by the Government inspite of clear provision for the same in the implementation guidelines of NRDWP. Further, Village Water Security Plans were also not being prepared by the Department. It was stated that the schemes were/are being planned as per the Rajiv Gandhi Rural Water Supply Mission survey conducted in 2003. The reply is not acceptable as the Security Plans were to be framed as per the NRDWP guidelines.
- iv. The State Level Scheme Sanctioning Committee (SLSSC) failed to meet in time (at least twice in a year) for all the three years of audit period. Although, it met on five occasions against scheduled seven meetings after its constitution in February 2010, still the SLSSC was not able to push through the proposals and accord the approval to Annual Action Plans (AAPs) for these years which got delayed by seven to 17 months.
- v. The Department had still not taken up 15 water quality affected habitations out of 17 identified in the AAP 2010-11 for providing water supply since the onset of NRDWP in the State. On this being pointed out, the Department stated (December 2013) that water supply schemes for 13 habitations out of that 17 affected habitations had been sanctioned in August 2012 and the rest habitations would be covered in the year 2013-14.
- vi. The State Technical Agency (STA), which would have been the main technical advisor to SWSM and SLSSC for assisting the Department in planning and scientifically designing detailed project reports for sound and cost effective rural water supply schemes, was yet to be appointed in the State. It was stated (December 2013) by the SWSM that negotiations were underway with the IIT, Roorkee (August 2013) for appointing it as STA.
- vii. As per para-17-(x) of the NRDWP guidelines, the amount released under the NRDWP cannot be utilized/adjusted against any cost escalation of the schemes or excess expenditure over and above the approved cost of schemes in the previous years. Audit noticed that six test-checked construction divisions (CDs) of UPJN had incurred ₹ 6.04 crore on seven¹⁰¹ schemes by diverting funds from other NRDWP projects in five cases and other schemes in two cases in violation of the above mentioned provisions of the guidelines.
- viii. The funds received under calamity relief fund component of NRDWP were meant for rural habitations, while the CD, UPJN, Haridwar expended an amount of ₹ 47.50 lakh from the calamity relief component of the NRDWP on existing 77 Tubewells for their restoration by re-boring. These Tubewells were located in the urban areas of Haridwar city, hence, were ineligible for receiving support from this component. The entire expenditure thus proved irregular.

¹⁰⁰ CD Rurdra prayag and CD Pauri.

¹⁰¹ Talla Nagpur PWSS, Bhironkhal PWSS, Danda Nagraja Group of Villages (GoV) WS, Paun PWSS, Burnakot GoV WSS, Gantakaran GoV PWSS and Khiron Ghati PWSS.

- ix. An amount of ₹ 12.44 lakh was incurred by the CD, UPJN, Ranikhet on extra items¹⁰² which were not part of the original estimate. However, it was assured (May 2013) by the Division that the amount would be adjusted in future bills.

1.9.2 Slow coverage rate of needy habitations

As per prescribed framework for implementation of NRDWP, the State is required to accord priority to provide drinking water supply to the last rural house hold by tapping and laying of water pipe lines in the following order of precedence: (i) Not covered habitations (whose population was never covered); (ii) Partially covered habitations (having coverage of population with 0-25 *per cent*, 25-50 *per cent*, 50-75 *per cent* and 75-100 *per cent*); and (iii) Quality affected habitations.

Audit scrutiny of annual action plans prepared by the Department (SWSM) for coverage of habitations under water supply schemes disclosed that, out of the 2,638 uncovered habitations on start of NRDWP, the State could plan for providing drinking water facility for only 888 habitations over the period 2009-10 to 2012-13 which constitutes only 34 *per cent* of the planned coverage. Similarly, overall coverage of partly covered habitations in the same period was 30 *per cent* which disproportionately varied from 4 to 83 *per cent* for the slabs 0-25, 25-50 and 50-75.

1.9.3 Poor completion rate of projects

The records of the selected divisions¹⁰³ showed that 23 out of 45 projects, as per their schedule dates prescribed in the respective DPRs, were due for completion between December 2007 and December 2012. However, these 23 projects could not be completed till the date of audit (June 2013) and the delay in completion ranged from one to more than five years. Thus, the completion rate of projects was very poor. On this being pointed out the Department assured that efforts would be made to complete these projects soon.

1.9.4 Non-adherence to design norms for preparation of DPRs

The Manual for preparation of DPRs for rural piped water supply projects and the relevant Government orders provide that the project design period for pumping water supply projects should be 30 years. These norms are important as water supply projects involve large amount of investments.

Scrutiny of records in the selected divisions showed that eight pumping water supply schemes in four divisions¹⁰⁴ were designed for a 15 year period, in place of desirable design period of 30 years, in violation of the aforementioned provisions.

Besides, it was also found by audit in physical verification of the three¹⁰⁵ rural water supply projects in three divisions (with divisional authorities) that pipe lines of drinking water, which were required to be laid 60 cms beneath the earth's crust as provided in design criteria for rural drinking water projects, were laid in small lengths on the open road side at some places. This is not only in violation of aforementioned design criteria but it also affected safety of pipe lines. On

¹⁰² Survey, design, supply, cartage, laying and jointing of raising main.

¹⁰³ CD-Rudraprayag, Pauri, Pithoragarh, Tehri, Chamba, Haldwani, Ranikhet and CD-II Pauri.

¹⁰⁴ Construction division, UPJN Pauri, Pithoragarh, Chamba and Ranikhet.

¹⁰⁵ Todra Pumping Water Supply Scheme (PWSS), Ranikhet; Bhironkhal PWSS, Pauri; Sarjulla PWSS, New Tehri.

this being pointed out, the Department stated that the issue had been taken up with the contractors for carrying out remedial measures.

1.9.5 Undue benefit to contractors

Paragraph-48 (1&2) of the Uttarakhand Procurement Rules, 2008 provides that advances to contractors should be subject to payment of interest. However, audit scrutiny of records of the Construction Divisions (CD), Chamba and Ranikhet showed that an amount of ₹ 1.78 crore was granted as mobilisation advance without interest to two contractors engaged for execution of four¹⁰⁶ water supply schemes under NRDWP. The advances were granted without including any provisions of any interest in the contract agreements in violation of the above mentioned provisions of the Uttarakhand Procurement Rules, 2008 and were pending for recovery for a period ranging from seven months to one year. This resulted in a loss of interest of ₹ 14.59¹⁰⁷ lakh to the Department.

On this being pointed out, the Department stated that no interest was charged since no provisions existed in this regard in the contract agreements. They also informed that the advance had been recovered from these contractors. However, reply was not acceptable as it was against the provision of Uttarakhand Procurement Rules, 2008.

1.9.6 Handing over of incomplete water supply scheme

Bhironkhal Pumping Water Supply Scheme under the Construction Division (CD), UPJN, Pauri was constructed after incurring an expenditure of ₹ 4.99 crore and handed over (August 2011) to Jal Sansthan with works worth ₹ 79.10 lakh still remaining for execution and completion. This partial completion of the scheme deprived several rural habitations of the intended benefit. On being pointed out, it was stated by the division in reply that this was done on the instruction of the Government. Further, Government has not made available funds for the completion of remaining works even after a lapse of two years from the handing over of the scheme. Thus, full objectives of the scheme are yet to be achieved.

The audit findings were referred to the Government in September 2013. The reply had not been received (December 2013).

Public Works Department

1.10 Undue advantage to a contractor

An undue advantage of ₹ 65.58 lakh was extended by PWD to a contractor in terms of irregular/excess payments and unjustified expenditure in a road work.

Government accorded (March 2009) an administrative approval and financial sanction of ₹ 1,458.20 lakh for improvement of riding quality of 37 km. long (04 to 40) Chailusain-Silogi-Ghattugard motor road by Bituminous Macadam (BM) and Semi-dense Bituminous Concrete (SDBC). Technical Sanction (TS) of the work for ₹ 1,440.40 lakh was granted (September 2009) by the Chief Engineer (CE), Garhwal Region, Pauri.

¹⁰⁶ (i) Ghantakaran, & (ii) Laturpatti Group of Villages Schemes of the CD, UPJN, Chamba; and (iii) Chamadakhn & (iv) Kheeroghati Group of Villages Schemes of the CD, UPJN, Ranikhet.

¹⁰⁷ Calculated upto the audit period from the date advance @ of 10 per cent on the amount of advance as per CPWD manual.

Test-check (April 2013) of records of the Executive Engineer (EE), Provincial Division, Public Works Department (PWD), Lansdowne showed that the work was put on tender (June 2009) by the division more than two months prior to receiving of the Technical Sanction (TS) of the competent authority (CE), which was against the procedure of tendering and provision of financial rules. The Department entered into an agreement (September 2009) with the selected contractor¹⁰⁸ for an amount of ₹ 1,399.63 lakh (19 *per cent* above the rates estimated by the Division) with stipulated date of completion by September 2011.

Audit scrutiny of the work done and payment made to the contractor showed the following deficiencies:

- (i) The rates in agreement in respect of four items of work were fixed¹⁰⁹ over and above the rates approved in TS by the competent authority which resulted in an undue advantage of ₹ 19.92 lakh to the contractor as per details given in **Table 1.10.1**.

Table: 1.10.1

(Amount in ₹)

Sl. No.	Item of work	Unit rate as per TS	Unit rate allowed/ paid	Difference in unit rate	Quantity executed	Excess expenditure
1.	1 st coat painting with 13.20–19.00 crushed stone over WBM	121.38 per sqm	130.90 per sqm	9.52 per sqm	19,234.57 sqm	1,83,113
2.	Providing/laying of tack coat	8.81 per sqm	11.78 per sqm	2.97 per sqm	2,95,521.74 sqm	8,77,699
3.	Cleaning of existing top surface	1.72 per sqm	1.79 per sqm	0.07 per sqm	1,47,760.62 sqm	10,343
4.	Providing/laying of SDBC	9,381.96 per cum	9,630.67 per cum	248.71 per cum	3,703.278 cum	9,21,042
Total excess expenditure						19,92,197

It was stated by the EE (April 2013) that the higher rates were paid as per tendered rates quoted by the contractor. The reply was not acceptable because no item-wise rate was quoted by the contractor separately as it was quoted in percentage (19 *per cent* above) of departmentally estimated rates. Thus, excess payment of ₹ 19.92 lakh could have been avoided, if the Division had used the rates approved in TS by the competent authority and accordingly signed the agreement.

Further, as per detailed estimate of the work (TS), the works of Tack Coat (twice), 50 mm Bituminous Macadam (BM) and 25 mm Semi-dense Bituminous Concrete (SDBC) were to be executed in the 3.75 metre width of the entire road length (37 km) with 10 *per cent* additional provision for curves/extra width as per requirement. Audit found that executed quantity of BM was excessive in comparison of the area covered by Tack coat in the entire length of road (along with additional provision for curves, etc) as detailed in **Table 1.10.2**.

¹⁰⁸ M/s Hillways Construction Company, Rishikesh.

¹⁰⁹ 16.09.2009.

Table: 1.10.2

Item of work	Quantities and measurements as per TS				Quantity of work executed
	No. km.	Length	Width	Height	
Tack coat	1x2x37	1,000	3.75	-	2,77,500 sqm
	Add 10% extra for curves etc.				27,750 sqm
	Total				3,05,250 sqm
BM	1x37	1,000	3.75	0.05	6,937.50 cum
	Add 10% extra for curves etc.				693.75 cum
	Total				7,631.25 cum
SDBC	1x37	1,000	3.75	0.025	3,468.75 cum
	Add 10% extra for curves etc.				346.88 cum
	Total				3,815.63 cum

It is seen from the above table that the quantities of BM work (7,945.118 cum) is not in consonance with the area covered by tack coats even after allowing extra quantities for curves. Considering the area covered by tack coats, the quantities for BM should have been 7,388 cum¹¹⁰. It was replied (April 2013) by the EE that the variation in quantity was due to undulation and depression filling in the road. However, the reply was not acceptable as no separate provisions/entries for undulation/depression filling were made/recorded in estimates as well as in the measurement books of the work. Thus, use of 557 cum excess quantity of BM costing ₹ 39.94 lakh¹¹¹ was unjustified.

(ii) In a lump sum contract, the contractor agrees to execute a complete work with all its Contingencies in accordance with the drawing and specification for a fixed sum. However, audit found that a payment of ₹ 5.72 lakh¹¹² for disposal of 6,677 cum hill side cutting material was made to the contractor despite the fact that this item of work was a part of lump-sum contract. Thus, the extra payment of ₹ 5.72 lakh to the contractor was irregular/avoidable.

The matter was referred to the Government (May 2013). The Government replied (December 2013) that the higher rate from TS was found justifiable by the Tender Advisory Committee after examining the rate on the basis of current market rate, the excess quantity of BM was used in Profile Corrective Course (PCC), which was essential for the work as per specification of MoRTH¹¹³. In respect of extra item it was stated that the same was allowed due to dense habitations at the site of work.

The reply of the Government is not acceptable as the TS of the work was granted by the competent authority in the same month of awarding of contract. The relevant MoRTH specification for PCC was also not followed by the division itself. The specification *inter-alia* provides that if it is to be laid in any case, its details should have been given in the contract document. However, no such provision was found included in this case. The reply regarding extra cost for disposal of material was also not acceptable as these items of work were to be implemented as a lump-sum contract. Besides, all the situations of work would have been assessed by the contractor before finalising the contract.

Thus, the division extended an undue advantage of ₹ 65.58 lakh to the contractor in terms of irregular/excess payment and unjustified expenditure in this work.

¹¹⁰ 7,388 cum = 2,95,521.74 (Tack coat) / 2 X 0.05.

¹¹¹ Quantity (557 cum) x rate (₹ 6,026/cum = ₹ 33,56,482) + 19% tendered cost (₹ 6,37,731).

¹¹² ₹ 4.81 lakh + ₹ 0.91 lakh (as 19 per cent tendered cost).

¹¹³ Ministry of Road Transport and Highways.

Rural Development Department

1.11 Rural connectivity under Pradhan Mantri Gram Sadak Yojana

Under PMGSY, only 64 works (22 per cent) had been completed at a cost of ₹ 119.89 crore out of total sanctioned 291 road works amounting to ₹ 802.37 crore and 227 works remained incomplete despite incurring an expenditure of ₹ 237.58 crore as of March 2013. In test-checked PIUs, an amount of ₹ 4.16 crore was found expended irregularly and ₹ 3.73 crore was found charged to the scheme in contravention of the guidelines. Mobilisation advances amounting to ₹ 2.27 crore against nine contractors were still pending for recovery despite the facts that its bank guarantees had already been expired.

Pradhan Mantri Gram Sadak Yojana (PMGSY) is a 100 per cent Centrally Sponsored Scheme (CSS) launched by the Government of India (GoI) in December 2000 with the primary objective of providing all weather road¹¹⁴ connectivity to all unconnected rural habitations with a population of 250 persons and above in Uttarakhand. The GoI approves proposals of State Government in a phased manner.

The audit was taken up by covering the implementation of PMGSY programme for the period 2009-10 to 2012-13 to assess whether the objective of providing all weather roads to the targeted habitations was achieved within the specified time frame. The records of the Chief Engineer, Uttarakhand Rural Road Development Agency (URRDA) and 12 Project Implementation Units (PIUs) (covering 174 road works amounting to ₹ 233.30 crore) of seven districts¹¹⁵ were test-checked (between November 2012 and April 2013) out of total 13 districts in the State and against an overall expenditure of ₹ 357.47 crore incurred by the State as of March 2013. The following are the audit findings:

1.11.1 Programme performance

1.11.1.1 PMGSY guidelines envisage that each road work to be taken up under PMGSY should be part of the core network and it should be prioritised in such a way that habitations with population of 1,000 and above were linked by the year 2003 and habitations with a population of 250 and above by the year 2007. Audit noticed that the Department did not follow the priority criteria mentioned in the scheme guidelines in all the cases of construction of road works.

At the end of March 2013, out of 151 targeted habitations, only 111 habitations having population of more than 1,000 were connected as per the core network. Similarly, as against target of 2,381 habitations having population of more than 250, the road connectivity was provided to only 562 habitations under the scheme. The details of coverage of targeted habitations are shown in the **Table 1.11.1**.

¹¹⁴ An all weather road is one which is negotiable in all seasons of the year.

¹¹⁵ Almora, Bageshwar, Chamoli, Champawat, Dehradun, Pauri & Pithoragarh as per approved Audit Plan for the year 2012-13 and 2013-14.

Table: 1.11.1
Details of coverage of targeted habitations

Category of population	Total habitations	Habitations connected prior to launching of the programme	Unconnected habitations	Habitations connected under PMGSY				Balance unconnected habitations
				I to III (2000-03)	IV to VI (2004-08)	VII to IX (2009-13)	Total	
1000 persons and above	1,092	941	151	71	40	-	111	40
500-999	1,964	1,272	692	56	237	79	372	320
250-499	3,791	2,102	1,689	53	133	4	190	1,499
Less than 250	9,953	3,871	6,082	75	129	-	204	5,878
Total:	16,800	8,186	8,614	255	539	83	877	7,737

Source: Information obtained from the Department

It is evident from the above details that the progress achieved with respect of habitations with a population of 250 to 999 was poor with 76 *per cent* habitations remaining unconnected even after a lapse of more than 12 years of implementation of the programme. Similarly, 40 habitations with population of more than 1,000 remained unconnected even after a lapse of more than nine years from the targeted year 2003.

Audit scrutiny noticed that 811 habitations out of total 877 habitations, shown as connected by the Department, did not have all weather roads as their Stage-II works (black top) were yet to be carried out. As such, only 66 habitations had been provided with all weather roads by the Department.

1.11.1.2 Financial and physical position of road works

Audit scrutiny showed that in Phases-VII to IX, a total of 291 road works amounting to ₹ 802.37 crore were approved between 2009-10 and 2011-12, of which only 64 works (22 *per cent*) had been completed at a cost of ₹ 119.89 crore. 227 works (78 *per cent*) remained incomplete despite incurring an expenditure of ₹ 237.58 crore as of March 2013.

In the test-checked districts, 174 road works were sanctioned (Phases VII to IX) for an amount of ₹ 522.67 crore during the period of 2009-10 to 2011-12. Out of the above, only 35 road works involving ₹ 75.68 crore were completed as of March 2013 as can be seen from the **Table 1.11.2**.

Table: 1.11.2
Details of financial and physical position of road works (₹ in crore for cost of works)

Year/ phase	Works sanctioned			Works completed			Works in progress			Works yet to be started		
	No.	Length	Cost	No.	Length	Expr.	No.	Length	Expr.	No.	Length	Cost
2009-10 (VII)	71	700.67	254.05	21	169.27	47.81	29	351.49	82.81	21	179.91	68.77
2010-11 (VIII)	86	718.59	245.05	14	131.28	27.87	45	295.53	71.01	27	291.78	102.03
2011-12 (IX)	17	10.50	23.57	00	00	00	13	8.25	3.80	04	2.25	6.94
Total :	174	1,429.76	522.67	35	300.55	75.68	87	655.27	157.62	52	473.94	177.74

Source: Information collected from the department

Audit scrutiny also showed that:

- The Government of India (GoI) released an amount of ₹ 400.14 crore against the approved project cost of ₹ 802.37 crore during 2009-12 to the URRDA for implementation of works of Phase-VII to IX. However, the Department could spend only ₹ 357.47 crore as of March 2013 and the amount of ₹ 42.67 crore remained unutilized.
- Fifty two road works amounting to ₹ 177.74 crore were yet to be started in the test-checked districts due to involvement of forest land and disputes in alignment of roads. Progress in respect of rest of the State was much worse as overall 96 approved road works with a sanctioned cost of ₹ 278.25 crore were yet to be started in the State.

1.11.1.3 Incomplete coverage of targeted habitations

Programme guidelines provide that no road work should be proposed under the PMGSY for providing new connectivity unless it forms part of the core network and new connectivity is given primacy. Test check of records of Bageshwar and Pithoragarh PIUs in respect of three sanctioned works amounting to ₹ 9.66 crore (Phases VII to VIII) showed that these works had provided connectivity to only seven unconnected habitations with a total population of 2,925 instead of 11 habitations (population: 4,836) as had been originally envisaged. Thus, the Department failed to provide connectivity to four habitations with a total population of 1,911 despite these being part of the core network.

The Department accepted the facts and informed (May 2013) that these habitations could not be connected as road alignments had to be modified due to the difficult geographical terrain and local conditions. The justification put forward by the Department is indicative of poor planning as these ground realities should have been assessed at the time of finalisation of core network so that the eligibility of these villages to have road connectivity under the PMGSY could be retained.

1.11.2 Programme Implementation

The shortcomings observed by Audit in programme implementation in the test-checked districts are as under:

1.11.2.1 Non-adherence of procedure for competitive bidding

PMGSY guidelines stipulate that all the works scrutinized by the State Technical Authority (STA) and cleared by the GoI, will be tendered. However, audit scrutiny of records of eight PIUs¹¹⁶ showed that:

- Tenders for execution of 23 road works of phase-VII with an estimated cost of ₹ 69.86 crore, were invited by the PIUs even before sanction of the detailed estimates by the GoI. Further, despite moving early, none of the works could be completed within the prescribed time limit as agreed upon in the agreements for completion of the said works. As of March 2013, only 16 works worth ₹ 34.17 crore could be completed and seven works were still in progress despite incurring an expenditure of ₹ 23.91 crore with delays ranging from 16 to 23 months.
- Single tenders were accepted in nine works amounting to ₹ 19.25 crore¹¹⁷ (Phases-VII & VIII). Even after accepting single tenders in these cases, five works valued ₹ 11.48 crore were still in progress with delays ranging from seven to 19 months and having incurred an expenditure of ₹ 10.46 crore.

The Department stated (May 2013) that the retendering was not resorted to against the single tenders received due to apprehension of probable increases in the rates for labour and material. The reply was not acceptable as the acceptance of single bid was against the accepted procedure of bidding of the Department.

¹¹⁶ PIU: Almora, Bageshwar, Didihat, Champawat, Kotdwar, Karnaprayag, Srinagar & Pokhari.

¹¹⁷ Procedure adopted in State PWD stipulates that single tender received is required to be cancelled without opening of the bid and a re-tender should be invited.

1.11.2.2 Delay in finalization of tenders

PMGSY guidelines provide that tenders for work to be executed shall be finalized within 120 days (four months) from the date of approval by GoI. Audit scrutiny showed that the tenders for 50 road works by nine PIUs were finalized with a delay ranging from one to 24 months and three works were delayed by more than 24 months.

In reply, the Department stated (May 2013) that the said tenders could not be finalized in time due to delay in receiving forest clearances and also due to disputes by local villagers. The reply was not acceptable as these issues should have been resolved before preparation and submission of the detailed project reports.

1.11.2.3 Irregular construction of roads to already connected habitations

Audit scrutiny showed that an expenditure of ₹ 4.16 crore was incurred by two PIUs¹¹⁸ of selected districts for providing connectivity to three habitations with a population of 2,384 in contravention of the PMGSY guidelines as the said habitations were already connected as per the core network of the State.

The PIUs stated (February/March 2013) that existing roads were light vehicle roads and proposals for new all weather roads were prepared on the request of public representatives. The reply was not acceptable as execution of such road works was against the provisions of guidelines (Para 4.6) which stipulate that no road work should be proposed for those habitations which were already covered.

1.11.2.4 Irregular loading of lead charges

PMGSY guidelines prescribed that while preparing estimates of road works, no provisions would be made for lead charges payable for transportation of soil except in case of black cotton soil. Audit scrutiny of estimates of road works in the selected districts showed that provisions for transportation of 4.95 lakh cubic metre soil by mechanical transportation was provided in estimates with an expenditure of ₹ 3.73 crore in 29 works in contravention of the above provision.

The Department stated (May 2013) that the mechanical transportation of soil was provided for disposal of debris to avoid the probable damage to the adjoining forest area as per directives of the Ministry of Environment & Forest, GoI in this regard. The reply was not acceptable as inclusion of lead charges in the estimates was against the provisions of PMGSY guidelines. If at all transportation was deemed essential, the expenditure on this account could have been borne by the State Government.

1.11.2.5 Taking up works without receiving clearances of forest land

Provisions of PMGSY guidelines stipulate that it is the responsibility of the State Government/District Panchayat to ensure that land is available for taking up the proposed road works. A certificate regarding availability of land must accompany the proposal for each road and the details of land should be reflected in the local land records to avoid disputes. Provision also provides that works should not be taken up unless necessary land is available.

¹¹⁸ Kapkot (Bageshwar): Habitations Bheda Majhera (population : 940) & Jarti (population : 935) and Champawat: Habitation Khatera (population : 509).

(i) Audit scrutiny in selected PIUs showed that two road works¹¹⁹ amounting to ₹ 7.15 crore were taken up (February 2010 & December 2011) without obtaining necessary clearance for using forest land. Expenditure of ₹ 2.84 crore thereon was rendered idle as the necessary forest clearance was still awaited and works were held-up. Further, mobilization/ machinery advance of ₹ 35.00 lakh was paid (April 2010) to the contractor in one case despite the fact that necessary forest clearance was awaited. Out of ₹ 35.00 lakh, ₹ 10.50 lakh were recovered and recovery of remaining ₹ 24.50 lakh was pending (May 2013) due to non-completion of the work.

(ii) A total 88 road works¹²⁰ pertaining to Phase-VI to IX of State for connecting 48 habitations having population of 22,438 were pending on account of non-receipt of necessary forest clearances at various levels. Audit scrutiny of 20 out of these 88 cases pending for forest clearance showed that there were delays of 102 to 1,821 days in preparation of forest proposals by the divisional officers.

1.11.2.6 Non-revalidation of bank guarantees

Audit scrutiny showed that bank guarantees had expired in respect of nine works where machinery and mobilisation advances were given. Out of the total advance of ₹ 3.82 crore related to these works given to nine contractors whose bank guarantees have now expired, only ₹ 1.55 crore had been recovered and remaining amount of ₹ 2.27 crore was still pending for recovery with these contractors.

1.11.2.7 Release of funds by State Government

PMGSY guidelines stipulate that where the value of the tender was more than the cost approved in the DPRs, or the span of bridges was over 25 metre, or there were variations or additional items, the related excess costs were to be borne by the State Government.

Audit scrutiny, however, showed that the State Government had not released an amount of ₹ 20.00 crore, since the last one year, towards the excess costs of tenders over the approved DPRs, excess expenditure in bridge spans, and variations/additional items etc. to the PMGSY in respect of 30 works. Due to non-release of funds by the State Government, the works could not be completed.

The audit findings were referred to the Government in September 2013. The reply had not been received (December 2013).

Sports & Youth Welfare Department

1.12 Avoidable expenditure

An approach road work to a Government institute was got sanctioned and executed by a construction agency (UPRNN) concealing the fact that construction of another approach road to the institute had already been started by the PWD resulting in avoidable expenditure of ₹ 1.16 crore.

The Government of Uttarakhand (GoU) decided (December 2005) to construct a Civil Services Institute (CSI) at Thanigaon in Dehradun under the administrative control of the Sports & Youth Welfare Department (Department) for various welfare activities of the Government servants. It

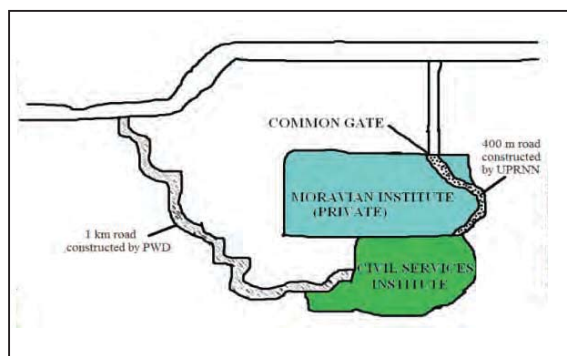
¹¹⁹ Lawad to Bandoon (Phase-VII) and Taragtal to Khala (Phase-VII).

¹²⁰ GoI: 13, Forest Nodal Office: 7, Divisional Forest Officers: 23, Under objection: 3, In-principle sanction: 22, Proposal in hand: 10 & cancelled proposals by GoI: 10.

accorded two administrative and financial sanctions respectively for construction of one km long approach road to the proposed construction site at a cost of ₹ 90 lakh (February 2006) and for construction of the CSI buildings at a cost of ₹ 7.53 crore (December 2006). Both the works were awarded by the GoU to the Construction Division, Public Works Department (CD-PWD), Dehradun in February 2006 and December 2006 respectively.

Test-check of records (October-November 2011) of the District Sports Officer, Dehradun and the Director of Sports, Dehradun showed that the construction work of the CSI building was withdrawn from the CD-PWD due to delay in start of the work and entrusted (January 2008) to the Uttar Pradesh Rajkiya Nirman Nigam (UPRNN). However, the CD-PWD continued with the construction of the approach road which had started in December 2009.

Audit scrutiny showed that the UPRNN submitted (August 2010) a revised estimate of CSI of ₹ 14.88 crore along with proposal for construction of approach road (0.4 km long) passing through the adjacent Moravian School at an estimated cost of ₹ 1.18 crore, concealing the fact that construction of approach road to this site had already been started (December 2009) by the CD-PWD. However, neither the Department took any cognizance of this ongoing construction of road work by PWD nor did the CD-PWD bring out this fact to the notice of the Government. The GoU, while according (March 2011) its revised administrative and financial sanction of ₹ 14.88 crore for the entire work, also did not take the cognizance of already sanctioned road for the CSI. The construction of old one km approach road¹²¹ was completed at a cost of ₹ 89.75 lakh by the CD, PWD in March 2013 while the second approach road passing through Moravian School, for the same proposed site was completed at a cost of ₹ 1.16 crore by the UPRNN in May 2013. As such, the construction of second approach road did not serve any additional benefit and it could have been avoided in interest of fiscal prudence.



On this being pointed in audit, the Director, Sports stated (November 2011) that the decision to construct the second approach road was taken at the Government level.

The matter was referred (June 2012) to the Government; reply was awaited (December, 2013).

¹²¹ Completed in 0.860 km.

Technical Education Department

1.13 Infrastructure facilities in Technical Education Department

The Department failed in ensuring timely execution of projects meant for infrastructural facilities. Despite availability of sufficient funds to the tune of ₹ 227.02 crore, it could spend only ₹ 110.79 crore (49 per cent). 59 per cent of operational GITIs and GPs were being operated from rented buildings and employees were deprived of the Government accommodation due to non-completion of residential buildings. 28 trades in 33 GITIs were running with a shortage of tools/equipment which was one of the main reasons for non-affiliation of several trades with the National Council for Vocational Training (NCVT).

An audit on the availability of 'Infrastructural facilities in Technical Education Department' for the period from 2010-11 to 2012-13 was conducted through test-check¹²² of records of the Directorate of Technical Education, Uttarakhand Technical University, three Government Engineering Colleges (GECs)¹²³ out of six, 21 out of 41 Government Polytechnics (GPs) and 73 out of 110 Government Industrial Training Institutes (GITIs) in the light of norms prescribed by the All India Council for Technical Education (AICTE), Directorate General of Employment and Training (DGE&T), guidelines of concerned Centrally Sponsored Scheme (CSS) and other relevant orders of the State Government. Audit was focused on the availability of buildings, adequate tools and machinery, sufficient electricity load and space, and other basic facilities as per AICTE and DGE&T norms. The following are the audit findings:

1.13.1 Underutilisation of funds

During 2010-11 to 2012-13, a total of ₹ 100.32 crore and ₹ 126.70 crore were made available by the State Government and the GoI respectively to the GPs/GITIs for the development of their infrastructure facilities. The Department had spent only ₹ 87.03 crore (87 per cent) and ₹ 23.76 crore (19 per cent) of the State and the GoI releases respectively. The poor utilization of funds was attributed to difficult geographical terrain of the State, non-availability of clear title of land, delayed approval of estimates by Technical Audit Cell of the State Government, non-availability of own buildings, and insufficient co-operation from Industry partners in respect of up-gradation of ITIs through public private partnership. It was also noticed that no budgetary provision was made by the Department for the maintenance of the buildings of the GITIs and GPs during the entire audit period (2010-13).

1.13.2 Deficient basic infrastructure facilities

Availability of basic infrastructure viz. drinking water, toilets, furniture, electricity, library, hostel, etc. is a pre-requisite for creating a conducive atmosphere for a better teaching-learning experience. Scrutiny of the records of the test-checked GECs, GPs and GITIs showed that these basic infrastructure facilities were available in the GECs. However, in case of GPs and GITIs,

¹²² The units were selected on the basis of the approved Audit Plan.

¹²³ G.B. Pant Engineering College- Pauri, College of Technology- Pantnagar (U.S.Nagar), and Kumaon Engineering College- Dwarahat (Almora).

most of the institutes did not have the requisite infrastructure. The details of the deficiencies noticed are given in **Table 1.13.1**.

Table: 1.13.1**Details of inadequate infrastructure facilities**

Sl. no.	Type of facility	No. of test checked Institutes		No. of institutes not having facility		Deficiency in per cent	
		GP	GITI	GP	GITI	GP	GITI
1.	Drinking water	21	73	02	13	10	18
2.	Toilets			00	10	Nil	14
3.	First aid facility			06	52	29	71
4.	Library			02	50	10	68
5.	Hostels			11	61	52	84
6.	Generator			05	54	24	74
7.	Telephone connection			not available	59	--	81

Source: Information provided by the test checked GPs & GITIs.

It may be seen that both GPs and GITIs were deficient in basic infrastructure facilities. In reply, it was assured (December 2013) by the Department that efforts were being made to overcome the deficiencies.

1.13.3 Inadequate availability of tools and equipment

The Director General of Employment and Training (DGE&T), GoI has laid norms for ensuring availability of specific tools, equipment, machinery and furniture in ITIs for imparting training in every trade. In test-checked institutes, Audit noticed that there was a shortage of tools, equipment and machinery in 28 various trades such as Electronics, Fitter, Welder, Machinist, Electrician, Turner, Information Technology, etc. in 33 GITIs. Audit observed that due to shortage of tools and equipment in several trades¹²⁴, many institutes could not be affiliated with the National Council for Vocational Training (NCVT).

Further, no equipment and furniture was provided for running the operational trades in GITI Gairdakh (Pauri) since its establishment (2010-11) till the date of audit (May 2013), though 116 students (Welder, Cutting Sewing trades & Data Entry Operator) had passed out from this institute during 2010-13.

In the test-checked GITIs, electricity load capacity in 16 GITIs¹²⁵ was below the norms prescribed by the DGE&T. As reported by the institutes, insufficient electricity load had affected the process of imparting of training to the students for trades like Mechanical, Electrical, Turner, Fitter, Plumber, etc. but no efforts in this regard were found to be made by the concerned institutes.

On this being pointed out, the Director, Training replied (May 2013) that the Principals were empowered to increase the power load to the desired level and no permission request for the same was pending at the Directorate level.

¹²⁴ All trades of only 11 institutes (10 %) were affiliated with NCVT and 50 institutes (45 %) were affiliated with the State Council for Vocational Training (SCVT) out of total 110 operational GITIs.

¹²⁵ Dineshpur, Dehradun (B), Bhimtal, Lower Bazar-Srinagar, Pabo, Kathpooriacheena, Okhalkanda, Pathani, Jaiharikhal, Gaddarpur, Muni-ki-reti, Nakuri, Sitarganj, Binta, Someshwar & Machood.

1.13.4 Shortage of adequate space for infrastructure in GPs and GITIs

AICTE/DGE&T has laid down clear norms for calculation of required space in GPs and GITIs on per student per trade basis. However, audit scrutiny showed that the required space was not available in 17 Institutes (eight GPs¹²⁶ and nine GITIs¹²⁷) as per the prescribed norms. The shortage¹²⁸ of space in GPs ranged between 234 sqm. & 1,911 sqm. and in GITIs, it ranged between 38 sqm. & 731 sqm. In 10 GITIs,¹²⁹ building space had been provided to other departments¹³⁰ in spite of the fact that all these GITIs had been selected for implementation of Centrally Sponsored Schemes. This also affected implementation of CSS in these GITIs.

1.13.5 Slow progress in upgradation of ITIs

A CSS named “Upgradation of 1,396 Government ITIs through Public Private Partnership” was started by the GoI in the year 2007-08. The objective of the scheme was to improve the employment opportunities of graduates of the vocational training system through strengthening of GITIs by enhancement of existing infrastructure facilities such as construction of workshops, procurement of tools and equipment, books, learning material and software, etc.

Audit scrutiny showed that an amount of ₹ 107.50 crore (₹ 2.50 crore per selected GITI) was released by the GoI to 43 GITIs of State during 2007-08 to 2011-12. However, the institutes could spend only ₹ 13.87 crore (16 per cent) out of ₹ 86.00 crore (excluding seed money of ₹ 50 lakh per institute i.e. ₹ 21.50 crore) up to March 2013. It was further noticed that 11 GITIs could not spend any amount and six GITIs could spend a nominal amount of ₹ one lakh only. Hence, the initiative could not yield any visible result. In reply the Department stated (May 2013) that scheme could not be executed as per the plan due to non-availability of Government buildings and lack of required support from the Industry Partners.

1.13.6 Shortage of buildings and slow progress of construction works

Audit analysis of information collected from GPs/GITIs showed that out of total 41 operational GPs and 110 operational GITIs, only 21 GPs and 41 GITIs have their own buildings and remaining GPs/GITIs were being operated from rented buildings. As of March 2013, 65 construction works for providing basic infrastructural facilities were sanctioned by the Government with an estimated cost of ₹ 140.76 crore. Out of these ongoing works, 45 works (69 per cent) amounting to ₹ 106.14 crore were incomplete for a period ranging from five to 10 years. Despite this fact, 14 new construction works were sanctioned (2010-2013) by the Government of Uttarakhand instead of giving priority to completion of the pending works.

¹²⁶ Kaladungi, Takula, Pantnager, Mallasalam, Kotabagh, Satpuli, Narendranagar and Haridwar.

¹²⁷ Nakuri, Kathpoorcheena, Gaddarpur, Jaspur, Kanskhet, Pabo, Bhunghidar, Daula & Someshwar.

¹²⁸ The shortage of space has been calculated on the basis of the norms set by AICTE/DGE&T for GPs/GITIs respectively with trade wise sanctioned strength of students/trainees of the particular institute and actual space available with them.

¹²⁹ Kanda, Jainti, Boradi, Haldwani, Bajpur, Kashipur, Badkot, Haridwar, Rudraprayag & Pithoragarh.

¹³⁰ Government Degree College- Jainti, Government Degree College-Boradi, Employment Officer-Haldwani, Circle Officer, Police-Bazpur, Cane Commissioner-Kashipur, Government Degree College-Badkote, District Employment Office-Haridwar, Government Degree College-Rudraprayag & Seemant Engineering College, Pithoragarh.

1.13.6.1 Inordinate delay in completion of works

Audit scrutiny of the following cases pertaining to infrastructural facilities and involving investment of ₹ 29.30 crore showed non-creation of the facilities and non-achievement of intended objectives due to mismanagement/inordinate delay in construction of buildings and other works:

(i) An amount of ₹ 87.17 lakh was sanctioned (November 1987) by the Government for construction of residential and non-residential buildings of GITI Jainti. The entire amount was released (between May 1988 & May 1991) to the construction agency (PWD, Almora). Audit observed that the work was still incomplete due to paucity of funds. However, only the Administrative Block was completed and handed over to the Department in 2001. A revised estimate for completion of remaining works was forwarded (October 2003) by the construction agency due to revision in schedule of rates but the same was pending for approval at the Government level as on date of audit (March 2013). Thus, failure of the Department in approving revised estimates or getting the work done in time as per previous estimates resulted in non-availability of the required infrastructure facility even after incurring an expenditure of ₹ 87.17 lakh and a delay of 22 years.

(ii) Government accorded financial and administrative approval of ₹ 6.66 crore¹³¹ and released ₹ 2.07 crore¹³² for construction of buildings of GITI-Massi, GP-Garud and GITI-Dwarikhal. Audit scrutiny showed that even after a lapse of two to five years from the respective sanctions, the released amount of ₹ 2.07 crore remained blocked due to non-availability of land. Thus, the intended purpose of these projects remained unfulfilled and the institutes are forced to operate/continue from rented buildings hired on annual rent of ₹ 3.64 lakh.

(iii) Administrative and financial sanction of ₹ 2.57 crore¹³³ was accorded by the State Government for construction of residential building of GP (Girls)-Almora and non-residential buildings for GITI-Dhaniala & GITI-Rikhnikhil. Out of the sanctioned amount, ₹ 2.21 crore¹³⁴ had been released to the respective construction agencies. Audit scrutiny showed that the construction works were incomplete¹³⁵ (March 2013) even after incurring an expenditure of ₹ 2.05 crore. However, revised estimates were forwarded by the construction agencies at a regular interval to the Department which were pending at the Government level as on the date of audit. Thus, the intended objectives were not achieved as both the GITIs were still being operated from rented buildings.

1.13.6.2 Non-setting-up of new polytechnics in un-served and under-served districts

This scheme was launched by the GoI in the year 2009-10 for establishing new Polytechnics in un-served and under-served districts for development of technical education. Under this scheme,

¹³¹ ₹ 191.46 lakh (August 2010) for GITI Massi, ₹ 297.59 lakh (March 2010) for GP Garud and ₹ 177.00 lakh (March 2008) for GITI, Dwarikhal.

¹³² ₹ 100 lakh to GITI Massi (₹ 10.00 lakh in 2010-11 & ₹ 90.00 lakh in 2011-12), ₹ 66.67 lakh to GP Garud (₹ 16.67 & ₹ 50.00 lakh before May 2011) and ₹ 40.00 lakh to GITI Dwarikhal (2007-08).

¹³³ ₹ 88.90 lakh (October 2006) for GP (Girls) Almora, ₹ 52.45 lakh (2004-05) for GITI, Dhaniala and ₹ 115.57 lakh (March 2007) for GITI, Rikhnikhil.

¹³⁴ ₹ 88.90 lakh (up to November 2007) for GP (Girls) Almora, ₹ 52.45 lakh (up-to 2007-08) for GITI, Dhaniala and ₹ 80.00 lakh (up to April 2012) for GITI, Rikhnikhil.

¹³⁵ Physical progress: GITI- Dhaniala 95 per cent, GITI-Rikhnikhil 15 per cent and GP (Girls)- Almora 83 per cent.

an amount of ₹ 12.30 crore (₹ 8.00 crore for civil works and ₹ 4.30 crore for procurement of equipment/ machinery & furniture) per district/per polytechnic was to be provided by the GoI. Only one district, Pithoragarh, was selected for coverage of the scheme.

Accordingly, an amount of ₹ 12.30 crore was sanctioned (July 2009) by the GoI for setting up a Polytechnic (GP Ganai Gangoli) in District Pithoragarh, against which, ₹ seven crore¹³⁶ had been released (upto July 2010) to the State Government. However, the State Government sanctioned construction of three Polytechnics¹³⁷ instead of one. It released ₹ 2.87 crore out of the amount of ₹ seven crore received from GoI to GP, Ganai Gangoli, Pithoragarh for construction of building. The construction of building was incomplete and remaining amount (₹ 4.13 crore) was lying idle with the Director, Technical Education as no land was available with the Department for construction of buildings for other two proposed polytechnics. Thus, in contravention of GoI instructions, the State Government sanctioned three polytechnic colleges without having availability of land for two polytechnic colleges and also blocked the funds.

1.13.6.3 Slow pace of construction of women hostels

Under this CSS, an amount upto ₹ one crore per Polytechnic is provided by the GoI for construction of 50 bed women hostels. The central assistance was to be released in instalments based on progress achieved and any expenditure above ₹ one crore was to be borne by the concerned State Government. A total of 25 GPs of the State were selected by the GoI and an amount of ₹ 12.20 crore had been released during 2008-09 to 2011-12 for construction of the women hostels. The scheme was to be completed by the end of 11th Five Year Plan (up to March 2012).

Audit scrutiny (May 2013) of the records of the Director, Technical Education and the test-checked institutes showed that the Department commenced work of girls hostel in 21 polytechnics (6 GPs in 2009-10 and 15 GPs in 2012-13) as against the target of 25 GPs and an expenditure of ₹ 7.14 crore (59 per cent) was incurred as of May 2013. All the construction works were still incomplete even after lapse of the scheme period (i.e. March 2012). The slow pace of construction works of hostels by the Department resulted in non-releasing of central assistance of ₹ 12.80 crore by the GoI till March 2013.

The audit findings were referred to the Government in September 2013. The reply had not been received (December 2013).

¹³⁶ ₹ 2.00 crore in 2009-10 and ₹ 5.00 crore in 2010-11.

¹³⁷ GP- Ganai Gangoli (sanctioned cost: ₹ 286.72 Lakh), GP- Didihat (estimated cost: ₹ 393.58 Lakh) and GP- Kanalichina (estimated cost: ₹ 372.29 Lakh) in District Pithoragarh.

Chapter-II

Revenue Sector

Chapter-II

Revenue Sector

2.1 Introduction

2.1.1 Trends of Revenue Receipts

The tax and non-tax revenue raised by the Government of Uttarakhand during the year 2012-13, the State's share of net proceeds of divisible Union Taxes and Duties assigned to State, and Grants-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	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Revenue raised by the State Government					
	• Tax Revenue	3,044.91	3,559.04	4,405.48	5,615.62	6,414.25
	• Non-Tax Revenue	699.44	631.86	678.06	1,136.13	1,602.88
	Total	3,744.35	4,190.90	5,083.54	6,751.75	8,017.13
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union Taxes and Duties	1,506.59	1,550.01	2,460.07	2,866.04	3,272.88
	• Grants-in-Aid	3,384.03	3,745.22	4,064.56	4,073.45	4,457.21
	Total	4,890.62	5,295.23	6,524.63	6,939.49	7,730.09
3.	Total Revenue Receipts of the State Government (1 and 2)	8,634.97	9,486.13	11,608.17	13,691.24	15,747.22
4.	Percentage of 1 to 3	43	44	44	49	51

Source: Finance Accounts

The above table indicates that during the year 2012-13, the revenue raised by the State Government (₹ 8,017.13 crore) was 51 *per cent* of the total revenue receipts and the balance 49 *per cent* of receipts (₹ 7,730.09 crore) were from the Government of India as share of net proceeds of divisible Union Taxes and Duties and Grants-in-aid.

2.1.2 Tax Revenue

The details of tax revenue raised during the period 2008-09 to 2012-13 are indicated in **Table 2.1.2**.

Table: 2.1.2
Details of Tax Revenue raised (₹ in crore)

Sl. No	Head of Revenue Receipt	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of Increase (+)/ decrease (-) in 2012-13 over 2011-12
1.	Tax on Sales, Trade etc.	1,910.64	2,246.84	2,940.48	3,643.51	4,289.41	(+) 17.73
2.	State Excise	528.35	704.64	755.92	843.65	1,117.92	(+) 32.51
3.	Stamp Duty and Registration Fees	357.46	398.70	439.50	524.05	648.40	(+) 23.73
4.	Taxes on Vehicles, Goods and Passengers	166.98	184.56	227.26	334.69	304.29	(-) 9.08
5.	Taxes and Duties on Electricity	51.61	2.11	2.16	229.02	2.71	(-) 98.82
6.	Land Revenue	17.90	8.80	18.31	10.18	10.59	(+) 4.03
7.	Other taxes and Duties on Commodities and Services	5.87	6.27	12.15	16.52	23.13	(+) 40.01
8.	Others	6.10	7.12	9.70	14.00	17.80	(+) 27.14
	Total	3,044.91	3,559.04	4,405.48	5,615.62	6,414.25	(+) 14.22

Source: Finance Accounts

The respective departments reported the following reasons for variation:

- **Taxes on Sales, trade etc.:-**The Commercial Tax Department stated (October 2013) that the increase in revenue receipts was due to increase in trade, escalation of prices, establishment of new industrial units and special efforts made by the Department towards Input Tax Credit verification.
- **Stamp Duty and Registration Fee:-**The Stamp Duty and Registration Department stated (October 2013) that the increase in receipts over the previous year was due to increase in number of registration of Sale Deeds¹ from 2,10,501 (2011-12) to 2,25,831 (2012-13).
- **Taxes and Duties on Electricity:-**The Power Department stated that the increase in receipt during the year 2011-12 was due to deposit of an amount of ₹ 227.11 crore as outstanding Electricity Duty by the Uttarakhand Power Corporation whereas no such payment was made during the year 2012-13.

The other departments despite being requested (September 2013) did not furnish the reasons for variations in receipts from that of the previous year (December 2013).

2.1.3 Non-tax Revenue

The details of non-tax revenue raised during the period from 2008-09 to 2012-13 are indicated in Table 2.1.3.

Table: 2.1.3
Details of non-tax revenue raised (₹ in crore)

Sl. No	Head of revenue receipt	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage increase (+)/decrease (-) in 2012-13 over 2011-12
1.	Interest Receipts	68.49	53.71	53.76	50.62	114.76	(+) 126.70
2.	Forestry and Wildlife	207.16	235.70	229.69	234.26	238.20	(+) 1.68
3.	Power	171.37	56.13	13.54	41.24	150.04	(+) 263.82
4.	Non-Ferrous Mining/ Metallurgical Industries	63.73	74.08	93.62	112.58	109.85	(-) 2.42
5.	Education, Sports, Art and Culture	28.66	34.18	47.47	37.14	38.80	(+) 4.47
6.	Public Works	15.53	19.50	24.83	17.85	18.13	(+) 1.57
7.	Major and Medium Irrigation	5.91	5.18	5.10	8.07	7.65	(-) 5.20
8.	Police	7.01	9.62	11.26	11.41	10.98	(-) 3.80
9.	Other Administrative Services	28.09	21.18	47.15	70.15	38.72	(-) 44.80
10.	Medical & Public Health	6.84	11.73	29.01	23.20	30.00	(+) 29.31
11.	Co-operation	3.19	1.78	1.70	2.93	1.38	(-) 52.90
12.	Crop Husbandry	3.62	4.55	3.78	4.54	15.83	(+) 248.68
13.	Contributions & Recoveries towards Pension & other Retirement Benefits	27.21	37.43	49.09	448.11	748.65	(+) 67.07
14.	Others	62.63	67.09	68.06	74.03	79.89	(+) 7.92
	Total	699.44	631.86	678.06	1,136.13	1,602.88	(+) 41.08

Source: Finance Accounts

Non-tax revenue has increased by ₹ 467 crore (41.08 per cent) during the year 2012-13 over the previous year and constituted 10.18 per cent of the total revenue receipts. The jump in the Non-

¹ The number of sale deeds for 2011-12 has been amended from 2, 11,379 (which was reported earlier) due to change in number of deeds received from Districts Sub-Registrar.

tax revenue during the year was due to the apportionment of pension liabilities of composite erstwhile State of Uttar Pradesh between Uttar Pradesh and Uttarakhand. Non-tax revenue in Power Department increased by 263.82 *per cent* was due to higher receipts under Hydel generation (other receipts).

The other departments, having increase/decrease of more than 20 *per cent*, did not intimate the reasons for variations, despite being requested repeatedly (September and December 2013).

2.1.4 Variation between the budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts under the principal heads of tax and non-tax revenue for the year 2012-13 are mentioned in the **Table-2.1.4**.

Table: 2.1.4
Variation between the budget estimates and actuals (₹ in crore)

Sl. No.	Head of Revenue Receipt	Budget estimates	Actuals	Variation increase (+) decrease (-)	Percentage
1.	Taxes/VAT on Sales Trade etc.	4,088.10	4,289.41	(+) 201.31	(+) 4.92
2.	State Excise	942.15	1,117.922	(+) 175.77	(+) 18.66
3.	Stamp Duty and Registration Fees	573.95	648.40	(+) 74.45	(+) 12.97
4.	Taxes on Vehicles	275.00	304.29	(+) 29.29	(+) 10.65
5.	Taxes and Duties on Electricity	60.00	2.71	(-) 57.29	(-) 95.48
6.	Interest Receipts	35.00	114.76	(+) 79.76	(+) 227.89
7.	Other Administrative Services	11.82	38.72	(+) 26.90	(+) 227.58
8.	Crop Husbandry	2.71	15.83	(+) 13.12	(+) 484.13
9.	Police	10.11	10.98	(+) 0.87	(+) 8.61
10.	Medical and Public Health	23.16	30.00	(+) 6.84	(+) 29.53
11.	Roads and Bridges	6.20	.22	(-) 5.98	(-) 96.45
12.	Public Works	16.16	18.13	(+) 1.97	(+) 12.19
13.	Forestry and Wildlife	296.71	238.20	(-) 58.51	(-) 19.72
14.	Non-Ferrous Mining and Metallurgical Industries	131.00	109.85	(-) 21.15	(-) 16.15
15.	Education, Sports, Art and Culture	25.21	38.80	(+) 13.59	(+) 53.91
16.	Power	84.00	150.04	(+) 66.04	(+) 78.62
17.	Contributions & Recoveries towards Pension & other Retirement Benefits	512.00	748.65	(+) 236.65	(+) 46.22

Source: Receipt Budget and Finance Account

The respective departments reported the following reasons for the variations:

State Excise: State Excise Department stated (September 2013) that the increase was due to delayed deposit (May 2012) of advance license fee of retail shops of country/foreign liquor for year 2012-13 owing to State Legislative Elections whereas license fee for the year 2013-14 were deposited in time (March 2013).

Transport Department: Transport Department stated (September 2013) that the increase was due to implementation of revised tax structure with effect from December 2012 by Government in Uttarakhand Motor Karadhan Sudhar Act/Rules, 2003 in financial year 2012-13.

Electricity Department: The decrease in actual receipts of Taxes and Duties on electricity was due to non-payment of dues by the Uttarakhand Power Corporation Ltd. to the Government during 2012-13.

Other departments, having variations of more than 20 *per cent*, did not intimate the reasons for variations, despite being repeatedly requested (September and December 2013).

2.1.5 Cost of collection of revenue receipts

The gross collection of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the period 2010-11 to 2012-13 along with the all India average percentage of expenditure on collection to gross collections for 2011-12 are depicted in the **Table-2.1.5**.

Table: 2.1.5

(₹ in crore)

Sl. No.	Head of revenue	Year	Gross Collection ²	Expenditure on collection	Percentage of expenditure on collection to gross collection	All India average percentage for the year 2011-12
1.	Sales/Commercial Tax/ VAT	2010-11 2011-12 2012-13	2,934.95 3,635.97 4,270.72	33.46 35.30 39.34	1.14 0.97 0.92	0.83
2.	State Excise	2010-11 2011-12 2012-13	755.98 843.57 1,117.80	8.57 7.75 8.42	1.13 0.92 0.75	2.98
3.	Taxes on Vehicles	2010-11 2011-12 2012-13	223.26 329.51 298.17	13.22 13.47 15.03	5.92 4.09 5.04	2.96
4.	Stamp Duty and Registration Fees	2010-11 2011-12 2012-13	439.45 524.02 648.36	11.37 9.40 14.70	2.58 1.79 2.26	1.89

Source: Concerned State Government Departments.

It would be seen from the above that the cost of collection in all the Heads was more than the All India average except State Excise Department.

2.1.6 Analysis of collection of tax revenue

The break-up of the total collection at the pre-assessment stage and after regular assessment of taxes on Sales, Trade *etc*, during last five years as furnished by the Commercial Taxes Department is mentioned in the **Table-2.1.6**.

Table: 2.1.6

(₹ in crore)

Head of revenue	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalty for delay in payment of taxes and duties	Amount refunded	Net collection as per Department	Percent of column 3 to 7
1	2	3	4	5	6	7	8
Taxes/ VAT on Sales, Trade	2008-09	1,896.92	10.40	0.96	9.13	1,899.15	99.88
	2009-10	1,843.75	407.57	1.08	19.83	2,232.57	82.60
	2010-11	2,451.60	502.48	1.36	26.46	2,928.98	83.70
	2011-12	3,509.26	145.40	1.97	26.45	3,630.18	96.66
	2012-13	4,246.41	44.05	2.65	24.38	4,268.72	99.48

Source: Information provided by the Commercial Tax Department

It would be seen from the above that the collections made under Commercial Tax at the pre-assessment stage were between 82.60 and 99.48 *per cent* whereas collection after regular assessment was very low. It is clear that no significant additions were made at the assessment stage.

² The figure for collection of all four taxes in the year 2010-11 to 2012-13 provided by the State Departments and reflected in the table are at variance with the figures reflected in the Finance Accounts.

2.1.7 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 in respect of the principal Heads of Revenue as reported by the Departments were ₹ 3,015.84 crore (excluding Public Works Department). Out of this ₹ 507.70 crore were outstanding for more than five years as mentioned in the **Table-2.1.7**.

Table: 2.1.7 (₹ in crore)

Sl. No.	Head of revenue	Amount outstanding		Remarks
		As on 31 March 2013	For more than five years	
1.	Taxes/VAT on Sales, Trades etc.	2,563.17	493.20	Recovery of ₹ 276.52 (1,764 cases) crore is subjudice. Recovery and duplicate recovery certificate have been issued for remaining ₹ 2,286.65 crore in the cases wherever required.
2.	Taxes on Vehicles	7.08	4.45	Seven cases (₹ 0.05) were subjudice (three were more than five year old) and demand for recovery for rest (₹ 7.03 crore) of the cases had been processed through District Magistrates.
3.	State Excise	0.60	0.60	Two cases amounting to ₹ 24.66 lakh are pending in the courts of law. In other cases, action is being taken to recover the amount (₹ 35.34 lakh).
4.	Taxes and Duties on Electricity	421.78	-	Department stated that it is in regular correspondence with the Uttarakhand Power Corporation Ltd regarding the matter.
5.	Entertainment Tax	0.71	0.002	Cases amounting to ₹ 1.56 lakh are pending in the courts of law. In rest of the cases, recovery certificate for ₹ 69.44 lakh have been issued.
6.	Stamp Duty and Registration Fees	9.01	0.71	Recovery of ₹ 5.24 crore is subjudice and for rest of the cases, demand for recovery of ₹ 3.77 crore had been processed.
7.	Co-Operation	10.75	8.74	Demand for recovery has been processed through District Level Officer.
8.	Taxes on purchase of Sugarcane	2.74	-	Taxes on purchase of Sugarcane are being regularly deposited on issue of Sugar bags from sugar mills.
Total		3,015.84	507.70	

Source: Concerned Departments.

It would be seen from the above table that recovery of ₹ 507.70 crore was pending for more than five years. Sincere efforts are required to be made to recover them.

2.1.8 Evasion of tax

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised and demands for additional tax raised in 2012-13, as reported by the Department are mentioned in **Table-2.1.8**.

Table: 2.1.8

Name of tax/duty	Cases pending as on 31 March 2012	Cases detected during 2012-13	Total	Number of cases in which assessments/investigation completed and additional demand including penalty etc. raised during the year 2012-13		Number of cases pending as on 31 March 2013
				No. of cases	(₹ in crore)	
Commercial Tax/VAT	1,523	3,327	4,850	4,635	69.17	215

The amount of recovery made against the demand raised was not intimated by the Department (December 2013).

2.1.9 Disposal of Refund cases

Commercial Tax Department settled 80.14 *per cent* of the refund claims in 2012-13 while in the case of Stamp Duty and Registration; all the cases were settled during the year as mentioned in the **Table-2.1.9**.

Table: 2.1.9

(₹ in lakh)

Sl. No.	Particulars	Commercial Tax		Stamp Duty and Registration Fee	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,194	665.69	-	-
2.	Claims received during the year	5,126	2,851.29	10	274.89
3.	Refunds made during the year	5,065	2,437.83	10	274.89
4.	Balance outstanding at the end of the year	1,255	1,079.15	Nil	Nil

Source: Concerned State Departments.

The increase in number of pending refund cases in Commercial Tax Department was not encouraging. Uttarakhand VAT Act, 2005 provide for payment of interest at the rate of one *per cent* per month, if the excess amount is not refunded to the dealer within 90 days from the date of order and thereafter at the rate of 1.5 *per cent* per month till the refund is made. To avoid the interest liability, efforts may be made to dispose of the refund claims in time.

2.1.10 Response of the Departments/Government towards audit

2.1.10.1 Failure of Head of the Departments to enforce accountability and protect the interest of the State Government

The Accountant General (Audit), Uttarakhand (AG) conducts periodical inspection of the Government Departments concerned to test-check the transactions and verify the maintenance of the important accounts and other records as prescribed in the Rules. 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 along 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 replies to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government through draft audit paragraphs.

Inspection reports issued upto December 2012 disclosed that 1,936 paragraphs involving ₹ 178.58 crore relating to 919 IRs remained outstanding at the end of June 2013 along with the corresponding figures for the preceding two years is mentioned in the **Table-2.1.10**.

Table: 2.1.10

	June 2011	June 2012*	June 2013
Number of IRs pending for settlement	1,213	851	919
Number of outstanding audit observations	2,432	1,797	1,936
Amount involved (₹ in crore)	280.88	151.30	178.58

*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.

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2013 and the amounts involved are mentioned in the **Table-2.1.11**.

Table-2.1.11

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1.	Commercial Tax	Taxes/VAT on Sales, Trade etc.	399	1,038	87.76
2.	Entertainment Tax	Entertainment Tax, Luxury Tax	51	67	10.85
3.	Excise	State Excise	84	133	33.47
4.	Transport	Taxes on Motor Vehicles	103	273	35.13
5.	Stamps and Registration	Stamp Duty and Registration Fees	282	425	11.37
Total			919	1,936	178.58

The large pendency of the IRs and audit observations indicated that the Heads of Offices and the Heads of the Departments did not take prompt action to rectify the defects, omissions and irregularities pointed out by audit. The prolonged delay in settlement of the audit observations is fraught with the risk of their becoming too old for effecting recovery/taking action by the concerned departments.

2.1.10.2 Departmental Audit Committee meetings

In order to expedite the settlement of the outstanding audit observations contained in audit Inspection Reports on Revenue Receipts of the Government of Uttarakhand, the Departmental Audit Committees were constituted by the Government. However, no audit committee meeting was held during the year 2012-13.

2.1.10.3 Response of the Departments to the draft audit paragraphs

Serious and important audit observations (draft audit paragraphs) noticed during local inspections are proposed for inclusion in the Report of the Comptroller & Auditor General of India are forwarded to the Secretaries of the Departments concerned, drawing their attention and requesting for their response within six weeks. The fact that non-receipt of replies from the Departments/ Government within stipulated time will tantamount to acceptance of facts and figures of draft paras by the Department/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

2.1.10.4 Follow up on Audit Reports-Summarized 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 & Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs. The action taken/ explanatory notes thereon are to be submitted by the Government for the consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately by Departments/Government. Revenue Chapter of the Reports of the Comptroller & Auditor General of India of the Government of Uttarakhand for the years 2000-01 to 2007-08 were discussed in the Public Accounts Committee during the period 2005-06 to 2012-13 and explanatory notes/action taken in 27 cases were awaited as on 31 March 2013.

2.1.11 Position of Audit Inspection Reports

The summarised position of the Audit Inspection Reports relating to Commercial Tax Department, issued during the last five years, paragraphs included in these Reports and their settlement as on 31 March 2013 is given in **Table-2.1.12**.

Table-2.1.12

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance at the end of the year		
	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Paragraphs	Money Value
2008-09	233	557	19.30	49	206	21.63	8	69	2.32	274	694	38.61
2009-10	274	694	38.61	44	105	12.04	6	48	0.64	312	751	50.01
2010-11	312	751	50.01	54	158	89.37	6	32	0.70	360	877	138.68
2011-12	360	877	138.68	54	192	8.56	12	46	65.94	402	1,023	81.30
2012-13	402	1,023	81.30	37	151	23.79	27	78	11.20	412	1,096	93.89

As against 233 IRs with 557 outstanding paragraphs at beginning of 2008-09, the number of outstanding IRs rose to 412 with 1,096 paragraphs at the end of 2012-13, whereas only 273 paragraphs were cleared during the period 2008-13.

2.1.12 Audit Planning

The annual audit plan is prepared on the basis of risk analysis which inter-alia include critical issues in government revenues and tax administration i.e. budget speech, white paper on state finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years etc.

During the year 2012-13, there were 239 auditable units, of which 115 units were planned and 104 units had been audited.

2.1.13 Results of audit

Test-check of the records of 104 units out of total planned 115 units of Commercial Tax State Excise, Motor Vehicles and Stamp and Registration Department conducted during the year 2012-13 showed underassessment/short levy/loss of revenue aggregating to ₹38.37 crore in 248 cases. The Departments accepted cases worth ₹ 26 lakh in 11 cases. However, the Departments recovered ₹ 0.59 crore in 81 cases during the year at the instance of audit, pertaining to the audit findings of the previous years.

2.1.14 Contents of the Revenue Chapter of this Report

The Chapter contains three paragraphs involving money value of ₹ 0.85 crore relating to "Arrears of revenue in Commercial Tax Department", non-recovery of tax and penalty and non-levy of stamp duty. The Commercial Tax Department has accepted audit objections amounting to ₹ 0.05 crore.

COMPLIANCE AUDIT

COMMERCIAL TAX DEPARTMENT

2.2 Arrears of Revenue in Commercial Tax Department

The arrear of tax revenue increased by ₹ 2061.74 crore over the period 2008-09 (₹ 501.43 crore) to 2012-13 (₹ 2563.17 crore). There were delays ranging between one month to eight years in issue of recovery certificates amounting to ₹ 48.03 crore. Also there were cases of non-vacation of stay cases ₹ 26.99 crore, non-settlement of ex-parte assessments ₹ 35.48 crore and overstatement of arrear of revenue ₹ 13.54 crore.

The Commercial Tax Department (Department) plays a significant role in the overall revenue generation of the State. It has contributed around 67 per cent (₹ 4,289 crore) of the total tax revenue (₹ 6,414 crore) collected during the year 2012-13. The effectiveness of the Department is measured with reference to the tax assessment, raising of demands and collection of arrears thereof. The levy of Commercial Tax in Uttarakhand was governed by the Uttar Pradesh Trade Tax Act, 1948 (UPTT Act) up to 30 September 2005, and thereafter, under Uttarakhand Value Added Tax Act 2005 (UK VAT Act).

UK VAT Act 2005 provides that every dealer who is liable to pay tax under this Act shall submit such return of his turnover to the Department for assessment. As soon as an assessment is made by the concerned Assessing Authority, a notice for demand together with a copy of assessment order is sent to the dealer. The dealer shall pay the tax so assessed within the period of sixty days. If the dealer fails to deposit the tax, it can be recovered as arrears of land revenue and a Recovery Certificate (RC) in this regard is forwarded by the Assessing Authority to the District Collector for collection of amount specified therein. The audit was conducted between April and June 2013 through test-check of records of the seven Commercial Tax Offices (CTOs)³ out of 70 CTOs covering the period from 2008-09 to 2012-13 to assess the reasons of arrears and measures being taken by the Department to liquidate the same. The following are the audit findings:

2.2.1 Position of arrears of revenue

As per information provided by the Department, the position of year wise arrears of revenue is given in **Table-2.2.1** below:

Table: 2.2.1

(₹ in crore)

Year	Opening Balance on 1 st April		Demand Raised		Demand reduced by AA/App. Auth.		Amount Collected		Closing Balance of Arrears	
	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
2008-09	14,350	631.17	5,027	74.09	1,769	180.89	2,144	22.94	15,464	501.43
2009-10	15,464	501.43	10,450	589.83	2,867	189.66	3,887	20.53	19,160	881.07
2010-11	19,160	881.07	11,751	1,313.62	3,738	1,019.22	4,264	29.28	22,909	1,146.19
2011-12	22,909	1,146.19	8,511	579.35	3,721	443.95	4,237	27.20	23,462	1,254.39
2012-13	23,462	1,254.39	20,931	2,430.39	4,079	1,089.79	4,939	31.82	35,375	2,563.17

Source: Information provided by the Department.

³ Deputy Commissioner (Assessment): Dehradun-V, Haridwar-I & II, Haldwani-I, Kashipur-I, Khatima, and Rishikesh.

Audit scrutiny showed that;

- The arrears of tax has increased 411 *per cent* (from ₹ 501.43 crore to ₹ 2,563.17 crore) during 2009-13 which was mainly attributed to increase in the number of tax payers after the implementation of VAT Act (October 2005) and its outcome⁴ with effect from the year 2009-10.
- Apart from above, there was a sharp increase in demands raised during 2010-11 and 2012-13 due to ex-parte assessments made by the Department. However, these demands were reduced by 78 and 45 *per cent* in the same years by the Assessing Authority/Appellate Authority under Section 31 of the Act.
- Out of total arrear demand of ₹ 2,563.17 crore (in 35,375 cases), arrears of ₹ 273.06 crore (in 6,841 cases) were more than 10 years old and ₹ 220.14 crore (in 5,702 cases) were five to ten years old, which together constituted at 19.24 *per cent* of the total arrears.

2.2.2 Delayed/non-issue of Recovery Certificates (RCs)

Under the provision of UPTT Act/UK VAT Act, the tax assessed shall be deposited within 30 days (60 days with effect from 31 March 2008) of the service of the notice of assessment and demand. In case it is not deposited within the prescribed time, the Assessing Authority, after expiry of 45 days (90 days with effect from 1st October 2005) of the service of assessment orders, will issue immediately a RC for effecting recovery of tax as arrear of land revenue. Audit scrutiny of records of the test-checked Commercial Tax Offices (CTOs) showed that the RCs were not issued by the concerned Assessing Authorities in 55 cases involving demand of ₹ 52.88 crore raised during the period 2007-08 to 2012-13. Further, there were delays ranging from one month to eight years in issue of RCs in 63 cases involving demand of ₹ 48.03 crore against the defaulters.

On this being pointed out, the CTOs justified the delay and non-issue of RCs on the grounds of shortage of staff in the Department but it was not acceptable in the light of the above mentioned mandatory provisions of the Act.

2.2.3 Non-vacation of stayed cases

Whenever appeals are filed by a dealer against assessment orders issued by the Department before the appellate authority/Tribunal, High Court and Supreme Court, it is imperative that the Department has to initiate prompt action to have the stay (if any) granted by appellate authorities, vacated. The Department is also required to request the Appellate Authorities for early disposal of cases pending with them. Scrutiny of records of sampled CTOs showed that 52 cases (₹ five lakh and above) amounting to ₹ 26.99 crore were stayed by the different Authorities.

Audit observed that no action had been taken so far by the Department to vacate these stay orders granted by different Authorities.

2.2.4 Non-settlement of ex-parte Assessments

Section-31 of Uttarakhand VAT Act, 2005 provides that in any case in which an order of assessment or order of penalty is passed ex-parte, the dealer may apply to the Assessing Authority (AA) within thirty days of the service of the order, to *set-aside* such order and reopen

⁴ The cases pertaining to the year 2005-06 and onward could only be assessed in 2009-10 onward as assessment process of the Department is running behind with a delay of more than three years.

the case, if such officer is satisfied that the applicant did not receive notice or was prevented by sufficient causes from appearing on the date fixed, he may *set-aside* the order and reopen the case for hearing. During the course of audit it was observed that a demand of ₹ 35.48 crore remained outstanding in 31 cases which were assessed during 2009-10 to 2012-13 by the Department as ex-parte despite the facts that concerned dealers had appealed within prescribed time before the Assessing Authorities. The AAs neither rejected the requests nor *set-aside* the ex-parte orders in these cases. On this being pointed out in audit, most of the CTOs assured that the pending cases would be disposed off shortly.

2.2.5 Overstatement of arrear of revenue

Section-8(1) of the CST Act, 1956 provides that every dealer, who in the course of Inter-State Trade or Commerce, sells goods referred to Section-8(3), to a registered dealer, shall be liable to pay tax at prescribed rates. Further, Section-8(4) of the CST Act 1956 provides that provision of sub-section (1) of Section-8 shall not apply to any sale in the course of Inter-State Trade or Commerce unless the selling dealer furnishes the declaration Form (C&F) to the assessing authority duly filled and signed by the purchasing dealer containing the particulars of the sale. It is further provided that the declaration should be furnished within the prescribed time or within such further time as that Authority may, for sufficient cause, permit. At the time of assessment, any demand assessed against a dealer due to non-submission of form C&F, has to be reduced to the extent of declaration, if a dealer submits form C&F within time as allowed by the Assessing Authority.

Test-check of records of the CTO Haridwar-I showed that a demand of ₹ 13.54 crore (assessed during 2008-09 to 2012-13) was shown as outstanding in 17 cases against non-submission of form C&F by the dealers at the time of assessment. However, the dealers had already submitted form C&F within time as allowed by the assessing authority (AA). Yet, the AA had not reduced the demand. This resulted in overstatement of arrear of revenue.

In reply, it was stated by the Department that the demand against form C&F was not accounted for within time due to excess work load and shortage in the cadre of AAs (7 *per cent*), in the cadre of steno (49 *per cent*) and ledger keeper (41 *per cent*).

These points were reported to the Government/Department (August 2013); their reply is awaited (December 2013).

COMMERCIAL TAX DEPARTMENT

2.3 Non-recovery of tax and penalty

Assessment under wrong Section of Uttarakhand VAT Act resulted in non-imposition of penalty of ₹ 3.60 lakh besides short levy of tax of ₹ 1.02 lakh.

Section-25 of Uttarakhand VAT Act, 2005 provides for assessment of Registered Dealers whereas Section-26 of the Act provides for assessment of unregistered persons liable to be taxed stipulating that “The Assessing Authority, upon information which has come to his possession, is satisfied that any person who is liable to pay tax under this Act in respect of any period has failed to get himself registered, he shall, before expiry of three years following the end of the relevant financial year, proceed to assess the person to the best of his judgment as to the amount of tax

due from such person in respect of such period and all subsequent periods and shall direct him further to pay, by way of penalty, a sum equal to the amount of tax due as a result of such assessment”.

Scrutiny of records (February 2013) of Assistant Commissioner, Commercial Tax (Sector-IV), Dehradun showed that an unregistered dealer⁵ was assessed (May 2011) under Section 25(6) of VAT Act, 2005 for supply of cooked food amounting to ₹ 64.50 lakh for the years 2006-07 and 2007-08 and tax of ₹ 2.58 lakh was accordingly imposed. The assessment was however to be made under Section 26 as the assessee was an unregistered dealer and was therefore liable for penalty of a sum equal to the amount of tax but the same was not imposed by the Department. Besides, the cooked food was taxable at the rate of 12.5 *per cent*⁶ from 19th November 2007 as against 4 *per cent* levied and additional tax of ₹ 1.02 lakh was to be charged.

On this being pointed out, the Department replied (May 2013) that the case has been reassessed (April 2013) and an additional demand of ₹ 4.62 lakh (after deducting the tax of ₹ 2.58 already paid) was raised including penalty of ₹ 3.60 lakh. The Department also intimated (October 2013) that dealer had moved (June 2013) in appeal to the Joint Commissioner (appeal) against the reassessment and a decision on the same is awaited. (December 2013).

The matter was referred to the Government (April 2013); their reply is awaited (December 2013).

STAMP AND REGISTRATION DEPARTMENT

2.4 Non-levy of stamp duty amounting to ₹ 79.84 lakh

Inaction of the Department resulted in non-levy of stamp duty amounting to ₹ 79.84 lakh.

Provision of Schedule-1B 5(b-2) of the Indian Stamp Act 1899 stipulates that if relating to construction of a building on a land by a person other than the owner or lessee of such land and having a stipulation that after construction, such building shall be held jointly or severally by that other person and the owner or the lessee, as the case may be, of such land, or that it shall be sold jointly or severally by them or that a part of it shall be held jointly or severally by them and the remaining part thereof shall be sold jointly or severally by them, the Stamp Duty shall be levied as a Conveyance [No.-23 Clause (a)] of schedule-1B of the Indian Stamp Act 1899 for a consideration equal to the amount of value of land. Further, Section 17(b) of the Registration Act 1908 provides that all documents relating to non-testamentary instruments which purport or operate to create, declare assign, limit or extinguish, whether in present or in future, any right title or interest, whether vested or contingent, of the value of one hundred rupees and upwards, to or in immovable property, shall be registered compulsorily with local sub-registrar.

Audit of four Sub-Registrar (SR) offices showed that seven instruments were executed between vendors and vendee/vendees for purchase of ready built flats between the year 2008 and 2012. In all the cases, it was noticed that one of the vendors was land owner and other was the developer/consenting party. However, there was no evidence of any development agreement being registered between the land owner/owners and the developer/developers/consenting party. The details are given in **Table-2.4.1**:

⁵ M/s Ashok Brothers, 1, Park Road, Dehradun.

⁶ Vide Notification no. 709/XXVII(8)/*Vanijya Kar* (VAT)/2007, Dehradun dated 19 November, 2007.

Table: 2.4.1

Sl. No.	Name of Unit	Book/Zild, Document No. & Date of Registration	Area of Land for whole project	Rate per Sqm (₹)	Market Price (₹)	Rate of Stamp duty ⁷	Stamp Duty not levied (₹)
1.	SR-I, Dehradun	1/4287/233 10.01.12	4,974 Sqm	5,000	2,48,70,000	10%	24,87,000
2.		1/4275/16 02.01.12	133.78 Sqm	7,000	9,36,460	06%	56,188
3.	SR, Devprayag	1/246/1027 10.12.08	11,000 Sqm	2,040	2,24,40,000	10%	22,44,000
4.		1/241/678 26.06.08	6,700 Sqm	1,200	80,40,000	10%	8,04,000
5.		1/283/1123 01.09.11	3,788 Sqm	1,200	45,45,600	10%	4,54,560
6.	SR-I, Roorkee	1/1950/405 11.01.12	11,230.95 Sqm	2,300	2,58,31,185	07%	18,08,183
7.	SR, Rishikesh	1/1377/4765 15.07.11	259.29 Sqm	5,000	12,96,000	10%	1,29,600
Total							79,83,531

The Registering authorities ignored the facts mentioned in the sale deeds of the flats, and also did not ask for the development agreement between the vendors at the time of sale of flats. Thus, inaction of the Department resulted in non-levy of stamp duty amounting of ₹ 79.84 lakh.

On this being pointed out, no proper reply was given by the SR-Devprayag, SR (I)-Roorkee and SR-Rishikesh. However, the SR (I)-Dehradun, in its reply (April 2013), stated that one of the vendors was the consenting party and there was no mention in the sale deed regarding sharing of profit. There was also no evidence of any agreement between the two vendors. In the absence of instruments as per Section-3 of the Stamp Act and on mere basis of assumption, shortage of Stamp Duty cannot be arrived at. The reply was not acceptable as it was clearly mentioned in the sale deed that one of the vendors was the developer (consenting party) and other was the owner of the land and that they have an understanding for development and construction of a group housing project. Thus, in all such cases, a development agreement was required to be registered under Schedule 1 B 5 (b-2) of the Indian Stamp Act, 1899 and stamp duty amounting to ₹ 79.84 lakh was required to be levied.

The matter was referred to the Government (August 2013); their reply is awaited (December 2013).

⁷ Including Aawas Vikas Shulk where applicable.

Chapter-III

Social and Economic Sectors (Public Sector Undertakings)

Chapter-III

Social and Economic Sectors (Public Sector Undertakings)

3.1 Introduction

3.1.1 Status of Public Sector Undertakings

The Economic Sector (PSUs) comprises 20 departments. Some of the major departments in this Sector are Industries, Power, Transport, Tourism, Animal Husbandry and Fisheries, Agriculture, Information Technology and, Village and Small Industries. The total number of Companies and Statutory Corporations in the State are 22 and two (02) respectively. The working State PSUs registered a turnover of ₹ 4,042.00 crore (*Appendix 3.1*) as per their latest finalized annual accounts as of September 2013. A majority of the State PSUs are in the power sector. As on 31 March 2013, there were 24 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	04 ³	22
Statutory Corporations	02	-	02
Total	20	04	24

None of these companies were listed on the stock exchange. No company was created/ merged or wound up during the year 2012-13.

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 if it were a Government company (Deemed Government Company) as per Section 619-B of the Companies Act.

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 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 two statutory corporations in the State. Of the two Statutory Corporations, the CAG is the sole auditor of Uttarakhand Parivahan Nigam. 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

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

² Includes 619-B companies.

³ Kumtron Limited, Uttar Pradesh Hill Phones Limited, Uttar Pradesh Hill Quartz Limited and UPAI Limited (under liquidation since 31 March 1991).

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 2013, the Investment (Capital and Long-Term Loans) of the State Government in 24 PSUs and Statutory Corporations (including 619-B Companies) was ₹ 7,054.25 crore as per details given in **Table 3.1.2**.

Table 3.1.2

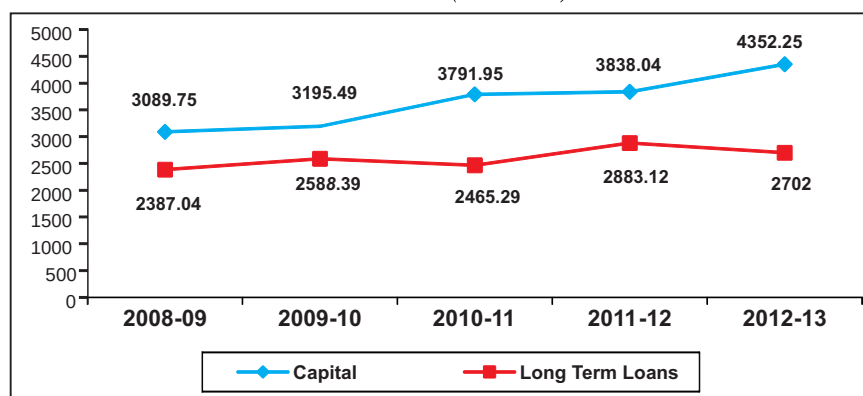
(₹ in crore)

Nature of investment	Government Companies		Statutory corporations	Grand Total
	Working companies	Non-working companies		
Capital	2,240.28	0.38	2,111.59	4,352.25
Long-Term Loans	2,549.84	---	152.16	2,702.00
Total	4,790.12	0.38	2,263.75	7,054.25

A summarized position of Government Investment in the State PSUs is given in **Appendix 3.2**.

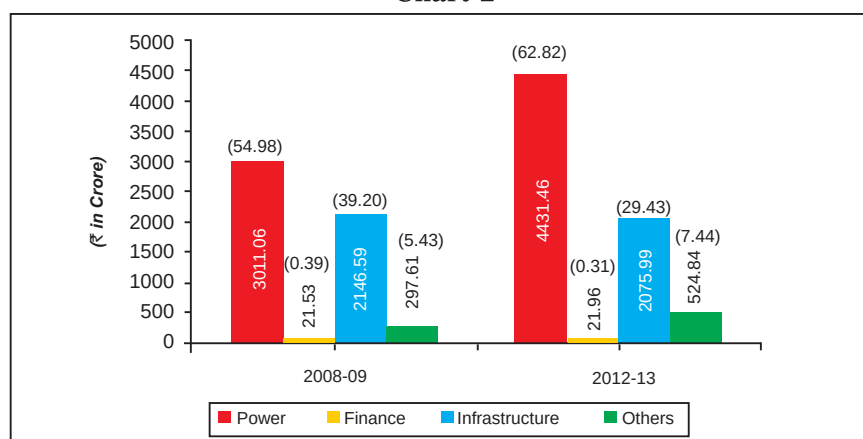
The total Investment increased by 28.80 per cent from ₹ 5,476.79 crore in 2008-09 to ₹ 7,054.25 crore in 2012-13 as shown below in **Chart 1**.

Chart-1 (₹ in crore)



The Investment in various important sectors both in absolute and relative terms at the end of 31 March 2009 and 31 March 2013 is indicated below in the bar **Chart-2**.

Chart-2



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

During 2012-13, the major percentage of investment continued to be in the power sector (62.82 per cent), there was an increase in investment by the State in other⁴ sectors.

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 are given in **Appendix 3.3**. The summarized details for the last three years ending 31 March 2013 are given in **Table 3.1.3**.

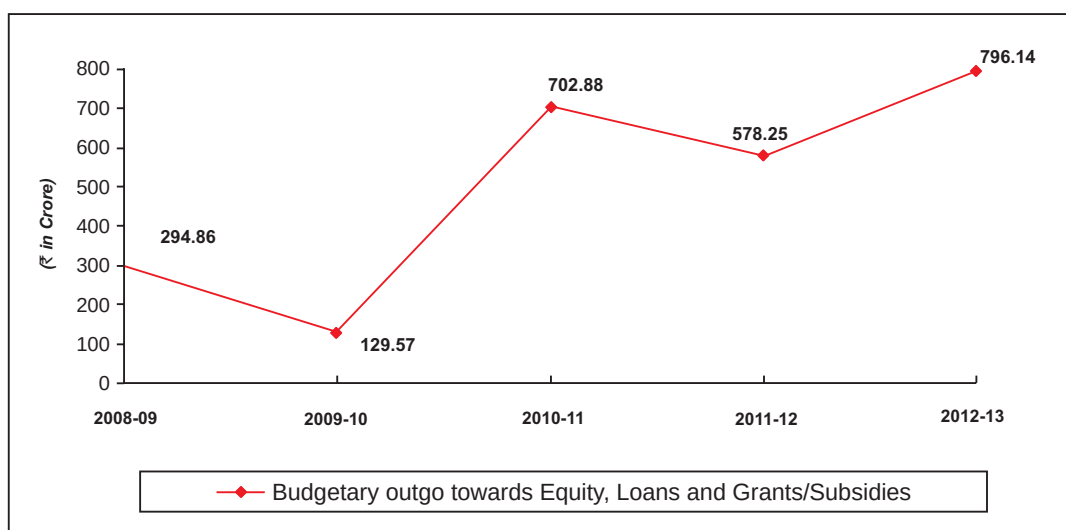
Table 3.1.3

(*₹ in crore*)

Sl No	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital	3	603.71	4	44.00	2	460.02
2.	Loans	3	65.70	5	458.02	3	252.90
3.	Grants/Subsidy	3	33.47	5	76.23	5	83.22
4.	Total outgo (1+2+3)	-	702.88	-	578.25	-	796.14
5.	Guarantees issued	2	279.98	1	1.35	1	1.51
6.	Guarantee Commitment	3	289.75	5	1,110.90	4	1,062.93

The increase in equity capital during the year 2012-13 was mainly due to sanction given by the Government in respect of Uttarakhand Power Corporation Limited (UPCL). The trend of budgetary outgo towards equity, loans and grants/ subsidies for the past five years are given in **Chart 3**.

Chart - 3



The budgetary outgo in State PSUs in the form of equity, loans and grants/subsidies provided by the State Government ranged between ₹ 294.86 crore and ₹ 796.14 crore during the period 2008-09 to 2012-13.

⁴ Agriculture & Allied, Manufacturing, Services & Miscellaneous.

The amount of Guarantee commitment as on 31 March 2011 was ₹ 289.75 crore (three PSUs) which increased to ₹ 1,110.90 crore (five PSUs) as on 31 March 2012 and then decreased to ₹ 1,062.93 crore (four PSUs) as on 31 March 2013 as detailed in **Appendix 3.3**.

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 2012-13, only one PSU (Uttarakhand Jal Vidyut Nigam Limited) paid ₹ 8.47 crore as Guarantee fee pertaining to the year 2011-12. The Guarantee fee payable to the State Government by the other PSUs upto March 2013 amounted to ₹ 10.70 crore⁵ and the Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Ltd was exempted for payment of Guarantee fee.

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 at 31 March 2013 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	1,819.24	4,328.63	2,509.39
Loans	213.31	874.99	661.68
Guarantees	1,041.40	1,062.93	21.53

Audit observed that the differences occurred in respect of 20 PSUs and some of the differences were pending reconciliation since 2003. The concerned administrative departments, PSUs and Finance Department were requested every quarter to take necessary action to reconcile the differences.

3.1.6 Performance of Public Sector Undertakings (PSUs)

Out of 20 working PSUs, for which accounts were received upto 30 September 2013, eight PSUs earned Profit of ₹ 102.48 crore and 12 PSUs incurred loss of ₹ 336.73 crore. The major contributors to profit⁶ were Uttarakhand Jal Vidyut Nigam Limited (₹ 56.47 crore) and the State Industrial Development Corporation of Uttarakhand Limited (₹ 30.01 crore). The heavy loss⁷ were incurred by the Uttarakhand Power Corporation Limited (₹ 218.68 crore), Doiwala Sugar Company Limited (₹ 30.94 crore), Kichha Sugar Mill (₹ 25.17 crore) and Power Transmission Corporation of Uttarakhand Limited (₹ 7.01 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 2013 is given in **Appendix 3.1**.

⁵ UJVNL=₹7.16 crore, UPCL=₹2.49 crore and PTCUL=₹1.05 crore.

⁶ As per the Accounts for the year, Uttarakhand Jal Vidyut Nigam Limited (2011-12) and State Industrial Development Corporation of Uttarakhand Limited (2011-12).

⁷ As per the Accounts for the year, Uttarakhand Power Corporation Limited(2010-11), Doiwala Sugar Company Limited(2011-12), Kichha Sugar Mill (2011-12) and Power Transmission Corporation of Uttarakhand Limited (2011-12).

A review of last three years (2010-12) Audit Reports of the CAG shows that the State PSUs incurred controllable/avoidable expenditure of ₹ 1,575.20 crore, expenditure which was not recoverable ₹ 16.32 crore and infructuous investment of ₹ 21.46 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	2009-10	2010-11	2011-12	Total
Expenditure not recoverable	3.26	10.78	2.28	16.32
Controllable/avoidable expenditure	1,283.32	175.46	116.42	1,575.20
Infructuous Investment	-	10.63	10.83	21.46
Total:	1,286.58	196.87	129.53	1,612.98

During 2012-13, one performance audit involving money value of ₹ 679.31 crore and two compliance audit paragraphs involving money value of ₹ 4.40 crore have been included in the Report. However, no reply was received from the Government (December 2013).

The State Government did not formulate any norm for 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, eight PSUs earned an aggregate profit of ₹ 102.48 crore but no dividend had 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 case of Statutory Corporations, the accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The details of progress made by the working PSUs in finalisation of accounts by September of respective year are given in **Table 3.1.6**.

Table 3.1.6

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of working PSUs	20	20	20	20	20
2.	Number of accounts finalised during the year	13	12	28	15	10
3.	Number of accounts in arrears	135	143	135	140	150
4.	Average arrears per PSU (3/1)	6.75	7.15	6.75	7	7.50
5.	Number of working PSUs with arrears in accounts	20	20	19	20	20
6.	Extent of arrears	1 to 22 years	1 to 23 years	1 to 24 years	1 to 25 years	1 to 26 years

The State PSUs failed to clear accounts each year during the preceding five years, from 2008-09 to 2012-13, causing accumulation of the arrears ranged from 135 to 150 number of accounts.

In addition to the above, 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 PSUs⁸ had arrears of accounts for 22 to 26 years.

⁸ Kumtron Limited, Uttar Pradesh Hill Phones Limited and Uttar Pradesh Hill Quartz Limited.

The State Government had invested ₹ 1,243.63 crore (Equity: ₹ 524.93 crore, loans: ₹ 696.26 crore and Grants: ₹ 22.44 crore) in nine PSUs during the years from 2005-06 to 2012-13 for which accounts had not been finalised as detailed in **Appendix 3.4**. 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 Administrative departments have the responsibility to oversee the activities of these entities and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by Audit, of the arrears in finalization of accounts, no remedial measures were taken. The matter of arrears in accounts was also brought to the notice of the Chief Secretary (February 2013) and Principal Secretary (Finance), Government of Uttarakhand (May 2013) respectively 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 2013. 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 ⁹
2.	Of (1) above, the No. under	-
(a)	liquidation by Court (liquidator appointed)	01 ¹⁰
(b)	Voluntary winding up (liquidator appointed)	-
(c)	Closure, i.e., closing orders/ instructions issued but liquidation process not yet started.	03

During the year 2012-13, 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 21 years.

3.1.9 Comments on Annual Accounts

Ten working Companies forwarded their 10 accounts to Audit during the period October 2012 to September 2013. Of these, eight accounts were selected for supplementary audit and Non-Review Certificates were issued in respect of two companies. 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	2010-11		2011-12		2012-13	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	7	174.57	3	26.04	4	108.47
2.	Increase in loss	7	247.12	6	234.81	4	86.07
3.	Non-disclosure of material facts	6	1,251.59	2	11.41	1	28.25

⁹ Kumtron Limited, Uttar Pradesh Hill Phones Limited, Uttar Pradesh Hill Quartz Limited and UPAI Limited.

¹⁰ The Company, i.e., UPAI Limited was under liquidation since 31 March 1991.

During the year, the Statutory Auditors had given qualified certificates¹¹ in respect of eight accounts except in respect of accounts of two Companies, i.e., Uttarakhand State Infrastructure Development Corporation Limited (USIDC) and Kichha Sugar Mill for the year 2011-12 to whom Non-Review Certificates were issued.

Some of the important comments in respect of Annual Accounts of the Government companies for which audit was conducted during the period October 2012 to September 2013 are stated below:

Uttarakhand Jal Vidyut Nigam Limited (2011-12)

- Non-provision of other advances/recoverable amounting to ₹ 80.94 crore from private parties pending for more than 12 years for which recovery being doubtful.
- Non-provision of penal interest of ₹ 4.56 crore due to default in repayment of principal and interest on loan amount of Life Insurance Corporation (LIC).
- Non-provision of Electricity charges of ₹ 10.37 crore billed against UP Irrigation Department during 2001 to March 2012, recovery of which was doubtful.

Uttarakhand Power Corporation Limited (2010-11)

- Non-capitalizing of assets worth ₹ 7.10 crore and not providing for depreciation of ₹ 6.02 crore.
- Non-provision of Interest Liability of ₹ 4.05 crore to the Power Finance Corporation.
- The Company neither paid guarantee fee to the State Government nor made provision for penalty at the rate of one *per cent* which worked out to ₹ 1.40 crore.

State Infrastructure and Development Corporation Limited (2010-11)

- Assets worth ₹ 8.10 crore created against Grants received from Government of Uttarakhand were not shown in the accounts.
- Non-provision of penal interest of ₹ 1.19 crore on the unpaid loan taken from Government of Uttarakhand.

Power Transmission Corporation of Uttarakhand Limited (2011-12)

- Non-provision of penal guarantee fee of ₹ 3.79 crore payable to Uttarakhand Government.
- Non-provision of miscellaneous advance of ₹ 2.88 crore given to contractor pending 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 eight Companies are given in **Table 3.1.9**.

¹¹ A qualified certificate is given by the statutory auditors represent that there are certain exceptions/qualifications on the financial Statement, which do not comply with Generally Accepted Accounting Principles.

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 3.2
1.	Non-fixation of minimum/ maximum limits of store and spares	02	A10, A11
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	07	A1, A5, A10, A13, A14 , A16 & 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	06	A5, A10, A13, A14, A16 & A17

It shows that PSUs need to improve their internal audit systems commensurately with the nature and size of business, devise suitable systems for provision of retiral 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. 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	Reasons for delay in placement in Legislature
1.	Uttarakhand Parivahan Nigam	2004-05	2005-06 to 2008-09	29 November 2012	NA
2.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2009-10	2010-11	20 January 2014	NA

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 2012-13, recoveries of ₹ 58.89 crore were pointed out to the Management of various PSUs, which were admitted by the PSUs. Against this, an amount of ₹ 4.92 crore was recovered during the year 2012-13.

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 2013, one performance audit on Revenue Collection Efficiency of Distribution Company (UPCL) and two Theme Based Compliance Audit (Power Purchase Agreement entered into by UPCL & Promotion of Tourism related activities of KMVN were issued to the Additional Chief

Secretaries/Principal Secretaries of the concerned departments 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.

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 2009-10, 2010-11 and 2011-12 were presented to the State Legislature in March 2011, December 2012 and September 2013 respectively, all four departments had not submitted explanatory notes on all 14 paragraphs/performance audits as of 30 September 2013, 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
2009-10	March 2011	6	6
2010-11	December 2012	5	5
2011-12	September 2013	3	3
Total		14	14

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

Table-3.1.12

Name of department	2009-10	2010-11	2011-12
Power	3	2	2
Infrastructure	1	-	1
Tourism	1	2	-
Manufacturing	1	1	-
Total	06	05	03

The Power Department was largely responsible for non-submission of explanatory notes, which did not submit explanatory notes on all 07 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 & finalized and COPU reports issued during the year 2009-10, 2010-11 and 2011-12 (upto July 2011) are given in the **Table 3.1.13**.

Table- 3.1.13

Period	No. of meeting held	Paragraphs/ Performance Audit	Paras/ Performance Audit discussed	Para/ Performance Audit finalized	No. of paragraphs/Performance Audit where replies not received
2009-10	-	-	-	-	-
2010-11	05	06	06	-	-
2011-12 (upto July 2011)	02	02	02	02	-

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 2013.

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 concerned departments 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. Inspection reports issued up to March 2013 pertaining to 20 PSUs revealed that 1,669 paragraphs relating to 344 inspection reports remained outstanding at the end of 30 September 2013. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2013 is given in *Appendix 3.5*.

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. Thus, one performance audit report and two compliance audit based thematic paragraph were forwarded to two departments¹² between July 2013 and September 2013.

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.

¹² Department of Power & Department of Tourism.

PERFORMANCE AUDIT

Uttarakhand Power Corporation Limited

3.2 Revenue Collection of the Power Distribution Company

The distribution system of the power sector constitutes the final link between power supply and the consumer. Uttarakhand Power Corporation Limited (Company) was incorporated under the Companies' Act, 1956 on February 12, 2001. Some of the significant findings are given below:

Highlights

- *Cost of energy could not be recovered from different categories of consumers to the extent of ₹ 473.78 crore during the period 2008-09 to 2012-13 after allowing for prescribed energy loss limit fixed by the UERC.*
[Paragraph 3.2.7.1]
- *There was loss of revenue amounting to ₹ 196.07 crore due to non-finalization of 'stop billing' cases as per provisions of the Electricity Supply Code of the UERC.*
[Paragraph 3.2.7.2(i)(a)]
- *Company suffered a loss of ₹ 3.88 crore due to use of conductors of inappropriate capacity.*
[Paragraph 3.2.7.6]
- *Company could not realize electricity charges of ₹ 178.82 crore and late payment surcharge of ₹ 217.39 crore on account of delayed payment of electricity bills in respect of 1,206 consumers.*
[Paragraph 3.2.8.1(d)]
- *There was non-realisation of additional security amounting to ₹ 17.04 crore from the 147 large & heavy consumers.*
[Paragraph 3.2.8.1(e)]
- *Inappropriate monitoring of recovery certificate by the company resulted into non-realization of dues of ₹ 45.51 crore from 2,539 defaulting consumers.*
[Paragraph 3.2.8.1(g)]

3.2.1 Introduction

Uttarakhand Power Corporation Limited UPCL (formerly Uttaranchal Power Corporation Limited) was incorporated under the Companies' Act, 1956 on February 12, 2001 consequent upon the formation of the State of Uttaranchal. UPCL (Company) has been entrusted with catering to the need of Transmission & Distribution sectors of power supply inherited after demerger from UPPCL (erstwhile Uttar Pradesh State Electricity Board) since 1st April 2001. The Electricity Act, 2003 mandated the separation of transmission functions under Power Sector Reforms. Accordingly, the Power Transmission Corporation Limited (PTCUL) was formed in June 2004 to maintain and operate 132 KV and above Transmission Lines & Sub-stations in the State. As a result, the UPCL today is the State Power Distribution Company of the Government

of Uttarakhand catering to the Distribution of 66 KV Lines and below in the State. The Company provides power supply to over 16.96 lakh consumers spread over 13 Districts of Uttarakhand. The consumers are categorised into various categories, such as domestic, commercial, agricultural, government, light industry, etc. based on the nature and purpose of use of power.

3.2.2 Organisational set-up

The management of the Company is vested with the Board of Directors, which is appointed by the State Government. The day-to-day operations of the Company are managed by its Managing Director, who is also the Chief Executive Officer of the Company, with the assistance of Director (Operation), Director (Project), Director (Finance), Director (HR) and Chief Engineer (Commercial). The Company has a total of 65 units/divisions out of which 30 units/divisions are directly involved in distribution of electricity and revenue realisation.

3.2.3 Audit Objectives

The audit objectives were to ascertain whether:

- Billing system was carried out efficiently;
- Collection of revenue was efficient and effective;
- Financial Management, i.e., accounting of revenue collection and its remittance into bank was correct and efficient; and
- Monitoring mechanism including the internal control system was in place and was effective.

3.2.4 Scope and Methodology of Audit

The scope of the performance audit covers revenue collection for the period from 2008-09 to 2012-13 by the distribution Company (UPCL). The performance audit was conducted between April and August 2013 by test-check of records of the Head Office and of 12¹³ divisions out of the 30 units/divisions of UPCL. These operational units were selected on the basis of Probability Proportional to Size with Replacement (PPSWR) method along with stratified random sampling in accordance with the guidelines of the National Sample Survey Organization, Government of India.

The audit objectives, criteria and methodology were discussed with the management of the Company in the “Entry Conference” held on 10th May 2013. Subsequently, audit findings were reported to the Company and the State Government in September 2013 and discussed in the “Exit Conference” held on 23rd October, 2013. The exit conference was attended by the Managing Director, Director (Finance), Director (Operation), Director (Project), Chief Engineer (Commercial) and other officers of the Company. The views offered by the Company management during Exit Conference have been considered and incorporated at appropriate places.

3.2.5 Audit Criteria

The audit criteria adopted for assessing the achievement of audit objectives were:

¹³ EDD Srinagar; EDD Kotdwar; EDD Haldwani (Urban); EDD Haldwani (Rural); EDD Haridwar (Urban); EDD Haridwar (Rural); EDD Dehradun (North); EDD Dehradun (South); EDD Dehradun (Central); EDD Rishikesh; EDD Rudrapur and EDD Kashipur.

- Provisions of Electricity Act, 2003 and the Electricity (amendment) Act, 2007;
- Plans and norms concerning distribution network of UPCL and planning criteria fixed by the Uttarakhand Electricity Regulatory Commission (UERC);
- Norms of technical and non-technical losses fixed by CEA/UERC/UPCL;
- Guidelines/instructions/directions/regulations issued by UERC/ UPCL on billing schedule, tariff, distribution code and Commercial Revenue Manual of UPCL; and
- Directions and instructions issued by the Government/UERC/UPCL from time to time.

Audit Findings

3.2.6. Financial position

The financial position of the Company for the last five years ending 2012-2013 is given in **Table 3.2.1**.

Table: 3.2.1
Details of financial position of the Company

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13 ¹⁴
1.	A. Liabilities					
2.	Paid up Capital	5.00	577.00	577.00	577.00	968.91
3.	Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	1,267.08	1,411.43	1,461.39	208.81	325.56
4.	Borrowings (Loan Funds)					
4.1.	Secured	321.65	349.44	332.15	311.28	447.53
4.2.	Unsecured	825.07	850.20	870.15	636.84	269.39
5.	Current Liabilities & Provisions	2,522.74	2,602.47	3,135.38	4,209.31	4,367.72
6.	Other Non- Current Liabilities plus IUT balance	-	-	-	14.59	11.97
7.	Total	4,941.54	5,790.54	6,376.07	5,957.83	6,391.08
8.	B. Assets					
9.	Gross Block	2,009.29	2,330.18	2,760.30	1,801.26	2,031.76
10.	Less: Depreciation	860.87	936.05	1,025.71	621.26	678.16
11.	Net Fixed Assets	1,148.42	1,394.13	1,734.59	1,180.00	1,353.60
12.	Capital works-in-progress	814.39	744.23	579.10	543.84	568.23
13.	Investments	102.77	162.90	128.27	289.58	442.16
14.	Current Assets, Loans and Advances	1,635.56	1,745.23	1,974.00	1,461.43	1,492.38
15.	Long term loans & Advances	-	-	-	479.96	469.35
16.	Accumulated losses	1,240.40	1,744.05	1,960.11	2,003.02	2,065.36
17.	Total	4,941.54	5,790.54	6,376.07	5,957.83	6,391.08
18.	Debt : Equity Ratio ¹⁵	0.90:1	0.60:1	0.59:1	1.20:1	0.55:1
19.	Net Worth¹⁶	31.68	244.38	78.28	-1,217.20	-770.89

(Source: Data compiled from the Balance Sheet and information /data provided by the Company)

The account of the Company for the year 2012-13 is in arrears. Therefore, the figures shown in the above table for the year 2012-13 are provisional. In this regard, audit noticed the following:

- The loans (secured and unsecured) have decreased from ₹ 1,146.72 crore to ₹ 716.92 crore during 2008-09 to 2012-13 whereas the current liabilities and provisions increased

¹⁴ The figures in respect of 2012-13 are provisional.

¹⁵ Equity includes paid up capital plus reserve and surplus.

¹⁶ Paid up capital *plus* Reserve and surplus *minus* accumulated losses.

from ₹ 2,522.74 crore during 2008-09 to ₹ 4,367.72 crore in 2012-13 which shows that the Company is resorting to short terms loans to meet its working capital requirement.

- Equity increased during 2009-10 as the State Government allowed the conversion of liability towards power purchase bonds amounting to ₹ 572 crore into equity. Further, the State Government provided ₹ 8.80 crore and converted the unsecured loan amounting ₹ 368.11 crore into equity in 2012-13. Besides, liability amount of ₹ 15 crore in respect of free power was also converted into equity.
- Debt Equity ratio of the Company decreased from 0.90:1 to 0.55:1 during 2008-09 to 2012-13. The net worth of the Company also decreased from ₹ 31.68 crore in 2008-09 to ₹ (-) 770.89 crore in 2012-13 which shows that the Company has more liabilities than assets after consistently posting accumulated losses over an extended period of time.
- The accumulated losses of the Company increased by ₹ 824.96 crore (66.51 per cent) from ₹ 1,240.40 crore in 2008-09 to ₹ 2,065.36 crore in 2012-13.
- Gross block of fixed assets increased from ₹ 2009.29 crore in 2008-09 to ₹ 2,031.76 crore in 2012-13 due to capitalization of new assets. The Company also adjusted assets of ₹ 1,296.24 crore during 2011-12 as these were created from the Government grants.
- The sundry debtors of the Company increased by ₹ 229.97 crore i.e. from ₹ 896.73 crore during 2008-09 to ₹ 1,126.70 crore during 2012-13 indicating inefficiency in collection.

Significant findings are as under:

- a) Audit scrutiny of records of six¹⁷ distribution divisions showed that the Bank Reconciliation Statements (BRS) were not prepared upto March 2013. The pendency of BRS ranged from one to 17 months. In the absence of reconciliation, the opening balance and closing balance of the cash book could not be verified. The Management agreed (October 2013) with the observations.
- b) It was noticed that during 08-11-2011 to 17-10-2012, an amount of ₹ 2.32 crore was deposited into the bank by Rural Division Haridwar which was not credited by the bank in the Company's account. The fact came into the notice of the division at the time of compilation of BRS. Thus, due to delay in preparation of BRS, embezzlement to the tune of ₹ 2.32 crore occurred. The division lodged F.I.R. against the Bank Manager (PNB) concerned and the matter is pending in court. The Management accepted the observations and stated (October 2013) that the matter is pending with the Board of Directors (BOD) of the bank.
- c) The submission of used revenue receipt books are to be watched through a register for posting of details of used and returned books. It was observed in three divisions¹⁸ that 8,042 Revenue Receipt books issued during 2009-10 to 2012-13 were not received till August 2013. The Management accepted the observations and stated (October 2013) that

¹⁷ Rudrapur (pending BRS from December 2012); Haridwar (Rural) (pending BRS from February 2013); Dehradun (North) (pending BRS from January 2013); Dehradun (South) (pending BRS from September 2011); Kashipur (pending BRS from March 2012) and Rishikesh (pending BRS from July 2012).

¹⁸ Srinagar (pending Revenue Receipt Books 415: issued during 5/12 to 01/13), Rishikesh (pending Revenue Receipt Books 5,488: issued during 04/09 to 03/13) and Kotdwar (pending Revenue Receipt Books 2,139: issued during 04/09 to 03/13).

the counterfoils of the used revenue receipt books have been collected in September 2013, after the matter was pointed out by audit.

3.2.7 Mechanism of billing and collection of revenue of the Company

The Company purchases electricity from various sources¹⁹ and supplies the same to various consumers at different rates as per tariff fixed by the Uttarakhand Electricity Regulatory Commission (UERC). On the basis of the prevalent rates of tariff, the rate of energy for each category of consumer is applied. The Company bills them on monthly/bi-monthly basis according to the consumption. The responsibility for collection of the billed amount rests with the divisions. The amounts collected by the divisions are transferred to the main receipt accounts²⁰ of the Company regularly. Thus, the efficiency in billing of the energy lies in distribution/sale of the maximum energy received by the Company to its consumers and by minimizing the distribution losses and maximizing the revenue realisation thereto. The distribution process consist of purchase of power, supply of power, metering and billing, realisation of dues from consumers; Revenue collection Management, Commercial performance of the Company, and Monitoring and Internal Control Mechanism as discussed below:

3.2.7.1 Purchase of power from various sources

To meet the increased requirement of power of the State, the Company had to purchase power from various sources. The total units and amount incurred on the purchase of power during 2008-09 to 2012-13 are shown in **Table 3.2.2**.

Table: 3.2.2
The details of amount incurred on the purchase of power

Particular	2008-09	2009-10	2010-11	2011-12	2012-13
Units purchased at distribution periphery (in MUs)	7,631.44	8,280.09	9,249.42	10,310.64	10,867.00
Power purchase (₹ in crore)	1,964.83	2,308.60	2,713.67	3,096.25	3,680.00

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

During 2008-09 to 2012-13, the Company purchased 42,253.28 MUs of power through long term agreements. Another 4,826.79 MUs were managed through open market purchases, Unscheduled Interchange (UI), Short term agreements and banking. The total expenditure on purchase of power had increased from ₹ 1,964.83 crore in 2008-09 to ₹ 3,680.00 crore in 2012-13. The total units purchased increased from 7,631.44 MUs to 10867 MUs during the same period. The power demand has increased from 7,932.60 MU to 11,478.09 MU during 2008-09 to 2012-13. The Company had met 96.49 *per cent* of the power requirement in the State through long term agreements in 2008-09 which declined to 77.31 *per cent* in 2012-13. The cost of procurement of power through long term agreement was in the range of ₹ 1.48 to ₹ 3.64 per unit whereas it was ₹ 3.43 to ₹ 7.53 per unit from other sources. It can be seen from **Appendix- 3.6** that the Company

¹⁹ Uttarakhand Jal Vidyut Nigam Limited, State quota of central pool (THDC and NHPC), IPP of the State, open market purchase and Unscheduled Interchange (UI).

²⁰ Main receipt accounts of the Company are the accounts in which Revenue collected by the divisions of the Company is transferred and this can be operated at corporate level only. There are four main receipt accounts of the Company at SBI, PNB, BOB and CBI.

was forced to bear distribution costs to the tune of ₹ 473.78 crore²¹ during the period 2008-09 to 2012-13 due to distribution loss over and above the limits fixed by the UERC. Audit analyzed that the main reasons for the losses of the Company were line loss over and above the admissible norms as prescribed by the Uttarakhand Electricity Regulatory Commission (UERC), poor High Tension – Low Tension (HT-LT) ratio, non-installation of Electronic Trip Meters (ETMs), non-achievement of 100 *per cent* metering, use of inappropriate conductors, ineffective internal control mechanism and less than 100 *per cent* realisation of arrears in revenue collection. In this connection, some of the important audit findings are given below:

3.2.7.2 Supply of power to the consumers

The losses at 33 KV stage are termed as sub-transmission losses while those at 11 KV and below are termed as distribution losses. The losses can occur due to technical and commercial reasons. Technical losses occur due to inherent character of equipment used for transmitting and distributing power, and resistance in conductors through which the energy is carried from one place to another. On the other hand, commercial losses occur due to low percentage of HT/ LT ratio, defective meters, drawal of un-metered supply, and theft of energy, etc. The units of energy lost by the Company for the last five years 2008-13 due to line loss, which could not be realized, are given in **Table 3.2.3**.

Table: 3.2.3
Details of energy lost by the Company

(In Million Units)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Total
1.	Energy purchased (in MUs)	7,631.44	8,280.09	9,249.42	10,310.64	10,867.00	46,338.59
2.	Energy sold (in MUs)	5,493.73	6,249.21	7,250.68	8,252.72	8,802.00	36,048.34
3.	Distribution losses (1 – 2) {in MUs}	2,137.71	2,030.88	1,998.74	2,057.92	2,065.00	10,290.25
4.	Percentage of distribution losses (<i>per cent</i>) {(3 / 1) x 100}	28.01	24.53	21.61	19.96	19.00	-
5.	Percentage of distribution losses allowed by UERC (<i>per cent</i>)	22.32	20.32	19.00	18.00	17.00	-
6.	Difference (4-5)	5.69	4.21	2.61	1.96	2.00	
7.	Excess distribution losses (in MUs)	434.23	348.59	241.41	202.09	217.34	1,443.66
8.	Average purchase rate per unit (in ₹)	3.78	4.06	3.99	4.53	4.51	-
9.	Average realisation rate per unit ²² (in ₹)	2.91	2.89	3.64	3.67	3.86	-
10.	Value of excess distribution losses (₹ in crore) (7 x 9)	126.40	100.67	88.58	74.13	84.00	473.78

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

It can be seen that the gap of average rate per unit of purchase and realisation was in the range of ₹ 0.35 to ₹ 1.17 during 2008-09 to 2012-13, which resulted into accumulation of the losses over the period.

²¹ Value of excess loss 2008-09 ₹ 126.40 crore; 2009-10 ₹ 100.67 crore; 2010-11 ₹ 88.58 crore; 2011-12 ₹ 74.13 crore and 2012-13 ₹ 84.00 crore = ₹ 473.78 crore.

²² Average realisation rate per unit = Revenue assessed/billed during the year *divided by* energy sold (in MUs).

(i) Metering and Billing of power supplied

As per the UERC order (September 2003 and May 2012), it is mandatory to attain 100 *per cent* metering of consumers. The efficiency in billing of energy depends on 100 *per cent* billing of energy sold to consumers. The Company bills its consumers on the basis of energy recorded in the meters (metered sale) and on assessment basis²³. The total energy available for sale and the energy billed by the Company during last five years are shown in **Table 3.2.4**.

Table: 3.2.4
Details of total energy available for sale and the energy billed

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Energy available for sale (in MUs)	7,631.44	8,280.09	9,249.42	10,310.64	10,867.00
Energy billed(in MUs)	5,493.73	6,249.21	7,250.68	8,252.72	8,802.00
Difference between energy available and energy billed (in MUs)	2,137.71 (28.01%)	2,030.88 (24.53%)	1,998.74 (21.61%)	2,057.92 (19.96%)	2,065.00 (19.00%)
Monetary value of unbilled energy (₹ in crore)	622.07	586.92	727.54	755.26	797.09
Assessed sales as percentage of metered sales ²⁴ (in <i>per cent</i>)	2.50	2.45	2.40	2.35	2.25

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

Audit observed that difference between energy available and energy billed ranged from 1,998.74 MUs to 2,137.71 MUs during 2008-09 to 2012-13, out of which billing was done on assessment basis to the range of 2.50 to 2.25 *per cent* and not as per actual consumption (metered sale) as well as applicable tariff thereof. The implication of selling energy on assessment basis is that instead of earning revenue as per the actual consumption and applicable tariff, the Company realises revenue on average basis only.

The Management agreed with the observations and stated (October 2013) that the metered sales and assessed sales are in direct proportion. It was also stated that due to measures taken by the Company, the assessed sale of energy reduced from 2.50 *per cent* in 2008-09 to 2.25 *per cent* in 2012-13, and the same will reduce further in near future.

The instances of inefficiencies in evaluation of metering and billing of power are discussed below:

a) The Electricity Supply Code (April 2007) of the UERC provides that the Company may issue a disconnection notice to a consumer who defaults in payment of dues, giving him 15 clear days to pay the dues. Thereafter, if the consumer does not clear all the dues within six months, such connection should be disconnected permanently.

Analysis of billing data of 17,000 KCC²⁵ consumers of the Company showed that there were 298 consumers of various categories, having dues ranging between ₹ five lakh to ₹ 17.22 crore and who had not deposited the dues for periods ranging from three to 60 months. The supply in respect of these consumers was temporarily disconnected and billing was stopped. However, the Company did not disconnect their power supply permanently and also did not issue the required

²³ Assessment Basis: The bills are raised on the basis of average estimated consumption where actual consumption of the consumers is not available due to unmetered or defective meters.

²⁴ The assessed sales as percentage of metered sale are based on the assumption of the Company.

²⁵ Key Consumer Cell: This was created by the Company to monitor consumers with connected load of above 50 KW. Most of the billing data of above consumers is available at the servers of the corporate office.

Recovery Certificate (RC) for recovery to the concerned District Magistrates in accordance with the provisions of the Company's Memorandum dated 2 November 2004. This resulted in non-realisation of arrears which accumulated to the tune of ₹ 196.07 crore at the end of March 2013 and the same was pending (August 2013).

The Management agreed with the observations and stated (October 2013) that it is trying to identify the actual amount and the fictitious amount so as to ensure that at least the actual amount is realised from the defaulting consumers. It was also stated that instructions have been issued at the divisions' level for ensuring quick action as per norms and recovery effected from the said consumers. However, the fact remains that the Company failed to initiate action for realisation, as prescribed, resulting in accumulation of substantial amount of arrears.

b) The Company Rate Schedules (March 2008) provides that (except domestic and PTW) consumers without Electronic Tri Vector Meters (ETMs), not billed under KVAh or those who had not installed shunt capacitors²⁶ of appropriate ratings and specifications, shall be levied low power factor surcharge²⁷ at the rate of five *per cent* on current energy bills. Test-check of records (August 2013) of EDD, Kashipur showed that five *per cent* surcharge was to be charged on the current energy bills on the electricity supplied to 42 connections with connected load of 803 KW pertaining to the Uttarakhand Jal Sansthan and to 69 connections with connected load of 900 KW pertaining to the State Tube-Well as these were without installed ETMs, shunt capacitors and had not been billed on KVAh. However, the same were billed in KW only. Further, it was noticed that the division issued bills of ₹ 260.11 lakh to the Uttarakhand Jal Sansthan for the period from April 2010 to January 2013 and ₹ 67.66 lakh to the State Tube-Well for the period from August 2009 to April 2013 without charging the surcharge. Audit could not quantify the amount of dues for the period from April 2008 to March 2010 and April 2008 to July 2009 pertaining to the Uttarakhand Jal Sansthan and the State Tube-Well respectively due to non-availability of records. Non-charging of surcharge has resulted in short levy of surcharge of ₹ 16.39 lakh²⁸.

The Management agreed with the observations and stated (October 2013) that revised bills have been issued to the consumers involved. It was also stated that the Company will install shunt capacitors at its own cost and will recover the same from the consumers by charging the cost in their bills in order to avoid further short recovery.

3.2.7.3 HT – LT ratio of the Company

The higher HT-LT ratio is essential to ensure that there is minimal line loss in the transmission and distribution of power is also minimised. As per the industrial practice, the ideal ratio of HT and LT line is 1:1. Audit found that the HT and LT ratio was approximately 0.78 against the required ratio of 1 during 2008-13. The Company added 5,102.62 CKM²⁹ and 6,500.95 CKM of HT and LT lines respectively in its network during the period 2008-13. The Company had focused on constructing more LT lines as compared to the HT lines during the period 2008-13.

²⁶ A capacitor or a group of capacitors which are placed across an electric power line or electric appliance to provide a voltage increase or to improve the power factor of the circuit.

²⁷ Power factor is the ratio of energy consumed by the consumer in KW/KVAH. If the above ratio is below 0.85 it is considered low power factors.

²⁸ In respect of Uttarakhand Jal Sansthan (₹13.01 lakh) and State Tube-Well (₹ 3.38 lakh).

²⁹ Circuit Kilo Metres.

The Company needed to plan the length of HT & LT lines in equal measure to achieve the 1:1 ratio which would have improved efficiency of its transmission and distribution network ensuring lesser line loss. The importance of reducing losses can be gauged from the fact that one *per cent* decrease in losses could add ₹ 33.98 crore³⁰ to the revenue of the Company.

The Management agreed with the observations and stated (October 2013) that the Company had one of the best HT/LT ratios despite the geographical conditions of the State. It was also stated that, after the implementation of the RAPDRP scheme, the position of HT/LT ratio will improve significantly.

3.2.7.4 Metering of consumers

As per the UERC order (September 2003 and May 2012), it is mandatory to attain 100 *per cent* metering of consumers. Accordingly, the works related to metering of unmetered consumers were to be completed by August 2012. However, records showed that against total of 16.96 lakh consumers, only 16.70 lakh had installed meters as of March, 2013.

The Management agreed with the observation and stated (October 2013) that it had made significant improvements in this field since the audit observations had been issued. As on 1st September 2013, only 9,679 consumers were unmetered and they would be metered by December, 2013.

(i) Heavy recurring loss of revenue due to Defective meters

As per the circular dated 16 February 2004 on Rate Schedule of the Company effective from 20 September 2003, all defective meters should be replaced within three months failing which the concerned Executive Engineer (Meter) and SDO (Distribution Division) shall be held responsible equally. Further, as per the target fixed by the Company, cases of defective meters (IDF, ADF & RDF)³¹ should be four *per cent* of the total consumers, and cases of No Access/No Reading (NA/NR) should be seven *per cent*.

Test-check of the records showed that against 16.96 lakh total consumers, meters of 3,57,622 consumers³² remained defective in the range of one to 12 months after allowing for the three months' permissible period for replacement of the defective meters. The maximum numbers of defects were IDF defects in both the zones. No case, where any responsibility was fixed on the concerned Executive Engineer/Sub-divisional Officer for delays in replacement of defective meters, was seen in audit.

The management agreed with observations and stated (October 2013) that sufficient meters have already been made available to the divisions and that it will be ensured that the defective meters are replaced in the minimum possible time. However, the fact remains that the divisions have failed to replace the defective meters as per prescribed time schedule.

3.2.7.5 Penalty due to non-compliance of UERC orders

In September 2003, UERC ordered to complete 100 *per cent* metering of all types of consumers by March 2005. Audit observed that the Company could not achieve the target. As a result, the

³⁰ (Energy sold is 8,802.00 MUs X 1/100 X ₹ 3.86 = ₹ 33.98 crore), based on average rate of realisation of the Company during 2012-13.

³¹ IDF= Identified Defective, ADF= Appears Defective and RDF= Reading Defective.

³² Garhwal zone-97,685(IDF)+7,090(ADF)+8,731(RDF)+74,037(NA/NR)=1,87,543.
Kumaon zone-98,521(IDF)+4,006(ADF)+4,767(RDF)+62,785(NA/NR)=1,70,079.

UERC imposed (August 2005) a consolidated penalty of ₹ One lakh and an additional penalty of ₹ 5,000 per day on account of supply of electricity to unmetered consumers. Further, UERC, in another order dated 25 May 2012, decided to waive off the recurring penalty of ₹ 5,000/- per day from 01 April 2011 if all the 28,486 unmetered connections were metered by August 2012. Audit noticed that the Company paid a penalty of ₹ 1.04 crore upto March 2011 on account of non achievement of 100 *per cent* metering. It was also seen that 0.26 lakh connections were still running unmetered as of March 2013.

Management agreed with the observations and stated (October 2013) that as on 1st September 2013, only 9,679 consumers remained unmetered and the same would be metered by December 2013. It was also stated that the Company will request for refund of penalty deposited with the UERC after completion of 100 *per cent* metering. However, the fact remains that had the Company ensured 100 *per cent* metering within the scheduled time, this penalty could have been avoided.

3.2.7.6 Use of inappropriate conductors

The use of conductor of appropriate rating is necessary to avoid the excess line losses. The current carrying capacity of a conductor is dependent on the design of the conductor to work in a certain temperature, strength of metal and the age of the conductor. As per the conductor catalogue based on IS: 398 (1961) the current carrying capacity of 'Dog' conductor is upto 300 amperes at 45⁰C ambient temperature.

Audit scrutiny of records of two sub-stations at Dhakrani Power House and SIDCUL Sub-station of the Company showed that the power was being transmitted by using conductor of lower thermal loading limit³³. Two feeders (33 KV) emanated from Dhakrani Power House which terminated at Selaqui and SIDCUL Sub-stations (11 KV) having lengths of 18.2 and 22.3 kilometres respectively. The feeders were constantly run on 'Dog' conductor at a load of 320 to 340 and 310 to 320 amperes respectively, whereas, for this load, the Company should have used a conductor of higher thermal loading limit. Thus, due to use of inappropriate capacity conductor, there was higher line loss to the Company on these feeders amounting to ₹ 3.88 crore³⁴ leviable at the minimum rate during the period March 2010 to February 2013, after allowing for two *per cent* of permissible line³⁵ loss.

The Management agreed with the observations and stated (October 2013) that for better management of the load, new sub-stations have been proposed in the line and that it was also proposed to replace the conductors on the same feeders. Thus, due to use of conductor of inappropriate capacity there has been a higher line loss.

3.2.8 Management of revenue collection

The revenue collection efficiency of the Company lies in realisation of the billed and assessed energy as well as outstanding dues of electricity. The revenue from sale of energy is the main source of income of the Company. Therefore, prompt and effective collection of revenue

³³ Thermal loading limit is the current carrying capacity of the Conductor.

³⁴ Input energy: 450.70 MUs *minus* energy received: 423.66 MUs= 27.04 MUs *minus* two *per cent* permissible line loss: 9.01 MUs= 18.03 MUs. The net short received energy = 18.03 MUsX10⁶ X ₹ 2.15 (the rate livable on RTS-1 consumers)= ₹ 3.88 crore.

³⁵ Line loss permissible for transmission line by UERC.

assumes great significance. The details of outstanding, assessed, collected and balance outstanding revenue at the beginning and end of the given year are depicted in **Table 3.2.5**.

Table: 3.2.5**(₹ in crore)**

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Balance outstanding at the beginning of the year	1,345.18	1,477.26	1,574.84	1,816.75	2,026.35
2.	Revenue assessed/Billed during the year	1,598.39	1,805.24	2,641.72	3,029.02	3,400.00
3.	Total amount due for realisation (1+2)	2,943.57	3,282.50	4,216.56	4,845.77	5,426.35
4.	Amount realised during the year	1,466.31	1,707.66	2,399.81	2,819.42	3,280.00
5.	Balance outstanding at the end of the year	1,477.26	1,574.84	1,816.75	2,026.35	2,146.35
6.	Percentage of amount realised to total dues (4/3)	49.81	52.02	56.91	58.18	60.45
7.	Arrears in terms of No. of months assessment (5 divided by 2/12 months)	11.09	10.47	8.25	8.03	7.58

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

The reasons for increase in outstanding arrears have also been discussed in para 3.2.7.2 and 3.2.8.1. Thus, the outstanding dues as on 31 March 2013 stood at ₹ 2,146.35 crore. The percentage of revenue realisation to actual dues was 60.45 *per cent*. The borrowings (secured and unsecured) of the Company for the year 2012-13 are equal to 33.40 *per cent* of the outstanding dues at the end of the year 2012-13.

The Management agreed (October 2013) with the audit observations.

3.2.8.1 Realisation of amount from consumers

Section 56 (1) of Electricity Act, 2003 and Office Memorandum No. 4421 issued by the Company in November 2004 provide that in case a consumer does not deposit electricity dues within 15 days from the due date of the bill, his connection would liable to be disconnected and a demand notice for recovery of electricity dues will be issued under Section-3 of the Act for depositing of dues against him within 30 days. Further, in case a consumer does not deposit the dues within stipulated period, a recovery certificate (R.C.) will be issued under Section-5 through District authorities. All such actions for recovery of electricity dues should be completed within a period of six months. The instances of inefficiency in realisation of dues by the Company due to noncompliance of norms *ibid* are discussed below:

a) In ten Divisions, as against 16,195 defaulting consumers of the category of Non-domestic/Commercial (RTS-2) consumers, only 2,023 connections were disconnected. There were outstanding electricity dues to the tune of ₹ 93.41 crore against depicting consumers as on February 2013. Further, these dues were old, ranging for periods from one to three years.

The Management agreed with the observations and stated (October 2013) that after the audit observation, the Company had recovered ₹ 15.02 crore and is trying to recover the rest of the realisable amount as soon as possible.

b) In seven divisions of the Company, 76 consumers billed under the category of Government Irrigation System and LT & HT Industry Consumer (RTS- 5 and 7) with arrears of more than ₹ one lakh, did not make payment of electricity dues in the range of 7 to 52 months. However, their supply was not disconnected and no action was taken as per the norms, resulting in accumulation of arrears to the tune of ₹ 19.80 crore (March 2013).

The Management agreed with the observations and stated (October 2013) that effective action had already been taken since the audit observation was issued and stated that ₹ 3.83 crore had already been recovered. For the rest of the realisable amount, field offices were making sincere efforts.

c) The arrears increased to the tune of ₹ 69.73 crore in respect of Private Tube-wells (PTW) under RTS-4 and domestic consumers under RTS-1 consumers during the period 2008-09 and 2012-13 as given in **Table 3.2.6**.

Table: 3.2.6

(₹ in lakh)

Name of the category of consumers	Details for the year 2008-09					Details for the year 2012-13				
	No. of connections	Connected Load (KW)	Electricity charge	Surcharge	Total	No. of connections	Connected Load (KW)	Electricity charge	Surcharge	Total
PTW	20,624	1,06,615	2,541.35	1,380.39	3,921.74	25,313	1,40,568	4,972.74	1,658.29	6,631.03
Domestic	11,74,867	13,13,196	22,421.30	9,599.86	32,021.16	12,11,122	17,49,962	22,686.25	13,599.10	36,285.35

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

It is pertinent to mention that the increase in the number of consumers in respect of PTW consumers during review period was only 22.74 per cent whereas the arrears increased by 69.08 per cent. In respect of domestic consumers, there was a 3.09 per cent increase in number of consumers and arrears, increased by 13.32 per cent.

The Management of the Company agreed with the observations and stated (October 2013) that there was significant improvement in the realisation from the domestic consumers of RTS-1 category and that the realisation increases in RABI/KHARIF season in case of Private Tube well Consumers (RTS-4) and also that efforts are being made to realise the dues by organizing camps in whole of the State and issuing RCs under Section-5 against defaulting consumers.

d) As per rate schedule March 2008 issued by UERC and Section 56 of Electricity Act 2003, the late payment surcharge of 1.25 per cent will be applicable if electricity bills are not paid in full within 15 days' grace period after the due date. The Company has the right to disconnect the power supply in case the surcharge is not paid by the consumers under the above referred Act. In 12 test-checked divisions, it was noticed that the late payment surcharge accumulated to the tune of ₹ 217.39 crore upto March 2013 and the same was pending for realisation till August 2013 against 1,206 consumers including Nagar Nigam /Nagar Palika, Jal Nigam, State tube-well, Jal Sansthan and Public water works as on March 2013 (**Appendix- 3.7**). It was also noticed that these consumers also failed to pay electricity dues of ₹ 178.82 crore.

Management agreed with the observations and stated (October 2013) that the budget provision of the Government Departments concerned is inadequate for making the payment of electricity bills. The top management of the Company is pursuing the matter vigorously with the State Government to recover its dues as early as possible. It was further stated that ₹ 55 crore from Jal Sansthan has already been realised in the month of October, 2013 & ₹ 26 crore will be recovered from Irrigation Department in the month of November, 2013.

e) The UPSEB notification March 1994 and the UERC (the Electric Supply Code) Regulation, 2007 effective from April 2007 provides that the additional security for the consumer should be assessed in each financial year in respect of those consumers who have been

given connection for supply of electricity. The additional security should be equal to average consumption of two months' bill. In case, security reassessed exceeds the difference of initial security and the security worked out, the difference will be demanded by giving notice to the consumers within 45 days. In case the additional security is not deposited within the stipulated period, the electricity supply of the consumer can be disconnected. A test-check of records of bills, and files relating to large and heavy consumers of eight divisions showed that additional security to the extent of ₹ 17.04 crore was pending for realisation (March 2013) against 147 consumers but no action was taken in this regard.

The Management agreed with the observations and stated (October 2013) that ₹ 3.38 crore has already been realised from the outstanding additional securities.

f) As per the UPSEB notification March 1994 and the UERC (Release of new HT & EHT connections, Enhancement and Reduction of Loads) Regulations, 2007, the initial security was revised to ₹ 1,000 per KW for all consumers (except domestic and PTW consumers³⁶). The notice was to be given to all such consumers for depositing the security within 30 days failing which the electricity supply of the consumers could be disconnected. A test-check of records of ten distribution divisions showed that the initial security to the extent of ₹ 4.46 crore was pending against 1,049 (all Government category) consumers as on 31 March 2013 and the same could not be realised upto August 2013.

The Management stated (October 2013) that most of the connections released to entities of Government department are very old and at the time of UPSEB, the initial security from these connections was not charged, and that the company is now charging initial security from every category of consumers. Reply of the Management is not tenable since as per the UERC order, the initial security is to be collected from all categories of consumers and no exemption is provided to old or new Government category consumers. Thus, the initial security should have been realised.

g) Records of eight divisions showed that Recovery Certificates (RCs) were issued through the District Magistrates (DM) for realisation of ₹ 45.51 crore against 2,539 defaulting consumers. It was found that recovery was pending for the last one to seven years (August 2013) in respect of these consumers. Further, no correspondence was taken up with District Magistrates or efforts made by divisions to ensure early realization.

The Management agreed with the observations and stated (October 2013) that ₹ 1.90 crore had been recovered up to September 2013 and that the divisions are pursuing the matter for early recovery/realisation of the remaining amount. It was also stated that the Management will take up this issue with the State Government for early realisation as the recovery will be made through the District authorities.

h) As per office order (December, 2003) of the Company, electricity duty will be levied at the rate of 20 *per cent* on their fixed charges in case of unmetered consumers. Audit noticed that Company did not levy electricity duty amounting to ₹ 0.70 crore from 1,645 unmetered private tube well consumers³⁷ with connected load of 8,898 KW at the rate of 20 *per cent* of the fixed charges during 2012-13.

³⁶ Rate of Initial security for domestic and PTW was ₹ 400 per KW and ₹ 100 per KW respectively.

³⁷ (Garhwal Zone 1,473 consumers with connected load of 8,031 KW and Kumaon Zone 172 consumers with connected load of 867 KW).

The Management stated (October 2013) that as per U.P. Electricity (Duty) Act, 1952, no electricity duty is required to be levied on the consumption of private tube-wells consumers. Reply of the Management is not convincing as the instructions given in the aforesaid office order were not followed in the year 2012-13 whereas electricity duty was imposed in the previous years (2008-09 to 2011-12).

i) In Kotdwar division, electricity dues pertaining to Minimum Consumption Guarantee (MCG), independent feeder surcharge, Late Payment Surcharge (LPS) on Hill Development Rebate (HDR) and difference in tariff with effect from 16 September 2001 amounting to ₹ 41.91 crore against nine consumers relating to large and heavy/ HT industrial consumers, were pending for realization as on March 2013.

The Management of the Company agreed with the observations and stated (October 2013) that currently the matter was under consideration of the Ombudsman and assured that the recovery of the amount commented upon will be assured.

3.2.9 Filing of Annual Revenue Requirement (ARR) before UERC

The tariff structure of Company is subject to revision and approval by the UERC after the objections, if any, received against the Aggregate Revenue Requirement (ARR) petition filed by them within the stipulated date. Company was required to file ARR for each year 120 days before the commencement of the respective financial year. The UERC accepts the application filed by Company with such modifications/ conditions as may be deemed just and appropriate considering all suggestions and objections from the public and other stakeholders. The Company failed to file the petition within due date in one³⁸ out of five years. Further, the Commission started suo-motu proceedings for tariff fixation as the Company failed to file their ARR for the year 2008-09. Hence, the Company was deprived of benefits of higher tariff during 2008-09.

Audit observed from the tariff orders that the UERC did not allow various amounts of expenditure during 2008-09 to 2012-13 as detailed in the **Table 3.2.7**.

Table: 3.2.7

(₹ in crore)		
Sl. No.	Particulars	Expenditure disallowed
1.	Depreciation	145.22
2.	Power Purchase	1,958.31
3.	Interest on working capital	70.27
4.	Interest charges	32.75
5.	Provision for bad and doubtful debts	969.28
6.	O & M	128.63
Total		3,304.46

UERC did not allow the above expenses due to lack of proper justification for the same by the Company. The Company is planning to file final true up for the year 2011-12 on the basis of audited balance sheet, and the provisional true up for the year 2012-13 before the UERC and projected to be submitted by December 2013.

3.2.10 Internal Control System

Internal Control is a process designed for providing reasonable assurance of efficiency of operation, timely updating and upkeep of financial records, and compliance with applicable laws

³⁸ During 2009-10.

and statutes. A well defined internal control system minimizes the risk of errors and irregularities. Also a robust Management Information System (MIS) is an important tool to manage and control the activities of the Company and keep the top management updated about the working of the Company. It also helps in identifying the areas for improvement. For such a huge organization, to manage its operations economically, efficiently and effectively, the presence of an effective and efficient MIS is, thus, essential particularly as it also helps in detecting and preventing the short comings and ensures smooth flow of communication within the Company.

3.2.10.1 Inadequate Control Mechanisms

The deficiencies noticed in the internal control system are discussed below:

- (i) Company does not have any system in place to identify the age wise analysis of its outstanding dues and resultantly, it could not evolve any system for timely recovery of its dues.
- (ii) Company could not convert the cases of stop billing/temporary disconnection into permanent disconnection in the prescribed time.
- (iii) Company failed to arrest line losses due to non-formulation of any mechanism for monitoring and inability to carry out 100 *per cent* metering of all consumers and realising additional/initial security deposits.
- (iv) There were 482 cases amounting to ₹ 393.63 crore relating to revenue collection pending with different courts from 1987 to March 2013. Instead of having a centralized monitoring mechanism to pursue and follow up the cases in an organized manner, cases were pursued by the concerned divisional heads at their own initiative, and without any guidance.

The Management agreed with the observations and stated (October 2013) that the Company is working on creating a system which can identify the age of the outstanding dues, stop billing cases, and the temporarily disconnection cases to eliminate the fictitious amounts outstanding. It was also stated that the time frame for metering of all the consumers is December 2013. It was further stated that with the implementation of the R-APDRP scheme, there will be substantial improvement in line loss, etc. It was stated that the Company is planning to appoint a senior Law Officer for pursuing various court cases amounting to ₹ 393.63 crore pending with the different Courts.

- (v) As per UERC's order (July 2004), the Company has to provide facilities to the consumers for depositing of electricity bill, energy metering and reading. The Commission directed the Company to ensure presence of collection centres within reasonable distance of consumer's premises provided facilities for payment of electricity bills through cheques in urban centres by November 2004, and in rural areas by December 2004. Audit scrutiny of records of the Company showed that the expert committee of the Commission was constituted (December 2004) for an assessment of the compliance to the Commission's order. The committee observed (September 2005) that the Company is not following the Commission's directions in respect of billing, and collection and other facilities. The Commission levied a consolidated penalty of ₹ one lakh for noncompliance of the Commission's order and also imposed from September 2005, a recurring penalty of ₹ 2,500/- per day against which company had paid an amount of ₹ 0.52 crore upto March 2011 while ₹ 0.70 crore were due for payment upto March 2013.

The Management agreed with the observations and stated (October 2013) that the Company has already provided online payment facility to its consumers and is requesting to the Commission (UERC) to waive off the penalty. However, the fact remains that the penalty has not been waived off by the UERC till date.

- (vi) The absence of centralised monitoring of large arrears and lack of follow up action resulted in accumulation of arrears of electricity dues during the period from May 1990 to October 2012 against M/s IDPL³⁹ to the tune of ₹ 250.28 crore. The Company approached (February 2013) the BIFR⁴⁰, New Delhi to realize the outstanding dues and the same is pending (October 2013). The Management agreed with the observations and stated (October 2013) that a dedicated team will be deputed for pursuing the matter to ensure the recovery of the pending amount of ₹ 250.28 crore from the IDPL.

3.2.10.2 Inefficient Vigilance Mechanism

In order to minimise the cases of pilferage/ loss of energy, Section 163 of the Electricity Act 2003 provides that the licensee may enter in to the premises of a consumer for inspection and testing the apparatus. As per section 135 of Electricity Act 2003 and Electricity (amendment) Act, 2007, theft of energy is a criminal offence punishable under the said Act. The Company has a separate vigilance wing for the detection and prevention of misuse/theft of power. The audit observed that the Company did not fix any target for inspection and testing of apparatus. The data relating to theft cases was not maintained by eight⁴¹ out of the twelve sampled units. Further, data was not maintained in an organized manner by four⁴² divisions and details of checking and assessment during the period 2009-11 were also not provided to audit for scrutiny. An analysis of the theft cases and assessments made by the four divisions of the Company during 2011-13 is detailed in **Table 3.2.8**.

Table: 3.2.8
Details of theft cases and assessments made

(₹ in lakh)

Name of division	Year of checking	Total number of consumers	Number of checking	Number of theft cases detected	Direct theft	UUE ⁴³ / Shunt detected	FIR lodged	Amount assessed	Amount realized	Balance
EDD, Rudrapur	2011-2012	77,353	NA	135	58	77	NA	174.22	38.36	135.86
EDD, Kashipur	2011-2012 and 2012-13	62,588	NA	370	306	64	306	320.47	169.60	150.87
EDD(south) Dehradun	2012-2013	64,598	463	222	222	NA	140	135.63	108.65	26.98
EDD (Rural) Haridwar	2011-12 and 2012-13	49,966	1,076	1,076	561	515	561	284.75	144.26	140.49
Total	-	2,54,505	1,539	1,803	1,147	656	1,007	915.07	460.87	454.20

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

The total number of checks carried out (South Dehradun and Rural Haridwar) was less than one *per cent* of the total numbers of consumers. It was observed that checking by Rural Haridwar

³⁹ Indian Drugs Pharmaceuticals Limited, Rishikesh.

⁴⁰ Board for Industrial and Financial Re-construction.

⁴¹ Dehradun (North); Dehradun (Central); Rishikesh; Srinagar; Kotdwar, Haldwani (Rural); Haldwani (Urban) and Haridwar (Urban).

⁴² Rudrapur; Kashipur; Dehradun (South) and Haridwar (Rural).

⁴³ Unauthorised use of electricity.

division had revealed theft in 100 *per cent* of the cases checked. Out of the total detected 1,803 cases⁴⁴ of direct thefts and UUE/Shunt, FIR was lodged in only 1,007 cases and against the assessed amount of ₹ 915.07 lakh only ₹ 460.87 lakh was realized by the Company (August 2013) from the defaulting consumers.

The Management agreed with the observations and stated (October 2013) that due to shortage of manpower, the raids conducted by the divisions were not sufficient and that the Company is trying to identify theft prone areas and ensure that the ABC⁴⁵ conductor will be installed under RAPDRP scheme and also that double metering will be in place for ensuring enhanced checking in areas. Regarding short realisation from defaulting consumers, it was stated that the recovery remains pending as the concerned consumers have approached courts of law.

Conclusion

The accumulated loss of the Company was increasing year by year. The billing and collection procedures were deficient as the Company could not recover even the cost of energy by reducing line losses which were due to theft, unmetered supply, non-ensuring accuracy of meters and failure to identify theft prone areas. The Company could not recover the initial security from the Government consumers. The UERC did not allow various amounts of expenditure on account of lack of proper justification by the Company. The Company did not fix targets for realisation of current and old outstanding revenue, which resulted in poor realisation of revenue. The Company could not take adequate and timely action against the defaulting consumers which resulted in accumulation of arrears. The internal control system in the Company remained weak and the Company failed to bill the total energy supplied by it.

Recommendations

The Company may consider:

- ensuring that the bank reconciliation is prepared on the monthly basis to avoid any misappropriation;
- ensuring 100 *per cent* metering of all consumers, accuracy of meters at regular intervals and timely replacement of defective meters to avoid revenue loss;
- improving the HT/LT ratio of the distribution network by increasing the coverage of HT lines;
- identifying age wise old outstanding dues to ensure the clear picture of actual old outstanding dues and to take appropriate steps to recover them promptly;
- establishing a system to ensure the segregation from realised amount between current year and old outstanding dues;
- strengthening the Internal Control system to minimise the risk of irregularities/errors; and
- laying of Aerial Bunch Cable in the theft prone areas to avoid power theft.

The audit findings were referred to the Government in August 2013. The reply had not been received (December 2013).

⁴⁴ Direct theft-1147 and UUE/shunt detected-656 cases.

⁴⁵ Ariel Bunch Conductor.

COMPLIANCE AUDIT

Kumaon Mandal Vikas Nigam

3.3 Promotion of Tourism related activities of Kumaon Mandal Vikas Nigam Limited

The Nigam could not achieve its objective of promoting tourism in the Kumaon region of the State. The percentage of tourist availing its facilities was negligible (5.29 *per cent*). The Nigam had no strategy for publicity. Due to inadequate planning the intended objective of promoting village tourism remained unrealized. During the period 2005- 2008, the Nigam constructed 20 Tourist Information Centers (TICs) with an expenditure of ₹ 2.12 crore, out of which nine TICs involving expenditure of ₹ 0.97 crore were lying idle. Further, without approach road and basic facilities, constructed TRHs at a cost of ₹1.42 crore remained idle.

3.3.1 Introduction

The Kumaon Mandal Vikas Nigam Limited (Nigam) was incorporated (August 1976) as a wholly owned State Government Company under the administrative control of the Department of Tourism with the aim of promoting tourism related activities in all the six districts⁴⁶ of Kumaon region of erstwhile Uttar Pradesh State, now Uttarakhand. Tourism related activities of the Nigam are broadly classified in two categories, that is, Promotional activities and Infrastructural activities. The Nigam was responsible for development, promotion, marketing and operation of 47 Tourist Rest Houses (TRHs) and canteens of which five⁴⁷ are running on contractual basis, 20 Tourist Information Centers (TICs), tourism villages in Padampuri and Adi-Kailash of District Nainital, tourism oriented handicraft industry in Tanakpur (District Champawat) and craft centre in Deenapani (District Almora). It also promotes adventure tourism related activities like water sports, winter sports, paragliding, etc. and imparting training to the locals and the tourists.

The audit was taken up to assess whether necessary infrastructure and other basic facilities required for promotion of tourism in the Kumaon region were well conceived, provided and operated by the Nigam during the period 2008-09 to 2012-13. Audit was taken up during April 2013 to June 2013 by test check of records of Head office situated in District Nainital including 13 TRHs out of 47 TRHs which were selected based on simple random with replacement sampling technique.

3.3.2 Audit findings

3.3.2.1 Low Occupancy in Tourist Rest Houses (TRHs)

The Nigam operated 47 TRHs in the Kumaon region that were divided into three categories “A”, “B” and “C” based on their profitability, location and occupancy. During the period 2008-12, the number of tourists increased from 14.52 lakh to 19.11 lakh (31.61 *per cent*) in the Kumaon region. However, the Nigam could not be benefited from the increased tourist inflow. The year wise details are given in **Table 3.3.1**.

⁴⁶ Nainital, Almora, Pithoragarh, Bageshwer, Udham Singh Nagar and Champawat.

⁴⁷ Koshi, Kaladhungi, Manila, Monal and Poornagiri.

Table: 3.3.1
Details of increased tourist inflow

Calendar Year	(Number of tourists in lakh)				
	2008	2009	2010	2011	2012
Flow of tourist into Kumaon Region	14.52	16.77	17.45	17.76	19.11
Share of TRHs	1.10	1.13	1.11	1.08	1.01 ⁴⁸
Share of Nigam (in per cent)	7.58	6.74	6.36	6.08	5.29

Source: Compiled on the basis of information furnished by the Nigam.

It can be seen that TRHs attracted 5.43 lakh (6.34 per cent) tourists against the total tourist inflow of 85.61 lakh in the Kumaon region during the period January 2008 to December 2012. The overall average occupancy of category 'A' TRHs ranged between 30.30 to 37.88 per cent, of Category 'B' TRHs between 25.78 to 31.84 per cent and of category 'C' TRHs between 17.56 to 20.81 per cent. The reasons for low occupancy were as under:

- Lack of infrastructure in remote areas such as car parking, approach road, etc.
- Non availability of facilities like generators for uninterrupted power supply, health clubs, internet, indoor games, etc. which help in attracting tourists;
- Poor quality of services including poor maintenance of rooms (i.e. sewage problem, lack of proper cleaning, etc.); and
- Obsolete methods of publicity (i.e. absence of any sign boards in places such as railway stations/bus stands), non-advertisements in National newspapers, etc.

The Management admitted the facts (June 2013).

3.3.2.2 Functioning of Tourist Rest Houses (TRHs)

All TRHs are categorized by the Nigam into three categories (A, B & C) based on their profitability, location and occupancy. The category-wise analysis of the performance of TRHs during the period 2008-13 is given in Table 3.3.2.

Table: 3.3.2

Sl. No.	Particulars	(₹ in crore)		
		Category of TRH		
		A	B	C
1.	No. of TRH ⁴⁹	8	13	21
2.	Actual Turnover	22.75	16.93	6.38
3.	Other Income	0.97	0.38	0.36
4.	Total Expenditure	14.85	14.54	9.18
5.	Establishment expenditure	7.76	8.17	5.83
6.	Operational Sales excluding Establishment expenditure (2+3-5)	15.96	9.13	0.92
7.	Profit/(-)loss (2+3-4)	8.87	2.77	(-)2.44
8.	Percentage of establishment expenses to turnover	34.11	48.27	91.28

Source: Compiled on the basis of information furnished by the Nigam.

It can be seen that category 'C' TRHs incurred a total loss of ₹ 2.44 crore during the period 2008-13. The operational sales setting aside the establishment expenses of Category "A", "B" and "C" TRHs were ₹ 1,596.91 lakh, ₹ 913.91 lakh and ₹ 91.69 lakh respectively. Establishment expenses were high in both category 'B' and 'C' TRHs and accounted for 48.27 and 91.28 per

⁴⁸ Upto October 2012.

⁴⁹ Exclude 5 TRHs which were on rent.

cent of the turnover respectively. Further, it was observed that the Nigam had not worked out a turnaround strategy for the loss making TRHs and no targets in this regard were set by the Nigam. In order to earn profit in Category 'C' TRHs, the occupancy level is required to be increased by improving basic facilities/services and ensuring publicity. On this being pointed out, the Management replied (June 2013) that efforts are being made to increase the occupancy of the TRHs.

3.3.2.3 Avoidable losses in running of Tourist Rest Houses (TRHs)

Test-check of records at the Nigam's Headquarters showed that the profit and loss for the last five years i.e. for the period April 2008 to March 2013 in respect of six "C" category TRHs⁵⁰ were making continuous losses as shown in Table 3.3.3.

Table: 3.3.3

(₹ in lakh)

Name of TRH	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Almora	-4.59	-4.30	-12.76	-21.97	-9.35	-52.97
Bageshwar	-1.39	-4.31	-5.28	-10.52	-6.41	-27.91
Champawat	-3.38	-6.87	-9.75	-7.61	-9.02	-36.63
Deenapani	-0.69	-0.41	-3.59	-4.31	-6.23	-15.23
Khairna	-5.57	-2.01	-2.02	-5.70	-4.12	-19.42
Lohaghaat	-5.03	-1.14	-4.67	-5.60	-6.13	-22.57
Total	-20.65	-19.04	-38.07	-55.71	-41.26	-174.73

Source: Compiled on the basis of information furnished by the Nigam.

It can be seen that the Nigam had incurred a loss of ₹ 1.75 crore in running the above mentioned TRHs. It was also observed that Nigam had given out five⁵¹ other loss making TRHs on contractual basis to avoid further losses. As per the contract, expenditure for running TRH is borne by the contractor and a fixed amount is payable to the Nigam. This option could have also been applied to these six TRHs to avoid loss of ₹ 1.75 crore.

On this being pointed out, Nigam stated (June 2013) that efforts were being made to run these TRHs on profit, and if they failed even now to earn profit, then they would also be operated on contract basis. The reply is not satisfactory as losses could be reduced only with an increase in occupancy of TRHs.

3.3.2.4 Publicity and Tourism Marketing

The tourism business is highly dependent on publicity besides providing affordable and comfortable facilities/services. To increase inflow of tourists in TRHs, a promotional policy for publicity was needed to be formulated. This could include sign boards at airports, railway stations, bus-stands and other entry points into the State, hoardings displayed at key places, wide publicity in electronic media, print media and through seminars.

Audit noticed that the Nigam had no strategy for ensuring publicity of its TRHs. It had remained confined to the distribution of pamphlets at the booking centres & at the TRHs. An expenditure of ₹ 51.78 lakh was incurred during 2008-13 on advertisements in local newspapers and magazines only. Further, analysis of records also showed that the share of occupancy in TRHs, both in terms of percentage and in numbers, had declined from 7.58 per cent (1.10 lakh tourists)

⁵⁰ Other than selected TRHs.

⁵¹ Koshi, Kaladhungi, Manila, Monal and Poornagiri.

in 2008-09 to 5.29 *per cent* (1.01 lakh tourists) in 2012-13 with respect to total inflow of tourists in the Kumaon region. Audit also noticed that in order to undertake the above mentioned activities, the Nigam had never approached the Government with any planned strategy. Thus, the Nigam could not harness the full tourist potential of the Kumaon region due to inadequate publicity.

On this being pointed out, the Nigam admitted (June 2013) the facts and stated that the existing publicity and marketing were not sufficient.

3.3.2.5 Adventure tourism

To promote adventure tourism activities in Kumaon Region, Nigam organizes various adventure tourism activities like Rafting, Rock Climbing, Paragliding, Snow Skating, etc. and also imparts training tourists and unemployed youth of local villages as shown in **Table 3.3.4**.

Table: 3.3.4

Particulars	(₹ in lakh)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Nigam business (Adventure tourism)	5.32	5.65	7.13	6.86	6.70
Profit of the Nigam	2.64	1.26	2.09	1.02	1.43
Participants trained (in numbers)	408	242	755	504	225

Source: Compiled on the basis of information furnished by the Nigam

It can be seen from the above table that the Nigam earned a profit of ₹ 8.44 lakh against the expenditure of ₹ 23.22 lakh during 2008-13. Nigam had imparted training to 1,622 local unemployed youth against the total 2,134 participants⁵². However, scrutiny of records showed that except river rafting, Nigam could not organize activities regularly, such as Paragliding and Snow Skating while rock climbing was not taken up by Nigam altogether since 2011-12. Except for those participants taking part in river rafting, no insurance of participants in other activities was done despite involvement of a high risk factor. Further, the Nigam had provided advances of ₹ 7.22 lakh in 2012-13 to the Manager (Adventure Tourism) for organising river rafting, rock climbing, paragliding, etc. without adjusting earlier advances⁵³ to the tune of ₹ 19.99 lakh given for the same purposes during 2007-08 to 2011-12. It resulted in non-adjustment of ₹ 27.21 lakh till March 2013 which was in contravention of the General Financial Rules.

The Nigam stated (May 2013) that paragliding was organized jointly with a Private Organization (Himalayan Adventure) due to non-availability of land and the training of snow skating was not being organized due to insufficient snowfall and lack of trained staff in the Nigam. It was also assured that insurance of all the participants of the adventures activities would be carried out henceforth. The Management also stated (June 2013) that vouchers of ₹ 27.21 lakh had been received which are under process of adjustment.

3.3.2.6 Village Tourism

To develop Tourism villages in Padampuri and Adi-Kailash of District Nainital, the State Government sanctioned ₹ 100 lakh under Central Assistance (December 2006) to the Nigam. As

⁵² 512 tourists + 1622 local unemployed youth.

⁵³ ₹ 4.35 lakh of 2007-08, ₹ 1.43 lakh of 2008-09, ₹ 6.33 lakh of 2009-10, ₹ 2.74 lakh of 2010-11 & ₹ 5.14 lakh of 2011-12.

per the sanction, the work of hardware, i.e. construction of log huts, community hall, craft centre was to be taken up only after a written undertaking was obtained by the Nigam from the Non-Government Organisation (NGO) which would run the village (Log huts) (vide State Government Order (26 March 2007)). Further, the log huts were to be handed over to the NGO⁵⁴ authorized for running them as provided in the Government order (24 April 2009), which, in turn was to provide training to the villagers in Videography, Photography and in Craft work.

Audit scrutiny of records showed that Nigam constructed hardware/log huts (December 2008) at Padampuri and Adi-kailash at an expenditure of ₹ 100 lakh without obtaining requisite undertaking from an NGO for operation of these tourism villages in contravention of the provisions of the sanction order. As a result, these log huts could not be handed over to the NGO for providing necessary training to the villagers of Padampuri and Adi- Kailash since December 2008. These log-huts remained idle and were also depreciating in value.

On this being pointed out, the Nigam stated (June 2013) that no guidelines for operation and maintenance of these hardware had been received from the State Government so far. Reply is not acceptable because the sanction order clearly stipulated that construction of hardware was to be started only after a written undertaking was taken from the NGO for its operation, which was ignored. Thus, due to inadequate planning, even after incurring ₹ 100 lakh, the intended objective of promoting village tourism remained unrealised.

3.3.2.7 Promotion of Tourism Oriented Handicrafts Industry

As per tourism policy, it is essential to promote large scale production of Souvenirs and artifacts based on the traditional arts and crafts and encourage a rich fare of high quality international, nation and local cuisines of the region for promoting tourism oriented handicrafts Industry. The Nigam proposed construction of ten shops (July 2006) for developing a Craft centre at TRH Tanakpur, and upgradation of the TRH. An amount of ₹ 84.17 lakh was sanctioned (February 2007) by the Government of India (GOI) for this purpose.

Audit scrutiny of records showed that the construction work of the shops was completed at a cost of ₹ 60.92 lakh in September 2008. However, these shops were not used as craft centres by the allottees. Out of ten shops, five were leased to LIC for 9 years and rest were allotted to others who are not carrying out any craft related activity from the premises as had been initially envisaged in the sanction. Thus, the objective to promote Tourism Oriented Handicraft Industry was defeated. On this being pointed out, the Nigam accepted the audit observation and stated (June 2013) that tenders had been invited for the Craft centres but no bids had been received in response.

Further, in order to promote the Kumaoni craft & cultural tourism, the Government of India, Ministry of Tourism sanctioned (December 2006) an amount of ₹ 35.44 lakh to the Nigam for construction of 15 shops for developing Craft Centre, basic public amenities, booking counter and car parking at the TRH Deenapani (Almora) out of which only 5 shops were completed in April 2008. These Craft Centres and associated facilities were lying idle (May 2013) and no efforts were found to have been made by the Nigam for utilisation of these assets during audit. On this being pointed out, the Nigam stated that efforts to allot the Craft centre to local people had been made but no person was interested to take these shops on rent for the said purpose.

⁵⁴ Samar Foundation, New Delhi.

3.3.3 Infrastructural Activities

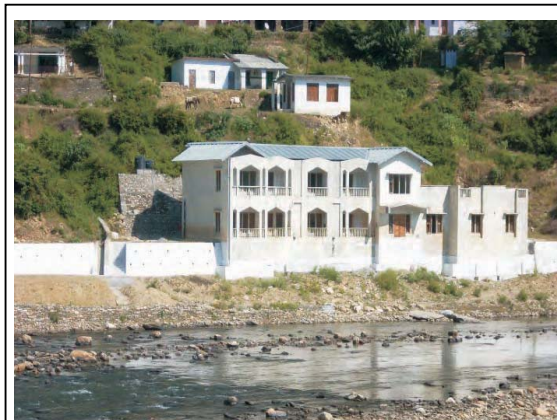
3.3.3.1 Non-functional Tourist Information Centers (TICs)

For the promotion of tourism in Kumaon region, TICs were to be constructed to provide basic facilities like rest-houses, entertainment, toilet, bath and PCOs to the tourists' en-route to their respective destinations. Test-check of records showed that the State Government accorded an administrative sanction (10 February 2004) of ₹ 215.34 lakh for the construction of 21 TICs in Kumaon region of Uttarakhand. It was noticed that during the period 2005 to 2008, the Nigam constructed 20 TICs with an expenditure of ₹ 212.49 lakh. However, only 11 out of 20 TICs were rented out and nine TICs⁵⁵ involving expenditure of ₹ 96.64 lakh were lying idle. As a result, the objective of promoting tourism and providing basic facilities/information to the tourists was not fulfilled. On this being pointed out, Nigam accepted the facts (May 2013).

3.3.3.2 Non-productive investment in Tourist Rest Houses (TRHs)

Construction of TRH at Kakrighat, Almora sanctioned (March 2006) by the State Government at a cost of ₹ 82.35 lakh was completed by the Nigam in October 2008 at the sanctioned cost. However, the TRH had no approach road, though more than four and half years have elapsed from the date of completion of the TRH, it was not yet in operation (May, 2013). Further, construction of another TRH at Katarmal, Almora sanctioned (September 2005) by the Government of India, Ministry of Tourism at a cost of ₹ 59.77 lakh was completed by the Nigam in March 2008 at the sanctioned cost. Audit found that this TRH was non-functional (May 2013) because of non-availability of basic facilities like supply of drinking water, electricity, furniture and approach road.

Nigam stated (June 2013) that there was no approach road at the time of selection of site for construction of TRH, hence, it was thought that tourists would go to the TRH by crossing the river. In respect of TRH at Katarmal, Almora the Nigam accepted the facts and stated (October 2013) that the work for the construction of approach road was in progress. Thus, defective planning for TRH resulted in blocking of funds that could have been utilized elsewhere.



TRH at Kakrighat, Almora

The audit findings were referred to the Government in September 2013. The reply had not been received (December 2013).

⁵⁵ 1. Vijaypur 2. Fatgali 3. Gingartola 4. Aampadao 5. Kakrighat 6. Chaukhutiya 7. Dwarahaat 8. Mooligaun 9. Ghoonaghat.

Uttarakhand Power Corporation Limited

3.4 Power purchase agreements entered into by Uttarakhand Power Corporation Limited

UPCL had violated the provisions of the grid code by drawing 2793.45 MUs of unscheduled interchange (UI) energy during 2008-09 to 2012-13 for which UPCL had to pay ₹ 252.40 crore more as UI charges. Short term purchases drastically increased from 138.92 MU in 2009-10 to 1696.08 MU in 2012-13. UPCL was regularly overdrawing beyond the limit prescribed by the UERC thereby resulting in grid indiscipline.

Uttarakhand Power Corporation Limited (UPCL) is the only distribution Company in the state of Uttarakhand. In order to meet the consumer demand, the UPCL procures power from the Central Generating Stations⁵⁶ from where power has been allocated to Uttarakhand. Additional allocations are also sought from the central un-allocated quota⁵⁷ available in the Centre Power Sector Units (CPSUs) and other external sources⁵⁸. The audit was taken up to assess whether the distribution utility was able to augment its power purchase agreements (PPAs) in furtherance of its objective to achieve a balance between sustainable power supply *vis-à-vis* consumers' interest. The audit was undertaken between April to June 2013. It involved detailed examination of PPAs entered into by the UPCL with the Independent Power Producers (IPPs) at the Headquarters of the UPCL and five distribution divisions⁵⁹ out of total nine which are purchasing power directly from the IPPs on behalf of UPCL as per agreements. Audit findings on PPAs are discussed in the succeeding paragraphs.

3.4.1 Management of power purchase

For better power purchase management, the company had to purchase the power economically while at the same time, ensuring all time availability of power.

Audit noticed that the gap between the demand and purchase of power increased from 78.38 MUs in 2008-09 to 629.89 MUs in 2012-13 as detailed in **Appendix 3.8**. Further, the UPCL has been procuring power from four primary sources⁶⁰. UPCL also has banking arrangements⁶¹ with utilities in other States. It also procures power on short term basis through trading licensees/ power exchange, etc. UPCL has entered into 89 long term PPAs till March 2013. Over the years, power purchased by UPCL from various sources is depicted in **Table 3.4.1**.

⁵⁶ Central Generating Stations means generating stations owned by the Companies owned or controlled by Central Government.

⁵⁷ Allocation of power is made to the States/ UTs in two parts, namely firm allocation of 85% and 15% unallocated power for allocation by the Government for meeting the urgent/overall requirement.

⁵⁸ National Thermal Power Corporation (NTPC), National Hydro Power Corporation (NHPC), Nuclear Power Corporation (NPC) and etc.

⁵⁹ Electricity Distribution Divisions- Bageshwar, Pithoragarh, Roorkee (Rural), New Tehri and Uttarkashi.

⁶⁰ CPSUs, UJVNL & Free Power, UI Overdrawal/Under drawal/Short-term Agreement/Banking & IPPs.

⁶¹ Under a "banking arrangement"- swapping of equivalent power (exchanging electricity) between utilities is made. This arrangement is in the form of energy exchange only and no cash transaction is involved.

Table: 3.4.1

(in MUs)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1	Central Public Sector Undertakings	2,715.12	2,970.93	3,488.52	3,400.13	2,966.00
2	Uttarakhand Jal Vidyut Nigam Limited (UJVNL) & Free Power	4,850.61	4,372.47	5,145.18	5,666.31	5,401.82
3	UI Overdrawal/Under drawal/Short-term Agreement/Banking	199.90	956.64	585.06	1,103.70	1,974.86
4	IPPs	88.59	151.83	231.47	298.77	505.52
	Total	7,854.22	8,451.87	9,450.23	10,468.91	10,848.20

Source: Uttarakhand Power Corporation Limited

Further, UPCL may resort to meet any deficit power by Unscheduled Interchange⁶² (UI) overdrawal from the grid. However, this is not a regular means of planning for procurement of deficit energy and should be a measure of last resort only. Frequent UI overdrawal add to the grid indiscipline besides being expensive. The position of UPCL in meeting deficit power by UI overdrawal, a short term power purchase and power cut is given in **Appendix-3.8**. Audit observed that UPCL met power deficit by increasing overdrawal of power from the grid during the last five years. The Company had violated the provisions of the grid code and had drawn 2,793.45 MUs of unscheduled energy during 2008-09 to 2012-13 for which the Company had to pay ₹ 252.40 crore more as UI charges. Moreover, short term purchases drastically increased from 138.92 MU in 2009-10 to 1,696.08 MU in 2012-13. Power cuts increased from 78.38 MU in 2008-09 to 629.89 MU in 2012-13 which hinders the economic growth of the State. In totality, UPCL, during the last five year, had to meet more than 15 per cent of its power requirements through unscheduled interchange (UI) drawal, short-term power purchase and power cuts that increased alarmingly to 26.53 per cent in 2012-13 at a cost higher than average cost per unit that could have been avoided if long term power purchase arrangements had been put in place.

On this being pointed out, the Management stated (June 2013) that the exact fore-casting requirement of energy per day is not possible because of uncertainty of availability of Hydel generation from UJVNL which is, in turn dependent upon uncertain discharge of water and rainfall. It further stated that the tenders for long term power purchase had been invited in September 2009 for the next 25 years with effect from 01 April 2011. The lowest rate quoted was ₹ 4.68/kWh which was found to be uneconomical. The reply of the Management is not convincing as UI over drawals consistently increased from 392.67 MU in 2008-09 to 552.21 MU in 2012-13. Moreover, the average rate per unit for purchase of power through short term agreement was not only higher than the average cost per unit of actual power purchased by UPCL but also rate per unit given in the report of CERC on short term power market in India, 2012-13. Besides, in the last five years, UPCL had invited tenders for long term power purchase only once in September 2009. Thus, the Corporation did not make any serious efforts to seek more economical rates for power purchase. The dependence of the UPCL on power purchased through short term agreements increased during last five years with the average cost per unit⁶³ ranging from ₹ 4.02 to ₹ 7.72.

⁶² In a given time-block for a generating station or a seller, UI means its total actual generation minus its total scheduled generation and for a beneficiary or buyer, the term means its total actual drawal minus its total scheduled drawal.

⁶³ The range of ₹4.02 per unit to ₹7.72 per unit are the average cost calculated for year. However, in real time purchase the cost ranged from ₹ 3.68 per unit to ₹ 11.98 per unit in the period 2008-09 to 2012-13.

3.4.2 Overdrawal of energy beyond prescribed limit

Central Electricity Regulatory Commission (CERC) notified the unscheduled interchange charges and related matters regulations, 2009 which came into effect from April 1, 2009 stating that the additional UI charges imposed on the utilities under the UI regulations of CERC for overdrawal during the period when grid frequency is below 49.2 Hz should not be permitted in the annual revenue requirement (ARR) of distribution utilities with effect from 1 August 2009. Accordingly, UERC fixes frequency every year as given in **Table 3.4.2** which restrict the UPCL to overdraw energy beyond the prescribed frequency.

Table: 3.4.2

Year	2008-09	2009-10	2010-11	2011-12	2012-13
Frequency fixed by UERC beyond which UI Charges were to be borne by UPCL	49.5 Hz	49.2 Hz	49.2 Hz	49.7 Hz	49.8 Hz

Source: Uttarakhand Power Corporation Limited

During the scrutiny of daily logbook maintained⁶⁴ at State Load Dispatch Centre (SLDC), instances of overdrawal of power below the prescribed frequency of 49.8 Hz for the year 2012-13 were noticed which indicates that UPCL is regularly overdrawing beyond the limit prescribed by the UERC thereby resulting in grid indiscipline. It was further observed that the UERC had asked UPCL to submit the details of energy overdrawn and UI charges imposed on UPCL at a system frequency below 49.2 Hz and 49.7 Hz for 2010-11 and 2011-12 respectively. The same information for the last five years was also called for in audit but details of UI overdrawal below the prescribed frequency, till date, were neither provided to the audit nor to the UERC.

On this being pointed out, the Management stated (June 2013) that the total UI charges are being included in the Aggregate Revenue Requirement (ARR) and till now, no UI charges had been disallowed by the UERC. The reply is not convincing as the UPCL has not furnished the details of UI charges paid beyond the prescribed frequency besides regularly overdrawing beyond the limits resulted in grid indiscipline.

3.4.3 Operational management of Energy

The discrepancies noticed in the operational management of energy are discussed below:

3.4.3.1 Non-billing of import of energy by Independent Power Producers (IPPs)

IPPs need electricity to meet the requirement of their own use or for startup which is to be purchased from the UPCL (Import of energy). As per the agreements entered into with IPPs, the UPCL shall raise the monthly bills for electricity purchased by the IPPs through normal billing cycle in such manner as specified by the Commission in the Regulations. Further, UERC in its Notification (July 2010) inter alia states that the purchase of electricity by generating station shall be charged as per the tariff determined by the Commission for temporary supply. Scrutiny of the records of IPPs under Electricity Distribution Division (EDD) at Bageshwar, Pithoragarh and Uttarkashi showed that:

- The EDD, Bageshwar was adjusting the import of energy by IPP (i.e. Parvtiya Power Limited) against the export of energy (energy purchased by UPCL) in the monthly energy account since February 2008 i.e. date of its energization to July 2012. However, sealing certificate in respect of date of energization at the generating station end was not produced to audit. Further, instead of adjusting the energy, separate monthly bills for import of energy in compliance with UERC directions should have been raised. The IPPs should be treated as an Industry and monthly fixed charges should also have been levied. Failure to do so resulted in loss of revenue of ₹ 5.39 lakh;

⁶⁴ 27.07.2012 to 29.07.2012.

- In case of EDD, Pithoragarh, only one bill (upto Feb 2012) since the energization (May 2011) of IPP was raised till May 2013; and
- In case of EDD, Uttarkashi neither any bill was raised against IPP⁶⁵ (Hanuman Ganga Hydro Power Project) since its energization, i.e., April 2004 (document called for but still awaited in audit) nor any adjustment of the import of energy against export of energy was made.

3.4.3.2 Measurement of capacity, accuracy and energy metering

As per the agreements entered into with IPPs, the UPCL shall test all the metering equipment for accuracy in the presence of a representative of the Generating Company, if the Generating Company so elects, at least once every year while the agreement is in force.

Test-check of records of the Distribution Divisions showed that out of the five IPPs, meter testing in two IPPs⁶⁶ was not conducted regularly while in case of three IPPs⁶⁷ no meter testing was conducted since their energization upto March 2013 in violation of the agreement terms. In the absence of proper and regular meter checking and testing, the accuracy of billing of energy exported by the IPPs is doubtful. Consequently, the authenticity of amount paid in respect of energy exported could not be commented upon.

The audit findings were referred to the Government in October 2013. The reply had not been received (December 2013).

**Dehradun
The**

**(SAURABH NARAIN)
Accountant General (Audit), Uttarakhand**

Countersigned

**New Delhi
The**

**(SHASHI KANT SHARMA)
Comptroller and Auditor General of India**

⁶⁵ In a natural calamity (August 03 2012) the IPP was reported to be destroyed.

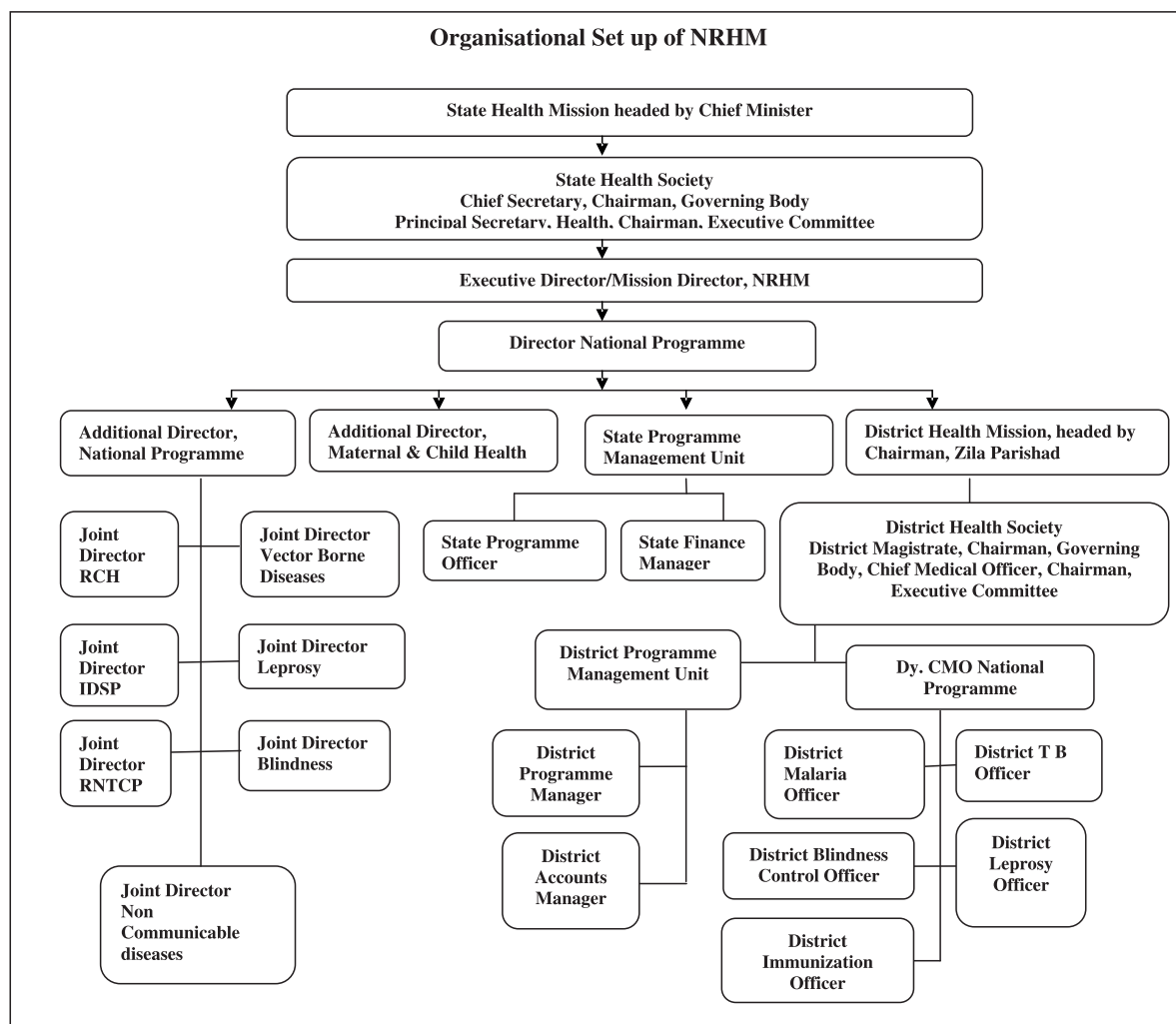
⁶⁶ Swasti Power Limited, and Gunsola Hydro Power Ltd. in New Tehri district.

⁶⁷ Him Hydro Power Limited, situated at Motigad in Pithoragarh, Uttam Sugar Mills, Jay Ace Technologies and Metro Frozen in Roorkee.

Appendices

Appendix-1.2.1

(Reference: paragraph 1.2.2; page 7)



Appendix-1.2.2

(Reference: paragraph 1.2.8.2 (ii); page 14)

Institutional deliveries

Year	District	Total registered pregnant women	Number of deliveries		
			Institutional deliveries	Domiciliary deliveries	Total deliveries
2008-09	Pauri	16580	6138 (37%)	466(3%)	6604(40%)
	Chamoli	8982	2325(26%)	00(0%)	2325(26%)
	Almora	12447	5183(42%)	7402(59%)	12585(101%)
	Haridwar	51489	7044(14%)	18456(36%)	25500(50%)
	U.S.Nagar	42975	12495(29%)	18420(42%)	30915(72%)
2009-10	Pauri	13279	6990 (53%)	344(3%)	7334(55%)
	Chamoli	8091	2458(30%)	00(0%)	2458(30%)
	Almora	11725	6005(51%)	5557(47%)	11562(99%)
	Haridwar	37460	8166(22%)	12848(34%)	21014(56%)
	U.S.Nagar	39981	16889(42%)	13658(34%)	30547(76%)
2010-11	Pauri	13859	6999 (51%)	283(2%)	7282(53%)
	Chamoli	7732	2937(38%)	156(2%)	3093(40%)
	Almora	10944	5832(53%)	4531(41%)	10363(95%)
	Haridwar	33017	7475(23%)	13737(42%)	21212(64%)
	U.S.Nagar	37904	19759(52%)	9731(26%)	29490(78%)
2011-12	Pauri	7766	7399 (95%)	211(3%)	7610(98%)
	Chamoli	7940	3565(45%)	110(1%)	3675(46%)
	Almora	10298	6573(64%)	4115(40%)	10688(104%)
	Haridwar	32799	10029(31%)	11744(36%)	21773(66%)
	U.S.Nagar	40458	19951(49%)	8862(22%)	28813(71%)
2012-13	Pauri	9096	7666 (84%)	00(0%)	7666(84%)
	Chamoli	7144	3570(50 %)	67(1%)	3637(51%)
	Almora	9757	5986(61%)	3392(35%)	9378(96%)
	Haridwar	32694	7947(24%)	9990(31%)	17937(55%)
	U.S.Nagar	37646	22420(60%)	8871(24%)	31291(83%)
Total		542063	211801	152951	364752

Appendix-1.2.3

(Reference: paragraph 1.2.11.1; page 21)

Staff position at District Level

Name of the district	Designation→	Class I	Class II	Contractual Medical Officer	Technicians/ LHV/Pharmacist	Contractual Staff Nurse/ANM
Pauri	Sanctioned	13	196	36	505	33
	In-Position	05	45	36	261	16
	Vacant	08	151	Nil	244	17
	Vacant (in %)	62	77	00	48	52
Chamoli	Sanctioned	22	140	NA	383	NA
	In-Position	07	31	19	291	32
	Vacant	15	109	NA	92	NA
	Vacant (in %)	68	78	NA	24	NA
Almora	Sanctioned	42	251	NA	543	97
	In-Position	32	127	17	412	57
	Vacant	10	124	NA	131	40
	Vacant (in %)	24	49	NA	24	41
Total (Hilly districts)	Sanctioned	77	587	NA	1431	130
	In-Position	44	203	72	964	73
	Vacant	33	384	NA	467	57
	Vacant (in %)	43	65		33	44
Haridwar	Sanctioned	34	142	NA	394	70
	In-Position	19	63	24	350	52
	Vacant	15	79	NA	44	18
	Vacant (in %)	44	54	NA	11	26
U.S.Nagar	Sanctioned	15	156	NA	399	53
	In-Position	15	105	36	380	31
	Vacant	00	51	NA	19	22
	Vacant (in %)	00	33	NA	05	42
Total (Plain districts)	Sanctioned	49	298	NA	793	123
	In-Position	34	168	60	730	83
	Vacant	15	130	NA	63	40
	Vacant (in %)	31	44		08	33
G. Total (Hilly +Plain)	Sanctioned	126	885	NA	2224	253
	In-Position	78	371	132	1694	156
	Vacant	48	514	NA	530	97
	Vacant (in %)	38	58		24	38

Appendix-1.2.4

(Reference: paragraph 1.2.12.1; page 22)

HMIS (Immunisation)

Contents	Year	2008-09	2009-10	2010-11	2011-12	2012-13
DPT	MPR	206869	207249	202702	203223	MPR not maintained
	HMIS	190376	201066	182047	185064	160767
	Difference	16493	6183	20655	18159	
Polio	MPR	205434	204620	202034	202221	MPR not maintained
	HMIS	192661	194584	176023	182580	160434
	Difference	12773	10036	26011	19641	
Measles	MPR	200311	200545	198841	197263	MPR not maintained
	HMIS	171828	181577	172996	174859	172645
	Difference	28483	18968	25845	22404	
TT	MPR	220149	211156	204309	214084	MPR not maintained
	HMIS	209578	194789	179278	189984	158528
	Difference	10571	16367	25031	24100	
BCG	MPR	211703	207356	204250	207696	MPR not maintained
	HMIS	201903	198703	187416	192886	176723
	Difference	9800	8653	16834	14810	

HMIS (Family planning)

Contents		2008-09	2009-10	2010-11	2011-12	2012-13
Male Sterlization	MPR	2985	2752	2625	2474	1356
	HMIS	3763	2912	3742	1923	1632
	Difference	778	160	1117	551	276
Female Sterlization	MPR	33861	31370	30951	29778	25200
	HMIS	24802	18885	26543	17610	19333
	Difference	9059	12485	4408	12168	5867
MTP (Medical Termination of Pregnancy)	MPR	9062	8320	6888	8061	MPR not maintained
	HMIS	10892	8540	8300	6857	6456
	Difference	1830	220	1412	1204	

Appendix-1.2.5

(Reference: paragraph 1.2.12.2; page 23)

Mismatch of ANC

Name of the district	Name of the Sub centre	Year 2012-13	
		ANC as per ANC Register	ANC reported in HMIS
U.S.Nagar	Keshowala	210	238
	Barhani	120	238
	Maheshpura	283	291
	Ram Nagar	173	163
	Surya Nagar	52	58
	Gokul Nagar	139	111
	Jafarpur	214	241
	Mohanpur	377	412
Haridwar	Belada	137	215
	Khanjarpur	79	66
	Mundlana	83	261
	Mandawali	Records not provided	74
	Khubbanpur	Records not provided	182
	Ruhalki	129	104
	Bhedki	Records not provided	87
	Dhilli Majra	Records not provided	79
Pauri	Pokhri	17	19
	Dharkhola	07	12
	Bhenti	15	16
	Kaljikhali	08	14
	Pharsari	32	34
	Bhagwati Talia	40	49
	Laxman Jhula	15	48
	Dharikhali	0	17
Chamoli	Pagna	0	25
	Kandai	12	24
	Talwari	19	49
	Vijaipur	0	51
	Bachuaban	101	104
	Adibadri	52	54
	Chorda	18	133
	Sainji	79	72
Almora	Sunoli	40	42
	Basoli	27	31
	Sanra	32	35
	Bhatrojkhan	100	55
	Binta	195	76
	Kama	46	56
	Masi	48	69
	Dhanad	27	29

Appendix-1.3.1

(Reference paragraph-1.3.7.1, page 31)
Delayed release of its share by the State Government

Name of District	Year	I st instalment					II nd instalment					Range of delay in days
		Central Share		State Share		Delay in days	Central Share		State Share		Delay in days	
		Date of Release	Amount (₹ in lakh)	Date of Release	Amount (₹ in lakh)		Date of Release	Amount (₹ in lakh)	Date of Release	Amount (₹ in lakh)		
Tehri	2008-09	04.04.08	24.08	27.05.08	8.03	22	20.01.09	72.24	28.01.09	24.08	-	03 to 228 days
		22.05.08	48.16	06.06.08	16.05	-						
	2009-10	02.04.09	86.986	04.09.09	28.99	125	09.12.09	108.71	20.02.10	36.24	42	
		10.08.09	21.742	01.12.09	7.25	82						
	2010-11	12.04.10	62.14	29.06.10	17.56	47	03.02.11	124.28	29.03.11	41.43	24	
				27.12.10	3.15	228						
	2011-12	25.05.10	62.14	27.12.10	20.71	185						
		15.04.11	121.40	29.07.11	40.47	74	04.11.11	105.35	15.02.12	35.12	69	
U S Nagar	2008-09	10.05.12	134.51	06.11.12	44.84	149	23.11.11	16.05	13.03.12	5.35	80	02 to 179 days
		04.04.08	199.77	27.05.08	66.59	22	27.02.13	134.51	30.03.13	44.84	03	
	2009-10	26.05.08	399.55	06.06.08	36.38	-	28.01.09	599.32	28.01.09	143.59	-	
				02.12.08	96.80	159	-	-	30.03.09	56.18	31	
	2010-11	02.04.09	721.54	04.09.09	240.51	124	-	-	-	-	-	
		10.08.09	180.39	01.12.09	60.13	112	-	-	-	-	-	
	2011-12	24.06.10	1003.53	27.12.10	334.50	152	25.02.11	669.71	29.03.11	373.33	02	
		15.04.11	1007.24	29.07.11	335.74	74	13.12.11	1007.24	13.03.12	335.74	60	
Nainital	2008-09	10.05.12	1116.01	06.11.12	372.00	179	-	-	-	-	-	02 to 258 days
		04.04.08	67.12	22.05.08	22.37	18	-	-	-	-	-	
	2009-10	22.05.08	134.23	25.10.08	44.75	125	-	-	-	-	-	
		31.08.09	303.02	01.12.09	52.25	91	09.12.09	303.02	20.02.10	101.01	42	
	2010-11	-	-	20.02.10	48.76	172	-	-	-	-	-	
		12.04.10	173.21	29.06.10	44.64	77	25.02.11	207.85	29.03.11	69.29	02	
	2011-12	-	-	27.12.10	13.09	258	-	-	-	-	-	
		21.05.11	173.21	27.12.11	57.73	219	-	-	-	-	-	
Haridwar	2008-09	15.04.11	338.40	29.07.11	112.80	74	13.12.11	312.20	13.03.12	104.07	60	06 to 228 days
		10.05.12	374.94	06.11.12	124.98	149	-	-	-	-	-	
	2009-10	04.04.08	86.762	27.05.08	28.92	22	27.01.09	260.285	28.01.09	86.76	-	
		22.05.08	173.523	06.06.08	57.84	-	-	-	-	-	-	
	2010-11	02.04.09	313.368	04.09.09	104.46	125	03.02.10	379.726	11.03.10	126.58	06	
		10.08.09	78.342	01.12.09	26.11	82	-	-	-	-	-	
	2011-12	12.04.10	223.91	29.06.10	57.7	47	18.02.11	342.233	29.03.11	114.08	07	
		-	-	27.12.10	16.94	228	-	-	-	-	-	
Dehradun	2008-09	21.05.10	223.91	27.12.10	74.64	181	-	-	-	-	-	22 to 266 days
		15.04.11	437.44	29.07.11	145.81	74	28.12.11	437.44	13.03.12	145.81	45	
	2009-10	10.05.12	484.69	06.11.12	161.562	149	13.03.13	154.22	19.06.13	51.41	67	
		04.04.08	42.747	27.05.08	14.25	22	05.03.09	22.217	28.03.09	30.72	-	
	2010-11	22.05.08	85.493	25.10.08	28.50	-	19.03.09	106.023	24.03.09	13.39	-	
		02.04.09	154.39	04.09.09	51.46	125	05.03.10	192.99	29.06.10	22.47	85	
	2011-12	10.08.09	38.598	01.12.09	12.86	82			27.12.10	3.19	266	
		12.04.10	110.318	29.06.10	32.72	47	18.03.11	176.51	29.07.11	58.84	102	
Dehradun	2008-09	-	-	27.12.10	4.05	228	-	-	-	-	-	22 to 266 days
		21.05.10	110.317	27.12.10	36.77	181	-	-	-	-	-	
	2009-10	15.04.11	215.53	29.07.11	71.84	74	27.02.12	215.53	06.09.12	71.84	161	
		06.06.12	238.80	06.11.12	79.60	122	-	-	-	-	-	

Source: Sanction orders of GoI and State Govt.

Appendix-1.3.2

(Reference Paragraph: 1.3.8.1; page 33)
Physical status of IAY houses in the State

Year	Target	No. of beneficiaries to whom houses were sanctioned	Number of houses to be completed (including the incomplete houses of previous year)	Completed houses (including the incomplete houses of previous year)	Incomplete houses
Incomplete houses as on 1st April 2008					1353
2008-09	11610	11067	12420	10941	1479
2009-10	22476	22326	23805	20373	3432
2010-11	15856	16827	20259	15924	4335
2011-12	15488	16048	20383	15508	4875
2012-13	17785	13887	18762	13802	4960
	83215	80155 (96)		76548 (95)	

Source: Data provided by the Commissioner, RDD
(Note: The figures in bracket indicate the per cent)

Appendix-1.3.3

(Reference paragraph- 1.3.8.5; page 35)

Details of IAY beneficiaries who had already benefitted under State housing schemes

Name of District	S. No.	Amount Paid under IAY (in ₹)	Block	GP	BPL ID	Name of Beneficiary	Fathers/ Husbands name	Category	Year of IAY Allotment	Year of DEEN DAYAL Allotment	Year of ATAL AWAAS Allotment
Nainital	1	38500	Kotabaag	Jalna	8574	Aasha Devi	Kheem Singh	GEN	2009-10	2008-09	
	2	38500	Kotabaag	Baghnee	8789	Anandi Devi	Mohan Chandra	GEN	2009-10	2008-09	
	3	38500	Kotabaag	Jalna	8590	Khasti Devi	Paan Singh	GEN	2009-10	2009-10	
	4	38500	Baitalghat	Jinolee	3758	Puran Singh	Deewan Singh	GEN	2009-10	2009-10	
	5	44000	Okhalkanda	Daalkanya	1278	Chanra Ballabh	Ganeesh Datt	GEN	2010-11	2008-09	
	6	44000	Okhalkanda	Daalkanya	1178	Ganga datt	Tika Ram	GEN	2011-12	2008-09	
	7	44000	Ramnagar	Manglar Bhagwabangar	11799	Shobha Devi	Jeewan Nath	OBC	2012-13	2010-11	
Haridwar	8	48500	Ramnagar	Charnagar	11097	Kamleesh	Phool Singh	SC	2010-11		2010-11
	9	45000	Bahadradabad	Ibrahimpur	49887	Momeena	Mehmudhan	Min.	2010-11	2007-08	
	10	30000	Bahadradabad	Daluwalakala	27636	Sangeeta	Deshraj	SC	2009-10	2007-08	
	11	35000	Roorkee	Bharapur	7329	Rihana	Nawab	GEN	2008-09	2007-08	
	12	41000	Bhagwanpur	Sikrooda	21086	Susheel Saini	Naklee	GEN	2012-13	2007-08	
	13	30000	Bhagwanpur	Sikrooda	22179	Ruksana	Reshma	GEN	2009-10	2007-08	
	14	40000	Bhagwanpur	Hasnawala	8337	Hasiba	Abdul Salman	GEN	2011-12	2007-08	
	15	40000	Bhagwanpur	Laamgrant	27517	Gafuri	Rafik	GEN	2011-12	2007-08	
	16	41000	Bhagwanpur	Laalwala Khalsa	26999	Chand Beewi	Aftaab	GEN	2012-13	2007-08	
	17	40000	Bhagwanpur	Kunjabahadarpur	26959	Sulochana	Surendra	SC	2012-13	2007-08	
	18	35000	Bhagwanpur	Dheermajara	14014	Futlu	Nandu	GEN	2009-10	2009-10	
	19	40000	Narsan	Gadarjuda	14172	Shiya	Nareesh	SC	2012-13	2007-08	
	20	41000	Khanpur	Prahladpur	7080	Poonam	Bali	SC	2012-13	2007-08	
	21	41000	Laksar	Akooda Khurd	183	Meenu	Raju	SC	2012-13	2010-11	

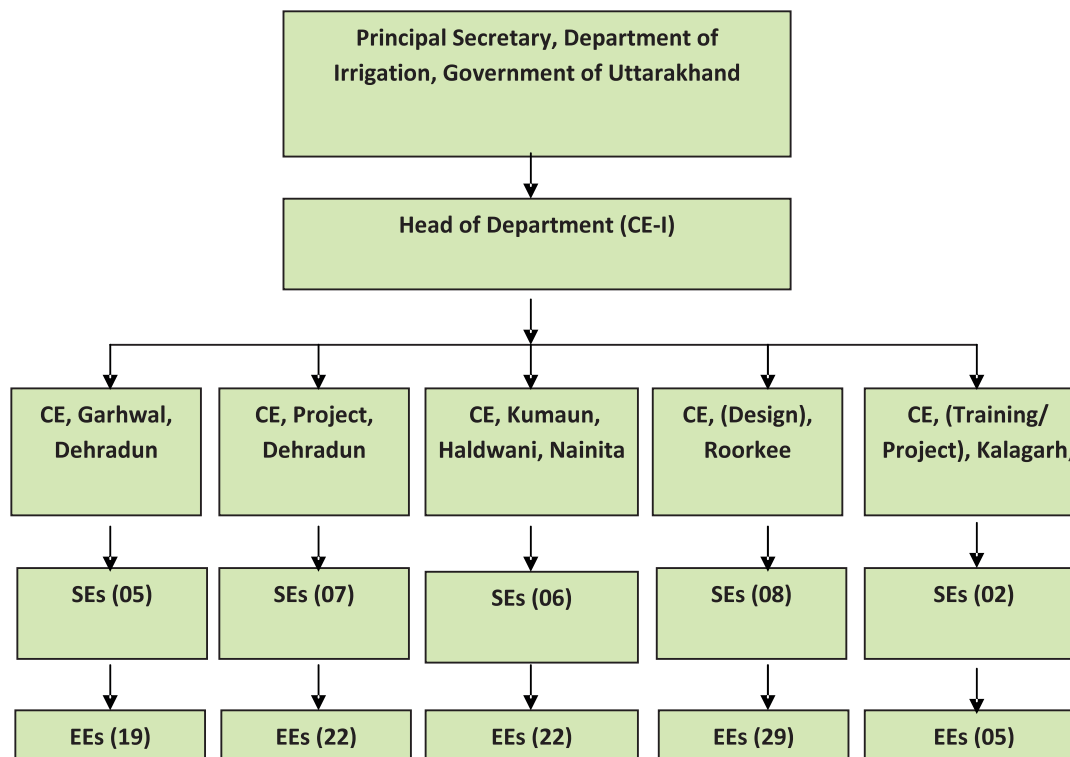
Dehradun	22	35000	Chakrata	Saiz	2176	Smt. Devendra	Sri Jognaan Rana	ST	2009-10	2009-10	
	23	32000	Sahaspur	Kandoli	6380	Smt.Suneeta	Sri Sonu	SC	2009-10	2007-08	
	24	35000	Sahaspur	Pordwala	8342	Sri Sundar Lal	Sri Late Hariram	SC	2009-10	2007-08	
	25	32000	Sahaspur	Polio Nathuwala	7982	Smt. Muneesh	Sri Vinod Kumar	SC	2009-10	2007-08	
	26	35000	Vikasnagar	Jeewangarh	7184	Preemidevi	Braham Datt	GEN	2009-10	2009-10	
	27	35000	Vikasnagar	Timlimansingh	14071	Smt. Salma	Sri Dilshad	OBC	2009-10	2009-10	
	28	35000	Vikasnagar	Fatehpur	4892	Smt. Veemla devi	Late Madan Singh	GEN	2009-10	2009-10	
	29	44000	Chakrata	Purtard	2720	Raksha Devi	Govindram	SC/ST	2010-11	2009-10	
	30	32000	Sahaspur	Polio Nathuwala	7985	Savita	Dileep Kumar	GEN	2010-11	2007-08	
	31	32000	Sahaspur	Polio Nathuwala	7981	susheela	Sanjay	GEN	2010-11	2007-08	
	32	41000	Vikasnagar	jeewangarh	7338	Smt. Noorjaha	Sri Jareef /Peerbaksh	MIN	2010-11	2009-10	
	33	32000	Vikasnagar	Lakhanwala	9619	Urmila	RadheShyam	GEN	2010-11	2009-10	
	34	48500	Raipur	Timlimansingh	2886	Smt. Kamla Devi	Sri Gobar Singh	GEN	2011-12	2010-11	
	35	41000	Vikasnagar	Balowala	1800	Smt. Sarooj	Mukesh	GEN	2011-12	2009-10	
	36	41000	Vikasnagar	Udiyabag	4638	Smt. Reeta	Sri Ajay	OBC	2011-12	2009-10	
	37	41000	Vikasnagar	Dhakrani	3399	Smt. Kamleesh	Satpal	OBC	2011-12	2009-10	
	38	41000	Vikasnagar	Dhakrani	3277	Smt. Suneeta	Sri Sureesh	GEN	2012-13	2009-10	
	39	35000	Chakrata	Jadi	1129	Santo Devi	Veeru	SC	2010-11		2010-11
	40	48500	Chakrata	Burasawa	2480	Ratansingh	Jeetram	SC/ST	2010-11		2010-11
	41	42000	Vikasnagar	Langha	9816	Smt. Gullo Devi	Sri Bhopal Singh	SC/ST	2010-11		2009-10
	42	32000	Sahaspur	Misraspatti	1963	Mahadei	Magan Singh	SC	2010-11		2009-10
	43	45000	Doiwala	Rainapur	7245	Susil Kumar	Roshan Lal	GEN	2011-12		2011-12
	44	45000	Vikasnagar	Londha	9780	Sumittra	Balram	GEN	2011-12		2009-10
	45	44000	Chakrata	Dodha	5944	Smt.Sosu Devi	Sri Dasiya	SC	2012-13		2010-11
	Total	1757500	Total						45	37	8

Source: selected districts and list of beneficiaries also collected from District Development Officer and District Social Welfare Officer of Nainital, Haridwar and Dehradun

Appendix-1.4.1

(Reference: paragraph 1.4.2; page 43)

Organisational Set up of Irrigation Department



Note:- CE:-Chief Engineer, IRI:-Irrigation Research Institute, RETI:-Regional Engineer Training Institute, SEs- Superintendent Engineers and EEs- Executive Engineers

Appendix-1.4.2 (a)

(Reference: paragraph 1.4.7; page 47)

Sources of funds

Heads of receipts through Budget		2008-09		2009-10		2010-11		2011-12		2012-13		Total	
		BE	Allot	BE	Allot	BE	Allot	BE	Allot	BE	Allot	BE	Allot
State Budget													
A. Non-plan													
Estt.	SW	175.20	175.20	174.30	174.30	201.11	201.09	224.18	224.18	232.37	232.36	1007.16	1007.13
	OTH	8.13	8.06	5.81	5.81	6.30	6.27	5.76	5.76	7.88	7.75	33.96	33.65
	Total of SW & OTH	183.33	183.26	180.11	180.11	207.41	207.36	229.94	229.94	240.25	240.11	1041.12	1040.78
Works	R&M	53.24	53.24	54.11	54.11	59.88	59.54	72.75	47.91	86.68	67.33	326.66	282.13
Total of Non-plan		236.57	236.50	234.30	234.22	267.29	266.90	302.69	277.85	326.93	307.44	1367.78	1322.91
B. Plan													
SSS	NABARD	76.32	76.32	69.05	69.05	76.50	76.47	86.52	86.52	139.15	139.15	454.48	447.51
	General	28.40	28.39	16.64	16.64	23.54	15.22	27.34	19.45	82.03	55.04	180.90	134.74
	SCSP	1.85	1.85	2.25	2.25	7.75	2.65	6.75	2.68	8.51	2.21	27.61	11.64
	TSP	0.00	0.00	1.32	1.32	0.25	0.25	2.15	0.00	2.87	0.00	7.02	1.57
Total of State Sector Scheme		106.57	106.56	89.26	89.26	108.04	94.59	122.76	108.65	232.56	196.40	670.01	595.46
DP	General	24.45	24.45	34.67	34.67	34.67	33.49	34.96	34.96	24.93	24.93	153.68	152.50
	SCSP	6.54	6.54	8.50	8.50	7.89	7.89	7.89	6.97	5.68	5.48	36.51	35.38
	TSP	3.52	3.52	2.91	2.91	3.84	3.84	3.91	2.70	2.43	2.08	16.61	15.05
Total of DP		34.51	34.51	46.08	46.08	46.40	45.22	46.76	44.63	33.04	32.49	206.80	202.93
Total under State Budget		377.65	377.57	369.56	369.56	421.73	406.71	472.21	431.13	592.53	536.33	2244.59	2121.30
(CSS)	CAEP	4.84	1.50	10.06	5.28	0.00	0.00	0.00	0.00	0.00	0.00	14.90	6.78
	AIBP	164.72	84.91	120.00	77.06	78.31	54.05	155.02	95.44	190.89	91.93	708.94	403.39
	FCP	23.39	12.61	16.25	2.15	37.50	22.31	75.99	10.41	80.00	16.73	233.13	64.21
Total of CSS		192.95	99.02	146.31	84.49	115.81	76.36	231.01	105.85	270.89	108.66	956.97	474.38
Grand Total		570.60	476.59	526.78	454.05	537.54	483.07	703.22	536.98	863.42	644.99	3201.56	2595.68

Source:- Information provided by the Department; Note:- BE:- Budget Estimate; Allot:- Allotment; Estt:- Establishment; SW:- Salaries and Wages; OTH:- Others; SSS:- State Sector Scheme; SCSP:- SC Sub Plan; TSP:- Tribal Sub Plan; DP:- District plan; CSS:- Centrally Sponsored Scheme

Appendix-1.4.2 (b)							
(Reference: paragraph 1.4.7; page 47)							
Application of funds							
(₹ in crore)							
Heads of expenditure	2008-09	2009-10	2010-11	2011-12	2012-13	Total	
State Budget							
A. Non-plan							
Establishment							
Salaries & Wages	138.77	167.28	197.16	212.81	215.49	931.51	
others	6.62	5.44	5.89	5.48	7.06	30.49	
Works	50.35	53.97	59.53	47.43	67.32	278.60	
Total of Non-plan	195.74	226.69	262.58	265.72	289.87	1240.60	
B. Plan							
State Sector							
Scheme							
NABARD	76.02	69.06	76.47	86.52	136.41	444.48	
General	27.60	16.32	15.19	18.50	46.35	123.96	
SC Sub Plan	1.85	0.77	2.65	2.50	1.37	9.14	
Tribal Sub Plan	0.00	1.12	0.25	0.00	0.00	1.37	
Total of SSS	105.47	87.27	94.56	107.52	184.13	578.95	
District Plan	24.42	29.78	31.13	34.62	22.14	142.09	
General	6.53	7.20	7.18	6.97	4.69	32.57	
SC Sub Plan	3.33	2.88	3.84	2.56	2.08	14.69	
Tribal Sub Plan	34.28	39.86	42.15	44.15	28.91	189.35	
Total of DSS	335.49	353.82	399.29	417.39	502.91	2008.90	
Total under State Budget							
Centrally							
Sponsored							
Scheme (CSS)							
CAEP	1.50	4.19	0.00	0.00	0.00	5.69	
AIBP	84.23	74.12	53.14	93.90	65.11	370.50	
FCP	10.45	2.15	16.41	11.03	15.52	55.56	
Total of CSS	96.18	80.46	69.55	104.93	80.63	431.75	
Grand Total	431.67	434.28	468.84	522.32	583.54	2440.65	

(Source:-Information provided by the Department)

Note: R&M: Repair and Maintenance, CAEP:- Command Area Expansion Programme, AIBP: Accelerated Irrigation Benefit Programme, FCP: Flood Control programme

Appendix-1.5.1

(Reference: paragraph 1.5.3.1; page 56)

Districts	Total no. of police personnel		Mobility	Requirement*	Availability	Shortage/ Excess	In per- cent
	Sanctioned	Men in position					
Dehradun	2918	2738	Heavy	27	08	19	70
			Medium	27	15	12	44
			Light	137	77	60	44
			Motorcycle	137	63	74	54
			Sub-Total	328	163	165	50
Pauri	1181	1008	Heavy	10	-	10	100
			Medium	10	06	04	40
			Light	50	25	25	50
			Motorcycle	50	16	34	68
			Sub-Total	120	47	73	61
Tehri	959	850	Heavy	08	-	08	100
			Medium	08	06	02	25
			Light	41	17	24	59
			Motorcycle	41	10	31	76
			Sub-Total	98	33	65	66
Haridwar	2714	2713	Heavy	27	17	10	37
			Medium	27	11	16	59
			Light	135	50	85	63
			Motorcycle	135	63	72	53
			Sub-Total	324	141	183	56
Nainital	1605	1535	Heavy	15	05	10	67
			Medium	15	08	07	47
			Light	77	43	34	44
			Motorcycle	77	48	29	38
			Sub-Total	184	104	80	43
Almora	809	795	Heavy	08	01	07	88
			Medium	08	07	01	13
			Light	40	17	23	58
			Motorcycle	40	23	17	43
			Sub-Total	96	48	48	50
Pithoragrah	923	789	Heavy	08	01	07	88
			Medium	08	10	(-)02	-
			Light	39	16	23	59
			Motorcycle	39	37	02	05
			Sub-Total	94	64	30	32

*According to the BPR&D norms the requirement of a fleet of one heavy, one medium, five light vehicles and five motorcycles for smooth movement of 100 police personnel.

Appendix-1.5.2

(Reference: paragraph 1.5.3.5; page 57)

Vehicles and equipment provided to districts other than Border Districts (Pithoragrah, Champawat & Udham Singh Nagar)

Sl. No.	Components/Item for the border districts	Qty	Expenditure	Allotment other Distt./Units	Qty.	Amount in ₹
	Vehicles for the year 2011-12					
1.	LMV for U.S. Nagar	3	2191425	IRB-I Ramnagar	1	730475
				31 Bn PAC US Nagar	1	730475
				46 Bn PAC US Nagar	1	730475
2.	LMV for Champawat	2	1462078	Almora	1	731039
3.	LMV Pithoragrah	3	2191425	Chamoli	1	730475
	Vehicles for the year 2010-11					
1.	LMV Champawat	3	1521465	SP Complaint Cell	1	507155
				SP Human Rights	1	507155
				Haridwar	1	507155
2.	LMV US Nagar	3	1521465	Pauri	1	507155
				Nainital	1	507155
				Tehri	1	507155
3.	LMV Pithoragrah	3	1521465	Dehradun	1	507155
				Home Department	1	507155
				PTC, Narendranagar	1	507155
4.	Motor Cycle	15	683651	PHQ	2	91153
	Vehicles for the year 2009-10					
1.	Troop Carrier	8	10242739	Uttarkashi	1	1280342
				Chamoli	2	2560685
				Tehri	2	2560685
				IRB-I Ramnagar	1	1280342
				31Bn PAC US Nagar	1	1280342
				46 Bn PAC US Nagar	1	1280342
	Security Equipment for BDS for the year 2011-12					
1.	Letter Guard	2	59994	Haridwar	1	29997
2.	RSP Tool Kit	1	199125	Dehradun	1	199125
3.	80 Feet Self Support Tower for Police Wireless Communication Pithoragrah	1	366000	PHQ, Dehradun	1	366000
	Security Equipment for BDS for the year 2010-11					
1.	Telescopic extension mirror	3	10125	Nainital	1	3375
				Chamoli	1	3375
2.	Remote operator wire cutter	2	85500	Haridwar	1	42750
3.	Bomb inhibitor	6	1500000	Nainital	2	500000
				Chamoli	2	500000
4.	Search mirror	15	74250	Nainital	5	24750
				Chamoli	5	24750
5.	Prodder	20	65250	Nainital	7	22838
				Chamoli	6	19575
6.	Deep search metal Detector	3	384000	Nainital	1	128000
				Chamoli	1	128000
7.	Non Linear Junction Detector	1	540000	Dehradun	1	540000
	Security Equipment for BDS for the year 2009-10					
1.	B.P. Helmet	15	81000	ATS, Haridwar	15	81000
2.	Radio Set	15	158985	Radio HQ, Dehradun	15	158985
Grand Total			24859942			21323745

Appendix-1.6.1

(Reference: paragraph 1.6.1; page 59)

Year wise position of pending verification of testimonials

Particulars of testimonials	Position as on date of audit										Total
	Srinagar Medical College					Haldwani Medical College					
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	
Domicile Certificate	38	39	18	38	35	36	25	13	38	26	306
SC Certificate	05	07	02	03	01	08	04	01	05	05	41
ST Certificate	01	Nil	01	Nil	01	Nil	Nil	Nil	Nil	Nil	03
OBC Certificate	05	09	03	06	08	09	05	02	09	05	61
Total	49	55	24	47	45	53	34	16	52	36	411

Source: Information provided by the respective GMCs.

Appendix-1.7.1

(Reference: paragraph 1.7; page 62)

Details of faculty members hired for MCI's inspections

Date of MCI's inspection	No. of faculty hired	Post	Particulars of payment made (Amount in ₹)			
			To faculty members		To consultancy firm, if any	Total expenditure
			@/month	Three months		
16 th & 17 th March 2010	06	Professor	1,10,000	19,80,000	4,29,000	33,00,000
	03	Associate Professor	99,000	8,91,000		
15 th , 16 th March & 23 rd May 2011	02	Professor	1,10,000	6,60,000	--	12,54,000
	02	Associate Professor	99,000	5,94,000		
24 th & 25 th January 2012	02	Professor	1,10,000	6,60,000	6,64,000	26,56,000
	02	Associate Professor	99,000	5,94,000		
	03	Assistant Professor	82,000	7,38,000		
22 nd , 23 rd & 24 th January 2013	05	Professor	1,25,000	18,75,000	12,15,000	57,45,000#
	04	Associate Professor	1,15,000	13,80,000		
	05	Assistant Professor	85,000	12,75,000		
Total	34			1,06,47,000	23,08,000	1,29,55,000

A payment of ₹4,88,065 to three faculty members for the month March and April 2013 was pending out of ₹57.45 lakh as on date of audit (May 2013).

Appendix 3.1

(Reference: paragraph 3.1.1 & 3.1.6; pages 95 & 98)

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 before Interest & Depreciation	Net Profit (+)/ Loss (-)	Net Profit /Loss	Turnover	Impact of Accounts Comments ¹	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ²	Return on capital employed ³	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Uttarakhand Seed & Tarai Development Corporation Ltd.	2010-11	2011-12	4.28	1.08	0.70	2.50	Non Review	4.08	8.43	50.50	3.58	7.09%
Sector Wise total				4.28	1.08	0.70	2.50		4.08	8.43	50.50	3.58	7.09%
FINANCE													
2.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	1993-94	2012-13	0.10	0.03	-	0.07	(-)0.39	0.50	(-)0.63	1.09	0.10	9.17%
3.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	1986-87	2002-03	(-) 0.02	-	-	(-) 0.02	-	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	(-)0.41	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	(-) 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	Non review	4.00	(-) 4.17	1.83	(-) 0.15	-
Sector Wise total				30.59	0.48	0.25	29.86	(-) 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 before Interest & Depreciation	Net Profit (+)/ Loss (-) Interest	Depreciation	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
(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.	Utar Pradesh Digitals Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	1996-97	1997-98	(-) 1.19	-	-	(-) 1.19	0.29	-	0.35	(-) 6.95	0.35	(-) 1.19	-
9.	Utarakhand Chay Vikas Nigam Limited Formerly Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	2000-01	2008-09	0.01	-	-	0.01	0.05	0.72	3.25	(-) 0.14	8.25	0.01	0.12%
10.	Utar Pradesh Hill Electronics Corporation Limited	1997-98	2011-12	(-) 0.29	-	0.02	(-) 0.31	1.61	(-) 4.42	8.95	(-) 1.17	4.99	(-) 0.31	-
11.	Kichha Sugar Company Limited	2011-12	2013-14	(-) 14.60	10.29	0.28	(-) 25.17	69.97	Non-review	17.99	(-) 84.56	(-) 66.41	(-) 14.88	-
12.	Doiwala Sugar Company Limited	2011-12	2013-14	(-) 18.91	11.77	0.26	(-) 30.94	52.90	(-) 0.18	6.00	(-) 125.82	(-) 99.47	(-) 19.17	-
Sector Wise total				(-) 35.82	22.06	0.56	(-) 58.44	127.62	(-) 3.88	38.17	(-) 224.44	(-) 149.39	(-) 36.38	-
POWER														
13.	Utarakhand Power Corporation Limited	2010-11	2012-13	(-) 30.62	80.31	107.75	(-) 218.68	2641.71	(-) 79.20	577.00	(-) 1948.23	1652.58	(-) 138.37	-
14.	Utarakhand Jal Vidhyut Nigam Limited	2011-12	2013-14	257.36	127.60	73.29	56.47	486.96	(-) 98.38	624.18	225.99	2660.08	184.07	6.92%
15.	Power Transmission Corporation of Utarakhand Limited	2011-12	2012-13	56.45	36.87	26.59	(-) 7.01	132.93	(-) 6.67	223.80	(-) 103.87	927.74	29.86	3.22%
Sector Wise total				283.19	244.78	207.63	(-) 169.22	3261.60	(-) 184.25	1424.98	(-) 1826.11	5240.40	75.56	1.44%
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	2001-02	2013-14	10.75	1.60	1.56	7.59	128.56	(-) 2.95	5.76	(-) 0.36	36.08	9.19	25.47%
Sector Wise total				12.41	2.69	1.87	7.85	232.75	(-) 2.99	19.18	(-) 0.03	66.40	10.54	15.87%

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	
(1)	(2)	(3)	(4)	Net Profit/Loss before Interest & Depreciation	Interest	Depreciation	Net Profit /Loss	(6)	(7)	(8)	(9)	(10)	(11)	(12)
				5(a)	5(b)	5(c)	5(d)							
MISCELLANEOUS														
18.	Utarakhand Purv Samik Kalyan Udhm Limited	2009-10	2011-12	5.66	-	0.09	5.57	77.20	Non Review	0.05	19.08	19.97	5.57	27.89%
Sector Wise total				5.66		0.09	5.57	77.20		0.05	19.08	19.97	5.57	27.89%
Total A (All sector wise- working Government companies)				300.51	271.37	211.14	(-) 182.00	3815.18	(-) 198.57	1525.90	(-) 1792.85	5547.02	89.37	1.61%
B. Working Statutory corporations														
INFRASTRUCTURE														
	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2010-11	2012-13	(-)31.19	5.56	0.83	(-) 37.58	38.01	(-) 24.11	2253.82	(-) 51.35	1675.74	(-) 32.03	-
Sector Wise total				(-)31.19	5.56	0.83	(-) 37.58	38.01	(-) 24.11	2253.82	(-) 51.35	1675.74	(-) 32.03	-
SERVICE														
	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	-
Total B (All sector wise- working Statutory corporations)				(-)31.09	5.56	15.60	(-) 52.25	226.82	(-) 24.67	2333.56	(-) 288.57	1640.60	(-) 46.70	-
Grand Total (A+B)				269.42	276.93	226.74	(-)234.25	4042.00	(-) 223.24	3859.46	(-)2081.42	7187.62	42.67	0.59%

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments ^a	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ^b	Return on capital employed ^c	Percentage return on capital employed
(1)	(2)	(3)	(4)	Net Profit/Loss before Depreciation 5(a)	Interest 5(b)	Depreciation 5(c)	Net Profit/Loss 5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
C. Non working Government companies														
AGRICULTURE & ALLIED														
1.	UPAI Limited ⁴	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.	Kuntron 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 Pradesh 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)				269.39	276.93	226.74	(-) 234.28	4042.00	(-) 223.24	3859.81	(-) 2081.42	7187.84	42.64	0.59%

⁴ Company under liquidation since 31.03.1991

Appendix 3.2

(Reference: paragraph 3.1.3; page 96)

Statement showing particulars of update paid-up-capital, loans outstanding and manpower as on 31 March 2013 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 ⁵			Loans ⁶ outstanding at the close of 2012-13			Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)		
(1)	(2)	(3)	(4)	State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Uttarakhand Seed & Tarai Development Corporation Ltd. ⁷	Agriculture	February 1969	1.70	0.84	3.77	6.31	5.50	-	-	5.50	0.87:1 (1.11:1)	464
Sector Wise total				1.70	0.84	3.77	6.31	5.50	-	-	5.50	1.11:1	464
FINANCE													
2.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Hill development	June 1974	0.20	-	0.30	0.50	1.17	0.04	1.64	2.85	5.7:1 (5.7:1)	21
3.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of 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	14.23	3.88	-	18.11	-	-	-	-	-	86
Sector Wise total				14.65	3.88	0.58	19.11	1.17	0.04	1.64	2.85	0.15:1	107
INFRASTRUCTURE													
5.	State Industrial Development Corporation of Uttarakhand Limited	Finance	July 2002	26.00	-	2.50	28.50	6.00	-	-	6.00	0.21:1 (0.21:1)	15
6.	Uttarakhand State Infrastructure Development Corporation Limited	Finance	March 2008	4.00	-	-	4.00	4.00	-	-	4.00	1:1 (0.50:1)	58
Sector Wise total				30.00	-	2.50	32.50	10.00	-	-	10.00	0.25:1	73

⁵ Paid – up capital includes share application money⁶ Loans outstanding at the close of 2012-13 represent long term loans only.⁷ 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 2012-13			Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)		
(1)	(2)	(3)	(4)	State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	(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)	78
9.	Uttarakhand Chay Vikas Nigam Limited Formerly Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	January 1974	-	-	-	-	-	-	-	-	-	-
10.	Uttar Pradesh Hill Electronics Corporation Limited	Hill Development	June 1985	8.95	-	-	8.95	-	-	-	-	-	102
11.	Kichha Sugar Company Limited	Sugar & Cane Development	February 1972	17.54	-	0.45	17.99	56.46	-	-	56.46	3.14:1 (1.88:1)	746
12.	Doiwala Sugar Company Limited	Sugar & Cane Development	December 2001	6.00	-	-	6.00	76.32	-	3.15	79.47	13.25:1 (9.26:1)	615
Sector Wise total				32.49	-	2.43	34.92	135.53	-	3.15	138.68	3.97:1	1541
POWER													
13.	Uttarakhand Power Corporation Limited	Urja	February 2001	968.91	-	-	968.91	142.29	447.52	127.10	716.91	0.74:1 (1.64:1)	3952
14.	Uttarakhand Jal Vidhyut Nigam Limited	Urja	February 2001	873.57	-	-	873.57	254.80	-	774.55	1029.35	1.18:1 (1.37:1)	2244
15.	Power Transmission Corporation of Uttarakhand Limited	Urja	May 2004	283.74	-	-	283.74	87.61	-	471.37	558.98	1.97:1 (2.25:1)	831
Sector Wise total				2126.22			2126.22	484.70	447.52	1373.02	2305.24	1.08:1	7027
SERVICES													
16.	Kumaon Mandal Vikas Nigam Limited	Hill Development	March 1971	13.42	-	-	13.42	43.47	-	-	43.47	3.24:1 (2.25:1)	1004

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ⁸			Loans ^{9a} outstanding at the close of 2012-13			Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)		
(1)	(2)	(3)	(4)	State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	(7)	(8)
17.	Garhwal Mandal Vikas Nigam Limited	Hill Development	March 1976	6.80	-	-	6.80	44.10	-	-	44.10	6.49:1 (6.20:1)	877
Sector Wise total				20.22	-	-	20.22	87.57	-	-	87.57	4.33:1	1881
MISCELLANEOUS													
18.	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)				2226.28	4.72	9.28	2240.28	724.47	447.56	1377.81	2549.84	-	11093
B. Working Statutory corporations													
INFRASTRUCTURE													
1.	Uttarakhand Pey Jal Sansadham Vikas Evam Nirman Nigam	Peya Jal	November 2002	2031.85	-	-	2031.85	-	-	1.64	1.64	0.01:1 (0.01:1)	2728
Sector Wise total				2031.85	-	-	2031.85	-	-	1.64	1.64	-	2728
SERVICE													
2.	Uttarakhand Parivahan Nigam	Transport	October 2003	70.50	9.24	-	79.74	150.52	-	-	150.52	1.89:1 (1.57:1)	3930
Sector Wise total				70.50	9.24	-	79.74	150.52	-	-	150.52	1.89:1	3930
Total B (All sector wise- working Statutory corporations)				2102.35	9.24	-	2111.59	150.52	-	1.64	152.16	-	6658
Grand Total (A+B)				4328.63	13.96	-	4351.87	874.99	447.56	1379.45	2702	-	17751
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 2012-13				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)	
				State Government	Central Government	Others	Total	State Government	Central Government	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	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)				4328.78	13.96	9.51	4352.25	874.99	447.56	1379.45	2702	0.62:1	17751

Appendix 3.3

(Reference: paragraph 3.1.4; page 97 & 98)

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 2013

(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 ⁸		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
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)
A. Working Government Companies												
1.	Utarakhand Seeds & Tarai Development Corporation Limited	-	-	15.51	-	-	15.51	-	-	-	-	-
2.	Utarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	-	-	-	10.13	-	10.13	1.51	3.54	-	-	-
3.	State Industrial Development Corporation of Utarakhand Limited	-	-	34.31	-	-	34.31	-	-	-	-	-
4.	Utarakhand Power Corporation Limited	391.91	171.28	16.69	-	-	16.69	-	237.87	-	-	-
5.	Utarakhand Jal Vidhyut Nigam Limited	68.11	57.71	-	6.49	0.09	6.58	-	716.61	-	-	-
6.	Power Transmission Corporation of Utarakhand Limited	-	-	-	-	-	-	-	104.91	-	-	-
7.	Doiwala Sugar Company Limited	-	23.91	-	-	-	-	-	-	-	-	-
Total (working government companies)		460.02	252.90	66.51	16.62	0.09	83.22	1.51	1062.93	-	-	-

⁸ Figures indicate total guarantees outstanding at the end of the year

Appendix 3.4

(Reference: paragraph 3.1.7; page 100)

 Statement showing the investment made by the State Government in Companies whose accounts are not finalised upto 30 September 2013
 (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 finalisation	Investment made by State Government during the years for which accounts are in arrear				Others to be specified (Subsidy)
1	2	3	4	5	Equity	Loan	Grant	8	
A. Working Government Companies									
1.	Uttarakhand Seeds & Tarai Development Corporation Limited	2010-11	4.08	2011-12 2012-13	-	-	-	-	11.35
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
3.	State Industrial Development Corporation of Uttarakhand Limited	2010-11	28.50	2011-12	-	-	-	-	59.62
				2012-13	-	-	-	-	-
4.	Uttarakhand State Infrastructure Development Corporation Limited	2011-12	4.00	2012-13	-	2.00	-	-	-
5.	Doiwala Sugar Company Limited	2011-12	6.00	2012-13	-	23.91	-	-	-
6.	Uttarakhand Power Corporation Limited	2010-11	577.00	2011-12	-	299.16	0.14	-	-
				2012-13	391.91	171.28	-	-	-
7	Uttarakhand Jal Vidhyut Nigam Limited	2011-12	624.18	2012-13	68.11	57.71	6.58	-	-
8	Power Transmission Corporation of Uttarakhand Limited	2011-12	223.80	2012-13	56.33	15.74	-	-	-
Total – A (Working Government companies)					524.93	571.15	22.44		78.05
B. Working Stationary Corporation									
	Uttarakhand Transport Corporation	2008-09	79.74	2009-10	-	-	-	-	-
				2010-11	-	-	-	-	-
				2011-12	-	100.11	-	-	-
				2012-13	-	25.00	-	-	-
Total -B					-	125.11	-	-	-
Grand Total (A +B)					524.93	696.26	22.44		78.05

Appendix 3.5

Statement showing the department wise outstanding Inspection Reports and paragraphs
(Reference: paragraph; 3.1.14 page 104)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Years from which outstanding
1.	Agriculture	1	4	18	2005-06
2.	Finance	3	6	52	2004-05
3.	Infrastructure	3	4	50	2005-06
4.	Tourism	2	8	65	2004-05
5.	Power	3	301	1387	2004-05
6.	Transport	1	7	30	2006-07
7.	Manufacturing	6	13	59	2004-05
8.	Miscellaneous	1	1	8	2010-11
	Total	20	344	1669	

Appendix 3.6

(Reference: paragraph: 3.2.7.1; page 109)

The position of energy required, purchased, sold and the distribution losses of the Company during the years 2008-09 to 2012-13

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Requirement of Energy (MUs)	7932.60	9032.29	10010.53	10769.97	11478.09
2.	Energy purchased at Distribution Periphery (MUs)	7631.44	8280.09	9249.42	10310.64	10867.00
3.	Cost of energy purchased (₹ in crore)	1675.24	2063.48	2305.33	3064.52	3231.06
4.	Total cost ⁹ of energy purchased (₹ in crore)	2080.48	2535.00	2895.69	3737.33	3971.06
5.	Average cost of energy purchased per unit (in ₹) (4/6)	3.78	4.06	3.99	4.53	4.51
6.	Energy sold (MUs)	5493.73	6249.21	7250.68	8252.72	8802.00
7.	Loss of Energy (MUs) (2-6)	2137.71	2030.88	1998.74	2057.92	2065.00
8.	Sale of energy (₹ in crore)	1598.39	1805.24	2641.72	3029.02	3400.00
9.	Sale of energy per kWh (in ₹) (9/7)	2.91	2.89	3.64	3.67	3.86
10.	Amount realised during the year (₹ in crore)	1466.31	1707.66	2399.81	2819.42	3280.00
11.	Value of loss of energy (₹ in crore) (8X10)	622.07	586.92	727.54	755.26	797.09
12.	Percentage of distribution loss (8/3X100)	28.01%	24.53%	21.61%	19.96%	19.00%
13.	Percentage of distribution loss fixed by UERC	22.32%	20.32%	19.00%	18.00%	17.00%
14.	Percentage of excess distribution loss from the norm fixed by UERC	5.69%	4.21%	2.61%	1.96%	2.00%
15.	Excess loss (MUs)	434.37	348.37	241.35	202.00	217.61
16.	Value of loss of energy due to excess distribution loss (₹ in crore)	126.40	100.67	88.58	74.13	84.00

⁹ Purchase of power, repair and maintenance expenditure, employees cost administrative, general and other expenses, depreciation, interest and finance charges, provisions, preliminary expense written off and transmission charges.

Appendix 3.7

(Reference: paragraph: 3.2.8.1 (d); page 116)

Details of pending realization of late payment surcharge as well as electricity charges

Sl. No.	Name of Division	Name of consumer	Number of connection	Connected load (KW)	Electricity Charges	Late payment surcharge @ 1.25%	Total
1.	Dehradun (North)	Nagar Nigam / Nagar Palika	12	3795	468.36	1459.15	1927.51
		Jal Sansthan	39	3253	960.75	1715.06	2675.81
2.	Dehradun (South)	State Tube Well	05	166	11.47	132.82	144.29
		Nagar Nigam / Nagar Palika	126	2111	694.09	683.62	1377.71
		Jal Sansthan	68	2860	2170.50	1390.61	3561.10
3.	Dehradun (Central)	Nagar Nigam / Nagar Palika	124	195	677.31	946.43	1623.74
		Jal Sansthan	62	2803	1679.89	2062.42	3742.31
4.	Rudrapur	Nagar Nigam / Nagar Palika	23	1696	492.45	112.78	605.23
		Jal Sansthan	41	491	465.71	292.39	758.10
5.	Kashipur	Nagar Nigam / Nagar Palika	06	340	234.70	381.00	615.70
		Jal Sansthan	42	803	698.06	563.34	1261.40
		State Tube-well	69	900	315.89	74.43	390.32
6.	Rishikesh	Nagar Nigam / Nagar Palika	2	614	369.53	427.00	796.53
		Jal Sansthan	49	1346	600.94	648.90	1249.84
7.	Haridwar (Urban)	Nagar Nigam / Nagar Palika	71	929	1202.35	2085.65	3288.00
		State Tube Well	13	494	57.51	203.46	260.97
		Jal Sansthan/Jal Nigam	86	3648	2305.13	1741.89	4047.03
8.	Haridwar (Rural)	State Tube Well	58	945	785.49	775.15	1560.64
		Nagar Nigam / Nagar Palika	15	695	27.40	9.58	36.98
		Public Water Works	20	1093	415.94	270.18	686.12
9.	Haldwani (Urban)	Nagar Nigam / Nagar Palika	99	452	180.79	634.83	815.62
		Jal Sansthan	24	1434	513.43	363.62	877.05
10.	Haldwani (Rural)	Nagar Nigam / Nagar Palika	07	36	4.46	30.68	35.14
		Jal Sansthan	27	1978	763.51	542.10	1305.61
11.	Srinagar	Jal Nigam	01	1285	375.48	1863.54	2239.02
		Jal Sansthan	24	3508	768.45	1067.46	1835.91
12.	Kotdwar	Nagar Palika	08	100	21.00	32.54	53.54
		Jal Nigam	01	27	243.20	587.06	830.26
		Jal Sansthan	84	3121	379.41	641.89	1021.30
Total			1206	41118	17883.20	21739.58	39622.78

Appendix 3.8

(Reference: paragraph 3.4.1; page 128)

Position of Uttarakhand Power Corporation Limited (UPCL) in meeting deficit power by unscheduled interchange (UI) overdrawal, short term power purchase and power cut

Year	Assessment by UPCL	Actual power purchase (MU)	Average cost/ unit (₹)	UI over drawl (MU)	Rate per unit (₹)	Difference (6-4) (₹)	Total Difference (5x7) (₹ in crore)	Short term purchase (STP) (MU)	Rate per unit (₹)	Power cut (MU)	Total (5+9+11) (MU)	Percentage of UI/ STP/ power cut to actual purchase
1	2	3	4	5	6	7	8	9	10	11	12	13
2008-09	7932.60	7854.22	2.65	392.67	5.37	2.72	106.81	NA	-	78.38	471.05	-
2009-10	9032.29	8451.87	3.00	731.78	4.41	1.41	103.18	138.92	7.72	580.42	1451.12	17.17
2010-11	10010.53	9450.23	3.06	617.36	3.71	0.65	40.13	239.52	4.84	560.30	1417.18	15.00
2011-12	10769.97	10468.91	3.57	499.43	3.87	0.30	14.98	980.72	4.69	301.06	1781.21	17.01
2012-13	11478.09	10848.20	3.66	552.21	3.43	(0.23)	(12.70)	1696.08	4.02	629.89	2878.18	26.53
Total	49223.48	47073.43	-	2793.45	-	-	252.40	3055.24	-	2150.05	7998.74	16.98

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