

## Preface

This brochure presents, at a glance, the important contents of the Reports of the Comptroller and Auditor General of India on State Finances, Revenue Sector, Public Sector Undertakings (Economic Sector) and Social, General and Economic Sectors (Non-Public Sector Undertakings) relating to the Government of Himachal Pradesh for the year ended 31 March 2015. These Reports contain major findings of audit of financial transactions of Government of Himachal Pradesh, Government companies and statutory corporations. Other audit observations, which are not contained in these Audit Reports, are pursued for their settlement with the respective Controlling Officers and Head of Offices. In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards his Audit Reports on the accounts as well as on the points noticed during audit of financial transactions of the State Government to the Governor, who causes them to be laid on the Table of the Vidhan Sabha.

The Reports of the Comptroller and Auditor General of India on the transactions of the State Government presented to the Vidhan Sabha stand referred to the Public Accounts Committee (PAC) in respect of Reports on State Finances, Revenue Sector and Social, General and Economic Sectors (Non-Public Sector Undertakings) and the Committee on Public Sector Undertakings (COPU) in respect of Report on Public Sector Undertakings (Economic Sector). The Government departments are to submit *suo motu* Action Taken Notes on all Audit Paragraphs and Reviews to the respective Committee, duly vetted by Audit. The Committee selects some of the paragraphs/ reviews for detailed examination after which a report containing their observations and recommendations is presented to the Vidhan Sabha.

The drafts of the paragraphs/ reviews included in the Audit Reports are always forwarded to the Principal Secretary of the concerned Department for his comments so that the views of the Government are incorporated in the Audit Reports before their presentation to the Vidhan Sabha. Finance Department has prescribed that the draft paragraphs should be disposed of as expeditiously as possible and the comments of the concerned Department intimated to Audit within a period not exceeding six weeks. In a large number of cases, however, the Departments did not abide by the provision of furnishing the comments on the draft paragraphs within the stipulated time.

This brochure contains only a summarised version of the more important issues included in the Audit Reports. While it has been our endeavour to keep the contents of this document as close to the original Reports as possible, the original Reports ought to be referred to for authentic facts and figures. The names and telephone numbers of the Officers who can be contacted for any clarification in respect of Audit Reports are on the inner page of the back cover of this publication.

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## AUDIT REPORT ON STATE FINANCES

Based on the audited accounts of the Government of Himachal Pradesh for the year ended 31 March 2015, this Report provides an analytical review of the Annual Accounts of the State Government.

The Report is structured in three Chapters viz., 'Finances of the State Government', 'Financial Management and Budgetary Control' and 'Financial Reporting'.

### FINANCES OF THE STATE GOVERNMENT

The Finance Accounts of the State Government present the details of all transactions pertaining to both receipts and expenditure under appropriate classifications. Apart from the summary of all the transactions in the Government Accounts, the Finance Accounts contain (a) Summary of Debt position, (b) Loans and Advances of the State Government, (c) Guarantees given by the State Government and (d) Summary of Balances. The financial position of the State Government and the audit observations thereon are as follows:

#### Summary of Finance Accounts

(₹ in crore)

| Receipts                             | 2013-14       | 2014-15       | Disbursements                   | 2013-14       | 2014-15  |       |               |
|--------------------------------------|---------------|---------------|---------------------------------|---------------|----------|-------|---------------|
|                                      | Total         | Total         |                                 | Total         | Non-Plan | Plan  | Total         |
| <b>Section-A: Revenue</b>            |               |               |                                 |               |          |       |               |
| Tax revenue                          | 5,121         | 5,940         | General Services                | 7,047         | 7,534    | 70    | 7,604         |
| Non-tax revenue                      | 1,785         | 2,081         | Social Services                 | 6,706         | 5,734    | 1,717 | 7,451         |
| Share of Union Taxes/Duties          | 2,491         | 2,644         | Economic Services               | 3,590         | 3,305    | 1,418 | 4,723         |
| Grants from Government of India      | 6,314         | 7,178         | Grants-in-aid and Contributions | 9             | --       | 9     | 9             |
| Revenue receipts                     | 15,711        | 17,843        | Revenue expenditure             | 17,352        | 16,583   | 3,204 | 19,787        |
| <b>Section-B: Capital and others</b> |               |               |                                 |               |          |       |               |
| Misc. Capital Receipts               | --            | 650           | Capital outlay                  | 1,856         | 42       | 2,431 | 2,473         |
| Recoveries of Loans and Advances     | 17            | 41            | Loans and advances disbursed    | 531           | --       | --    | 474           |
| Public Debt receipts                 | 4,050         | 10,877        | Repayment of public debt        | 1,704         | --       | --    | 8,260         |
| Contingency Fund                     | --            | --            | Contingency Fund                | --            | --       | --    | --            |
| Public account receipts              | 10,300        | 10,575        | Public account disbursements    | 9,227         | --       | --    | 8,844         |
| Opening cash balance                 | (-) 295       | (-) 887       | Closing cash balance            | (-) 887       | --       | --    | (-) 739       |
| <b>Total</b>                         | <b>29,783</b> | <b>39,099</b> | <b>Total</b>                    | <b>29,783</b> |          |       | <b>39,099</b> |

**Paragraph 1.1.1**

**Fiscal correction path**

The revenue deficit which was required to be brought down to zero during 2011-12 and maintain revenue surplus thereafter could not be achieved. The fiscal parameters i.e. revenue and fiscal deficit stood at ₹ 1,641 crore and ₹ 4,011 crore, respectively in 2013-14, which increased to ₹ 1,944 crore and ₹ 4,200 crore in 2014-15 but primary deficit reduced to ₹ 1,351 crore from ₹ 1,530 crore.

**(Paragraph 1.11.1)**

**Oversight of funds transferred directly to the State implementing agencies**

As per the Central Government decision to henceforth route these funds through budget, these funds decreased to ₹ 278.55 crore during 2014-15 from ₹ 1,671.30 crore in 2013-14. Since these funds do not pass through the State budget, the Finance Accounts do not present a complete picture of fund flow of Central Government resources to the State.

**(Paragraph 1.2.2)**

**Less Priority to Capital Expenditure**

Priority has not been given by the State Government to capital expenditure as the percentage ratio of capital expenditure to aggregate expenditure is 11.17 in 2011-12 and 10.88 in 2014-15, which is lower than the average ratio of Special Category States 14.02 in 2011-12 and 14.22 in 2014-15.

**(Paragraph 1.7.1)**

**Review of Government investments**

The average return on the Government's investments in Statutory Corporations, Rural Banks and Joint Stock companies during 2010-15 was 3.81 *per cent* whereas the Government paid average interest rate of 7.86 *per cent* on its borrowings during above period.

**(Paragraph 1.8.2)**

**Sanctioning/ advancing of loans without finalising terms and conditions**

An amount of ₹ 26.57 crore had been sanctioned as loan during the period 2006-07 to 2014-15 without finalising the terms and conditions. Even though it has been pointed out in previous

Audit reports, the State government continued to advance fresh loans and advances to loanee/ entity. An amount of ₹16.53 crore was advanced to Himachal Pradesh State Financial Corporations as fresh loan without finalising the terms and conditions during 2014-15.

**(Paragraph 1.8.3.1)**

**Pendency in recovery of loans**

There was an arrear of ₹ 79.86 crore in respect of 26 loans and advances made by State Government to various entities/ institutions. These recoveries had not been effected since 1987-88 to 2010-11.

**(Paragraph 1.8.3.2)**

**Expenditure on salary and wages**

The expenditure on salaries and wages was more than 47 *per cent* of revenue receipts of the State during 2014-15. The salary expenditure during the current year exceeded by ₹ 548 crore from the projections made in Medium Term Fiscal Plan Statement (MTFPs) (₹ 7,647 crore), requiring attention of the State government.

**(Paragraph 1.6.2)**

**Increase in fiscal liabilities and trends of market borrowings**

Fiscal liabilities at the end of the current year (2014-15) were ₹ 38,192 crore with increase of 13 *per cent* over the previous year and stood at 40 *per cent* of GSDP and 214 *per cent* of the revenue receipts. The share of market loans in the total public debt increased from 49.45 *per cent* in 2010-11 to 59.06 *per cent* in 2014-15. Maturity amount constituted an average 9.53 *per cent* of the outstanding market loans over the next seven years, with significant pressure on redemption during the years 2017-18 and 2018-19 at 13.48 *per cent* and 13.83 *per cent* of the outstanding debt, respectively.

**(Paragraphs 1.9.2, 1.10.4.3 and 1.10.4.5)**

## FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provision and are, therefore, complementary to Finance Accounts.

### Summary of Appropriation Accounts

(₹ in crore)

| Nature of expenditure                             | Original Grant/ Appropriation | Supplementary Grant/ Appropriation | Total            | Actual expenditure | Saving (-)/ Excess (+) |
|---|-------------------------------|------------------------------------|------------------|--------------------|------------------------|
| <b>Voted</b>                                      |                               |                                    |                  |                    |                        |
| Revenue   | 18,878.33                     | 1,298.82                           | 20,177.15        | 19,214.26          | (-)962.89              |
| Capital   | 1,992.58                      | 565.58                             | 2,558.16         | 2,506.41           | (-)51.75               |
| Loans and Advances                                | 367.03                        | 81.33                              | 448.36           | 474.19             | 25.83                  |
| <b>Total Voted</b>                                | <b>21,237.94</b>              | <b>1,945.73</b>                    | <b>23,183.67</b> | <b>22,194.86</b>   | <b>(-)988.81</b>       |
| <b>Charged</b>                                    |                               |                                    |                  |                    |                        |
| Revenue   | 2,794.71                      | 2.36                               | 2,797.07         | 2,894.20           | 97.13                  |
| Capital   | -                             | 23.49                              | 23.49            | 23.12              | (-)0.37                |
| Public Debt- Repayment                            | 1,510.96                      | 5,782.02                           | 7,292.98         | 8,259.82           | 966.84                 |
| <b>Total Charged</b>                              | <b>4,305.67</b>               | <b>5,807.87</b>                    | <b>10,113.54</b> | <b>11,177.14</b>   | <b>1,063.60</b>        |
| <b>Appropriation to Contingency Fund (if any)</b> |                               |                                    |                  |                    |                        |
|   | --                            | --                                 | --               | --                 | --                     |
| <b>Grand Total</b>                                | <b>25,543.61</b>              | <b>7,753.60</b>                    | <b>33,297.21</b> | <b>33,372.00</b>   | <b>74.79</b>           |

#### Savings/Excess

The overall excess expenditure of ₹ 74.79 crore registered under Grants/Appropriations during the year 2014-15 was the net result of excess expenditure of ₹ 1,585.69 crore offset by savings of ₹ 1,510.90 crore. The excess expenditure of ₹ 1585.69 crore during 2014-15 in addition to ₹ 5055.89 crore for the years 2009-13 requires regularisation.

(Paragraphs 2.2 and 2.3.1.1)

#### Substantial surrenders

In 16 cases ₹ 1,648.74 crore were surrendered at the end of the financial year (more than ₹ 10 crore surrender in each case).

(Paragraph 2.3.4.2)

**Supplementary grants** Supplementary grant aggregating ₹ 343.99 crore obtained in six cases, exceeding ₹ one crore in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision. Supplementary provision of ₹ 5,967 crore obtained in seven cases (more than ₹ one crore in each case) proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 1,011.84 crore. Of the uncovered excess, ₹ 966.83 crore (96 per cent) was incurred under grant number 29- Finance (Capital- Charged) by the Finance Department.

**(Paragraph 2.3.1.4)**

**Injudicious re-appropriation**

Injudicious re-appropriation proved excessive or insufficient and resulted in savings / excess of over ₹ one crore in 54 sub-heads. Of these, excess/ savings of more than ₹ 10 crore occurred in 13 sub-heads. Further, there was an excess expenditure of ₹ 9.14 crore under Grant No. 11- Agriculture under the head 2415-01-004-02 (Grants-in-aid to Himachal Pradesh Krishi Vishav Vidyalya for Research) where the re-appropriation of ₹ 16.34 crore proved insufficient.

**(Paragraph 2.3.2)**

**Outstanding Detailed Countersigned Contingency bills**

11 Drawing and Disbursing Officers (DDOs) withdrew an amount of ₹47.78 crore through Abstract Contingency bills upto 31March 2015. Against this, Detailed Countersigned Contingency bills for ₹45.95 crore were pending from them as of March 2015.

**(Paragraph 2.4)**

**Rush of expenditure**

Contrary to State Financial Rules, in respect of 23 sub-heads expenditure exceeding ₹ 10 crore constituting more than 50 per cent of the total expenditure for the year 2014-15 was incurred in the month of March 2015.

**(Paragraph 2.3.3)**

## FINANCIAL REPORTING

This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

**Delay in furnishing  
Utilisation Certificates**

There were delays in furnishing 15,539 utilisation certificates in respect of loans and grants amounting to ₹ 2,387.39 crore as on 31 March 2015.

**(Paragraph 3.1)**

**Delay in submission of  
Accounts**

The accounts of HP Building and Construction Workers Welfare Board, Shimla were late by twelve months for the year 2013-14 whereas the delay in respect of other bodies ranged between half month and three months. The accounts for the year 2014-15 in respect of all the 13 bodies had not been furnished as of August 2015.

**(Paragraph 3.2)**

**Pending cases of  
misappropriations,  
losses, defalcations, etc.**

The State Government reported 47 cases of misappropriations/loss, theft etc., involving government money amounting to ₹ 78.70 lakh on which final action was pending as of June 2015. Out of these, 41 cases were more than five years old.

**(Paragraph 3.4)**

## AUDIT REPORT ON REVENUE SECTOR (Report No. 1)

### Introduction

This Report contains 30 paragraphs, follow up audit on 'Levy and Collection of Motor Vehicle Tax' and one Performance audit on 'System of Assessment under Value Added Tax (VAT)', involving financial effect of ₹ 157.38 crore relating to underassessment of tax, non/short levy of state excise, non/short levy of stamp duty and registration fee, non/short levy of passenger and goods tax and non/short levy of royalty, etc. The Departments concerned accepted under-assessments and other deficiencies of ₹ 291.79 crore in 789 cases, which were pointed out in earlier years out of which an amount of ₹ 18.85 crore was realised in 632 cases including ₹ 13.30 crore in 536 cases pertaining to previous years and ₹ 5.55 crore in 96 cases for the year 2014-15.

### General – Trend of revenue receipts

The total revenue receipts of the Government for the year 2014-15 was ₹ 17843.45 crore as compared to ₹ 15711.08 crore during the previous year. Out of this, 45 *per cent* was raised through tax revenue (₹ 5940.16 crore) and non-tax revenue (₹ 2081.45 crore). The balance 55 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 2644.17 crore) and Grants-in-Aid (₹ 7177.67 crore). There was an increase in Revenue Receipts over the previous year by ₹ 2132.37 crore.

(Paragraph 1.1)

### Audit findings

#### Excise and Taxation Department

#### Performance audit on 'System of Assessment under VAT'

**Pendency in assessment of VAT** The cases pending for assessment increased from 72524 in 2009-10 to 138168 at the end of 2013-14 (an increase of 91 *per cent*). The percentage of disposal of cases during the period of 2009-10 to 2013-14 was between 20 and 25 *per cent* of the cases due for assessment.

(Paragraphs 2.3 and 2.3.6.4)

**Late/ non-submission of returns** Penalty of ₹ 38.56 crore for late/non-filing of returns could not be imposed/ recovered from the dealers due to non-maintenance of registers/ database of returns.

(Paragraph 2.3.6.5)

**Absence of provision of nomenclature of goods in the VAT Rules** In the absence of provision of disclosure of nomenclature of goods in the HPVAT, Input Tax Credit (ITC) claimed by the dealers could not be

co-related and verified with the nature of business.

**(Paragraph 2.3.8)**

**Irregular allowance of ITC**

Application of wrong method for calculating deferred tax liability on the closing stock resulting in irregular allowance of ITC of ₹ 1.60 crore. Besides, interest of ₹ 0.43 crore was also leviable.

**(Paragraph 2.3.9.1)**

**Incorrect determination of turnover**

Underassessment of Gross turnover (GTO) or taxable turnover (TTO) by ₹ 45.80 crore due to non-reconciliation of gross receipts/turnover with the certified receipts/ accounts, resulted in short levy of tax of ₹ 5.94 crore. Besides, interest of ₹ 50.62 lakh was also leviable.

**(Paragraph 2.3.10)**

**Application of incorrect rate of tax**

Tax on the sales of ₹ 183.31 crore in 22 cases were assessed at the rate of four/five *per cent* instead of correct rates of 12.50/ 13.75 *per cent*, resulting in short realisation of tax of ₹ 1.94 crore. Besides, interest of ₹1.58 crore was also leviable.

**(Paragraph 2.3.12)**

**Transaction Audit**

**A. Excise and Taxation Department**

**(i) Taxes/ VAT on Sale, Trade, etc.**

**Acceptance of invalid, duplicate and defective statutory forms**

Acceptance of invalid, duplicate and defective statutory forms 'C' by the Assessing Authorities (AAs) and allowing exemption/ concessional rate of tax resulted in short levy of tax of ₹ 18.18 lakh in nine cases on which interest of ₹ 20.19 lakh was also leviable.

**(Paragraph 2.5)**

**Wrong allowance of concessional rate of tax**

The AAs had applied concessional rate of tax of one *per cent* on inter-state sale of ₹ 36.72 crore to a manufacturing unit instead of applicable rates of two *per cent* as the beneficiary had not furnished complete Form-I. This resulted in under assessment of tax of ₹ 22.08 lakh. Besides, interest of ₹13.25 lakh was also leviable.

**(Paragraph 2.6)**

## **Irregular allowance of ITC**

Application of wrong method for calculating deferred tax liability on the closing stock resulting in irregular allowance of ITC of ₹ 1.59 crore in 58 cases. Besides, interest of ₹ 0.51 crore was also leviable.

**(Paragraph 2.8)**

### **(ii) State Excise**

#### **Non-levy of additional fee on short lifting of Minimum Guaranteed Quota**

Additional fee payable for short lifting of 1617994 proof liters of liquor during 2013-14 by 725 vends were not demanded by the concerned Assistant Excise and Taxation Commissioners (AETCs), resulting in short recovery of additional fee amounting to ₹ 3.24 crore, out of which ₹ 50.28 lakh has been recovered after being pointed out by audit.

**(Paragraph 3.3)**

#### **Short recovery of license fee**

The Department could recover license fee of ₹ 12.83 crore only against the recoverable license fee of ₹ 17.25 crore during the year 2013-14, from the licensees of 28 vends, resulting in short recovery of license fee amounting to ₹ 4.42 crore. Besides, interest of ₹ 46.81 lakh was also leviable.

**(Paragraph 3.4)**

#### **Non-levy of interest on belated payment of license fee**

Interest amounting to ₹ 59.29 lakh on belated payment of license fee of ₹ 64.53 crore was not demanded by the department from the licensees of 130 vends, resulting in short levy of interest to that extent.

**(Paragraph 3.7)**

#### **Non-recovery of salaries of excise establishment posted at distillery/ bonded ware houses**

Dues on account of salaries of ₹ 33.63 lakh of excise establishment staff posted in a brewery, a distillery and two bottling plants were not recovered from the licensees for the year 2013-14.

**(Paragraph 3.8)**

### **(iii) Passenger and Goods Tax**

#### **Non-registration of Goods and Passenger Vehicles with Excise Department**

The owners of the 1251 commercial vehicles did not register their vehicles with the concerned Excise and Taxation Authorities after getting these registered with Motor Vehicles Tax Department. As a result Passenger and Goods Tax amounting to ₹ 89.07 lakh was not realised due to lack of

co-ordination between the concerned Registering Licensing Authorities (RLAs)/ Regional Transport Officers (RTOs) and AETCs.

**(Paragraph 5.10)**

**Non-levy and collection of Additional Goods Tax (AGT)**

Additional Goods Tax of ₹ 59.90 crore was neither paid by two cement companies who had transported limestone and shale from mining areas to cement plants for manufacturing of cement and clinker nor was it demanded by the department, resulting in evasion of revenue and caused loss to that extent.

**(Paragraph 5.12)**

**B. Revenue Department**

**Incorrect preparation of valuation report by *patwaris***

There was short realisation of stamp duty and registration fee of ₹ 80.87 lakh due to incorrect preparation of valuation reports by *Patwaris* and incorrect determination of the market value of property in 189 cases.

**(Paragraph 4.3)**

**Non/ short recovery of lease money due to non-execution/ renewal of lease deeds**

The lease deeds were not executed/ renewed within the period specified in the lease agreement and lease money was not fixed/ revised as per prescribed rates on the basis of prevailing market value of the land. This resulted in non-realisation of lease money ₹ 12.47 crore in four cases.

**(Paragraph 4.4)**

**Short recovery of lease money**

Non-fixation of lease rent on the basis of prevailing market value of the land resulted in short realisation of lease money of ₹ 4.24 crore in three cases.

**(Paragraph 4.5)**

**C. Transport Department**

**Non-realisation of arrears of Transport Department**

Arrears amounting to ₹ 98.35 crore were pending for collection since 1971-72. Out of ₹ 72.81 lakh referred to Collector for recovery as Arrears of Land Revenue (ALR), an amount of ₹ 20.42 lakh only had been recovered.

**(Paragraph 5.3)**

**Non-realisation of taxes**

Token tax and entry tax of ₹ 17.73 crore in respect of 22527 vehicles for the years 2010-

11 to 2013-14 was neither demanded by the Department nor paid by these vehicle owners.

**(Paragraph 5.4)**

### **Non-recovery of Special Road Tax**

Special Road Tax (SRT) amounting to ₹ 20.47 crore was payable by the Himachal Road Transport Corporation (HRTC) for the period April 2013 to March 2014 and ₹ 91.15 lakh in 167 cases was recoverable from the Private Stage Carriages (PSCs) as of March 2015, which was neither being deposited by the HRTC and owners of the PSCs nor demanded by the Department. This resulted in non-recovery of SRT of ₹ 21.38 crore.

**(Paragraph 5.6)**

## **D. Forest Department**

### **Non-crediting of departmental charges**

The departmental charges of ₹ 1.30 crore in 18 cases recovered from the user agencies under the Compensatory Afforestation (CA) scheme were deposited in Compensatory Afforestation Management and Planning Authority (CAMPA) account instead of depositing it in the revenue head of the Government. This resulted in understatement of revenue to that extent.

**(Paragraph 6.4)**

### **Short/non-payment of royalty and interest**

The royalty of ₹ 13.54 crore was payable by the Himachal Pradesh State Forest Development Corporation Limited (HPSFDCL) out of which only ₹ 1.45 crore was paid on time and ₹ 4.82 crore were paid late on which interest of ₹ 43.03 lakh was accrued. The balance amount of royalty of ₹ 7.27 crore was neither demanded by the Divisional Forest Officers (DFOs) nor paid by the HPSFDCL. This resulted in short realisation of revenue of ₹ 7.70 crore.

**(Paragraph 6.6)**

### **Blockade of revenue due to non-disposal of seized timber**

Non-disposal of seized timber measuring 521.616 cubic meter lying in various depots of the Department resulted in blockade of revenue of ₹ 247.16 lakh including VAT of ₹ 29.88 lakh.

**(Paragraph 6.7)**

## AUDIT REPORT ON PUBLIC SECTOR UNDERTAKINGS - ECONOMIC SECTOR (Report No. 2)

This Report contains a general overview about the State Public Sector Undertakings (PSUs), a performance audit of Himachal Pradesh State Forest Development Corporation Limited and one IT Audit of HT / LT billing system of Himachal Pradesh State Electricity Board Limited. This Report also contains 12 paragraphs (including two thematic paragraphs) based on a test check of the records of Government Companies.

### **About the State Public Sector Undertakings**

The State of Himachal Pradesh had 19 working PSUs (17 companies and two Statutory corporations) and two non-working companies which employed 34,675 employees. As on 31 March 2015, the investment (capital and long-term loans) in 21 PSUs was ₹ 9,872.17 crore. Out of total investment in State PSUs, 99.20 *per cent* was in working PSUs and the remaining 0.80 *per cent* in non-working PSUs. The thrust of PSU investment was mainly in power sector which increased from 80.18 *per cent* to 86.82 *per cent* to the total investment during 2010-11 (₹ 4,600.27 crore) to 2014-15 (₹ 8,571.20 crore). The total investment consisted of 33.47 *per cent* as capital and 66.53 *per cent* as long-term loans. The budgetary outgo which stood at ₹ 685.40 crore in 2010-11 increased to ₹ 1,018.60 crore in 2012-13, but decreased to ₹ 728.81 crore in 2013-14 and again increased to ₹ 1,189.98 crore in 2014-15.

### **(Paragraphs 1.1, 1.6, 1.7 and 1.8)**

### **Arrears in finalisation of accounts**

Eighteen working PSUs had arrears of 26 accounts as of September 2015. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not and thus Government's investment in such PSUs remained outside the control of State Legislature.

### **(Paragraphs 1.10 and 1.11)**

### **Performance of PSUs as per their latest finalised accounts**

The turnover of working PSUs decreased from ₹ 4,969.59 crore in 2010-11 to ₹ 4,945.29 crore in 2012-13 due to less turnover in respect of Himachal Pradesh State Electricity Board

Limited (HPSEBL) and Himachal Pradesh Horticulture Produce, Marketing and Processing Corporation Limited (HPMC) and again increased from ₹ 5,952.79 crore in 2013-14 to ₹ 6,536.34 crore in 2014-15.

During the year 2014-15, out of 19 working PSUs, seven PSUs earned profit of ₹ 13.97 crore and 10 PSUs incurred loss of ₹ 469.97 crore which includes three PSUs which prepared their accounts on a 'No profit no loss basis'. One working Government company (Beas Valley Power Corporation Limited) has not prepared its profit and loss account whereas in respect of one working PSU viz., Himachal Pradesh Road and Other Infrastructure Development Corporation Limited, excess of expenditure over income is reimbursable by the State Government. Out of seven PSUs earned profit, only one company viz., Himachal Pradesh State Civil Supplies Corporation Limited declared/ paid a dividend of ₹ 0.35 crore at the rate of 10 per cent of its paid up capital (₹ 3.51 crore) during 2013-14.

**(Paragraphs 1.15, 1.16 and 1.18)**

**Disinvestment,  
Restructuring and  
Privatisation of PSUs**

During the year 2014-15, there was no case of privatisation of Government companies and Statutory corporations, however, one PSU (HPPCL) had disinvested ₹ 550.00 crore equity to Himachal Pradesh Infrastructure Development Board.

**(Paragraph 1.28)**

**Performance audit and Information Technology Audit of Government Companies**

Performance audit of Himachal Pradesh State Forest Development Corporation Limited and IT Audit of HT/LT Billing System of Himachal Pradesh State Electricity Board Limited was conducted. The important audit findings are as under:

**Performance audit of Himachal Pradesh State Forest Development Corporation Limited**

**Introduction**

The Himachal Pradesh State Forest Development Corporation Limited was incorporated (March 1974) under the Companies Act, 1956. The

Company is extracting timber/ resin, selling timber and finished products extracted from resin besides running Rosin and Turpentine (R&T) factories, wood based industries and has also ventured into Eco tourism.

**(Paragraph 2.1.1)**

The Company incurred continuous losses during the last four years ended March 2015 and its accumulated loss increased from ₹ 31.66 crore in 2010-11 to ₹ 52.75 crore in 2014-15.

**(Paragraphs 2.1.7.1 and 2.1.7.2)**

**Felling and conversion of trees**

Taking over of uneconomical lots which were in difficult areas in contravention to the guidelines resulted in avoidable loss of ₹ 1.52 crore on account of interest on royalty, extension fees, royalty paid on rotten trees, etc.

**(Paragraph 2.1.10.2)**

Failure in getting the extraction work completed even after expiry of four to eight years from scheduled completion period resulted in loss of ₹ 1.28 crore on account of non-recovery of extension fee from contractor and loss of interest on royalty paid besides deterioration of quality of extracted timber lying in the forest for the past many years.

**(Paragraph 2.1.10.3)**

**Payment of royalty**

Due to non-payment of instalments of royalty on due dates, the Company had to pay interest of ₹ 6.85 crore to the Department of Forests (DoF) during 2010-15.

**(Paragraph 2.1.12.1)**

**Sale of timber**

The comparison of rates of timber obtained in auction *vis a vis* market rates during 2010-15 showed the difference ranging between 60 and 105 *per cent* which indicated that the Company is not receiving competitive rates in auction and bidders are getting huge margin either due to limited competition or cartel formation. Had the attempts been made to realise better sale rates through wide publicity the Company could have earned additional revenue of around ₹ 18.00 crore on sale of deodar timber only (which constitutes 8.62 *per*

cent of total volume) after allowing a margin of 50 per cent to cover the selling expenses and profit.

**(Paragraph 2.1.13.1)**

**Grading of timber at sale depots**

Grading of timber was being done at Sale Depots. Only 0.5 per cent was graded 'A'. There were no checks on the process of classification and potential revenue loss assuming 25 per cent wrong classification works out to ₹ 71.64 crore.

**(Paragraph 2.1.13.2)**

**Supply of fuelwood to tribal areas**

Non-adjustment of ₹ 12.01 crore due from DoF on account of supply of fuel wood out of royalty payable to DoF despite recommendations of the Committee on Public Sector Undertakings (COPU) resulted in interest loss of ₹ 2.04 crore.

**(Paragraph 2.1.14.1)**

**Extraction of resin**

Against the targets of 2.78 lakh quintals, actual extraction of resin was 2.55 lakh quintals resulting in shortfall (ranging between 6.77 per cent and 9.60 per cent) of 0.23 lakh quintals of resin valued at ₹ 11.99 crore during the last five years ending March 2015.

**(Paragraph 2.1.15)**

**Disposal of arbitration cases**

Failure in deciding 77 pending cases in a time bound manner by the officers of the Company who were the arbitrators in these cases resulted in locking up of Company's funds amounting to ₹ 4.82 crore which included one recovery case of ₹ 1.18 crore pending before the MD since September 2006.

**(Paragraph 2.1.18.1)**

**IT Audit of HT/ LT Billing System of Himachal Pradesh State Electricity Board Limited**

**Delay in implementation and recovery of penalty from vendor**

The Information Technology (IT) package awarded (May 2006) under Accelerated Power Development Reform Programme (APDRP) with 90 per cent grant on turnkey basis was to be completed by April 2008, however, the same was still under implementation (March 2015). Meanwhile the APDRP was closed in March 2009 and before closure, the Company could spend only ₹ 3.22 crore and was deprived from availing GoI grant amounting to ₹ 4.71 crore. Further, for delay

in completion the firm was liable to pay liquidated damages of ₹ 1.32 crore, but the Company recovered only ₹ 0.55 crore resulting in short-recovery of ₹ 0.77 crore.

**(Paragraphs 2.2.5 (i) and 2.2.5 (iv))**

**Inadequate control on master data entry**

Master data of consumers was incorrectly fed in the billing software resulting in inadmissible allowance of Higher Voltage Supply Rebate (HVSr) amounting to ₹ 40.63 lakh in 45 cases.

**(Paragraph 2.2.5 (iii))**

**Deficient mapping of business rules**

Deficiencies in mapping of business rules resulted in revenue loss of ₹ 5.26 crore due to non-recovery, short recovery and incorrect assessment of various energy charges from consumers.

**(Paragraphs 2.2.6 (i), 2.2.6 (iii) and 2.2.6 (iv))**

**Consequences of delay in implementation**

The delay in implementation of application software in all the Electrical Sub-divisions also resulted in revenue loss of ₹ 2.48 crore on account of non-recovery/ short recovery of Late Payment Surcharge, Low Voltage Supply Surcharge and Demand charges from consumers due to non-detection/ calculation errors through manual process.

**(Paragraphs 2.2.10 (ii) (a to c))**

## **Audit of Transactions**

Transaction audit observations included in the Report highlight deficiencies in the management of State Government Companies, which had serious financial implications. Gist of the important audit observations is given below:

**Material management and inventory control in Himachal Pradesh State Electricity Board Limited**

Failure of Himachal Pradesh State Electricity Board Limited to consider the quantity of meters to be installed under Restructured Accelerated Power Development and Reform Programme (RAPDRP) works awarded on turnkey basis before placement of purchase orders for other works not only resulted in blockade of borrowed funds of ₹ 3.39 crore but also interest loss of ₹ 50.85 lakh. Further non placement of orders for full required / entitled quantities of Steel Tubular Poles resulted in extra expenditure of ₹ 0.80 crore on subsequent purchase at higher rates. Surplus and unserviceable store valued at

₹ 5.84 crore stores was pending for final disposal due to non-formation of condemnation committee in the respective circles.

**(Paragraph 3.3)**

**Injudicious contribution towards Employees' Benevolent Fund**

The Himachal Pradesh State Electricity Board Limited extended undue favour to its employees by contributing matching grant of ₹ 7.33 crore from time to time towards employees benevolent fund though Employees Benevolent Fund Rules does not provide for the same.

**(Paragraph 3.4)**

**Undue favour to supplier**

The Himachal Pradesh State Electricity Board Limited extended undue favour to supplier by waving off liquidated damage of ₹ 0.97 crore out of ₹ 1.22 crore deducted from his running bills as *per* the terms and conditions of the purchase order and incurred an additional expenditure of ₹ 4.26 crore on supply of diesel generated power.

**(Paragraph 3.5)**

**Unfruitful investment on shelved project**

The Himachal Pradesh Power Corporation Limited's investment in thermal power plant without any feasibility study coupled with selection of a joint venture partner for execution of this plant who lack technical competence and subsequent failure of the Company in initiating action as *per* the terms and conditions of the memorandum of understanding resulted in unfruitful investment of ₹ 3.98 crore.

**(Paragraph 3.11)**

## AUDIT REPORT ON SOCIAL, GENERAL AND ECONOMIC SECTORS - NON-PUBLIC SECTOR UNDERTAKINGS (Report No. 3)

This Report is structured in three chapters. Chapter-I of the Report covers profile of audited entities, authority for audit, planning and conduct of audit, responses of the departments to Audit, etc. The other two chapters deal with the findings of Performance Audits on Procurement and distribution of Agriculture Inputs, National Rural Health Mission, Rashtriya Madhyamik Shiksha Abhiyan and Pradhan Mantri Gram Sadak Yojana and 28 paragraphs involving ₹ 2043.22 crore relating to excess/ unfruitful/ idle expenditure, undue favour to contractors, blocking/ diversion of funds, etc. Some of the major audit findings are as follows:

### PERFORMANCE AUDITS

#### AGRICULTURE DEPARTMENT

##### Procurement and distribution of Agriculture Inputs

Himachal Pradesh is predominately an agricultural State where agriculture provides direct employment to about 69 *per cent* of the total population. Providing logistic support to the farmers in the form of supply of inputs viz. seeds, fertilisers, plant protection materials (PPMs), implements etc., for increasing the agriculture production in the State is one of the main objectives of the Agriculture Department.

A performance audit of Procurement and distribution of Agriculture Inputs was conducted with the objectives to assess the adequacy of procedure and planning for procurement and distribution of agriculture inputs, sufficiency of funds allotted, efficiency in utilisation of funds, economy, efficiency and effectiveness in procurement of agriculture inputs and efficiency of internal control mechanism in the Agriculture Department.

##### Major audit findings

###### **Non-accountal of receipts in cash book and non-deposit of sale proceeds of inputs in Government account**

During 2010-15, the test-checked districts had not carried out reconciliation of receipts of ₹ 264.29 crore with treasury and sale proceeds of inputs of ₹ 3.68 crore realised from the farmers in the State as a whole were not deposited in Government account.

###### **(Paragraphs 2.1.3.3, 2.1.3.4 (i) and (iii) to (v)**

###### **Delay in distribution of seeds**

In test-checked districts, 33,011.10 quintals of seeds (wheat: 28,909.63 quintals and maize: 4,101.47 quintals) costing ₹ 9.39 crore were distributed to the farmers during 2010-15 after the sowing seasons.

###### **(Paragraph 2.1.4.3)**

|  |  |
|--|--|
| <b>Assessment of demand, allocation, procurement and sale of fertilisers</b> | Against the requirement of 6.38 lakh metric tonnes (MTs) fertilisers during 2010-15, the procuring agencies had supplied 5.38 lakh MTs fertilisers to the farmers resulting in shortfall of one lakh MTs.<br><b>(Paragraph 2.1.5.1)</b>    |
| <b>Irregular procurement of seed potato</b>                                  | The Agriculture Department had procured 30,623.50 quintals of potato seeds costing ₹ 7.88 crore during 2010-15 without following the competitive bidding procedure.<br><b>(Paragraph 2.1.6.1)</b>  |
| <b>Targets and achievement for collection and analysis of samples</b>        | Against targets of testing of 18,400 samples of inputs during 2010-15, the testing laboratories had analysed 11,998 samples resulting in shortfall of 6,402 samples (35 per cent).<br><b>(Paragraph 2.1.7.2)</b>                           |
| <b>Internal control system</b>   | Internal control mechanism in the Department was ineffective as the control registers and complete database of the inputs required, procured and distributed had not been maintained<br><b>(Paragraphs 2.1.8.2 and 2.1.9.1 to 2.1.9.4)</b> |

## HEALTH AND FAMILY WELFARE DEPARTMENT

### National Rural Health Mission

The National Rural Health Mission (NRHM) was launched by the GOI on 12th April 2005 and was operationalised in Himachal Pradesh from the same date. The main objectives of the Mission, to be met during 2005-15 were access to integrated comprehensive primary healthcare; maintain population stabilisation, control gender and demographic imbalances; reduction of infant and maternal mortality rate; and prevention and control of communicable and non-communicable diseases including locally endemic diseases.

A performance audit of NRHM was conducted with the objectives to assess the adequacy and effectiveness of planning process of the Mission at village, block, district and State levels, efficiency in release and utilisation of funds, adequacy of capacity building and strengthening of physical infrastructure and human resource at different levels, timely achievement of the performance indicators and targets fixed under the Mission and effectiveness of monitoring and internal control mechanism.

### Major audit findings

|   |  |
|---|--|
| <b>Household surveys and preparation of</b> | Programme Implementation Plans during 2010-2015 were prepared by the Health and Family |
|---|--|

|   |   |
|---|---|
| <b>perspective plan and annual action plans</b>   | Welfare Department without considering the needs of the districts, blocks and villages. Identification of the healthcare needs was inadequate as the household survey was not conducted in the State as of March 2015.<br><b>(Paragraphs 2.2.2.1 and 2.2.2.2)</b>   |
| <b>Financial management</b>   | Of the total available funds, 19 to 47 <i>per cent</i> remained unutilised with the Mission Director during 2010-15.<br><b>(Paragraph 2.2.4)</b>  |
| <b>Human resources</b>  | Against Indian Public Health Standards norms for posting of 3390 doctors in the State, 1213 posts were sanctioned and 1059 (31 <i>per cent</i> ) were in position as of March 2015. Similarly, as against requirement of 6195 health workers for Health Sub Centres in the State, only 3032 (49 <i>per cent</i> ) were in position.<br><b>(Paragraph 2.2.6.1)</b> |
| <b>Immunisation against preventable disease and cold chain management</b>                       | During 2010-15, the percentage achievement of targets of primary and secondary immunisation of children for BCG, Measles, DPT, Hepatitis B and TT ranged between 42 and 114 and 66 and 95 respectively. Cold chain equipments were not available in 166 (out of 500) Primary Health Centres.<br><b>(Paragraphs 2.2.7.6 and 2.2.7.8)</b>                           |
| <b>Implementation of mobile medical unit services and telemedicine project</b>                  | Mobile Medical Units were not operationalised and 10 vehicles procured in May 2014 for the purpose, were lying idle as of May 2015. Telemedicine project at 19 locations in the State was defunct since 2009.<br><b>(Paragraphs 2.2.7.13 and 2.2.7.14)</b>  |
| <b>Establishment of comprehensive call center and monitoring and internal control mechanism</b> | Monitoring was weak, comprehensive call centre for mother child tracking system, adolescent health counselling and dedicated helpline was not established despite availability of sufficient funds.<br><b>(Paragraphs 2.2.7.15 and 2.2.12)</b>  |

## HIGHER EDUCATION DEPARTMENT

### Rashtriya Madhyamik Shiksha Abhiyan

The Government of India launched Rashtriya Madhyamik Shiksha Abhiyan (RMSA) in March 2009 with the objectives of enhancing enrolment in Classes

IX-XII, improving quality of education at secondary level and removing gender, socio-economic and disability barriers. The scheme is based on three pronged strategies of improving access, equity and quality. The funding arrangement of RMSA between the Central and the State Government is in the ratio of 75:25.

A performance audit of RMSA was conducted with the objective to assess the efficacy of planning for implementation of various components of the programme, adequacy in determination of the requirement of funds for implementing the programme, identification and filling up the critical infrastructure gaps in secondary education, improvement in secondary education by providing adequate opportunities to socially deprived communities and adequacy in monitoring and internal control mechanisms.

### **Major audit findings**

#### **Preparation of district/ school level plans under RMSA**

Annual Work Plans (AWPs) under RMSA were prepared by Higher Education Department at district level during 2013-15 without considering school level development plans.

**(Paragraph 2.3.2.1)**

#### **Financial performance**

Out of total availability of funds of ₹ 348.47 crore under RMSA, the Department could spend only ₹ 218.67 crore on various components of the programme leaving ₹ 129.80 crore (37 per cent) unutilised as of March 2015.

**(Paragraphs 2.3.3)**

#### **Construction of model schools**

Of ₹ 7.23 crore provided by the GOI and State Government for construction of five model schools in March 2010, ₹ 4.70 crore was lying unutilised with the executing agency due to slow pace of work (one) and non-availability of encumbrance free land (four).

**(Paragraph 2.3.4.6)**

#### **Implementation of information and communication technology project-II**

Implementation of Information and Communication Technology Project phase-II was delayed due to non-finalisation of tenders in time depriving the students in Government schools of the intended benefits of the project.

**(Paragraph 2.3.6.1)**

#### **Human resource and capacity building**

There was shortage in cadre of teaching and teaching support staff in schools. The percentage

of shortages of these staff in schools was 14 and 39 as of March 2015. The sanctioned strength of others/ non-teaching staff was as high as 80 *per cent* of the teaching staff.

**(Paragraph 2.3.8)**

**Evaluation of results**

Examination results were poor as schools ranging between two and 16 had zero *per cent* results for class X during 2011-15 and schools ranging between 134 and 232 had results less than 25 *per cent*. Similarly, for class XII, 10 schools had zero *per cent* result and 48 schools had less than 25 *per cent* result during 2014-15.

**(Paragraph 2.3.9)**

**Internal control mechanism**

Internal audit arrangements as prescribed under the scheme had not been put in place by the Department as of March 2015.

**(Paragraph 2.3.10)**

## **PUBLIC WORKS DEPARTMENT**

### **Pradhan Mantri Gram Sadak Yojana**

With the objective of providing all-weather road connectivity in rural areas, the Government of India (GOI), Ministry of Rural Development had launched (December 2000) Pradhan Mantri Gram Sadak Yojana (PMGSY). The programme aimed at covering all the unconnected rural habitations with a population of 1,000 and above by 2003 and those with a population of 500 and above by the end of 2007. However, in Himachal Pradesh, being a Hill State, the objective was to connect habitations with a population of 250 persons and above.

A performance audit of PMGSY was conducted with the objective to assess whether planning process was aligned with the objectives of the scheme, adequate funds were provided and utilised for effective implementation of the programme, contract management ensured execution and completion of the works according to the prescribed time schedule for providing all-weather road connectivity to the eligible habitations, execution of works under PMGSY was economical, efficient and effective and quality control and monitoring mechanisms were adequate and effective.

### **Major audit findings**

**Preparation of master plan**

The long term master plan with clear milestones and timelines for providing all weather road connectivity to all eligible habitations was not prepared by Public Works Department and 1,093

eligible habitations under the programme had remained unconnected in the State as of March 2015.

**(Paragraph 2.4.2.1 (i))**

**Transect walk for alignment of roads**

Due to non following the 'transect walk' procedure for road alignment, detailed project reports of 117 roads approved by the GOI for ₹ 172.71 crore during 2001-10 had to be dropped (between January 2012 and September 2013) due to involvement of private/ forest land.

**(Paragraph 2.4.2.6 (i))**

**Availability and utilisation of programme fund**

Against the availability, the programme funds ranging between ₹ 99.78 crore and ₹ 314.44 crore remained unutilised during 2010-14 which indicated lack of financial controls.

**(Paragraph 2.4.3.1 (i))**

**Delay in award of works**

In 20 test-checked divisions, 252 works sanctioned (between January 2002 and July 2014) by the GOI for ₹ 358.28 crore were awarded to the contractors during 2012-15 with delays ranging between 81 and 2640 days resulting in further delay in execution of the works.

**(Paragraph 2.4.4.1)**

**Execution of works in test checked divisions**

In all test-checked divisions, of 275 works stipulated to be completed during 2010-15, 200 works were completed and 75 works on which an expenditure of ₹ 54.69 crore was incurred were incomplete for more than 48 months.

**(Paragraph 2.4.5.1 (ii))**

**Inspection of works**

Quality control mechanism was ineffective as the Executive Engineers of the test-checked divisions had not taken action for rectification of 485 works reported as unsatisfactory by the State Quality Monitors (441) and National Quality Monitors (44) during 2010-15.

**(Paragraphs 2.4.8.3 (ii) and (iii))**

**COMPLIANCE AUDIT**

**Animal Husbandry Department**

**Working of Himachal Pradesh Co-operative Milk Producers' Federation (Milkfed) Limited**

Of grants of ₹ 16.03 crore received from the Government of India during 2012-15, the Milkfed had incurred expenditure of ₹ 11.54 crore and ₹ 4.49 crore were lying unutilised as of March 2015. Non-settlement of cash credit limit

of ₹ 5.00 crore with the Himachal Pradesh State Co-operative Bank Limited since January 2004 resulted in outstanding liability of ₹ 22.72 crore (Principal: ₹ 2.69 crore and interest: ₹ 20.03 crore) as of March 2015. During 2012-15, against the target, there was shortfall in procurement of milk ranging between 09 and 18 *per cent* and shortfall in sale of milk ranging between 10 and 44 *per cent*. The Milkfed had not fixed product-wise norms for utilisation of milk for the various milk products. Capacity utilisation of nine milk chilling centres and three milk processing plants ranged between 03 and 48 *per cent*.

(Paragraph 3.1)

### **Education Department**

#### **National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme)**

Funds of ₹ 42.61 lakh for cooking cost in 1248 cases were released late to schools by Elementary Education Department during 2012-15 with delays ranging between 20 and 175 days. Interest of ₹ 33.31 lakh earned on scheme funds had not been reported to the Centre as per the scheme guidelines. The construction of 507 kitchen sheds-cum-stores sanctioned during 2007-12 for ₹ 3.13 crore was still incomplete as of March 2015 after expending ₹ 2.03 crore and construction of 430 kitchen sheds costing ₹ 3.46 crore had not been started as of April 2015.

(Paragraph 3.3)

### **Food, Civil Supplies and Consumer Affairs Department**

#### **Preparedness for implementation of National Food Security Act, 2013**

The State Government had not identified beneficiaries afresh under the National Food Security Act and there was shortfall in identification of 5.76 lakh beneficiaries in the State due to which the State was receiving 5.08 lakh tons of foodgrains at existing rates. Smart Cards in place of paper ration cards and ration (smart) cards in the name of eldest woman in household had also not been issued. End-to-end computerisation of targeted public distribution system had not been ensured as of April 2015 and unutilised funds of ₹ 6.74 crore were lying in a savings bank account. Vehicles tracking system was not being used by the Food, Civil Supplies and Consumer Affairs Department for

transportation of foodgrains at different levels and computerisation of fair price shops had not been taken up as of April 2015. Vigilance Committees (VCs) at Block level had not been constituted and there was shortfall between six and 100 *per cent* in constitution of VCs at fair price shop level.

**(Paragraph 3.4)**

### **Health and Family Welfare Department**

#### **Undue benefit to temple trust**

Decision of the Health and Family Welfare Department to exchange building of Community Health Centre Jawalamukhi with a building of Shree Jawalamukhi temple trust led to undue benefit of ₹ 6.27 crore to the trust.

**(Paragraph 3.6)**

### **Irrigation and Public Health Department**

#### **Functioning of Flow Irrigation Schemes**

In six test-checked divisions of Irrigation and Public Health Department, ₹ 18.27 crore were withdrawn from treasury at the end of financial year during 2010-15 and shown as final expenditure/ booking of material against flow irrigation schemes (FISs) without their actual utilisation. In nine divisions, 46 FISs (of 91) on which ₹ 42.25 crore had been spent were lying incomplete as of March 2015. In five test-checked divisions, the irrigation potential created under 21 FISs at a cost of ₹ 20.02 crore was not utilised optimally during 2012-15. Departmental officers had not monitored the execution of the FISs during 2012-15 and the prescribed inspections of the FISs were also not conducted.

**(Paragraph 3.7)**

#### **Idle investment on augmentation of water supply schemes and loss of interest**

Lack of planning and failure of the Irrigation and Public Health Department to initiate timely action for execution of the water supply schemes resulted in idle investment of ₹ 53.57 crore and loss of interest of ₹ 3.31 crore.

**(Paragraph 3.10)**

#### **Unfruitful expenditure on execution of sewerage scheme**

Lack of planning and inefficiency of the Irrigation and Public Health Department to expedite the execution of the sewerage scheme within stipulated time resulted in unfruitful expenditure of ₹ 6.80 crore.

**(Paragraph 3.11)**

## **Medical Education and Research Department**

### **Mismanagement of funds**

Absence of proper planning for utilisation of grant received by State Nursing Council for strengthening the nursing services in the State had resulted in mismanagement of available funds of ₹ 1.40 crore.

**(Paragraph 3.12)**

## **Multipurpose Projects and Power Department**

### **Implementation of Renewable Energy Programmes**

Against the target of generation of 2,473 MW hydro power through small hydro power (SHP) projects, the achievement was only 476 MW (19 *per cent*) through 97 SHP projects commissioned upto March 2015. Upfront premium for capacity addition of ₹ 7.80 crore from four independent power producers and local area development fund of ₹ 7.12 crore for environment management plan, etc., from six small hydro power projects had not been recovered by Department of Energy. Free power royalty payment of ₹ 27.17 crore from independent power producers for the year 2014-15 had not been remitted by the Himachal Pradesh State Electricity Board Limited to the State Government. Against estimated solar power potential of 33,000 MW, only 3.29 MW had been installed in the State as of March 2015.

**(Paragraph 3.13)**

### **Non-recovery of capacity addition charges and undue favour to power developer**

Failure of the Multipurpose Projects and Power Department to detect capacity addition of hydropower project in time and non-levy of ₹ 209.28 crore on account of capacity addition charges, additional free power royalty and local area development fund led to extension of undue favour to the power developer.

**(Paragraph 3.14)**

## **Multipurpose Projects and Power Department and Scheduled Castes, Other Backward Classes and Minority Affairs Department**

### **Excess contribution towards Employees' Provident Fund**

Failure to limit employer's contribution toward Employees' Provident Fund by the Himachal Pradesh Energy Development Agency and Himachal Pradesh Scheduled Castes and Scheduled Tribes Development Corporation as prescribed in the Employees' Provident Funds Scheme, 1952 resulted in excess contribution of ₹ 2.66 crore.

**(Paragraph 3.15)**

## **Panchayati Raj Department**

### **Backward Regions Grant Fund**

Panchayati Raj Department had not conducted baseline survey to identify missing infrastructure gaps in backward districts. Out of total available funds of ₹ 40.75 crore during 2012-15, the Zila Parishad, Sirmour utilised ₹ 38.94 crore and funds of ₹ 1.81 crore remained unutilised as of March 2015. Utilisation Certificates of ₹ 20.91 crore for execution of 2281 works were submitted to GOI without ensuring their actual utilisation by the implementing agencies. Works were not taken up as per the priority list and ₹ 22.72 crore (61 *per cent*) out of total expenditure of ₹ 37.41 crore incurred in the Sirmour district during 2012-15 was on low priority works. The State Government had not instituted Quality Monitoring System for ensuring the quality of execution of the works as of May 2015.

**(Paragraph 3.16)**

## **Planning Department**

### **Implementation and Administration of Members of Parliament Local Area Development Scheme**

Against release of ₹ 57.12 crore by the Deputy Commissioners (DCs) of Nodal districts to the implementing agencies during 2012-15, the details of expenditure actually incurred were not available. ₹ 54.00 lakh were spent on construction of 24 works which were beyond the scope of the scheme. Against ₹ 12.39 crore required to be spent for infrastructural development of areas inhabited by the SC and ST population, only ₹ 5.44 crore (44 *per cent*) was released by the DCs of Nodal districts during 2012-15. Out of 3710 works sanctioned during 2012-14, execution of 3359 works (approved for ₹ 52.21 crore) was under progress resulting in blocking of Government funds besides, non-accrual of timely benefits to the beneficiaries.

**(Paragraph 3.17)**

## **Public Works Department**

### **Unfruitful expenditure on construction of road**

Failure of the Public Works Department to secure necessary permission for the construction of railway over bridge, the expenditure of ₹ 2.83 crore on construction of road remained largely unfruitful.

**(Paragraph 3.19)**

**Undue financial benefit to a firm and suspected misappropriation of funds**

Failure of the Public Works Department to initiate timely action against a firm for breach of contractual obligations resulted in extension of undue financial benefit of ₹ 2.64 crore to the firm and suspected misappropriation of ₹ 35.97 lakh besides unfruitful expenditure of ₹ 2.39 crore and cost overrun of ₹ 2.58 crore.

**(Paragraph 3.25)**

**Scheduled Castes, Other Backward Classes and Minority Affairs Department**

**Implementation of Social Security Pension Schemes**

Time schedule had not been fixed for finalisation of pension cases by the Scheduled Castes, Other Backward Classes and Minority Affairs Department due to which there was delay in finalisation of pension cases ranging between 12 and more than 60 months during 2012-15. Mechanism for reporting death, persons becoming ineligible for pension and sanction of pension from other schemes was not in existence. There were instances of delay in disbursement of pension, non-obtaining of requisite certificates, sanction and disbursement of pension to ineligible persons and non-verification of pension disbursed in the test-checked districts. Social security pension was not granted for newly created category of individuals of more than 80 years of age. Pension disbursement through biometric system in Una district was not working properly. In Mandi district e-kalyan system for implementation of pension was not web-based.

**(Paragraph 3.27)**

## Time Series Data on State Government Finances

(₹ in crore)

|   | 2010-11   | 2011-12    | 2012-13    | 2013-14    | 2014-15   |
|---|-----------|------------|------------|------------|-----------|
| <b>Part-A: Receipts</b>   |           |            |            |            |           |
| <b>1. Revenue Receipts</b>  | 12,711    | 14,543     | 15,598     | 15,711     | 17,843    |
| <b>(i) Tax Revenue</b>  | 3,643(29) | 4,108 (28) | 4,626 (30) | 5,121 (33) | 5,940(33) |
| <b>(ii) Non Tax Revenue</b>                                       | 1,695(13) | 1,915 (13) | 1,377 (9)  | 1,785 (11) | 2,081(12) |
| <b>(iii) State's share of Union taxes and duties</b>              | 1,715(13) | 1999 (14)  | 2,282(14)  | 2,491 (16) | 2,644(15) |
| <b>(iv) Grants in aid from Government of India</b>                | 5,658(45) | 6,521 (45) | 7,313 (47) | 6,314 (40) | 7,178(40) |
| <b>2. Miscellaneous Capital Receipts</b>                          | 646       | --         | --         | --         | 650       |
| <b>3. Recoveries of Loans and Advances</b>                        | 73        | 25         | 21         | 17         | 41        |
| <b>4. Total Revenue and Non debt capital receipts (1+2+3)</b>     | 13,430    | 14,568     | 15,619     | 15,728     | 18,534    |
| <b>5. Public Debt Receipts</b>                                    | 2,411     | 1,984      | 3,371      | 4,050      | 10,877    |
| <b>6. Total Receipts in the Consolidated Fund (4+5)</b>           | 15,841    | 16,552     | 18,990     | 19,778     | 29,411    |
| <b>7. Contingency Fund Receipts</b>                               | --        | --         | --         | --         | --        |
| <b>8. Public Account Receipts</b>                                 | 8,507     | 9,237      | 9,146      | 10,300     | 10,575    |
| <b>9. Total Receipts of the State (6+7+8)</b>                     | 24,348    | 25,789     | 28,136     | 30,078     | 39,986    |
| <b>Part-B: Expenditure/disbursement</b>                           |           |            |            |            |           |
| <b>10. Revenue Expenditure</b>                                    | 13,946    | 13,898     | 16,174     | 17,352     | 19,787    |
| <b>11. Capital Expenditure</b>                                    | 1,789     | 1,810      | 1,955      | 1,856      | 2,473     |
| <b>12. Disbursement of Loans and Advances</b>                     | 227       | 493        | 469        | 531        | 474       |
| <b>13. Total (10+11+12)</b>                                       | 15,962    | 16,201     | 18,598     | 19,739     | 22,734    |
| <b>14. Repayments of Public Debt</b>                              | 870       | 1,128      | 2,117      | 1,704      | 8,260     |
| <b>15. Appropriation to Contingency Fund</b>                      | --        | --         | --         | --         | --        |
| <b>16. Total disbursement out of Consolidated Fund (13+14+15)</b> | 16,832    | 17,329     | 20,715     | 21,443     | 30,994    |
| <b>17. Contingency Fund disbursements</b>                         | --        | --         | --         | --         | --        |
| <b>18. Public Account disbursements</b>                           | 7,162     | 8,526      | 8,285      | 9,227      | 8,844     |
| <b>19. Total disbursement by the State (16+17+18)</b>             | 23,994    | 25,855     | 29,000     | 30,670     | 39,838    |
| <b>Part C: Deficits / Surplus</b>                                 |           |            |            |            |           |
| <b>20. Revenue Deficit (-) / Revenue Surplus (+) (1-10)</b>       | (-) 1,235 | (+) 645    | (-) 576    | (-) 1,641  | (-) 1,944 |
| <b>21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)</b>           | (-) 2,532 | (-) 1,633  | (-) 2,979  | (-) 4,011  | (-) 4,200 |
| <b>22. Primary Deficit (-)/ Surplus (+) (21+23)</b>               | (-) 582   | (+) 497    | (-) 609    | (-) 1,530  | (-) 1,351 |

|  | 2010-11           | 2011-12           | 2012-13           | 2013-14           | 2014-15           |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Part D: Other data</b>  |                   |                   |                   |                   |                   |
| <b>23. Interest Payments (included in revenue expenditure)</b>   | 1,950             | 2,130             | 2,370             | 2,481             | 2,849             |
| <b>24. Financial Assistance to local bodies etc.,</b>            | 849               | 981               | 1,203             | 1,438             | 2,156             |
| <b>25. Ways and Means Advances / Overdraft availed (days)</b>    | --                | --                | --                | 629               | 6,860             |
| <b>26. Interest on Ways and Means Advances/ overdraft</b>        | --                | --                | --                | 0.11              | 14.80             |
| <b>27 Gross State Domestic Product (GSDP)</b>                    | 56,980<br>(18.24) | 66,448<br>(16.62) | 76,259<br>(14.76) | 85,841<br>(12.57) | 95,587<br>(11.35) |
| <b>28 Outstanding Fiscal liabilities (year end)</b>              | 26,415            | 28,228            | 30,442            | 33,884            | 38,192            |
| <b>29. Outstanding guarantees (year end)(including interest)</b> | 3,910             | 3,316             | 3,353             | 4,333             | 4,281             |
| <b>30. Maximum amount guaranteed (year end)</b>                  | 6,232             | 6,208             | 9,455             | 9,316             | 9316              |
| <b>31. Number of incomplete projects</b>                         | 11                | 13                | 12                | 12                | 13                |
| <b>32. Capital blocked in incomplete projects</b>                | 86                | 930               | 115               | 130               | 141               |

Figures in brackets represent percentages.