

PRESS BRIEF

AUDIT REPORT (SOCIAL, GENERAL AND ECONOMIC SECTORS)

The Report (Social, General and Economic Sectors-Non PSUs) of the Comptroller and Auditor General of India, on Government of Himachal Pradesh for the year ended 31 March 2016 had been presented to the State Legislature on 31 March 2017 in accordance with Article 151 of the Constitution of India.

This Report comprises three Chapters. The first Chapter contains the financial profile of the State, planning and conduct of audit and follow-up on Audit Reports. The second Chapter deals with the findings of five Performance Audits and the third Chapter deals with audit findings on Compliance Audit (including thematic audits) of various Departments. The Audit findings included in this Report have a total money value of ₹ 411.61 crore.

1. Schemes for upkeep/ improvement of livestock (*Animal Husbandry Department*)

A performance audit of the implementation of schemes relating to upkeep/ improvement of livestock in the State for the period 2011-12 to 2015-16 brought out weak planning, non-achievement of targets for improving livestock productivity and undue delay in execution and completion of infrastructure projects. Some of the significant audit findings are summarized as under:

- The Animal Husbandry Department had not prepared Annual Action Plans detailing the implementation strategy for various activities under the schemes for upkeep/ improvement of livestock during 2011-16. **(Paragraph 2.1.6.1)**
- Against the objective of achieving exotic inheritance level of 50 *per cent* in cattle and 75 *per cent* in sheep, the Department could achieve exotic inheritance level of 46 and 38 *per cent* of cattle and sheep respectively. **(Paragraph 2.1.6.3)**
- Although the milk production targets set by the Department during 2011-16 were by and large achieved, the State average annual milk yield (11.68 lakh MT) was 13 *per cent* below the national average (13.38 lakh MT). **(Paragraph 2.1.6.5)**
- Funds of ₹ 20.21 crore released during 2011-16 for construction of veterinary hospital buildings/ execution of livestock development projects remained unutilised with implementing agencies for periods ranging from 16 months to two years. **(Paragraphs 2.1.10.2, 2.1.14.1, 2.1.15 and 2.1.16)**
- Construction of 108 institutional buildings (₹ 7.44 crore) and execution of six livestock development projects (₹ 8.95 crore) sanctioned during 2011-15 were lying incomplete as of November 2016. **(Paragraphs 2.1.10.1, 2.1.14.4, 2.1.14.5 and 2.1.17.2)**
- During 2011-16, the success rate of calves born through artificial insemination in cows ranged between 39 and 43 *per cent* and that of buffaloes between 40 and 45 *per cent* which was below the minimum standard of protocol of 50 *per cent* prescribed by Government of India. **(Paragraph 2.1.14.3)**

2. Environment clearance and post clearance monitoring (*Environment, Science and Technology Department*)

Despite the State being environmentally sensitive with a fragile eco-system, a performance audit of the implementation of the Environment Impact Assessment (EIA) Notification 2006 and the grant of environment clearance and post clearance monitoring covering the period 2008-15 brought out that the institutional mechanisms and procedures

for environment impact assessment and identification of environmental concerns as well as monitoring and enforcement of mitigation measures was weak. The State Environment Impact Assessment Authority (SEIAA)/ State Expert Appraisal Committee (SEAC) and State Pollution Control Board (SPCB) lacked adequate manpower for scrutiny and this contributed to delay in grant and renewal of environment clearances (EC) resulting in some projects continuing to operate without the pre-requisite ECs. Neither SEIAA nor SPCB had regularly monitored compliance with conditions of the EC of the projects and some project proponents had not fulfilled the commitments made in the environment impact assessment reports/ EC letters. Required environment protection measures including development of greenbelt in the project areas, compensatory afforestation, catchment area treatment plan and disposal of muck generated from construction were not carried out by the project proponents though funds were either allocated, committed or available for the purpose. Some of the significant findings are summarised below:

- There was shortage of technical and scientific staff ranging between 51 and 55 *per cent* in State Pollution Control Board (SPCB). **(Paragraph 2.2.6 (ii))**
- There was a delay in appraisal of Environment Impact Assessment application by the SEAC in 19 out of 60 test checked cases ranging between 14 days and 2.9 years and delay in grant of environment clearance by the SEIAA in 42 cases ranging between eight days and three years. **(Paragraph 2.2.7.1)**
- Faulty planning and conceptualisation for a bio-technology park in Solan district resulted in unfruitful expenditure of ₹ 2.07 crore and change in the bio-diversity by cutting of 897 green trees. The park was yet to be established. **(Paragraph 2.2.7.3)**
- Out of 20 test-checked projects, project proponents of two projects had not complied with the commitments of pollution mitigation measures made during public hearing. Further, the validity of consent to operate of SPCB had expired in respect of nine projects between March 2013 and March 2016 but they were continuing to operate as of August 2016. **(Paragraphs 2.2.8.1 and 2.2.8.2 (ii))**
- SPCB had not installed online monitoring systems for continuous stack emission and effluent quality in the polluting industries. In 16 out of 20 test-checked projects, the project proponents did not ensure the air, noise and water quality as number of monitoring systems to be installed were neither specified in EC letters nor installed by the project proponents. **(Paragraphs 2.2.9.2 and 2.2.9.3)**
- Development of green belt in a project area was not specified in the EIA reports/ EC letters of seven selected projects and compensatory afforestation/catchment area treatment plan was not carried out/ implemented in three selected projects though ₹18.77 crore were deposited with the Forest Department. **(Paragraphs 2.2.10.1 to 2.2.10.3)**

3. Upgradation and maintenance of National Highways (Public Works Department)

A performance audit of the planning and execution of works relating to upgradation and maintenance of the National Highways (NHs) in the State by the NHs wing of the State Public Works Department covering the period 2011-16 highlights the lack of systemic annual plans with clear milestones and timelines for development and maintenance of national highways and shortfalls in achievement of targets for upgradation, repair and maintenance. Financial management was weak as the Department failed to utilise the allocations made by the Government of India (GOI) optimally and there were instances of irregular diversion of deposits towards departmental expenditure and public works deposits, non-reimbursement of expenditure on maintenance and non-release of agency

charges by GOI. Execution of works was marred by delays in preparation/ finalisation of detailed project reports, lack of synchronization of allied activities, failure to obtain requisite clearances in a timely manner and unfruitful expenditure and cost overruns. Failure to effectively monitor and ensure adherence to stipulations relating to quality control tests and inspections and non-engagement of quality control consultants provided no assurance as to action taken to rectify defects and the quality of the works done. Some of the significant findings are summarised below.

- There was shortfall of 40 *per cent* in achievement of targets for widening and strengthening of the NHs during 2011-16. **(Paragraphs 2.3.5.4)**
- Against an allocation of ₹ 759.91 crore for original works during 2011-15, the Department could utilize ₹ 590.71 crore resulting in short utilisation of ₹ 169.20 crore. **(Paragraph 2.3.6.2)**
- Department irregularly diverted ₹ 1.20 crore from funds deposited by telecommunications companies for restoration of damages to purchase of vehicles and retained ₹ 117.20 crore under deposit head instead of remitting to the Union Ministry of Road Transport and Highways as required under the rules. Damages in 1,316.655 kms NHs were not restored as of March 2016. **(Paragraph 2.3.6.3)**
- Against 119 works sanctioned at a cost of ₹ 985.79 crore and stipulated to be completed by March 2016, 39 works on which expenditure of ₹ 114.23 crore had been incurred were lying incomplete as of March 2016. **(Paragraph 2.3.7.1)**
- Six jobs of preparation of detailed projects reports for upgradation of six NHs to two lanes awarded (May-August 2010) to consultants for ₹ 12.52 crore and stipulated to be completed by July 2011 remained incomplete as of June 2016 after expending ₹ 7.50 crore. **(Paragraph 2.3.7.2)**
- Quality control mechanism was ineffective as Executive Engineers did not conduct the required quality tests/ inspections of works and also failed to initiate action for rectification of defects pointed out by the State Quality Control Wing in 74 inspections out of 111 during 2011-16. **(Paragraphs 2.3.10.1 and 2.3.10.2)**

4. Preparedness for Disaster Management in Himachal Pradesh (Revenue Department)

A performance audit of disaster management with specific focus on earthquake and fire was conducted in Revenue Department covering the period 2011-16 to ascertain the preparedness of the State in respect of reducing vulnerabilities, disaster prevention, mitigation and response. The review brought out weaknesses in the functioning of institutional structures and processes as well as inadequate disaster preparedness that undermined the ability of the State machinery to quickly and effectively respond to disasters. Some of the significant findings are summarised below.

- State Disaster Management Plan/ District Disaster Management Plans were not updated annually as required under the Disaster Management Act, 2005. Of 41 main Departments in the State, 28 Departments have not prepared disaster management plans as of June 2016. **(Paragraph 2.4.6.1)**
- An amount of ₹ 18.96 crore was irregularly diverted from the State Disaster Response Fund for works not related to natural calamities. **(Paragraph 2.4.7.3(a))**
- Emergency Operation Centers were yet to be fully equipped with necessary communication systems and Village Disaster Management Committees were not established in every district. Capacity building/ training on disaster preparedness was

not imparted to doctors and para-medical staff as of June 2016. (Paragraphs 2.4.8.1, 2.4.9.2 and 2.4.9.3 (i))

- Lifeline buildings had not been identified for retro-fitting to withstand seismic activity. Construction of seismic resistant buildings/ houses in rural areas had not been ensured as of June 2016. Training to engineers, builders and artisans on construction of seismically safe buildings was not adequate. (Paragraphs 2.4.10.1, 2.4.10.2 and 2.4.10.3)
- Techno-legal regime with regard to follow up of construction of buildings on slope above maximum permissible limit of 45 degree had not been established. Action was not taken to act upon the cases of unauthorised/ haphazard constructions. Structural safety audit of lifeline buildings had also not been conducted as of July 2016. (Paragraphs 2.4.10.4 and 2.4.10.5)
- There were 3,243 *gram panchayats* in the State. However, fire posts were established in only 24 *gram panchayats*. Only 71 *per cent* fire vehicles were in good condition. (Paragraphs 2.4.11.3 and 2.4.11.4)

5. Integrated Watershed Management Programme (Rural Development Department)

The Integrated Watershed Management Programme was launched in April 2008 by Government of India to restore ecological balance by harnessing, conserving and developing natural resources such as soil, vegetative cover and water and to provide sustainable livelihoods for the people residing in the watershed areas. A performance audit conducted in Rural Development Department of the implementation of the programme during period 2011-16 brought out deficient planning and slow pace of utilisation of funds and perspective plan and annual action plans being prepared without inputs from field functionaries resulting in IWMP projects overlapping with those taken up under other programmes and non-release of funds by Government of India. There was also delay in finalisation of Detailed Project Reports and non-adherence to cost norms that resulted in excess expenditure under drought prone area programme. The impact of the programme in terms of increase in water table, yield of crops, and decrease in desertification, drought prone area and waste/ degraded lands was not assessed by the State Government. Some of the significant audit findings are as below.

- Perspective plan was prepared (January 2009) at State level without considering block and district level watershed development plans. Against 5.91 lakh hectares of land required to be treated during 2009-16, only 0.86 lakh hectares (15 *per cent*) was treated as of March 2016. (Paragraphs 2.5.6.1 and 2.5.8.2)
- 38 to 87 *per cent* of available funds remained unutilised with the State Level Nodal Agency during 2011-16. Government of India did not release any funds during 2014-15 under IWMP due to inability of the Department to spend the required 60 *per cent* funds during 2013-14. (Paragraph 2.5.7.1)
- District Watershed Development Authority, Chamba, Shimla and Solan and District Rural Development Agency, Kinnaur, had spent ₹ 88.21 crore on treatment of land under various activities during 2011-16 but no evidence of area actually developed/ treated was kept in record. (Paragraph 2.5.8.3)
- Due to non-adherence to cost norms for watersheds, seven project implementing agencies spent ₹ 7.59 crore under drought prone area programme in excess of the permissible limit. (Paragraph 2.5.10.5)
- In Solan district, 5,579 hectares of land targeted for treatment at a cost of ₹ 8.06 crore overlapped with the area being treated under other programme executed by Forest Department. (Paragraph 2.5.10.6)

- Monitoring and evaluation mechanism was not effective as inspections of works, meetings of State Level Nodal Agency and impact analysis of programme was not conducted to the desired level. **(Paragraph 2.5.12)**

6. Compliance Audit

(i) Encroachment of forest land in Himachal Pradesh (Forest Department)

A review of the records relating to encroachment of forest land covering the period 2013-16 brought out that the Forest Department had not been able to ensure effective implementation and enforcement of the Indian Forest Act, 1971, resulting in encroachment of 9,545 hectares of forest land involving 43,086 cases in the State upto March 2016. Against 20.63 lakh hectares forest area targeted to be demarcated, 11.04 lakh hectares (54 *per cent*) had not been demarcated even after lapse of more than 28 years which provided opportunity for continuing encroachment. A total of 15,409 cases of forest land encroachments involving 3,572 hectares were pending in revenue and forest courts as of March 2016. Fencing work of vacated forest areas could not be carried out and ₹ 46.76 lakh towards cost of fencing was not recovered from encroachers in accordance with directions of the Hon'ble High Court. The Department attributed many of the shortcomings to shortages of field and revenue staff without indicating steps being taken to remedy the position. **(Paragraph 3.2)**

(ii) Irregularities in disbursement of scholarships (Higher Education Department)

Weak internal control in Department of Higher Education resulted in irregular disbursement of scholarships of ₹ 9.59 crore to students of unrecognised institutions. **(Paragraph 3.3)**

(iii) Reformation, rehabilitation and other facilities in jails (Home Department)

The Department of Prisons had not offered education and rehabilitation opportunities to the bulk of the prison population thereby defeating one of the main objectives of reformation and rehabilitation of inmates by providing them skills and qualifications for alternate employment on their release. Only 69 out of 1,116 prisoners in the test-checked jails obtained educational qualification and only 50 prisoners out of 786 released were imparted skill development training in different trades during 2013-16. Institutional structures and processes that were envisaged in the Model Prison Manual were not established which had an adverse effect on decision making and provision of requisite facilities and infrastructure in the State prisons. Absence of reception centres in jails led to non-segregation of a large number of prisoners suffering from various diseases including tuberculosis, scabies, heart disease and renal problems and lodging them with other prisoners in the barracks which exposed the other prisoners to possibly infectious diseases. About 456 new prisoners out of 809 in test-checked jails found to be suffering from various diseases were lodged with other prisoners in the barracks. Medical facilities were inadequate and water supplied was not tested for quality and fitness for human consumption. **(Paragraph 3.5)**

(iv) Non-recovery of royalty and interest on extraction of minerals (Industries Department)

The Industries Department failed to recover royalty of ₹ 22.72 crore for extraction of minerals and interest of ₹ 4.39 crore from a firm. **(Paragraph 3.6)**

(v) Assessment and collection of water charges (*Irrigation and Public Health Department*)

The Irrigation and Public Health Department was unable to recover water charges from all consumers, both domestic and commercial, resulting in significant increase in arrears of revenue. In addition, the Department effectively lost potential revenue due to non-revision of water charges of unmetered commercial connections as envisaged in State Government notification of June 2005 as also due to non installation of meters by consumers. **(Paragraph 3.7)**

(vi) Unfruitful expenditure on procurement of rigs for drilling of tubewells (*Irrigation and Public Health Department*)

Lack of adequate technical assessment of specifications of rigs by Irrigation and Public Health Department with reference to the topography and soil/ rock profile in the intended regions where they were to be deployed resulted in procurement of rigs that were not suitable for the purpose. Further, the department did not enforce compliance with the terms of the supply order relating to the warranty period, imparting of training and deployment of trained personnel by the firm. This resulted in unfruitful expenditure of ₹ 2.24 crore and non-recovery of cost of materials of ₹ 19.82 lakh from the firm. **(Paragraph 3.8)**

(vii) Irregular sanction and release of funds under Member of Parliament Local Area Development Scheme (*Planning Department*)

Non-compliance of the provisions of the MPLADS guidelines by Planning Department and absence of any mechanism to verify admissibility limit of financial assistance to a Society resulted in excess release of ₹ 1.97 crore to a society. Besides, funds of ₹ 2.50 crore meant for areas inhabited by Scheduled Castes/ Scheduled Tribes population were released to the other areas. **(Paragraph 3.10)**

(viii) Unproductive expenditure on idle survey equipment under National Land Records Modernisation Programme (*Revenue Department*)

Failure of the Revenue Department to either enforce due performance of contractual obligations by contractor or impose contractual penalties resulted in expenditure of ₹ 1.91 crore on idle equipment being rendered unproductive and blocking of ₹ 1.68 crore. **(Paragraph 3.12)**

(ix) Non-execution/ non-completion of works due to non-identification/ availability of encumbrances free sites (*Departments of Public Works, Industries, Scheduled Castes, Other Backward Classes and Minority Affairs, Technical Education, Vocational and Industrial Training and Youth Services and Sports*)

Drawal and release of funds by departments of Public Works, Industries, Scheduled Castes, Other Backward Classes and Minority Affairs, Technical Education, Vocational and Industrial Training and Youth Services and Sports to executing agencies without ensuring feasibility and encumbrance free land as envisaged in the Himachal Pradesh Treasury Rules and Central Public Works Manual resulted in unfruitful expenditure of ₹ 1.57 crore and blocking up of ₹ 12.14 crore with the executing agencies for more than one to nine years. **(Paragraph 3.13)**