सत्यमेव जयते

Report of the Comptroller and Auditor General of India

for the year ended 31 March 2018

भारतीय लेखापरीक्षा और लेखा विभाग ✦ INDIAN AUDIT AND ACCOUNTS DEPARTMENT

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

सत्यमेव जयते

उत्तराखण्ड शासन

Government of Uttarakhand

Report No. 2 of the year 2019

Report of the
Comptroller and Auditor General of India

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2018 has been prepared for submission to the Governor of the State of Uttarakhand. This Report contains three Chapters. Chapters I and II of this Report are placed before the State Legislature under Article 151 (2) of the Constitution of India while Chapter III is submitted to the State Legislature under Section 19 (A) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

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 the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Chapter contains significant results of performance audit and compliance audit of departments/ autonomous bodies of the Government of Uttarakhand for the year ended 31 March 2018.

Chapter II of this Report contains significant findings of audit of receipts and expenditure of major revenue earning departments under the Revenue Sector conducted under 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 in the Social and Economic sectors. Audit of accounts of Government companies (including companies deemed to be Government companies as per the Companies Act) is conducted by the Comptroller and Auditor General under Section 619 of the Companies Act 1956 and Sections 139 and 143 of the Companies Act 2013 and audit of Statutory Corporations is conducted under their respective legislations.

The instances mentioned in this Report are those which came to notice in the course of test audit during the year 2017-18 as well as those which came to notice in earlier years but could not be dealt with in previous Audit Reports. Instances relating to the period subsequent to 2017-18 but pertaining to the year 2017-18 have also been included, wherever necessary.

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

Overview

OVERVIEW

This Report contains two performance audits *viz.* on (i) System of Procurement, Storage, Transportation and Distribution of foodgrains under Public Distribution System, and (ii) Revenue Receipts from Forest Department, and 23 compliance audit paragraphs including one follow-up audit with financial implications of ₹ 2,271.08 crore.

The total expenditure of the State increased from ₹ 20,206 crore to ₹ 35,074 crore during 2013-14 to 2017-18. The revenue expenditure of the State Government increased by 79 *per cent* from ₹ 16,216 crore in 2013-14 to ₹ 29,083 crore in 2017-18. The revenue expenditure constituted 80 to 84 *per cent* of the total expenditure during the year 2013-14 to 2017-18 whereas the capital expenditure in the same period was 15 to 19 *per cent.* During this period, revenue expenditure increased at an annual average rate of 16 *per cent* whereas revenue receipts grew at an annual average rate of 11.57 *per cent* during 2013-14 to 2017-18. The total revenue receipts of the State Government for the year 2017-18 were ₹ 27,105 crore as compared to ₹ 24,889 crore during the year 2016-17. Out of this, 44 *per cent* was raised through tax revenue (₹ 10,164.93 crore) and non-tax revenue (₹ 1,769.53 crore). The balance 56 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 7,084.91 crore) and Grants-in-aid (₹ 8,085.20 crore). There was an increase in revenue receipts over the previous year by ₹ 2,216 crore. The State Government implemented the Goods and Services Tax (GST) Act which became effective from 1st July 2017. Total receipts under GST including non-subsumed/subsumed taxes from April 2017 to March 2018 were ₹ 7,006 crore (including provisional apportionment of IGST and Compensation to State).

As on 31 March 2018, there were 30 Public Sector Undertakings (three Statutory Corporations and 27 Government Companies including eight inactive government companies) in Uttarakhand. The working PSUs registered an annual turnover of ₹ 8,770.99 crore as per their latest finalised accounts as on 30 September 2018.

PSUs in Power Sector

As on 31 March 2018, the total investment (equity and long term loans) in four power sector undertakings was ₹ 6,309.01crore. The investment consisted of 46.72 *per cent* towards equity and 53.28 *per cent* in long-term loans. The budgetary assistance received by these power sector PSUs during the year ranged between ₹ 385.03 crore and ₹ 81.95 crore during the period 2013-14 to 2017-18. The budgetary assistance of ₹ 103.45 crore received during the year 2017-18 included ₹ 53 crore, ₹ 35.49 crore and ₹ 14.96 crore in the form of equity, loan and grants/subsidy respectively. Out of four power sector undertakings, accounts for the year 2017-18 were submitted by three working power sector PSUs by 30 September 2018. According to financial statements for the year 2017-18 of these power sector PSUs, two PSUs earned profit of ₹ 92.62 crore and one PSU incurred loss of ₹ 229.22 crore.

PSUs-Other than Power Sector

As on 31 March 2018, the total investment (equity and long term loans) in 26 PSUs (other than power sector) was ₹ 4,118.59 crore. Of this Government of Uttarakhand had contributed ₹ 1,036.73 crore as equity capital and ₹ 337.29 crore as long term loans. The total investment in these PSUs consisted of 82.91 *per cent* towards equity and 17.09 *per cent* in long-term loans. The annual budgetary assistance to these PSUs ranged between ₹ 378.35 crore and ₹ 712.23 crore during the period 2013-14 to 2017-18. The budgetary assistance of ₹ 712.23 crore given during the year 2017-18 included ₹ 63.02 crore as equity and ₹ 649.21 crore as grants / subsidy. Of the total 26 PSUs, no PSU submitted their accounts for the year 2017-18 for audit by CAG on or before 30 September 2018.

This Report is organised into three chapters. Chapter-I deals with the Social, General and Economic sectors, Chapter-II with the Revenue sector and Chapter-III deals with the Social and Economic sectors (Public Sector Undertaking). Some of the major audit findings are summarised below.

CHAPTER-I

PERFORMANCE AUDIT

System of Procurement, Storage, Transportation and Distribution of foodgrains under Public Distribution System

The Targeted Public Distribution System (TPDS) was launched in India in 1997 with the objective of providing foodgrain at specially subsidised rate to Below Poverty Line (BPL) families as per the norms prescribed by the Government of India (GoI). The scheme was operational in Uttarakhand since the formation (November 2000) of the State. In order to ensure food availability[1] to the poorest of the poor, *Antyodaya Anna Yojana* (AAY) was launched in December 2000. To ensure transparent recording of transactions at all levels, GoI launched (December 2012) a plan scheme on 'End-to-End Computerisation of TPDS'.

Further, National Food Security Act, 2013 (NFSA) was enacted (September 2013) in India by the Parliament with the objective of providing adequate quantity of quality food at affordable prices to people to live a life with dignity. A performance audit of the System of Procurement, Storage, Transportation and Distribution of foodgrains under Public Distribution System brought out weaknesses in digitisation of ration cards; identification of eligible beneficiaries; procurement, lifting, distribution, transportation and storage of foodgrains. Some of the significant findings were as below:

- Supply chain and Fair Price Shops automation under 'End-to-End Computerisation scheme' were not implemented even after elapse of four to five years from the targeted date.

  [Paragraph 1.2.7]

- Procedure for identification of eligible households to be covered under National Food Security Act was not followed as there were instances of incomplete capture of information relating to eligibility criteria as a result of which there was no assurance that only eligible beneficiaries were covered under the scheme. This led to inclusion of ineligible beneficiaries and exclusion of eligible beneficiaries from the benefits of the Scheme.

  [Paragraph 1.2.8.1 & 1.2.8.2]

- The Department could not ensure payment of Minimum Support Price to the farmers on procurement through the commission agents.

  [Paragraph 1.2.9.1]

- The Department distributed 0.63 lakh MT rice valuing ₹ 140.13 crore and 0.23 lakh MT wheat (to AAY and BPL category) valuing ₹ 9.83 crore in excess of actual requirement across the State.

  [Paragraph 1.2.10.2]

[1] By providing AAY families 24.600 kg rice and 10.400 kg wheat per month at specially subsidised rate of ₹ three and ₹ two per kg respectively.

- Storage capacity of foodgrains in the State was not adequate. The shortage of storage capacity ranged between 44 *per cent* and 45 *per cent* at Regional level and 32 *per cent* at District level across the State.

[Paragraph 1.2.11.3]

- Storage godowns lacked the basic equipment and facilities required as per Warehouse manual.

[Paragraph 1.2.11.5]

- Cash Credit Limit of ₹ 515.85 crore was obtained from Reserve Bank of India despite availability of sufficient funds with the Department. Consequently, the Department suffered a loss of ₹ 19.35 crore on account of interest paid to Reserve Bank of India against Cash Credit Limit.

[Paragraph 1.2.12.2]

- Irregular payment of ₹ 3.48 crore as Mandi Labour Charge was made to the millers against the quantity of rice procured under levy scheme.

[Paragraph 1.2.12.5]

- Required number of members were not appointed in State Food Commission and only one report after four years of constitution of State Food Commission was prepared. No meeting of Vigilance Committee at State level or at any level in sampled districts was organised during the audit period. There was an overall shortfall of 69.93 *per cent* to 81.38 *per cent* in inspection of Fair Price Shops.

[Paragraphs 1.2.13.1, 1.2.13.2, 1.2.13.3 and 1.2.13.4]

- Rules for conducting periodic Social Audit on functioning of Fair Price Shops were not framed even after elapse of almost five years of commencement of the Act.

[Paragraph 1.2.13.5]

COMPLIANCE AUDIT

Idle expenditure

After incurring expenditure of ₹ 2.59 crore, the Government Degree College, Dakpathar, Dehradun pertaining to the Higher Education Department could not use the constructed hostel for SC/ST girl students due to absence of security and staff and the hostel building remained idle since January 2015.

[Paragraph 1.3]

Loss of revenue

Non-recovery of compounding fee by the Senior Superintendent/Superintendent of Police of six districts pertaining to the Home Department at the prescribed rate led to loss of revenue of ₹ 3.17 crore.

[Paragraph 1.4]

Non-recovery of Special State Capital Investment Subsidy (with interest at the rate of 18 per cent) and Special Interest Subsidy

The Industry department failed to recover ₹ 49.56 lakh from a defaulter industrial unit after lapse of more than three years though the scheme guidelines provide for recovery in case of violation of the conditions of grant of subsidies.

[Paragraph 1.5]

Idle expenditure/Non-achievement of objectives

The Executive Engineer, Irrigation Division, Rudraprayag incurred an idle expenditure of ₹ 2.42 crore on procurement of pipes which were lying unattended in the open leaving it prone to the vagaries of nature, besides incurring an unfruitful expenditure of ₹ 46.31 lakh on other components of the project. Moreover, the intended objectives of the project had not been achieved even after a lapse of four years.

[Paragraph 1.6]

Functioning of blood banks in Uttarakhand

The blood banks under the Medical, Health and Family Welfare Department could not make significant progress in phasing out replacement donors to achieve target of 100 *per cent* voluntary blood donation (VBD) as envisaged in the National Blood Policy. Information, Education and Communication activities carried out by State Blood Transfusion Council (SBTC) for promotion of voluntary blood donation was inadequate. There was significant difference in the percentage of VBD as per Annual Report of SBTC and figures obtained from the selected blood banks. Out of 35 blood banks in the State, 13 were operating with expired licence from five months to twenty years. Only 22 regular inspections could be carried out against 96 inspections required to be conducted during the period 2015-18. None of the blood banks selected by audit were inspected during 2015-18. Out of eight selected blood banks, five were not calibrating equipment in prescribed time. The Donor and the Master Registers were not being maintained in complete form as prescribed in the Act.

[Paragraph 1.7]

Non realisation of compensation of ₹18 crore from absentee doctors

The Medical, Health and Family Welfare Department failed to realise compensation of ₹ 18 crore from doctors for breach of agreement. No legal action was taken against the defaulters which defeated the purpose of strengthening health services in the remote area of the State.

[Paragraph 1.8]

Avoidable expenditure

The Executive Engineer, Provincial Division, Public Works Department, Haridwar paid ₹ 1.69 crore for excess quantity of 192.69 MT of unutilised steel which could have been avoided, had the excess quantity of steel been utilised judiciously.

[Paragraph 1.9]

Non-levying of centage charges

Non-adherence to the financial rules and Government orders by the Executive Engineer, Rural Works Division, Rural Works Department, Dehradun in respect of levying of centage charges led to the loss of ₹ 73.20 lakh to the Government exchequer.

[Paragraph 1.11]

Old Age Pension Scheme

The Social Welfare Department was not able to ensure full compliance with the guidelines/rules laid down for providing pension to the old age persons. The selection process of beneficiaries for old age pension was fraught with several deficiencies. The pension database lacked input and validation controls. As a result, there were cases of excess payment of ₹ 0.17 crore to 614 beneficiaries; disbursement of ₹ 0.10 crore to deceased persons; disbursement of ₹ 4.18 crore to ineligible persons; and double payment of ₹ 0.21 crore to 85 beneficiaries. The State Government had to bear a burden of ₹ 33.29 crore due to less demand of fund from the Government of India. There was an irregular claim of ₹ 7.25 crore against ineligible beneficiaries from Government of India. There were instances of delayed disbursement of quarterly instalment of pension with the delay up to 366 days. Arrears of pension of ₹ 15.25 crore to 34,551 beneficiaries were not paid. District Level Committees for implementation, monitoring and evaluation of scheme were not constituted. The mechanism of grievance redressal and social audit was also not in place.

[Paragraph 1.12]

Role of Uttarakhand Environment Protection and Pollution Control Board and Uttarakhand State Transport Department in controlling air pollution in Dehradun

Uttarakhand Environment Protection and Pollution Control Board (UEPPCB) did not make any comprehensive programme for prevention, control or abatement of air pollution. It did not monitor all the 12 air pollutants notified by the Central Pollution Control Board. The UEPPCB did not coordinate with the Department of Industries to obtain information about industries registered with them so as to bring the industrial units under its consent regime. No mechanism was evolved to watch the renewal of consent after its expiry. The Transport Department did not take adequate measures towards implementation of the provision regarding re-registration of 15 years' old vehicles. It also did not have any effective mechanism to ensure that all the vehicles turn up for emission testing after the expiry of 'Pollution under Control' certificate. UEPPCB also failed to discharge its regulatory function to prevent and control the emission of pollutants spread into the atmosphere by the brick kilns and mining units**.** The monitoring by the UEPPCB was found deficient. It failed to prepare and submit the Annual Report relating to its functioning to the State Legislature.

[Paragraph 1.13]

CHAPTER-II

PERFORMANCE AUDIT

Revenue Receipts from Forest Department

The subject 'Forests' is included in the 'Concurrent List' of the seventh schedule to Article 246 of the Constitution of India. The Indian Forests Act, 1927 and Forest Conservation Act (FC Act) 1980 which are Central Legislations and Uttarakhand Timber & Other Forest produce Transit Rules, 2012 and Minor Mineral Concession Rules, as amended, and the notifications/orders issued there under from time to time govern the management and control of forestry and realisation of revenue by way of royalties, fees and penalties from various forest produce.

The forests are natural unique resources which are capable of sustaining themselves automatically. The Department has the primary duty of managing the forests in a sustainable manner and protect, conserve and augment them with plantation activities. Sustainability of forest resources is also important for providing steady revenues to the Government from silvicultural operations. Forest receipts are non-tax receipts and during the period 2013-14 to 2017-18, it accounted for 17.58 *per cent* to 31.63 *per cent* of the total non-tax receipts of Government of Uttarakhand (GoU). This performance audit on 'Revenue Receipts from Forest Department' was conducted to ascertain whether steps taken by the GoU to optimise revenue from forest resources were adequate and the resources available for exploitation were tapped optimally to augment revenue in the best interest of the State. The performance audit revealed a number of system deficiencies and highlights opportunities for the Government to generate substantial revenue from forest resources. Some of the significant findings are as below:

- The Department suffered from a systemic problem of delays in preparation of working plans as none of the existing 24 working plans could be prepared by the Department in time. It did not set up permanent working plan units as envisaged in the National Working Plan Code 2014 for overcoming the issues of delay in preparation of working plans.

[Paragraph 2.2.7.1 & 2.2.7.2]

- Delay in preparation and approval of working plans led to cessation of felling operations in two divisions resulting in non-realisation of royalty of ₹ 75.37 crore.

[Paragraph 2.2.8.1]

- The Department failed to realise revenue of ₹ 330.12 crore due to non-execution of canopy opening operation in Sal forests. Besides, lack of canopy opening has adverse impact on growth of new Sal trees and the overall quality of Sal forests.

[Paragraph 2.2.8.2]

- Absence of marking operations led to non-felling of trees and non-production of estimated quantity of timber in two divisions resulting in non-realisation of royalty of ₹ 27.90 crore.

[Paragraph 2.2.8.3]

- Non-felling of trees by UFDC resulted in non-production of timber on which loss of royalty works out to ₹ 14.28 crore.

[Paragraph 2.2.8.4]

- Erroneous fixation of royalty of eucalyptus led to loss of ₹ 31.19 crore to the Department during 2013-18.

[Paragraph 2.2.8.5]

- UFDC earned ₹ 13.94 crore by auctioning fuel wood and ₹ 42.17 crore from sale of tree roots during 2013-18. However, the Department did not get any share of these amounts due to absence of mechanism for levy of royalty on tree roots and fuel wood.

[Paragraph 2.2.8.6]

- Short-production of resin due to failure of Badrinath and Tehri forest divisions in following the timelines for resin extraction resulted in loss of ₹ 2.39 crore.

[Paragraph 2.2.9.1]

- The Department faced a recurring loss of ₹ 2.47 crore per annum due to non-inclusion of eligible pine trees in the working plan for resin production.

[Paragraph 2.2.9.2]

- Conservator of Forests, Western Circle caused loss of revenue to the Department by cancelling public demand of ₹ 1.96 crore and reducing demand of ₹ 6.34 crore to ₹ 0.29 crore without any basis against the UFDC for illegal mining from river beds.

[Paragraph 2.2.10.2]

- Recovery of transit fee on minor minerals at erroneous rates resulted in loss of ₹ 72.27 lakh.

[Paragraph 2.2.10.3]

- Premium and lease rent of ₹ 417.95 crore due for recovery from the lessees in eight cases were not recovered by the Department.

[Paragraph 2.2.10.4]

COMPLIANCE AUDIT

Short levy of tax

Incorrect application of tax rates by the Commercial Tax Department resulted in short-levy of tax of ₹ 51.71 lakh.

[Paragraph 2.3]

Non-imposition of penalty

Penalty and interest amounting to ₹ 0.59 crore was not levied by the Commercial Tax Department on delayed deposit of TDS into Government Account.

[Paragraph 2.4]

Non-levy of tax

Assessing authority of Commercial Tax Department treated sale of rice flour as tax free sale instead of levying tax at the rate of 13.50 *per cent* resulting in non-levy of tax of ₹ 8.59 lakh.

[Paragraph 2.5]

Sale of liquor above Maximum Retail Price

The Excise Department suffered loss of revenue amounting to ₹ 19.50 lakh due to short-levy of compounding fee on the licencees for selling liquor/beer above Maximum Retail Price.

[Paragraph 2.6]

Non-levy of fee for storage of minerals

The Mining Department suffered a revenue loss of ₹ 3.17 crore due to non-levy and non-realisation of prescribed fee for storage of minerals by three stockholders.

[Paragraph 2.7]

Non-realisation of mining receipt

Non-realisation of regularisation fee of ₹ 1.21 crore and annual renewal fee of ₹ 0.65 crore from the owners of the stone crushers by the Mining Department resulted in loss of revenue of ₹ 1.86 crore to the Government.

[Paragraph 2.8]

Incorrect computation of royalty

Application of incorrect rates of royalty by the Mining Department resulted in short-levy of royalty amounting to ₹ 32.74 lakh.

[Paragraph 2.9]

Non-levy of fees

Non-levy of River Training, Development fee and Compensation fee by the Mining Department on lease deeds led to short deposit of ₹ 59.68 lakh in the District Mineral Foundation which was meant to be utilised for the benefit of people/areas affected by mining related operations.

[Paragraph 2.10]

CHAPTER-III

COMPLIANCE AUDIT

Loss of income

Garhwal Mandal Vikas Nigam Limited had to forego lease rent of ₹ 1.08 crore due to leasing out the space at a rate lower than the prevailing rate.

[Paragraph 3.4]

Loss of revenue

Uttarakhand Bahuudeshia Vitta Evam Vikas Nigam Limited could not recover ₹ 12.94 crore extended as loan from beneficiaries. Besides, the company refunded ₹ 8.29 crore to National level Corporations from its own resources to avoid additional interest.

[Paragraph 3.5]

Loss of interest

Uttarakhand Forest Development Corporation lost opportunity of earning an extra interest of ₹ 1.14 crore due to imprudent management of its fund.

[Paragraph 3.6]

Undue favour to consumer

Uttarakhand Power Corporation Limited gave undue favour to consumer by rescheduling the instalments repeatedly despite regular default in payments resulting in accumulation of arrears and non-realisation of revenue amounting to ₹ 3.34 crore.

[Paragraph 3.7]

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 64 Government Departments and 41 Autonomous Bodies in the State. The position of budget estimates and expenditure by the State Government during 2013-18 is given in **Table-1.1.1** below:

Table-1.1.1: Budget and Expenditure of the State Government during 2013-18

(*₹ in crore*)

Particulars	2013-14		2014-15		2015-16		2016-17		2017-18	
	Budget Estimates	Expenditure	Budget Estimates	Expenditure	Budget Estimates	Expenditure	Budget Estimates	Expenditure	Budget Estimates	Expenditure
Revenue Expenditure										
General Services	6,804.28	6,182.04	8,157.61	7402.28	8,910.83	8,409.98	11,129.62	9,934.09	12,300.01	12,408.50
Social Services	7,766.53	7,298.01	10,555.22	9,223.69	11,386.47	9,926.69	14,217.69	10,528.57	12,493.03	10,929.44
Economic Services	2,755.73	2,067.95	4,271.41	3,856.47	4,394.41	3,983.21	5,648.75	3,902.66	5,020.83	4,276.21
Grant-in-aid and contributions	727.66	668.41	807.79	681.27	1,046.63	766.56	1,254.33	906.18	1,736.94	1,468.54
Total (1)	***18,054.20***	***16,216.41***	***23,792.03***	***21,163.71***	***25,738.34***	***23,086.44***	***32,250.39***	***25,271.50***	***31,550.81***	***29,082.69***
Capital expenditure										
Capital Outlay	4,874.19	3,712.03	4,591.37	4,939.01	4,004.85	4,217.38	5,744.36	4,954.22	5,514.37	5,914.37
Loans and advances disbursed	248.66	277.99	212.59	150.97	172.67	83.15	395.22	165.05	252.35	76.83
Repayment of Public Debt	2,152.79	1,316.81	1,757.79	893.89	2,776.79	1,996.56	2,032.23	1,127.40	2,640.23	1,720.72
Contingency Fund	40.00	194.48	180.00	194.15	175.00	385.46	205.00	227.70	375.00	481.50
Public Accounts disbursements	14,212.33	25,190.33	15,683.06	33,534.94	16,247.59	36,536.73	6,602.72	26,607.34	6,521.46	35,366.30
Closing Cash balance	-	2,433.41	-	1,772.02	-	1,462.80	0.00	2,785.95	--	2,733.60
Total (2)	***21,527.97***	***33,125.05***	***22,424.81***	***41,484.98***	***23,376.90***	***44,682.08***	***14,979.53***	***35,867.66***	***15,303.41***	***46,293.32***
Grand Total (1+2)	***39,582.17***	***49,341.46***	***46,216.84***	***62,648.69***	***49,115.24***	***67,768.52***	***47,229.92***	***61,139.16***	***46,854.22***	***75,376.01***

Source: Annual Financial Statements and Finance Accounts.

1.1.2 Application of resources of the State Government

The total expenditure[1] of the State increased from ₹ 20,206 crore to ₹ 35,074 crore during 2013-14 to 2017-18. The revenue expenditure of the State Government increased by 79 *per cent* from ₹ 16,216 crore in 2013-14 to ₹ 29,083 crore in 2017-18.

The revenue expenditure constituted 80 to 84 *per cent* of the total expenditure during the period 2013-14 to 2017-18 whereas the capital expenditure in the same period was between 15 and 19 *per cent.* During this period, the revenue expenditure increased at an annual average rate of 16 *per cent* whereas the revenue receipts grew at an annual average rate of 11.57 *per cent* during 2013-14 to 2017-18.

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

1.1.3 Funds transferred directly to the State implementing agencies

The Government of India (GoI) had transferred significant funds directly to the State Implementing Agencies for implementation of various schemes/programmes in the past years. However, despite the Government of India's decision to release all assistance pertaining to CSSs/ACA to the State Government and not to implementing agencies, out of total funds of ₹ 2,175.18 crore transferred directly by Government of India to implementing agencies (including Central Bodies and other organisation outside the purview of the State Government) in the State, ₹ 1,001.37 crore (*i.e.* 46 *per cent*; Funds routed outside State Budget-Unaudited figures) was transferred to various State Implementing Agencies during the year 2017-18.

1.1.4 Grants-in-Aid from Government of India

Grants-in-aid received by the State from GoI during 2013-14 to 2017-18 are depicted in **Table-1.1.2** below:

Table-1.1.2*:* Trends in Grants-in-aid receipt from GoI

(*₹ in crore*)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan grants	981	944	1,043	824	714
Grants for State Plan schemes	3,558	4,083	1,173	1,532	1,621
Grants for Central Plan schemes	13	99	609	843	76
Grants for Centrally Sponsored Plan schemes	523	1,879	2,479	3,035	4,391
Other Transfer/Grants to States (GST Compensation)	--	--	--	--	1,283
Total	***5,075***	***7,005***	***5,304***	***6,234***	***8,085***
Percentage of increase/decrease over previous year	*14*	*38*	*(-) 24*	*18*	*30*
Percentage of Revenue Receipts	*29*	*35*	*25*	*25*	*30*

Grants-in-aid from GoI had shown an increase over the period 2013-14 to 2014-15. However, it decreased by ₹ 1,701 crore (24.28 *per cent*) during 2015-16 over the previous year. During the current year, the receipts under Grants-in-aid from GoI again increased by ₹ 1,851 crore (29.69 *per cent*) over the previous year. The increase in 2017-18 can be attributed to the compensation of ₹ 1,283 crore received in lieu of loss of revenue after implementation of Goods and Services Tax (GST) in the State (with effect from 01 July 2017) and increase in devolution of grants under State Plan schemes (₹ 89 crore) and Centrally Sponsored Plan schemes (₹ 1,356 crore). Non-Plan grants and Grants for Central Plan Schemes declined by ₹ 110 crore and ₹ 767 crore respectively during the current year.

1.1.5 Planning and conduct of Audit

The audit process starts with a risk assessment of various departments, autonomous bodies, schemes/projects that includes assessing the criticality/complexity of their activities, the level of delegated financial powers, internal controls and concerns of stakeholders besides taking into account the 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 2017-18, compliance audit of 423 drawing and disbursing officers of the State and nine units of autonomous bodies was conducted by the Office of the Principal Accountant General (Audit), Uttarakhand. Besides, one performance audit was also conducted.

1.1.6 Significant audit observations and response of Government to Audit

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

As per the Comptroller and Auditor General of India's Regulations on Audit and Account, 2007, the departments are required to send their response 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 is also brought to the attention of the concerned Heads of Department 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. The draft reports and paragraphs proposed for inclusion in the Report are also forwarded to the Additional Chief Secretaries/Principal Secretaries/Secretaries concerned for seeking their replies. One draft performance audit[2] and 11 draft paragraphs including one follow-up audit for the Audit Report for the year ended 31 March 2018 were forwarded to the concerned administrative Secretaries. However, formal reply of the Government was received in only five cases (August 2019).

1.1.7 Recoveries at the instance of Audit

Audit findings involving recoveries that came to notice in the course of test-audit of accounts of the departments of the State Government were referred to various departmental Drawing and Disbursing Officers for confirmation and further necessary action under intimation to audit. Recovery of ₹ 86.27 lakh was made by the Regional Food Controller, Kumaun Division, Haldwani during the year 2017-18 at the instance of audit.

[2] System of Procurement, Storage, Transportation and Distribution of foodgrains under Public Distribution System.

1.1.8 Responsiveness of Government to Audit

The Principal Accountant General (Audit), Uttarakhand, conducts periodical inspection of Government departments by test-check of transactions and verifies the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by issue of Inspection Reports (IRs). The Heads of offices and higher authorities are required to report their compliance to the Principal Accountant General (Audit) within one month of receipt of the IRs. Serious irregularities are also brought to the notice of the Heads of the Departments by the Office of the Principal Accountant General (Audit), Uttarakhand through a half yearly report on pending IRs.

Based on the results of the test-audit, 8,486 audit observations contained in 3,235 IRs were outstanding as on 31 March 2018, details of which are given in **Table-1.1.3** below:

Table-1.1.3: Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of Sector	Inspections Reports[3]	Paragraphs	Amount involved (₹ *in crore*)
1.	Social Sector	1,739	5,242	17,789.48
2.	General Sector	482	964	1,293.83
3.	Economic Sector (Non-PSUs)	1,014	2,280	7,66,138.00
Total		***3,235***	***8,486***	***7,85,221.31***

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and of the paragraphs in the IRs. During 2017-18, 10 meetings of audit committee were held in which 126 paragraphs were settled. The departmental officers failed to take adequate 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

1.1.9.1 Submission of suo motu Action Taken Notes (ATNs)

According to the Rules of Procedure for Committee on Public Accounts, administrative departments should initiate *suo motu* action on all audit paragraphs featuring in the Comptroller and Auditor General's Audit Reports regardless of whether these are taken up for examination by the Public Accounts Committee. The departments are also required 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 Audit Reports to the State Legislature.

It was, however, noticed that out of 295 audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2015-16, *suo motu* ATNs in respect of 97 audit paragraphs involving 41 Departments had not been received (as detailed in ***Appendix-1.1.1***) upto 31 March 2018. The Audit Report for the year 2016-17 was placed

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

before the Legislative Assembly on 20 September 2018. The related action taken explanatory notes are yet to be received (August 2019).

1.1.9.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Principal Accountant General (Audit), on the observations/recommendations made by the PAC in respect of the audit paragraphs discussed by them are to be furnished to the Committee within six months from the date of such observations/ recommendations. Out of 295 audit paragraphs featuring in the Civil Chapters of Audit Reports for the years from 2000-01 to 2015-16, only 186 audit paragraphs had been discussed by the PAC up to 31 March 2018. Recommendations in respect of 97 audit paragraphs were made by the PAC. ATNs on the recommendations of the Committees are pending from the State Government in respect of five paragraphs.

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

Several autonomous bodies have been set up by the State Government. A large number of these bodies are audited by the Comptroller and Auditor General of India and their transactions, operational activities and accounts, regulatory issues and internal control, *etc* are scrutinised. The audit of accounts of one autonomous body (Uttarakhand Jal Sansthan) in the State was entrusted (January 2016) to the Comptroller and Auditor General of India for a period of five years (*i.e.* 2015-16 to 2019-20). Separate Audit Report of Uttarakhand Jal Sansthan issued by Audit for the year 2016-17 is yet to be placed before the State Legislature.

1.1.11 Year-wise details of performance audits and paragraphs that appeared in Audit Reports

The year-wise details of performance audits and paragraphs that appeared in the Audit Report for the last two years along with their money value are given in **Table-1.1.4** below:

Table-1.1.4: Details regarding performance audits and paragraphs that appeared in Audit Report during 2015-17

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (*₹in crore*)	Number	Money value (*₹in crore*)	Performance Audit	Paragraphs
2015-16	02	124.08	17	170.76	02	Nil
2016-17	02	127.24	10	23.85	Nil	01

One performance audit[4] and 11 audit paragraphs involving money value of ₹ 1,251.46 crore have been included in this Chapter. Replies, wherever received, have been suitably incorporated at appropriate places.

4 System of Procurement, Storage, Transportation and Distribution of foodgrains under Public Distribution System.

PERFORMANCE AUDIT

FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

1.2 System of Procurement, Storage, Transportation and Distribution of foodgrains under Public Distribution System

The Targeted Public Distribution System (TPDS) was launched in India in 1997 with the objective of providing foodgrain at specially subsidised rate to Below Poverty Line (BPL) families as per the norms prescribed by the Government of India (GoI). The scheme was operational in Uttarakhand since the formation (November 2000) of the State. In order to ensure food availability[5] to the poorest of the poor, *Antyodaya Anna Yojana* (AAY) was launched in December 2000. To ensure transparent recording of transactions at all levels, GoI launched (December 2012) a plan scheme on 'End-to-End Computerisation of TPDS'.

Further, National Food Security Act, 2013 (NFSA) was enacted (September 2013) in India by the Parliament with the objective of providing adequate quantity of quality food at affordable prices to people to live a life with dignity. A performance audit of the System of Procurement, Storage, Transportation and Distribution of foodgrains under Public Distribution System (PDS) brought out weaknesses in digitisation of ration cards; identification of eligible beneficiaries; procurement, lifting, distribution, transportation and storage of foodgrains. Some of the significant findings were as below:

Highlights

- ***Supply chain and Fair Price Shops automation under 'End-to-End Computerisation scheme' were not implemented even after elapse of four to five years from the targeted date.***

  [Paragraph 1.2.7]

- ***Procedure for identification of eligible households to be covered under National Food Security Act was not followed as there were instances of incomplete capture of information relating to eligibility criteria as a result of which there was no assurance that only eligible beneficiaries were covered under the scheme. This led to inclusion of ineligible beneficiaries and exclusion of eligible beneficiaries from the benefits of the Scheme.***

  [Paragraph 1.2.8.1 & 1.2.8.2]

- ***The Department could not ensure payment of Minimum Support Price to the farmers on procurement through the commission agents.***

  [Paragraph 1.2.9.1]

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5 By providing AAY families 24.600 kg rice and 10.400 kg wheat per month at specially subsidised rate of ₹ three and ₹ two per kg respectively.

- ***The Department distributed 0.63 lakh MT rice valuing ₹140.13 crore and 0.23 lakh MT wheat (to AAY and BPL category) valuing ₹9.83 crore in excess of actual requirement across the State.***

  [Paragraph 1.2.10.2]

- ***Storage capacity of foodgrains in the State was not adequate. The shortage of storage capacity ranged between 44 per cent and 45 per cent at Regional level and 32 per cent at District level across the State.***

  [Paragraph 1.2.11.3]

- ***Storage godowns lacked the basic equipment and facilities required as per Warehouse manual.***

  [Paragraph 1.2.11.5]

- ***Cash Credit Limit of ₹ 515.85 crore was obtained from Reserve Bank of India despite availability of sufficient funds with the Department. Consequently, the Department suffered a loss of ₹19.35 crore on account of interest paid to Reserve Bank of India against Cash Credit Limit.***

  [Paragraph 1.2.12.2]

- ***Irregular payment of ₹3.48 crore as Mandi Labour Charge was made to the millers against the quantity of rice procured under levy scheme.***

  [Paragraph 1.2.12.5]

- ***Required number of members was not appointed in State Food Commission and only one report after four years of constitution of State Food Commission was prepared. No meeting of Vigilance Committee at State level or at any level in sampled districts was organised during the audit period. There was an overall shortfall of 69.93 per cent to 81.38 per cent in inspection of Fair Price Shops.***

  [Paragraphs 1.2.13.1, 1.2.13.2, 1.2.13.3 and 1.2.13.4]

- ***Rules for conducting periodic Social Audit on functioning of Fair Price Shops were not framed even after elapse of almost five years of commencement of the Act.***

  [Paragraph 1.2.13.5]

1.2.1 Introduction

Prior to the TPDS, the PDS was a general entitlement scheme for all consumers. In 1997, GoI launched TPDS with the objective of providing foodgrains at specially subsidised rate *i.e.* 50 *per cent* of economic cost to Below Poverty Line (BPL) families and at the same time allocation for Above Poverty Line (APL) families was retained at 100 *per cent* of economic cost. GoI advised the States to formulate arrangements for identification of BPL families. Accordingly, erstwhile Government of Uttar Pradesh (prior to creation of Uttarakhand in November 2000) issued guidelines (March 1997) to identify BPL families. In order to ensure foodgrains to the poorest of the poor amongst BPL families, AAY was launched in December 2000. Government of Uttarakhand (GoU) identified and covered 1.91 lakh families under AAY.

In 2013, National Food Security Act, 2013 (NFSA) was enacted by the Parliament with the objective of providing adequate quantity of quality food at affordable prices to people to live a life with dignity. As per the Act, 61.94 lakh **population out of a 101.17 lakh population (census 2011) were to be covered under the scheme in Uttarakhand. Subsequently, 7.69 lakh AAY beneficiaries and 54.23 lakh Priority House Hold (PHH) beneficiaries were covered under the NFSA**. GoU issued (July 2013) guidelines specifying the eligibility criteria for identification of eligible households to be covered under NFSA. As per the guidelines, in addition to existing AAY and BPL beneficiaries, certain families[6] having monthly income up to ₹ 15,000, were to be identified. The detail of distribution norms, entitled quantity of foodgrains and rates are given in the **Table-1.2.1** below.

Table-1.2.1: Details showing norms and entitlement of foodgrains

Category of beneficiary	Foodgrains Entitlement (per month)	Issue Price (₹/kg)	
		Wheat	Rice
Erstwhile TPDS			
APL	15 kg (10 kg wheat & 5 kg rice) per card	5.00	7.00
BPL	35 kg (11.800 kg wheat & 23.200 kg rice) per card	4.15	5.65
AAY	35 kg (10.400 kg wheat & 24.600 kg rice) per card	2.00	3.00
NFSA			
AAY	35 kg (13.300 kg wheat & 21.700 kg rice) per card	2.00	3.00
PHH[7]	5 kg (2 kg wheat and 3 kg rice) per member of ration card	2.00	3.00

Source: Information provided by the Department.

To ensure transparent recording of transactions at all levels, GoI launched (December 2012) a plan scheme on 'End-to-End Computerisation of TPDS'.

1.2.2 Organisational Setup

At the Government level, Principal Secretary, Food, Civil Supplies and Consumer Affairs (FCS&CA) Department is responsible for the implementation of the schemes[8]. The State is divided into two regions, Garhwal and Kumaun, and Regional Food Controller (RFC) for procurement and distribution at each of these regions looks after the entire operations under the supervision of Commissioner, FCS&CA. At the District level, the scheme is implemented by the respective District Supply Officers (DSOs) with the assistance of the concerned Area Rationing Officers/Supply Inspectors through a network of 9,309 Fair Price Shop (FPS). The organogram of the Department is given in ***Appendix-1.2.1.***

1.2.3 Audit objectives

The objectives of the Performance Audit were to assess whether:

- the State initiated reforms for implementing the plan scheme on End to End computerisation of TPDS operations;

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6 Like Families whose head was, a widow; suffering from Leprosy or HIV; physically challenged person; persons having age of sixty years and above; families whose head was a, Rickshaw pullers; Coolie; Labourer; Rag picker; Cobbler; agricultural labourer, families residing in urban slums and Ashrams, Orphanages operational in the State, *etc*.

7 PHH includes the BPL families and other families as detailed in foot note 6 having monthly income of up to ₹ 15,000.

8 Up-to September 2015 TPDS and October 2015 onward National Food Security Act.

- the procurement of food grains and other commodities and services was carried out economically, efficiently and effectively;
- the lifting and distribution arrangements were effective to ensure that all the people had access to food grain and distribution was timely and at the prescribed scale and rate;
- the selection of transporters and handling contractors and fixation of rates for transportation and handling was done in a transparent and economical manner;
- the store management of foodgrains was scientific and arrangements for security and quality control of foodgrains were adequate;
- the financial management of public spending on TPDS and implementation of NFSA was efficient and economical; and
- the monitoring and control mechanism for implementation of the scheme was adequate and effective.

1.2.4 Audit Scope and Methodology

A Performance Audit covering the period from 2013-2014 to 2017-18 was carried out in four[9] out of 13 districts during February-June 2018 by test-check of records of the Commissioner, Food and Civil Supplies, Department of Food, Civil Supplies & Consumer Affairs, Regional Food Controllers (RFC) (Kumaun and Garhwal) and four District Supply Officers (DSO) selected on the basis of Probability Proportional to Size without Replacement method. Total expenditure incurred was taken as size measure for the purpose of sampling.

There were two types of godowns *i.e.* base godowns which were under the control of RFCs and internal godowns under the control of DSOs. Two tehsils from each selected districts for the purpose of selection of internal godowns were selected using Simple Random Sampling without Replacement method. Four highest capacity base godowns *i.e.* two[10] from each Region (out of 23 base godowns) and two[11] highest capacity internal godowns (out of 197 internal godowns) from each selected Tehsil were selected. Thus, total of fifteen (four base and eleven internal) godowns were selected for physical verification as detailed in ***Appendix-1.2.2***. Apart from this, 90 out of 910 (10 *per cent*) FPSs connected with sampled godowns and 3,413 beneficiaries out of 34,130 (10 *per cent*) Ration Card Holders (RCHs) connected with selected FPSs were surveyed.

1.2.5 Audit Criteria

The audit criteria for Performance Audit were derived from the sources mentioned as under:

9 Pauri and Tehri (Garhwal), Almora and Udham Singh Nagar (Kumaun).

10 Kichha and Rudrapur (Kumaun), Jwalapur and Bahadrabad (Garhwal).

11 There was no internal godown in the sampled district of Udham Singh Nagar and there was only one internal godown in tehsil Sri Nagar under sampled district of Pauri.

- National Food Security Act, 2013.
- PDS (Control) Order, 2001, 2004 and TPDS (Control) Order 2015 of Government of India.
- Scheme Guidelines of End-to-End Computerisation of TPDS operations.
- Warehouse Manual for Operationalising of Warehousing (Development and Regulation) Act, 2007 and Departmental Manual-V.
- Guidelines and Government Orders issued by State Government from time to time.

1.2.6 Entry and exit conference

An entry conference was held on 27 February 2018 with the Department, wherein the audit objectives, scope and criteria were discussed. An exit conference was also conducted with the Government on 31 October 2018 wherein the audit findings and recommendations were discussed. Views of the Government/Department have been suitably included in the Report.

Audit Findings

End to End Computerisation and Identification of Eligible Beneficiaries

1.2.7 End to end computerisation of TPDS operations

With a view to address various challenges such as leakages and diversion of foodgrains in the TPDS supply-chain; fake and bogus ration cards; inclusion and exclusion errors; lack of transparency; and weak grievance redressal and social audit mechanisms, GoI launched (December, 2012) a plan scheme on 'End-to-End Computerisation of TPDS'. NFSA which was enacted in September 2013 also emphasised that End-to-End Computerisation was required to be done in order to ensure transparency and to prevent diversions. The Scheme had two components[12]. **Under the component I, digitisation of beneficiary database; creation of FPS database; and creation of storage godown database was completed in September 2015. However, the computerisation of supply chain management, which was supposed to be completed by March 2013, was incomplete**. The FPS automation under component II also remained incomplete though the target date for its completion was March 2014. The shortcomings noticed in digitisation of beneficiary database are discussed in succeeding paragraphs:

1.2.7.1 Delayed identification and digitisation of beneficiary database

As per the provisions contained in section 10 (1) (b) of NFSA, identification and digitisation of beneficiary was to be completed within 365 days of commencement of the Act. The budget for the scheme was approved by GoI in February 2013. As per the

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[12] **Component-I**: comprised digitisation of ration cards/beneficiaries; creation of FPS database; creation of storage godown database; computerisation of supply chain management.

Component-II: included FPS automation which involved installation of Point of Sale (PoS) devices at FPS for authentication of beneficiaries, recording of sales to beneficiaries at the FPS and uploading of transaction data in central server.

agreement entered with the firm in June 2014, the firm was to capture data pertaining to all the mandatory fields provided in the digitisation form, provide a hard copy of the captured data and return the original ration cards / forms after data entry. Minimum of five data entry operators (DEOs) in each district for completion of data entry work were to be deployed by the firm and the work was to be completed within sixty days from the date of agreement.

Due to non-deployment of requisite staff in all the districts, digitisation work was started by the firm in only five out of 13 districts up to first week of September 2014. On request of the firm, the time to complete the work was extended by the department twice *i.e.* up to 5 January 2015 and 15 February 2015. Meanwhile, owing to slow progress of the work by the firm, all the Districts Magistrates were instructed (December 2014) to simultaneously do the work at their level on same tendered rates. As the firm could not complete the digitisation work within the extended period, the remaining work was taken up by the department and completed in September 2015. NFSA was finally implemented in the State from October 2015 with a delay of one year. Instead of terminating the contract and selecting a new competent firm, the department allowed undue time extension to the firm ignoring the inordinate delay and shortcomings in the work. **Resultantly, not only the implementation of NFSA was delayed by more than one year but also the 26.26 lakh ineligible beneficiaries were also provided with the foodgrains for delayed period which were finally weeded out as a result of digitisation.** On being pointed out, the Joint Commissioner replied (December 2018) that work was delayed due to the disaster which occurred in the State in June 2013 and the tenders for the work were invited in December 2013. Due to geographical condition of the State, the firm expressed certain difficulties and accordingly time extensions were granted. It was further stated that owing to slow progress of work by the firm, the digitisation work was undertaken at district level by the department itself.

1.2.7.2 Faulty digitisation of beneficiary database

Up to May 2018, the Department was working on Existing Ration Card Management System (ERCMS) software. The ERCMS database was transferred (May 2018) to Ration Card Management System (RCMS) software. Database of Ration Card Holders and Units pertaining to NFSA was obtained (June and August 2018) from the Department and analysed. The following deficiencies, which are illustrative, were noticed:

- There was no unique identification field in the database for ensuring uniqueness of records and lack of duplication. **Same Aadhaar number was linked with many ration cards (up to 573) at the State level.** In the sampled districts, upto 573 ration cards in Tehri; upto 51 ration cards in Pauri; upto 107 ration cards in Almora; and upto 30 ration cards in U S Nagar were linked with the same Aadhaar number;
- **There were multiple ration cards linked with same voter IDs (up to 15,729) in the State.** Moreover, inappropriate voter ID numbers like NA, UP, NULL, Multiple

zeros, *etc.* were also linked with ration cards. In sampled districts, multiple ration cards (up to eight) were linked with the same voter IDs;

- **There were multiple ration cards (up to 38) linked with the same BPL IDs in sampled districts;**
- There were multiple ration cards (up to four) with the same name, voter ID and FPS in the sampled districts; and
- **Income details in 1,82,515 out of 13,21,000 ration cards of the State were not mentioned**. Similarly, income details in 12,055 out of 88,000 in Tehri; 35,325 out of 91,000 in Pauri; 15,014 out of 80,000 in Almora; and 14,131 out of 2,13,000 ration cards in U S Nagar were not mentioned.

The above deficiencies indicated that neither the input control and validation checks were applied nor authentic documents *i.e.* Voter ID, BPL ID and Aadhaar were obtained from the applicants while digitising the data. The department, therefore, failed to ensure the reliability and authenticity of data.

On being pointed out, the Principal Secretary stated (October, 2018) that the input controls and validation checks were being strengthened; and Aadhaar numbers were being verified from UIDAI. He further stated that the error noticed in the database by Audit would be rectified shortly.

Although digitisation of beneficiary database, creation of FPS database and creation of storage database was completed, the digitisation of beneficiaries was completed with several deficiencies, as same Aadhaar, Voter ID and BPL ID were linked with multiple ration cards after a delay of almost one year, which subsequently resulted into delayed implementation of NFSA in the State. However, the computerisation of supply chain management and FPS automation remained incomplete. Thus, the department failed to ensure the transparency and the very purpose of End-to-End Computerisation was defeated as has been discussed in paragraph nos. 1.2.9.2, 1.2.10.2 & 1.2.10.3.

The State government may ensure transparency and distribution of the foodgrains to the eligible beneficiaries through proper implementation of supply chain and FPS automation.

1.2.8 Identification of beneficiaries

Prior to NFSA there were a total of 128.75 lakh units[13] who were covered under the erstwhile TPDS in the State. After digitisation of ration cards, total beneficiaries under NFSA came down to 61.92 lakh. There were another 40.57 lakh beneficiaries covered under State Food Yojna. Thus, as a result of digitisation of ration cards 26.26 lakh units

[13] Number of members entered in the ration card.

{128.75 – (61.92 + 40.57)} were weeded out. **Despite the fact the digitisation of beneficiary database was fraught with several deficiencies, the State Government could weed out 26.26 lakh ineligible beneficiaries existing in the erstwhile TPDS.** Audit examined the process of identification of the eligible beneficiaries in the test-checked districts and the shortcomings are discussed in succeeding paragraphs:

1.2.8.1 Irregularities in identification of households

GoI enacted the NFSA in the year 2013. As per the Act 61.94 lakh beneficiaries were to be identified under the scheme in Uttarakhand. Government of Uttarakhand (GoU) issued (July-August 2013) guidelines specifying the eligibility criteria, procedure for identification of eligible households and district-wise targeted population to be covered under NFSA. As per the guidelines, in addition to existing AAY and BPL beneficiaries, certain families as mentioned in ***footnote 6*** having monthly income up to ₹ 15,000, were to be identified. After identifying these, more families were covered for reaching the target fixed by GoI. For this, village wise BPL list prepared by the Rural Development Department (RDD), Government of Uttarakhand was to be considered in case of rural areas and families having income up to ₹ 15,000 in urban areas were to be covered under NFSA. Income certificate issued by an officer not below the rank of *Naib Tehsildar* was required as income proof.

Further, as per the prescribed procedure, in rural areas, selection of the beneficiaries was to be done by Village Development Officer and *Lekhpal* in open meetings of *Gram Sabhas*, and in urban areas, selection of eligible household was to be done by the personnel of the Department of Food, Revenue Department and Local Body. As per information made available by the Department, 38.76 lakh beneficiaries in addition to existing AAY and BPL beneficiaries were identified under NFSA, as per details given in **Table-1.2.2** below:

Table-1.2.2: Details of beneficiaries identified under NFSA

(Figures in lakh)

Period	AAY		BPL		APL		Total	
	Cards	Units	Cards	Units	Cards	Units	Cards	Units
Pre-NFSA	1.91	8.26	3.07	14.90	23.20	105.59	28.18	128.75
Post-NFSA	AAY		PHH				Total	
	Cards	Units	Cards		Units		Cards	Units
	1.82	7.69	11.38		54.23		13.20	61.92

Source: Information provided by the Department.

During the course of audit of the sampled districts[14], the following shortcomings were noticed:

- **The application form used for identification of the beneficiaries did not have the requisite fields which were required for selection of certain families as indicated in *footnote 6*.** In absence of these, it could not be ensured that only the eligible beneficiaries were covered under the scheme.

[14] Tehri, Pauri, Almora and Udham Singh Nagar.

- In district Udham Singh Nagar, 2.08 lakh families[15] were issued ration cards under NFSA without obtaining required income certificates from the beneficiaries. Further, application forms of two sampled tehsils *i.e.* Tehri out of seven tehsils in New Tehri district and Dwarahat out of seven tehsils in Almora district were test-checked to see the availability of income certificates issued by competent authorities. **The records showed that out of the 795 applications[16], income certificate was found attached with 258 application[17] forms only.**
- **No records regarding open meeting of *Gram Sabhas* for identification of the eligible beneficiaries in rural areas were found maintained in any of the sampled districts.**
- As per the guidelines issued by GoU, the BPL list prepared by Rural Development Department (RDD) was required to be considered. Audit cross checked RDD BPL list of one randomly selected village from each sampled district with that of the families of the village covered under NFSA. **It was observed that out of 284 BPL families identified by the RDD only 170 families were covered under NFSA leaving 114 families out of the scheme.**
- Instead of following the specified procedure, the department issued application forms to the existing / new beneficiaries through Villages Development Officers in rural areas and local bodies / supply inspectors in urban areas. These were then collected back and ration cards were issued after their digitisation.

On this being pointed out, while admitting the facts, the Principal Secretary stated (October 2018) that corrective measures were being taken and the shortcomings pointed by audit would be addressed in future. The reply was not acceptable as the process of identification of beneficiaries to be benefitted under NFSA was not adhered to which resulted into non-inclusion of eligible households and inclusion of ineligible households under NFSA as discussed in the succeeding paragraph.

1.2.8.2 Non-inclusion of eligible households and inclusion of ineligible households

To verify whether eligible households were identified as per the specified criteria and covered under NFSA and to ascertain that no ineligible households were covered under the scheme, a joint physical verification[18] of randomly selected Urban Slums[19], Ashrams[20], Orphanage homes[21] and normal clusters[22] under the jurisdiction of two sampled godowns of Haridwar[23] was conducted. It was observed that:

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15 AAY: 17,634 + PHH: 1,90,613 = 2,08,247 (Say 2.08 lakh).
16 475 of Tehri and 320 of Dwarahat.
17 255 of Tehri and 03 of Dwarahat.
18 Physical verification carried out with the staff of the DSO, Haridwar.
19 *Indira Basti, Bairagi* Camp & *Lakker / Khatta Basti* of Haridwar.
20 *Ajardham Mahilla Ashram,* and *Chidanand Kushth* Ashram.
21 *Anath Shishu Palan* Trust Haridwar and *Matra Anchal* Haridwar.
22 Subash Nagar, *Pawoon Doi,* Ganeshpuram, Kankhal, Bahadrabad, Jagjeetpur.
23 Jwalapur and Bahadrabad of Haridwar district.

- **35 (24 *per cent*) out of 147 eligible households were not issued ration cards despite the fact that they belonged to the category of daily wagers, beggars and rickshaw pullers, *etc*. and were eligible under NFSA.**
- 50 (34 *per cent*) out of 147 eligible households were issued State Food Yojana[24] ration cards instead of NFSA (PHH) cards despite the fact that all the households comprised labourers, rickshaw pullers, beggars, maids, *etc*.
- **On the other hand, six households (4 *per cent*) out of 147 households were issued NFSA (PHH) ration cards despite the fact that these households were not eligible to be covered under NFSA as their monthly income ranged between ₹ 18,000 and ₹ 60,000.**
- As per the information sought from Chief Medical Officer, Haridwar, there were 238 HIV patients in Haridwar as of 2014-15. However, no efforts to cover HIV patients under NFSA were found made by the DSO.
- Two Orphanage Ashrams *viz. Matra Anchal* and *Anath Shishu Palan* Trust were not issued ration cards despite the fact that there were 70 and 62 inhabitants respectively as of date (August 2018).
- Three ration cards were issued to 30 out of 75 inhabitants of *Ajardham Ashram* thereby depriving the remaining 45 inhabitants.

On this being pointed out, the Principal Secretary stated (October 2018) that necessary steps to exclude the ineligible households and include the eligible households under NFSA were being taken.

This is based on test-check. Government/Department need to review all such cases across the State to eliminate the ineligible beneficiaries and include eligible beneficiaries under NFSA.

While identifying the eligible beneficiaries, BPL list of Rural Development Department was not taken into consideration, income certificates were not obtained from the beneficiaries. Besides, specified procedure of selection of beneficiaries (like no mention of requisite fields in the application form for issue of ration card, not obtaining income certificates from beneficiaries, non-inclusion of all BPL families *etc*.) was also not followed, which ultimately resulted into non-inclusion of eligible households and inclusion of ineligible households under the scheme.

The State Government may ensure strict observance of the specific eligibility criteria and procedure for identification of eligible beneficiaries under the scheme so that eligible beneficiaries are not left out from the benefits of the scheme. Department may undertake periodic review of the beneficiary database for deletion or deleting ineligible and including eligible households.

24 Under State Food Yojana, five kg of wheat @ ₹ 8.60 per kg and 10 kg of rice @ ₹ 15 per kg is distributed whereas under NFSA, the foodgrains are distributed at subsidised price not exceeding ₹ three per kg for rice and ₹ two per kg for wheat.

1.2.9 Procurement of foodgrains

The scheme of de-centralised procurement (DCP) of foodgrains was introduced by the GoI in the year 1997-98 with a view to enhance the efficiency in procurement and to extend the benefits of Minimum Support Price (MSP) to local farmers as well as to save on transit costs. The State of Uttarakhand adopted DCP for rice and wheat in 2002-03 and 2003-04 respectively. Under this scheme, the State Government on its own and through agencies procures wheat and paddy at MSP on behalf of GoI. The Central Government reimburses the entire expenditure incurred on such procurement as per the cost sheet issued every year. Irregularities noticed in procurement of paddy under DCP are discussed in succeeding paragraphs:

1.2.9.1 Non-verification of payment of MSP to farmers

During the years from 2014-15 to 2016-17, 23.45 lakh MT of paddy was procured through Commission Agents (CAs) against which payment of ₹ 3,701.70 crore was made. To ensure payment of MSP to the farmers, GoU issued (September 2014) orders which specified certain documents[25] to be enclosed with the bills submitted for payment by CAs. A test-check of 299 payment vouchers amounting to ₹ 20.40 crore for the years 2014-15 to 2016-17 in respect of CAs disclosed several irregularities as mentioned below:

- In 191 cases, the 6R[26] Form did not contain the farmers' signature.
- In 11 cases, 6R Form was not found attached.
- In 228 cases, date of auction[27] was not mentioned on 6R form.
- In all the cases, the evidence of payment to the farmers was not found attached with the vouchers.

In light of above shortcomings, it could not be verified that the paddy was purchased by CAs from the farmers at MSP. On this being pointed out, the Senior Regional Accounts Officers, Kumaun and Garhwal, while admitting the facts, replied (May and June 2018) that on an average 500 bills pertaining to food and transport were passed on each working day and due to excess work load, the compliance of orders of State Government could not be ensured. The Department, therefore, failed to ensure payment of MSP to the farmers.

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[25] Bills to be submitted by the CAs in 9R enclosing therewith self-attested copy of 6R (in respect of the evidence that the procurement had been made from farmers), proof of payment made to the farmers against the paddy purchased from them, proof regarding payment of Mandi Labour Charge and VAT on such procurement.

[26] As per Rule 68(2) of *Krishi Utpadan Mandi Niyamavali*, 6R Form is issued to the seller in the regulated *Mandi* for recording the transaction details like name of the farmer, quantity sold, date of auction, rate of sale and farmers signature.

[27] As per State Government Order (October 2013) auction was required to be conducted in *Mandis* to ensure MSP to the farmers.

The fact was also confirmed in the joint verification carried out by audit with the officials of the department wherein 30 out of 32 farmers[28] surveyed, ***stated that they were paid less price than MSP ranging between ₹50 to ₹100 by the CAs.***

This is based on test-check. Government/Department need to take corrective measures and ensure all the necessary documents are attached while passing the bills.

1.2.9.2 Procurement of sugar in excess of the required quantity

GoI decided (April 2013) to remove the levy obligation from sugar mills and launched a new scheme, under which sugar was to be purchased from open market by the State Government and GoI was to reimburse subsidy at the rate of ₹ 18.50 per kg on the quantity distributed at the retail price of ₹ 13.50 per kg under TPDS, limited to the quantity of existing allocation. **It was observed that during the years 2015-16 and 2016-17, 1.46 lakh MT of sugar amounting to ₹ 489.69 crore was purchased against the required quantity of 1.31 lakh[29] MT, which was in excess by 0.15 lakh MT.** Further, it was observed that after the implementation of NFSA, the number of ration cards and units decreased by 5.09 lakh and 26.26 lakh respectively, but the assessment was not done accordingly and quantity of sugar was purchased as per existing allocation. **This resulted into a loss of ₹ 28.55 crore[30] to the GoI on account of reimbursement of subsidy.** On being pointed out, the Chief Marketing Officer replied (June 2018) that purchase was made as per the prescribed quota of the State and procured sugar was distributed to existing beneficiaries. The reply is not acceptable as decrease in number of beneficiaries was not taken into consideration and procurement of sugar was made in excess of the actual requirement leading to excess distribution of 0.15 lakh MT. **Despite the fact that the number of beneficiaries came down by 26.26 lakh, the sugar was procured and distributed in excess of the actual requirement by 0.15 lakh MT. Thus, the possibility of selling of excess sugar in the open market could not be ruled out.**

1.2.9.3 Excess payment of ₹38.98 lakh on Driage

As per the cost sheets issued by the GoI, driage[31] at the rate of one *per cent* on MSP was to be paid to the millers. During the test-check of the records (August 2018), it was observed that in the years 2015-16, 2016-17 and 2017-18, driage at the rate of hundred

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28 A list of farmers was obtained from two purchase centres *i.e.* Bahadrabad and Jwalapur under the control of RFC, Garhwal for the purpose.

29 April 2015 to September 2015: total units 1,28,75,210 x 0.5 kg. x 6 months/ 1,000= 38,625.63 MT, October 2015 to March 2017: total units :1,02,49,007 x 0.5 kg. x 18 months/ 1,000= 92,241.063 MT. Total = 38,625.63 + 92,241.063= 1,30,866.693 MT (say 1.31 lakh MT).

30 Loss to GoI: excess quantity of sugar (15,432.807 MT say 0.15 MT) x ₹ 18,500 per MT = ₹ 28.55 crore.

31 Paddy is procured at the maximum level of moisture content at 17 *per cent* and milled at 14 *per cent* to 15 *per cent*; hence some losses occur during the process of procurement to ultimate milling, which is termed as driage.

per cent of MSP instead of one *per cent* was paid to the millers. Resultantly, excess payment of ₹ 38.98 lakh as detailed in ***Appendix-1.2.3*** was made to the seven[32] millers. On being pointed out, the Principal Secretary (October 2018) stated that the payment of driage was made at the rate of one *per cent* of MSP. The reply was not acceptable as the payment was made at hundred *per cent* of MSP instead of one *per cent*.

1.2.9.4 Quality check of Paddy/Rice

While procuring paddy, only humidity check is done at *mandis*. After procurement, paddy is provided to millers for custom milling. At the time of receiving the custom milled rice in the base godowns, the quality of rice is checked as per prescribed quality parameters *viz*. broken grains, foreign matter, damaged/slightly damaged grains, discoloured grains, chalky grains, red grains, dehusked grains, and so on ***(Appendix-1.2.4)***. For conducting these checks the base godowns are required to have equipment like dispensing balance, scoop set, palm husker, forceps, seed calliper, petri dish, moisture meter, de-husk set, *etc*. Sampling and analysis method to ensure the quality of rice while receiving it from the millers was to be done as per the method given by Bureau of Indian standards (BIS) ***(Appendix-1.2.5)***.

A scrutiny of the records of base godowns operational under RFCs showed that almost the same specifications (within prescribed limits) were entered in the analysis register against each lot of rice received from the millers. However, no documents in support of the sampling method and quality analysis done were found maintained at the godowns. In absence of these documents, it could not be ascertained in audit that the prescribed quality checks were carried out while receiving the rice from the millers. This may also be seen in the light of the fact that 0.06 lakh MT of rice was found substandard during a departmental enquiry conducted in October 2017. Further, during the physical verification of the sampled base godowns, it was observed that no equipment for quality check of wheat, paddy and rice was procured or made available to the base godowns/centres by the department. On being pointed out, the Principal Secretary replied (October 2018) that action for procurement of latest testing kits and equipment was being taken.

Payment of MSP to the farmers was not found ensured which resulted into denial of benefits to the farmers. Procurement of excess sugar than the actual requirement resulted into a loss of ₹ 28.55 crore to the GoI on account of reimbursement of subsidy and possibility of selling of excess sugar in the open market could not be ruled out.

The State Government may ensure payment of Minimum Support Price to the farmers while procuring paddy through CAs.

[32] Mahavir Rice Mill, Jawalapur, Haridwar; Ganga Rice Mill, Roorkee; Balaji Rice Mill, Bahadrabad, Haridwar; Shivalik Rice Mill, Bahadrabad, Haridwar; S R Udyog, Kotdwar; Ganesh Rice Mill, Haridwar and K P Industries, Manglore, Haridwar.

1.2.10 Lifting and distribution

Foodgrains, as per the requirement, are procured by the department from Food Corporation of India (FCI), farmers, CAs and Cooperative department under MSP scheme. After procurement, foodgrains are stored at base/railhead godowns operational under control of RFCs. Further, foodgrains are supplied to government internal godowns (situated in tehsils of the districts) operational under the control of DSOs, as per their demand for distribution to beneficiaries through FPS. Food grains are distributed at central issue price[33] to the ration card holders. A pictogram showing the process of lifting and distribution of foodgrains is shown in ***Appendix-1.2.6.*** Shortcomings noticed in lifting and distribution of foodgrains are discussed in the succeeding paragraphs.

1.2.10.1 Delayed lifting of foodgrains

State Government directed (January 2011) that foodgrains in full quantity, as per allocation for every month, should be made available by the RFCs[34] to the internal godowns up to 23rd of preceding month. From the internal godowns, the foodgrains are required to be supplied to FPS between 23rd and last day of preceding month for distribution within first 15 days of every month to the eligible beneficiaries. The details of delays in lifting, supply and distribution of foodgrains as per the records of sampled districts are given in the **Table-1.2.3** below:

Table-1.2.3: Details of delays in lifting, supply and distribution of foodgrains

Name of agency	Date up to which foodgrains were to be received	Delay
Base godown to Internal godown	Up to 23rd of preceding month	Up to 38 days
Internal godown to FPSs	Between 23rd and last day of preceding month.	Up to 30 days
Distribution to the beneficiaries	Up to 15th day of current month	01-15 days

Source: Information provided by the department.

The delay in supply at various levels ultimately impacted the eligible beneficiaries as was confirmed in beneficiary survey wherein 3,218 beneficiaries (94.28 *per cent*) out of 3,413 stated that they were getting foodgrains with a delay. Thus, timely delivery of foodgrains to the eligible beneficiaries was not ensured. On being pointed out, the DSOs Pauri and Almora replied (March-April 2018) that due to inadequate storage space at the internal godowns and shortage of transportation vehicles, timely lifting and subsequent distribution of foodgrains could not be ensured. Further, Principal Secretary, while admitting the facts, stated that the delay was due to tough and hilly geographical terrain and acute shortage of storage capacity of godowns located in hilly areas. The reply has to be seen in the context that the department failed to augment the storage capacity of the godowns during the audit period and did not have any concrete plan as discussed in ***paragraph no 1.2.11.4.***

[33] Wheat: ₹ two per Kg, Rice: ₹ three per Kg.

[34] RFC, Garhwal for the districts of Garhwal region and RFC, Kumaun, for the districts of Kumaun region.

In Gaja under DSO Tehri which was one of the sampled internal godown was randomly taken up for scrutiny it was observed that there was a shortage in storage capacity of 94.16 MT. Further, during test-check of tender documents of the sampled districts of Tehri and Almora, it was observed that transporters who were having merely one or two trucks were awarded transport contracts for more than one godowns which resulted into non availability of trucks as per requirement. The truck owners were also issued notices for not providing sufficient number of trucks for timely lifting of foodgrains. On being pointed out, DSO Almora accepted the facts (December 2018) and stated that care would be taken in future as regards awarding transport contracts.

1.2.10.2 Excess distribution of rice and wheat

Requirement, as per prescribed norms[35], of rice and wheat for AAY, BPL and PHH was worked out by audit, on the basis of existing number of ration cards and units, ***as detailed in Appendix-1.2.7*** and ***Appendix-1.2.7A,*** furnished by the Department. It was noticed that the distribution was made in excess of the actual requirement, as mentioned in the **Table-1.2.4** below:

Table-1.2.4: Details of distribution made in excess of the actual requirement

(Quantity in lakh MT)

Period	Category	Rice					Wheat				
		RQ*	A	L	D	Excess	RQ	A	L	D	Excess
2013-14 - 2017-18	AAY	2.60	2.60	2.67	2.66	0.06	1.32	1.33	1.36	1.34	0.02
2013-14 - Sept 2015	BPL	2.14	2.37	2.56	2.58	0.44	1.09	1.14	1.27	1.30	0.21
Oct 2015 - 2017-18	PHH	4.88	5.02	5.11	5.01	0.13	3.25	3.08	3.15	3.11	0.00
Total		***9.62***	***9.99***	***10.34***	***10.25***	***0.63***	***2.41***	***5.55***	***5.78***	***2.64***	***0.23[36]***

Source: Information provided by the department.

RQ- required quantity, A – Allocation, L- Lifting & D- Distribution.

(*) **Required quantity was worked out by audit**.

It is evident from above table that 0.63 lakh MT rice valuing ₹ 140.13 crore and 0.23 lakh MT wheat (to AAY and BPL categories) valuing ₹ 9.83 crore were distributed in excess of actual requirement. There was excess lifting of rice and wheat than allocation/actual requirement as per norms during above mentioned period across all the categories. Excess distribution of rice and wheat was also observed in the sampled districts as detailed in ***Appendix-1.2.8***. On being pointed out, Joint Commissioner stated (August 2018) that this was due to duplicacy in the ration cards before digitisation and after digitisation, the department had eliminated approximately 26 lakh units. He further added that verification of ration cards and units with Aadhaar card was under process and the excess distribution of foodgrains would be checked fully in near future.

35 APL (Rice 5 kg and wheat 10 kg per ration card); BPL (Rice 23.200 kg and wheat 11.800 kg per card); AAY (Rice 24.600 kg and wheat 10.400 kg per card, after implementation of NFSA Rice 21.700 kg and wheat 13.300 kg per card), PHH (Rice 3.00 kg and wheat 2.00 kg per unit).

36 Excess was calculated in Wheat quantity under AAY and BPL categories.

To examine whether excess distribution of rice and wheat were actually reaching the beneficiaries, two sampled internal godowns (Gaja of New Tehri and Bagwali Pokhar of Almora districts) were selected. The allotment of foodgrains made during 2017-18 to these godowns and the distribution of foodgrains to all the linked FPS was cross verified with the requirement of foodgrains as per norms and the total number of ration cards/ units linked with each FPS. **It was observed that excess quantity of rice and wheat than the requirement was provided as detailed in the Table-1.2.5 below**:

Table-1.2.5: Details of allotment of foodgrains in excess of requirement in two sampled internal godowns

(Quantity in Quintal)

Sl no.	Name of FPS	Rice			Wheat		
		Required	Allocation	Excess	Required	Allocation	Excess
Internal Godown Gaja (Tehri)							
1.	Gaja	521.844	556.512	34.668	342.156	353.363	11.207
2.	Nakote	749.280	760.554	11.274	-	-	-
3.	Pokhri	45.396	46.266	0.870	29.004	31.411	2.407
4.	Laowa	119.640	120.430	0.790	-	-	-
5.	Advani	177.348	186.313	8.965	-	-	-
6.	Bamangoan	-	-	-	66.120	68.700	2.580
Internal Godown Bagwali Pokhar (Almora)							
1.	Bhataura	76.740	87.000	10.260	50.460	58.500	8.040
2.	Baadi	82.140	119.000	36.860	54.060	75.000	20.940
3.	Dugadda	181.236	193.500	12.264	-	-	-
4.	BasuliShera	199.668	243.850	44.182	132.132	215.970	83.838
5.	Panergoan	81.504	130.500	48.996	53.496	77.000	23.504
6.	Pokhar	67.908	74.500	06.592	-	-	-
7.	Taulimanari	81.504	87.000	05.496	53.496	55.000	1.504
8.	Jaakh	65.388	93.450	28.062	42.612	57.360	14.748
9.	Damoouli	57.492	72.550	15.058	-	-	-
10.	Melta	47.220	94.000	46.780	30.780	51.000	20.220

Further, analysis of sale register of eight out of 16 FPSs as shown in above table (03 in Gaja and 05 in Bagwali Pokhar) revealed that foodgrains were issued to the beneficiaries as per their admissibility and norms and they had not been issued foodgrains in excess of norms. It indicated that quantity of excess wheat and rice received by FPSs might have been diverted and sold to non-beneficiaries which requires to be investigated. On being pointed out, the DSO Almora replied (December 2018) that the matter would be investigated.

Audit also noticed that there was lack of monitoring mechanism relating to implementation of PDS. There was massive shortfall in inspection of FPSs as discussed in ***paragraph no. 1.2.13.4*** and Social Audit was also not being conducted as discussed in ***paragraph no. 1.2.13.5***. Further, the Vigilance Committee Meetings were also not held as discussed in ***paragraph no.1.2.13.3***. As a result, the shortcomings relating to distribution of foodgrains could not be detected and rectified.

This is based on test-check. Instances of distribution of excess wheat and rice need to be investigated. Further, Government/Department needs to take corrective measures and ensure transparency in TPDS operations to avoid such instances in future. Had the Department implemented End-to-End Computerisation, instances of excess distribution of foodgrains could have been avoided.

1.2.10.3 Mismatch in Stock Register of Godown and linked FPS

Audit took up detailed examination of two internal godowns *i.e.* Gaja and Bagwali Pokhar to check whether there were discrepancies between the stock register of internal godown and stock register of FPS linked to them. There were 29 FPSs linked with sampled godown Bagwali Pokhar of Almora. Out of these, stock registers of five FPSs[37] were cross checked with the stock register of the godown for the year 2017-18. The details are as shown in the **Table-1.2.6** below:

Table-1.2.6: Details of mismatch of quantity of foodgrains in two sampled internal godowns

(Quantity in quintal)

Food grains	Quantity Issued by Internal Godown		Quantity received by FPSs		Difference		Total		Quantity not recorded in FPSs stock register
	PHH	AAY	PHH	AAY	PHH	AAY	Issued	Received	
Rice	543.40	95.00	441.50	88.00	101.90	7.00	638.40	529.50	108.90
Wheat	384.47	85.50	296.50	59.00	87.97	26.50	469.97	355.50	114.47

Source: Information provided by the department.

It is evident from above table that there was mismatch between the quantity of wheat and rice issued by the internal godown and quantity received by the FPSs, as 108.90 quintal of rice and 114.47 quintal of wheat were not found recorded in the stock registers of concerned FPSs. On being pointed out the District Supply Officer, Almora replied (December 2018) that the matter would be investigated.

This was an act of malfeasance. Department may initiate investigation for fixing responsibility. It is also recommended to lodge an FIR if stocks are found to have been pilfered.

There was delay in lifting of foodgrains at every level which subsequently delayed the distribution of foodgrains to the beneficiaries. There was excess distribution of rice and wheat across the State. Further, excess quantity of rice and wheat than requirement was provided to the FPSs but foodgrains were issued to beneficiaries as per their admissibility and norms. It indicated that quantity of excess wheat and rice received by FPSs might have been sold to non-beneficiaries. The Department needs to implement the Supply Chain Management and FPS automation to avoid such malfeasance.

The State Government may ensure timely distribution of foodgrains to the beneficiaries as per specified norms and investigate cases of excess distribution of rice and wheat as pointed out by audit. The Department may extend this examination to all districts for identifying more such cases.

1.2.11 Transportation and Storage of food grains

Timely and effective transportation of the foodgrains under TPDS is very important to distribute the foodgrains to eligible beneficiaries within the prescribed time schedule. Tendering process for selection of contractors for transportation of foodgrains from FCI depot to base godowns and further from one base godown to another base godown

[37] Basuli Shera, Telmainari, Dugauda, Baguna & Ratgul.

was done by the RFCs at Regional level and from Base godowns to internal godowns by the DSOs at district level. Further, proper storage of adequate quantity of foodgrains in the godowns is very essential to ensure timely distribution of quality foodgrains to the eligible beneficiaries. Shortcomings noticed in the process of transportation and storage of foodgrains are discussed in succeeding paragraphs:

1.2.11.1 Transportation rates

Transport Commissioner, Uttarakhand prescribed rates[38] for goods carriage in the State in September 2013. Separate tenders are invited by Regional Food Controllers (RFCs) for each route for transporting foodgrains. Tenders are assessed on the basis of rates quoted for the first 15 kilometres in Garhwal and first 8 kilometres in Kumaun region. Tenders have been awarded at the lowest tendered rate in each of the test-checked routes. However, there was wide variance between the lowest tendered rate of different routes in the same region. Rates in excess of 47 *per cent* to 111 *per cent* compared to the lowest tendered rate was observed in Garhwal and in excess of 34 *per cent* to 201 *per cent* compared to the lowest tendered rates in Kumaun were approved ***(Appendix-1.2.9)***.

Further, State Government order (March 2014) stipulates that transport rates of Regional Transport Officer, FCI, PWD, Irrigation Department and transport unions should be taken into consideration while deciding the transport rates. It was seen that rates in excess of 260 *per cent* to 1,000 *per cent* in Garhwal and 397 *per cent* to 2,410 *per cent* in Kumaun region than the rates approved by the Transport Commissioner were approved during the audit period ***(Appendix-1.2.9)***.

Transporters/handling contractors, owning two trucks only in Garhwal, were selected, despite the fact that they were awarded contracts for transportation to two or three places ***(Appendix-1.2.10).***

On being pointed out, Principal Secretary while admitting that there was a difference between the transportation rates of both regions (Garhwal & Kumaun) stated that for maintaining the uniformity in the transport rates, proposals considering the rates issued by Transport Commissioner were being obtained from both the regions.

1.2.11.2 Storage management of foodgrains

There were two types of godowns *i.e.* base godowns and internal godowns operational under the Department. The foodgrains procured under DCP and lifted from FCI were stored at base godowns and further supplied to internal godowns mainly located at block/tehsil level in the districts. As on March 2018, the department had 197 godowns having capacity of 1.04 lakh[39] MT, out of which 87 (44.16 *per cent*) godowns were operational in rented buildings.

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[38] 25 paisa per quintal per km in plain areas and 38 paisa per quintal per km in hilly areas.

[39] Departmental godown's capacity: 76,349.00 MT + rented godown's capacity: 27,453.400 MT = 1,03,802.400 MT (Say 1.04 lakh MT).

1.2.11.3 Inadequate capacity

As per the GoI's orders (applicable from September 2014), the validity period for lifting of foodgrains is 30 days for each allocation month separately, starting from the first day of the month preceding the allocation month. Accordingly, the Department intimated that storage capacity for two month's allocation is required for ensuring timely lifting and distribution of foodgrains. The details of storage capacity of base godowns *vis-à-vis* allocation of foodgrains for the State are given in the **Table-1.2.7** below:

Table-1.2.7: Details of storage capacity of base godowns against allocation of foodgrains

(Capacity in lakh MT)

Godown level	Allocation for the year	Storage capacity available	Required capacity as per allocation	Less capacity (percentage)
Base Godowns, Garhwal	2.91	0.27	0.49	0.22 (*45*)
Base Godowns, Kumaun	2.14	0.20	0.36	0.16 (*44*)
Internal Godowns	5.05	0.57	0.84	0.27 (*32*)

Source: Information provided by the department.

It is evident from the above table that there was a shortage of storage capacity ranging from 44 *per cent* to 45 *per cent* at Regional level and 32 *per cent* at District level across the State. The shortage of storage capacity resulted into delayed distribution of foodgrains to the beneficiaries as discussed in ***paragraph 1.2.10.1.*** On being pointed out, the Principal Secretary admitted that there was an acute shortage of storage capacity and a proposal to construct 43 godowns in the next five years had been sent to the Government in April 2018.

1.2.11.4 Construction of godowns

The Department did not have any plan during the audit period for augmentation of storage capacity by construction of new godowns in the State. The plan for construction of new godowns in a phased manner during the next five years was prepared only in April 2018. The department, therefore, failed to address the constraints of less storage capacity. Further, it was noticed that four godowns being constructed during the audit period remained incomplete due to unavailability of approach road; non-release of balance amount to the executing agency; and due to hard rocks found at the construction site. The details are given in ***Appendix-1.2.11.*** On being pointed out, the Joint Commissioner (June 2018) accepted the facts.

1.2.11.5 Lack of equipment/facilities in godowns

As per Annexure-II of the Warehouse Manual for Operationalising of Warehousing (Development and Regulation) Act, 2007[40], basic equipment/facilities should be available at each godown for proper storage management. During test-check of the records of sampled districts of Tehri, Pauri and Almora; and RFC, Kumaun and Garhwal, several shortcomings were noticed as indicated in **Table-1.2.8** below:

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[40] Department had not prepared its storage manual. In absence of this, the Warehouse Manual issued by GoI was used for benchmarking.

Table-1.2.8: Details of basic equipment/facilities available in godowns

Name of District/ Region	Total Number of godowns	Non availability of facilities in the godowns out of total godowns						
		Weigh Bridge	Fire fighting	Night lighting	Fumigation covers	Pesticides	Well protected boundary	Entry/ Exit gate
Tehri	27	27	27	27	27	27	26	27
Pauri	22	22	22	22	22	22	22	22
Almora	15	15	15	15	15	15	15	08
RFC, Garhwal	12	12	12	12	12	12	07	06
RFC, Kumaun	10	10	10	10	10	10	00	01

Source: Information provided by the department.

The storage godowns, therefore, lacked the basic equipment and facilities required as per manual. Further, physical verification of 15 sampled godowns (Departmental-eight and rented-seven) of Tehri, Pauri, Almora and base godowns (Kumaun Region and Garhwal Region) revealed the following shortcomings:

- No proper stack plan for godowns was in place; gunny bags of foodgrains were not kept properly; Stack cards with proper entries were not placed; fumigation charts and citizen charter were not represented and pesticides register was not being maintained.
- In addition, base godowns Kichha and Rudrapur (Udham Singh Nagar) were in dilapidated condition and foodgrains were stored in very unsystematic and unhygienic condition as rain water was accumulating in the godown from the damaged roof of the godown as can be seen in the following photographs:

Photograph 1.2.1: Dilapidated condition of Godown at Rudrapur (Udham Singh Nagar)

Photograph 1.2.2 and 1.2.3: Rain water accumulating inside the godown at Kichha (Udham Singh Nagar) because of damaged roof

On being pointed out, the Principal Secretary stated (October 2018) that a departmental manual for the purpose was being prepared and a proposal to make available necessary equipment and facilities to departmental godowns had been prepared.

While fixing the transportation rates, Transport Commissioner's specified rates were not considered and there was no uniformity in transportation rates approved for various transporters. There was an acute shortage of storage capacity which resulted into delayed lifting of foodgrains. However, the department did not have a plan to augment the storage capacity. Further, the godowns also lacked basic equipment and facilities.

The State Government may ensure augmentation of the storage capacity of godowns for timely lifting and distribution of foodgrains to the beneficiaries and improving storage conditions of godowns.

1.2.12 Financial Management

1.2.12.1 Availability and utilisation of funds

There were two Major Heads *i.e.* 2408 "Food, Storage and Warehousing" and 4408 "Capital Outlay on Food, Storage and Warehousing" were operational under the department. Expenditure relating to procurement, storage and distribution of foodgrains are booked under 4408, whereas, expenditure relating to establishment and transportation of food grains are booked under 2408. As per paragraph 16 of Uttarakhand Budget Manual, every care should be taken to ensure that the estimates are as accurate as possible. Further, as per paragraph 30 of the Manual, the average of actuals of past three years should be consulted while preparing the budget estimates. The details of availability and utilisation of funds under major head 4408 during the years 2013-14 to 2017-18 are given in the **Table-1.2.9** below**:**

Table-1.2.9: Details of availability and utilisation of funds

(₹in crore)

Year	Funds received from GoU	Expenditure incurred	Saving (percentage)
2013-14	2,211.00	1,840.70	370.30 (*16.75*)
2014-15	2,303.50	1,751.82	551.68 (*23.95*)
2015-16	2,314.52	2,218.45	96.07 (*4.15*)
2016-17	2,351.66	2,253.75	97.91 (*4.16*)
2017-18	2,369.27	1,341.43	1,027.84 (*43.38*)

Source: Information provided by the Department.

Thus, the department had submitted excess demand of budget in the years 2013-14, 2014-15 and 2017-18. Resultantly, there were significant savings of 16.75 *per cent*, 23.95 *per cent* and 43.38 *per cent* respectively. This indicated deficient budget management. On being pointed out, the Finance Controller stated (December 2018) that budget demand was made as per requirement; and further stated that all care would be taken in future.

1.2.12.2 Loss of ₹19.35 crore

In order to make immediate payment to farmers for procurement of wheat and paddy, State Government was authorised to obtain Cash Credit Limit (CCL) from Reserve Bank of India (RBI) in the event of shortage of funds. A CCL of ₹ 115.85 crore and ₹ 400 crore was obtained from RBI in March 2015 and January 2016 respectively, against which ₹ 535.20 crore, including interest, was repaid to RBI. **It was observed that in 2014-15 and 2015-16, ₹ 2,000 crore each was made available by GoU to the Department at the beginning (April) of the financial year for procurement of wheat and paddy against which an amount of ₹ 1,494.62 crore and ₹ 1,965.29 crore respectively was spent.** Thus, there were unspent balances of ₹ 505.38 crore and ₹ 34.71 crore during the two years. **Despite availability of sufficient funds with the Department, CCL of ₹ 515.85 crore was obtained from RBI. Consequently, the Department suffered a loss of ₹ 19.35 crore on account of interest paid to RBI against CCL.** On being pointed out, the Principal Secretary stated (October 2018) that CCL was taken for timely payment to farmers, millers and CAs in anticipation of sanction of annual budget for procurement of wheat in Rabi Marketing Season[41] and rice in Khariff Marketing Season[42]. The reply was not acceptable as sufficient funds for procurement of wheat and paddy were available throughout the relevant financial years.

1.2.12.3 Pending subsidy of ₹680.66 crore with GoI

As per the Memorandum of Understanding (MoU) executed between GoU and GoI for DCP, the State Government shall be paid subsidy on DCP at 100 *per cent* for fixed incidentals[43] and at 95 *per cent* on balance incidentals subject to final adjustment on submission of audited annual accounts by the State Government. **During 2013-14 to 2017-18, subsidy claims of ₹ 2,766.21 crore were submitted to GoI against which only ₹ 2,085.55 crore were paid by GoI retaining ₹ 680.66 crore due to non-submission of audited annual accounts by the State Government for the years from 2008-09 to 2017-18**. On being pointed out, the Principal Secretary stated (October 2018) that accounts upto 2006-07 had been sent to the GoI; accounts for the years from 2007-08 to 2009-10 had been prepared and action to appoint the chartered accountant to prepare the accounts for subsequent years was being taken. The reply was not acceptable as the department failed to submit the annual audited accounts to GoI since 2007-08 onwards because of which it was deprived of the full subsidy amount from GoI.

1.2.12.4 Irregular payment of VAT

As per Section 4 (2) (a) of the Uttarakhand VAT Act, the goods sold through PDS are exempted from VAT. During the test-check of records of RFC Kumaun and Garhwal, **it was noticed that ₹ 41.15 crore, ₹ 175.32 crore and ₹ 25.58 crore were paid to FCI, CAs and millers respectively in contravention of the Act.** The details of purchase of foodgrains made by the Department during 2013-14 to 2017-18 are given in the **Table-1.2.10** below:

Table-1.2.10: Details of purchase of foodgrains

(₹ in crore)

Period	Kind of purchase	RFC Kumaun		RFC Garhwal	
		Purchase Value	VAT paid	Purchase Value	VAT paid
2013-14 to 2017-18	Foodgrain from FCI	383.86	17.09	555.79	24.06
2014-15 to 2017-18	Paddy from CA[44]	3,529.27	167.11	172.43	8.21
2013-14 & 2014-15	Levy rice from millers[45]	530.15	24.28	27.82	1.30
Total		***4,443.28***	***208.48***	***756.04***	***33.57***

Source: Information provided by the Department.

41 April to June.
42 October to January.
43 MSP, Bonus, taxes including VAT, Milling Charges, Driage.
44 Kumaun: 22.32 lakh MT (2014-15 to 2016-17), Garhwal: 1.13 lakh MT (2014-15 to 2016-17).
45 Kumaun: 18.49 lakh MT and Garhwal: 0.12 lakh MT.

On being pointed out, the Principal Secretary stated (October 2018) that the matter was referred to the Government from time to time and a decision on this was still awaited. The reply was not acceptable as the payment of VAT should not have been made to FCI, CAs and Millers as per the provisions contained in the Act. This resulted in irregular payment of ₹ 242.05 crore to FCI, CAs and Millers.

1.2.12.5 Irregular payment of Mandi Labour Charge

As per GoI's orders[46], statutory charges would be payable only on production of the relevant official/statutory receipts evidencing payments. In respect of Levy Rice, only those private rice millers who purchase paddy at regulated *mandis* are entitled for reimbursement of the Mandi Labour Charge (MLC)[47] at the rate specified in the GoI's approved cost sheet issued for every marketing season. As per information made available by the Department, in the years 2013-14 and 2014-15, 2.48 lakh MT rice was procured under MSP levy scheme, against which ₹ 557.97 crore was paid to the millers. During the test-check of the payment vouchers, it was observed that Form 6R was not found attached with the bills submitted for payment by the millers. The Department, therefore, failed to ensure that the procurement of levy rice was done at regulated *Mandis*. In addition, evidence regarding expenditure incurred on MLC by the millers was not found attached with the bills submitted for payment by the millers. During the years 2013-14 and 2014-15, ₹ 3.48 crore as MLC was paid to the millers against the quantity of rice procured under levy scheme, which resulted into irregular payment of ₹ 3.48 crore to the millers. On being pointed out, the Principal Secretary stated (October 2018) that directions were being issued to Senior Regional Accounts Officers to make sure that all the relevant documents are enclosed with the bills prior to making payments so as to avoid repetition of such instances in future.

1.2.12.6 Non-deduction of TDS of ₹2.58 crore

As per the amendments made in section 194C (6), of the Income Tax Act, Tax Deducted at Source (TDS) applicable from June 2015, will be deducted against payments made to transporters[48]. During the scrutiny of the records of RFC, Kumaun and Garhwal, it was observed that an amount of ₹ 128.75 crore[49] was paid to the transporters during 2015-16 to 2017-18 without deduction of TDS of ₹ 2.58 crore at the rate of two *per cent*. Further,

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46 Payments relating to statutory charges, such as purchase tax/trade tax, mandi charges, market fee, *arhatia* commission, cess, *etc.* would be payable only on production of the relevant official/statutory receipts evidencing payments. (GoI's Order dated January 2015).

47 Amount paid to the labourers at regulated *Mandis* for packing, stitching, loading and unloading of gunny bags of foodgrains.

48 Unless the transporter furnishes a declaration to the payer to the effect that he owns ten or less than ten goods carriages at any time during the previous year. Further, as per para 43.4 of the GoI's Circular19, 2015, Government of India, Ministry of Finance, this exemption from TDS is applicable only in respect of transport charges received for plying, hiring or leasing of goods carriage(s) owned by the transporter.

49 Kumaun: ₹ 52.82 crore + Garhwal: ₹ 75.93 crore = ₹ 128.75 crore.

while test-check of the paid vouchers, it was noticed that neither any declaration certificates were found attached with the vouchers nor registration certificates of the vehicles used for transportation were attached to prove the ownership. Non-adherence of the provisions of Income Tax Act, therefore, resulted in undue benefit to the transporters and also loss of revenue of ₹ 2.58 crore to the Government.

On this being pointed out, the Senior Regional Accounts Officers, Kumaun and Garhwal while accepting the facts (June 2018) stated that deductions were being made from September 2017 and December 2017 respectively.

1.2.12.7 Non-recovery of gunny bags

As per orders (September 2016) of the State Government, arrangement of gunny bags for purchase of paddy is required to be made by the FCS&CA through respective RFCs, on the basis of demand of procuring agencies, and after transfer of the Custom Milled Rice to State Pool/FCI, the gunny bags are required to be issued in favour of millers and value of the gunny bags recovered as per the cost of the gunny bags mentioned in the cost sheet of respective years. Test-check of records of RFC, Garhwal revealed that 20.28 lakh gunny bags were issued to the millers during 2014-15 to 2016-17, against which only nine lakh gunny bags were received back and 11.28 lakh gunny bags amounting to ₹ 5.82 crore[50] were still with the millers. Neither the gunny bags were received back from the millers nor was the cost of gunny bags recovered. On being pointed out, the Principal Secretary stated (October 2018) that the gunny bags belonged to the rice millers and were procured from their own resources. The reply was not acceptable as the documents made available to audit by the RFC disclosed that the gunny bags were provided to the millers by the department and no recovery was made against the bags which were not returned by the millers.

Despite the availability of sufficient funds, a CCL was obtained from RBI which resulted into loss of ₹ 19.35 crore to the State exchequer on account of payment of interest. Annual audited accounts were not submitted to GoI since 2008-09 which resulted into non-release of ₹ 680.66 crore of subsidy to the State Government. Department made an irregular payment of ₹ 242.05 crore as VAT to FCI, CAs & Millers in contravention of the provisions of VAT Act.

1.2.13 Monitoring mechanism

As envisaged in the PDS Control Order, 2001, 2015 and NFSA (Act), the State Government shall ensure periodic system of reporting and monitoring, regular inspection and meeting of Vigilance Committees (VCs) at State, district, block and FPS levels, *etc.* Deficiencies noticed in monitoring mechanism are discussed in succeeding paragraphs:

[50] 2014-15: ₹ 41.19 per bag; 2015-16: ₹ 45.94 per bag; and 2016-17: ₹ 56.68 per bag of 50 kg capacity each.

1.2.13.1 Constitution of State Food Commission

Section 16 (1) and (2) of NFSA stipulates that every State Government shall, by notification, constitute a State Food Commission (SFC) for the purpose of monitoring and review of implementation of this Act. The SFC shall consist of a Chairperson and five other Members. SFC in the State was constituted (November 2013) with a Chairman and a Member Secretary. One member was appointed (October 2015) after a delay of almost two years after constitution of SFC and four posts of members were still lying vacant. On being pointed out, the Principal Secretary stated (October 2018) that necessary action to appoint remaining members of the commission was in the last stage at the government level.

1.2.13.2 Non-preparation and presentation of annual report in Legislature

Section 16 (6) (f) of Act stipulates that SFC shall prepare annual reports which shall be laid before the State Legislature by the State Government. It was observed that only one report after four years of constitution of SFC was prepared and sent (July 2017) to Government. The report was yet to be presented before State Legislature.

1.2.13.3 Holding of Vigilance Committee Meetings

Section 29 of the NFSA envisages constitution of Vigilance Committees (VCs) at State, District, Block/Tehsil and FPS levels for ensuring transparency and proper functioning of the TPDS and accountability of the functionaries. **However, it was noticed that the VCs were set up in 2010 but remained defunct as no meeting at State level or at any level in sampled districts of Tehri, Pauri, Almora and Udham Singh Nagar was organised during the audit period.** The department reconstituted VCs in January 2018. On being pointed out, the Principal Secretary stated (October 2018) that all the DSOs had been directed to organise the meetings at each level and further added that effective steps would be ensured in future. The reply shows laxity of the department as the VCs were reconstituted after more than four years of the commencement of the Act. In absence of the VCs, the purpose of ensuring transparency in the TPDS got defeated, as there were cases of excess distribution of foodgrains as discussed in ***paragraph 1.2.10.2.***

1.2.13.4 Shortfall in inspection of Fair Price Shops

Clause (6) (2) of PDS (Control) Order, 2001 and clause 11 of TPDS Control Order, 2015 provides that regular inspections of FPSs but not less than once in three months, by the designated authority must be ensured. **It was observed that there was an overall shortfall of 69.93 *per cent* to 81.38 *per cent* in inspection of FPSs in the State during 2013-14 to 2017-18. The shortfall ranged between 35 *per cent* and 98 *per cent* in the sampled districts.** On being pointed out, the Principal Secretary stated (October 2018) that an action plan for effective enforcement in future was being prepared by the department.

1.2.13.5 Non-conducting of Social Audit

Clause 28 (1) of NFSA provides that there should be periodic Social Audit on functioning of FPSs, wherein people collectively monitor and evaluate the planning and implementation of a program or scheme. **It was noticed that after elapse of almost five years of commencement of the Act, rules for conducting social audit were not framed.** As a result, social audit on functioning of FPSs could not be conducted since the implementation of NFSA.

1.2.13.6 Lack of Human Resource

There should be sufficient human resources as per sanctioned strength in place for efficient implementation of the scheme. An analysis of the details of human resource of the Department showed that there was shortage of human resources against the sanctioned strength as depicted in **Table-1.2.11** given below:

Table-1.2.11: Details of Sanctioned strength and Person-in-position (As of June 2018)

Wing	Post	Sanctioned	Person-in-position	Shortfall (percentage)
Supply	Area Rationing Officer	61	16	45 (*74*)
	Supply Inspector	240	144	96 (*40*)
	Chowkidar /Palledar	219	164	55 (*25*)
Marketing	Sr Marketing Officer	39	14	25 (*64*)
	Marketing Inspector	100	63	37 (*37*)
	Marketing Assistant	60	29	31 (*52*)
	Godown *Chowkidar*	42	31	11 (*26*)

Source: Figures provided by the Department.

It is evident from above table that there was a shortfall ranging from 25 *per cent* to 74 *per cent* in deployment of human resources at various levels. The position in four sampled districts also presented a dismal picture[51]. The shortfall in human resources may be seen in the context of lack of regular inspections of FPS; non-conducting of stock verification of foodgrains at FPS; and delay in timely distribution of foodgrains to the beneficiaries. On being pointed out, the Joint Commissioner agreed (August 2018) that due to insufficient human resources, the Department was facing difficulties in successful implementation of the scheme.

1.2.13.7 Elimination of bogus ration cards and Units

Sections 3 (13) and 4 (19) of PDS Control Order 2015 stipulate that the State Government shall regularly review the list of the eligible households for the purpose of deletion of ineligible households or inclusion of eligible households and organise an annual special drive before the end of every financial year for the elimination of bogus or ineligible ration cards. However, the department had not undertaken this exercise. During the scrutiny of records, it was observed that during the period from 2013-14 to September 2015, there were 128.75 lakh units under the TPDS, which were in excess of the total population of the State by 27.58 lakh as per census of 2011.

On being pointed out, the Principal Secretary stated (October 2018) that ration cards were issued by various agencies, such as, Panchayati Raj Department, Rural Development Department, Local Bodies and Food and Civil Supplies Department. Due to shortage of

[51] Shortfall of 83.33 and 38.46 *per cent* in Pauri; 75 and 68.57 *per cent* in Tehri; 100 and 38.46 *per cent* in Udham Singh Nagar and 100 and 38.46 *per cent* in Almora in deployment of Area Rationing Officers and Supply Inspectors respectively.

human resources, the department could not organise an annual special drive for the elimination of bogus or ineligible ration cards. However, during digitisation, 26.26 lakh units were weeded out as has been pointed out in ***paragraph no. 1.2.8.*** The reply was not acceptable. Had the regular exercise to eliminate bogus or ineligible ration card been done by the department, duplicate and ineligible ration cards/units would have been largely eliminated.

1.2.13.8 Information, Education and Communication

Section 11 (16) of PDS Control Order 2015 stipulates that the State Government shall take necessary steps to educate the RCHs regarding their rights and privileges by the use of electronic and print media as well as display boards outside the FPSs. **Test-check of the records of the sampled districts revealed that no such activity for educating the RCHs was carried out in any of the districts. The result of beneficiary survey carried out by audit revealed that out of 3,413 beneficiaries surveyed in the sampled districts, 1,894 (55.49 *per cent*) beneficiaries stated that they were unaware about the benefits *i.e.* prescribed scale of distribution of foodgrains and issue price, *etc*.** of NFSA. On this being pointed out, the Principal Secretary stated (October 2018) that an action plan to create awareness among ration card holders through print media, *Aakashwani* and distribution of pamphlets was being prepared.

1.2.13.9 Non-display of Citizen Charter

Section 11 (13) of PDS Control Order 2015 stipulates that the State Government shall issue and adopt a Citizen's Charter displaying information regarding rights and privilege of beneficiaries under the scheme, as stipulated under law or based on the model Citizen's Charter issued by the Central Government. **Test-check of the sampled districts disclosed that neither any Citizens Charter was issued by the State Government nor any Citizen Charter adopted in any of the sampled districts.** As a result, the beneficiaries were unaware about the benefit of NFSA as discussed in the preceding paragraph. On this being pointed out, the Principal Secretary stated (October 2018) that a format of Citizen Charter was being prepared.

Vigilance Committee meetings for ensuring transparency and proper functioning of TPDS were not held at any level, there was a huge shortfall in inspection of FPSs, and rules to conduct the social audit were also not framed by the Government. Had the department undertaken these measures excess distribution of foodgrains could have been avoided.

The Government may ensure meeting of vigilance committees and adequate inspection of FPSs at regular intervals and frame rules for periodic Social Audit on functioning of FPSs.

1.2.14 Results of physical verification of FPS

In the sampled districts, 90 FPSs connected with sampled godowns, were physically verified and surveyed by the audit. The results of physical verification and survey are as follows:

- 87 (96.67 *per cent*) FPS owners were not getting supply of foodgrains by the scheduled date. As a result, FPS owners were not able to distribute foodgrains within scheduled date.
- 30 (33.33 *per cent*) FPS owners complained about the quality of foodgrains and 34 (37.78 *per cent*) FPS owners also received complaint regarding quality of foodgrains from beneficiaries.
- Only 23 (25.56 *per cent*) FPSs were inspected regularly.
- Stock of foodgrains was not displayed by 29 (32.22 *per cent*) FPS owners.
- Prescribed norms of distribution of foodgrains were not displayed by 48 (53.33 *per cent*) FPS owners.
- Utilisation Certificates were not being submitted by 41 (45.55 *per cent*) FPS owners.
- Toll free/Helpline number was not displayed by 32 (35.55 *per cent*) FPS owners.
- None of the FPS owners were displaying the list of beneficiaries.
- All the FPS owners were not displaying sample of foodgrains
- 90 *per cent* FPS owners were not updating the list of beneficiaries.

1.2.15 Result of beneficiary Survey

In the sampled districts, 3,413 beneficiaries connected with sampled FPSs were surveyed by the audit. The findings of beneficiary survey are as follows:

- 1,035 (30.33 *per cent*) beneficiaries stated that opening and closing time of FPSs was not displayed by the FPS owner.
- 1,894 (55.49 *per cent*) beneficiaries were unaware about the benefits of the scheme.
- 3,218 beneficiaries (94.29 *per cent*) were not getting ration within scheduled date *i.e.* 15^{th} of each month.
- 1,962 (57.49 *per cent*) beneficiaries stated that quality of foodgrain was average.
- 38 beneficiaries were getting excess quantity of foodgrains as compared to norms.
- 265 beneficiaries were getting less quantity of foodgrains as compared to norms.

1.2.16 Conclusion

The End-to-End computerisation was launched in December 2012 for transparent recording of transactions at all levels and preventing diversion and ensuring full transparency in distribution of the foodgrains to the eligible beneficiaries, but same could not be achieved due to non-implementation of Supply Chain Management and FPSs Automation. Thereafter, National Food Security Act was enacted in September 2013 and as per the Act, 61.94 lakh out of a 101.17 lakh population (census 2011) were to be covered in Uttarakhand. Subsequently, 7.69 lakh *Antyodaya Anna Yojana* beneficiaries and 54.23 lakh Priority House Hold beneficiaries were covered. As a result of digitisation of ration cards the department weeded out 26.26 lakh ineligible beneficiaries which existed in erstwhile TPDS. Specified eligibility criteria and procedure for identification of eligible households to be covered under National Food Security Act, were not followed.

As a result, eligible households were left out from the benefits of the scheme and ineligible households were included under the scheme. Payment of Minimum Support Price to the farmers on procurement through the CAs was also not verified by the Department. Instances of excess distribution of wheat and rice were also noticed. Storage capacity of foodgrains in the State was not adequate and the shortage of storage capacity ranged between 44 *per cent* and 45 *per cent* at Regional level and 32 *per cent* at District level across the State. The existing storage godowns in the State lacked the basic equipment and facilities. The Department suffered a loss of ₹ 19.35 crore on account of interest paid to Reserve Bank of India against Cash Credit Limit of ₹ 515.85 crore obtained from Reserve Bank of India despite availability of sufficient funds. Monitoring mechanism was found deficient. Number of members required as per Act in State Food Commission were not appointed; only one report after four years of constitution of State Food Commission was prepared; and no meeting of Vigilance Committee at State level or at any level in sampled districts was organised during the audit period. There was also an overall shortfall of 69.93 *per cent* to 81.38 *per cent* in inspection of FPSs in the State during 2013-14 to 2017-18. Rules for conducting social audit were not framed even after elapse of almost five years of commencement of the Act.

COMPLIANCE AUDIT

HIGHER EDUCATION DEPARTMENT

1.3 Idle expenditure

After incurring expenditure of ₹2.59 crore, the college could not use the constructed hostel for SC/ST girl students due to absence of security and staff and the hostel building remained idle since January 2015.

With a view to providing hostel accommodation to Scheduled Caste (SC) and Scheduled Tribe (ST) students, the Government of Uttarakhand (GoU) accorded (March 2008) administrative and financial sanction of ₹ 3.43 crore for construction of Boys and Girls hostels[52] in the premises of Government Degree College (College), Dakpathar, Dehradun. Subsequently, an amount of ₹ 2.76 crore[53] was released to the executing agency[54] during 2008 to 2012.

Scrutiny of records (September 2017) of the college revealed **that an expenditure of ₹ 2.54 crore was incurred on the construction of one hostel for which a revised estimate was submitted by the Director, Higher Education, Uttarakhand (March 2014) to the State Government for approval which was not sanctioned. The executing agency refunded the balance amount (April 2014) of ₹ 0.22 crore[55] and**

[52] 50 bed hostel for boys and 50 bed hostel for girls.
[53] 2007-08-₹ 50 lakh, 2008-09-₹ 50 lakh, 2009-10-₹ 36 lakh, 2010-11-₹ 40 lakh and 2011-12- ₹ 100 lakh.
[54] Uttar Pradesh *Rajkiya Nirman Nigam* Limited.
[55] ₹ 2.76 crore-₹ 2.54 crore = ₹ 0.22 crore.

handed over (January 2015) the building of the hostel to the College. The college took possession of the hostel building and spent an additional ₹ 0.05 crore (June 2015) on furnishing the hostel. The constructed hostel building was lying unutilised for the last three years as no students had opted for the accommodation.

On this being pointed out, the Principal stated (March 2018) that applications were invited for the hostel from the students. However, due to non-availability of security and staff, no application was received. Further, it was stated that action (December 2015, October 2017 and December 2017) was being taken for creation of posts for operating the hostel. The reply was not acceptable, since as per Government's Order (December 1997), the hostel staff was to be kept on contractual basis and their remuneration was to be made from hostel fees and other service fees and no posts would be sanctioned for this arrangement. The college, therefore, should have arranged deployment of the staff and security from its own sources for operating the hostel.

Thus after incurring an expenditure of ₹ 2.59 crore, the college could not use the constructed building for providing hostel facilities to SC/ST girl students. The hostel building remained idle since January 2015 thereby depriving students of the intended benefits.

The matter was reported to the Government (April 2018); Reply was awaited (August 2019).

HOME DEPARTMENT

1.4 Loss of revenue

Non-recovery of compounding fee at the prescribed rate led to loss of revenue of ₹3.17 crore.

The Transport Section-1, Government of Uttarakhand, issued (09 August 2016) a notification revising the compounding fee from ₹ 100 to ₹ 500 for violating the instructions issued under Section 179 (1)[56] of the Motor vehicles Act, 1988.

Scrutiny of records (April 2017 to September 2017) of the Senior Superintendent/ Superintendent of Police (SP) of six districts[57] revealed that even after the issue of the notification and publication in the Gazette (01 October 2016), challans were issued against 79,230 vehicles[58] for not following the instructions issued under Section 179 (1) of the Motor vehicles Act, 1988 at the rate of ₹ 100 instead of the revised rate of

[56] Section 179-Disobedience of orders, obstruction and refusal of information (1) Whoever willfully disobeys any direction lawfully given by any person or authority empowered under this Act to give such direction, or obstructs any person or authority in the discharge of any functions which such person or authority is required or empowered under this Act to discharge, shall, be punishable with fine which may extend to five hundred rupees.

[57] Superintendent of Police, Pithoragarh, Udham Singh Nagar, Dehradun, Haridwar, Chamoli and Tehri.

[58] Chamoli: 4,079 vehicles, Tehri: 3,025 vehicles, Udham Singh Nagar: 27,749 vehicles, Pithoragarh: 6,228 vehicles, Dehradun: 18,446 vehicles, Haridwar: 19,703 vehicles.

₹ 500 which resulted in short recovery of compounding fee of ₹ 3.17 crore[59] from the defaulting vehicles (As detailed in ***Appendix-1.4.1***).

On this being pointed out, the Government issued directions (January 2019) to the Director General of Police, Uttarakhand to direct the SPs of the concerned Districts that a strict action would be taken against them, if they charged the compounding fee less than the rate prescribed under the relevant sections of the Motor Vehicles Act, 1988 by the Government.

Non-recovery of fine at the prescribed rate, therefore, led to loss of revenue of ₹ 3.17 crore, for which responsibility of the concerned officers is required to be fixed by the Government/Department.

INDUSTRY DEPARTMENT

1.5 Non-recovery of Special State Capital Investment Subsidy (with interest at the rate of 18 per cent) and Special Interest Subsidy

Industry department failed to recover ₹ 49.56 lakh from a defaulter industrial unit after lapse of more than three years though the scheme guidelines provide for recovery in case of violation of the conditions of grant of subsidies.

Special State Capital Investment Subsidy Assistance (SSCISA)[60] Scheme and Special Interest Subsidy Incentive (SISI)[61] Scheme were implemented by Industry Department, Government of Uttarakhand (GoU) in February 2008 for providing financial assistance to new Industrial units set up in the State after 01 April 2008. Paragraph 10 (3) of the SSCISA scheme provides that the beneficiary enterprise shall have to continue its business for at least 10 years after the commencement of commercial production. Besides, paragraph 11(1) of the scheme provides that "any breach of the provisions contained in paragraph 10 (3) above shall result in the recovery of the State Assistance received by the entrepreneur in single instalment as the recovery of land revenue with interest payable at the rate of 18 *per cent*". Further, Paragraph 7(2) of the SISI Scheme provides that "the Interest Subsidy Incentive shall be available to those industrial units only, who will

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59 79,230 vehicles x (₹ 500 - ₹ 100) = ₹ 3,16,92,000 (Say ₹ 3.17 crore).

60 Under this scheme, 25 *per cent* of the fixed capital investment made on construction of workshop-building, plant & machinery and equipment subject to a maximum of ₹ 30 lakh **would be given as financial assistance to entrepreneurs** who are permanent and bonafide residents of the State for establishing their units in the State and for the other entrepreneurs 20 *per cent* of the fixed capital investment made on construction of workshop-building, plant & machinery and equipment subject to a maximum of ₹ 25 lakh.

61 Under this scheme, the industries seeking loan through the funding banks/financial institutions situated in the districts specified in Category A areas **(Pithoragarh, Uttarkashi, Chamoli, Champawat and Rudraprayag)** may be given incentive of simple interest upto 6 *per cent* of the total loan sanctioned subject to a ceiling of ₹ 5 lakh per unit per annum and those specified in Category B areas {**Pauri Garhwal, Tehri, Almora, Bageshwar, Dehradun (excluding regions of Vikasnagar, Doiwala, Sahaspur and Raipur) and Nainital (excluding regions of Haldwani and Ramnagar)}** may be entitled for interest incentive at the rate of 5 *per cent* subject to a ceiling of ₹ 3 lakh per unit per annum.

continue their business for at least five years after they have received the Interest subsidy, failing which the Government reserves its right to recover the entire subsidy amount from the concerned industrial unit".

Scrutiny of records (May 2017) of General Manager, District Industries Centre (DIC), Haldwani, revealed that an enterprise (M/s Blue Bell) got approval of DIC on Entrepreneurs Memorandum (EM) Part-I[62] on 11 March 2011, for getting subsidy under SSCISA and SISI Scheme, against which ₹ 25 lakh as capital subsidy and ₹ 6.39 lakh as Interest subsidy was sanctioned (July 2013 and March 2015) and disbursed to the entrepreneur in March 2014 and March 2015 respectively. These subsidies were given for setting up of a hotel in accordance with SSCISA Scheme and SISI Scheme Rules, 2008. The Hotel was operational in March 2012 and closed in March 2015 and after that a school was started in the hotel building from April 2015. As the hotel was closed before 10 years of its commencement and before five years after receiving the interest subsidy (March 2015), for which the above subsidies were given under SSCISA and SISI Scheme, the entrepreneur was liable to refund Capital Subsidy and Interest Subsidy of ₹ 31.39 lakh[63] along with interest on Capital Subsidy of ₹ 18.17 lakh[64].

In reply, the Government stated (April 2018) that recovery of the amount of capital subsidy and interest subsidy from the entrepreneur was not justified because the unit had continued its business up to three years which was as per the amendment[65] made in the provision of the scheme on 18 November 2011.

The reply is not acceptable because the unit got approval of DIC on EM Part-I under SSCISA Scheme on 11 March 2011 which was before amendment of the scheme provisions (18 November 2011). The amendment was, therefore, not applicable in this case, as any order/notification is applicable from the date of its issuance until and unless applicability from retrospective date is specified. Further, the unit was not functioning for a period of five years after receiving the Interest subsidy (March 2015) which was a requirement as per the SISI Rules, 2008.

The Industry department, therefore, failed to recover ₹ 49.56 lakh[66] from the defaulter industrial unit even after lapse of more than three years.

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62 **EM Part-I** is the first step/part of registration under SSCISA and SISI scheme. Keeping in view the physical condition of the remote hilly area, the approval of EM Part-I was treated as pre-registration under the Scheme and eligibility amount for subsidy on capital investment was calculated by the DIC on the amount, which was invested by the Enterprise from the date of EM Part-I.

63 ₹ (25 lakh + 6.39 lakh).

64 **Capital subsidy of ₹ 25 lakh was disbursed to the entrepreneur on 18 March 2014.** Interest on Capital Subsidy @18 *per cent* per annum on ₹ 25 lakh from 18.03.14 to 31.03.18 (4 years 14 days) which amounts to ₹ 18,17,260 (say ₹ 18.17 lakh).

65 Amendment was made vide GoU OM No.2931/VII-II/123-Industry/08/2011 dated 18 Nov 2011 which replaced the minimum tenure of production to three years from the earlier 10 years.

66 ₹ 31.39 lakh (Capital subsidy + Interest Subsidy) + ₹ 18.17 lakh (Interest on Capital Subsidy @ 18 *per cent*).

IRRIGATION DEPARTMENT

1.6 Idle expenditure/Non-achievement of objectives

The Division incurred an idle expenditure of ₹2.42 crore on procurement of pipes which were lying unattended in the open leaving it prone to the vagaries of nature, besides incurring an unfruitful expenditure of ₹46.31 lakh on other components of the project. Moreover, the intended objectives of the project had not been achieved even after a lapse of four years.

A project for construction of 18 kilometre (km) long *Lastar* left canal in Rudraprayag District (Jakholi Block) was sanctioned (March 2012) by National Bank for Agriculture and Rural Development (NABARD) for ₹ 9.84 crore under Rural Infrastructure Development Fund (RIDF-XVII). Nine km of the canal was to be constructed with Mild Steel (MS) pipe and the remaining nine km was to be constructed through masonry channel.

Scrutiny of records (May 2017) of the Executive Engineer, Irrigation Division, (ID) Rudraprayag revealed that the Technical Sanction (TS) of the estimate which was forwarded (18 January 2014) to the Chief Engineer (CE), Irrigation Department, Garhwal, had not been accorded till the date of audit. However, the CE and HOD allotted ₹ 280.52 lakh (23 September 2013) and ₹ 75 lakh (26 July 2014) for the project, though the villagers of *Gaithana* village protested the construction of the canal objecting its alignment (27 November 2013). Scrutiny also revealed that approval for 15 km of the canal that fell in forest land was granted on 26 March 2014 by the Government of Uttarakhand. Despite knowing the fact that the TS of this project had not been accorded and there was a dispute in the alignment, the Department entered into 17 different agreements with eight contractors (February-March 2014) for executing the work[67] in 3.4 km for an amount of ₹ 3.29 crore. The contractors supplied the pipes in March 2014 and dumped them along the roadside in absence of approach path to the head of the canal and an amount of ₹ 2.42 crore[68] was paid to the contractors. A revised survey (December 2013-February 2014) was conducted bypassing the *Gaithana* village. As a result, the length of the canal increased to 21 km out of which 18 km fell in forest land. The estimate for the new alignment was revised twice (April 2015 and February 2016) and finally the Superintendent Engineer (SE) returned (09 March 2016) the revised estimate of ₹ 31.65 crore in original to the Division without sanctioning it due to several reasons[69]. The pipes procured for an amount of ₹ 2.42 crore were lying unattended alongside the

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[67] Supply, carriage and fixing of MS pipe including flange on both ends, washer, nut bolt, 2 coats of paint and one coat of paint on outer surface and labour for laying.

[68] Excluding payment towards cost of bend, fixing charges, sub-grading for laying and painting.

[69] 1. The revised estimate should have been submitted within one year of approval of the project. 2. Benefit cost ratio was less than one, and 3. The cost of the project has been calculated at higher rate of ₹ 9.65 lakh per hectare instead of ₹ 2.50 lakh per hectare.

road/land belonging to villagers for more than four years. Besides, the Division also incurred an expenditure of ₹ 46.31 lakh[70] on the project.

On this being pointed, the Division stated (May 2017) that the process for invitation of tenders had started after the allotment of fund in September 2013 and agreements were executed accordingly. The Division also stated that the work would be completed after obtaining the approval of the revised estimate. However, the SE, ID, Rudraprayag, in its latest reply (November 2018), stated that (i) due to the objection raised by the villagers, the work on the original alignment cannot be executed and the work on the new alignment also cannot be undertaken due to non-approval of forest land and inappropriate benefit cost ratio; (ii) when steps were initiated for lifting the pipes, the villagers stopped the ID from lifting the pipes and demanded rent for dumping the pipes in their land. An estimate for lifting the pipes and payment of rent was being prepared and after its approval and sanction, the pipes would be lifted and kept in the store for use in any other project.

The Division, therefore, incurred an idle expenditure of ₹ 2.42 crore on procurement of pipes which were lying unattended in the open leaving it prone to the vagaries of nature, besides incurring an unfruitful expenditure of ₹ 46.31 lakh on other components of the project. Moreover, the intended objectives of the project had not been achieved even after a lapse of four years.

The matter was reported to the Government (May 2018); Reply was awaited (August 2019).

MEDICAL, HEALTH & FAMILY WELFARE DEPARTMENT

1.7 Functioning of blood banks in Uttarakhand

The blood banks could not make significant progress in phasing out replacement donors to achieve target of 100 per cent voluntary blood donation (VBD) as envisaged in the National Blood Policy. Information, Education and Communication activities carried out by State Blood Transfusion Council (SBTC) for promotion of voluntary blood donation was inadequate. There was significant difference in the percentage of VBD as per Annual Report of SBTC and figures obtained from the selected blood banks. Out of 35 blood banks in the State, 13 were operating with expired licence from five months to twenty years. Only 22 regular inspections could be carried out against 96 inspections required to be conducted during the period 2015-18. None of the blood banks selected by audit were inspected during 2015-18. Out of eight selected blood banks, five were not calibrating equipment in prescribed time. The Donor and the Master Registers were not being maintained in complete form as prescribed in the Act.

[70] Survey: ₹ 7.44 lakh, Compensation for forest land: ₹ 24.83 lakh, Approach road ₹ 7.95 lakh and Miscellaneous expenditure: ₹ 6.09 lakh.

1.7.1 Introduction

Blood transfusion is a life-saving intervention that has an essential role in patient management within health care systems. The Government of India (GoI) formulated (April 2002, amended in 2007 and 2016) National Blood Policy (NBP) for elimination of transfusion transmitted infection and for provision of safe and adequate blood transfusion services to the people through an integrated strategy[71]. Human blood being covered under the definition of 'drugs[72]' under the Drugs & Cosmetics (D&C) Act 1940, 'blood banks[73]' are regulated under the said Act and Rules framed there under, through issue of licence by the State Drug Controllers (SDC) after conducting inspection along with the Central Drug Standards Control Organisation (CDSCO), the licence approving authority.

The National Blood Transfusion Council (NBTC) is a policy formulating apex body in relation to all matters pertaining to the operation of blood centres while the State Blood Transfusion Council (SBTC) has the responsibility of implementing the blood programme in the State. National AIDS Control Organisation (NACO) allocates budget to NBTC for strengthening Blood Transfusion Services. As of March 2018, 35 blood banks were functioning in the State of which 20 were managed by the State Government as detailed in ***Appendix-1.7.1***, four by the Central Government, seven[74] by private parties and four by different charitable institutions. During the period 2015-16 to 2017-18, collection of blood units[75] in the State Government blood banks accounted for 48 to 53 *per cent* of the total collection in the State.

The theme based compliance audit on "Functioning of Blood Banks in Uttarakhand" during the period 2015-16 to 2017-18 was carried out between March and May 2018, through test-check of the records of SDC, State Blood Transfusion Council (SBTC),

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71 Includes collection of blood only from voluntary, non-remunerated blood donors, screening for all transfusion transmitted infections and reduction of unnecessary transfusion.

72 All medicines for internal or external use of human beings and all substances intended to be used for or in the diagnosis, treatment, mitigation or prevention of any disease or disorder in human beings.

73 "Blood Bank" means a place or organisation or unit or institution or other arrangements made by such organisation, unit or institution for carrying out all or any of the operations for collection, apheresis (It is the process by which blood drawn from a donor, after separating plasma or platelets, is re-transfused simultaneously into the said donor), storage, processing and distribution of blood drawn from donors and/or for preparation, storage and distribution of blood components.

74 Out of seven blood banks managed by private parties, six are associated with hospitals and one is a standalone blood bank (not associated with any hospital).

75 One unit=350 ml.

Year	Blood collection (in unit) at various level					
	State Government	Central Government	Private	Charitable institutions	Stand alone blood bank	Total
2015-16	58,080(*53*)	832(1)	14,444(13)	5,860 (5)	30,872(28)	***1,10,088***
2016-17	59,068(*48*)	1,569(1)	23,175(19)	10,267(8)	29,793(24)	***1,23,872***
2017-18	60,836(*48*)	3,783(3)	21,177(17)	15,845(13)	24,696(19)	***1,26,337***

office of the Director General Health and eight[76] State Government blood banks selected on the basis of collection of maximum blood units during the period 2015-18.

1.7.2 Role of SBTC

As per NBP, SBTC would be responsible for implementation of the Blood Programme at State level. In Uttarakhand, SBTC was established[77] (August 2004) with the Secretary, Health & Family Welfare (H&FW) Department as its President. Scrutiny of records showed the following shortcomings:

1.7.2.1 Non-preparation of action plan

As per provision of the NBP, the SBTC was required to prepare an action plan for gradually phasing out replacement blood donors[78] and achieve 100 *per cent* target of collection of safe and quality blood from voluntary blood donors (VBD)[79]. However, it was observed that no such action plan was being prepared by the SBTC.

In the absence of an action plan, the SBTC could not make significant progress as regards VBD in the State as elaborated in ***paragraph 1.7.3.1.***

In order to achieve 100 *per cent* Voluntary Blood Donation, the SBTC should ensure preparation of an action plan for gradually phasing out replacement blood donors.

1.7.2.2 Insufficient meetings of Governing Body of SBTC

As per SBTC Council Rules, 2004, the meetings of Governing Body of SBTC were to be held at least twice a year to review its functioning. However, it was noticed that out of six meetings required to be held, only two meetings[80] of the Governing body were conducted during the period 2015-18. As a result, matters like accounts for the past year, annual report of the state council, proposals for enquires and research work for the next year and demand of funds for the next year could not be reviewed and discussed on a regular basis.

1.7.2.3 Inadequate Information, Education and Communication (IEC) Activities conducted by the SBTC

The SBTC is a Society which is being financed by NACO and State Government through grants. The SBTC receives grants from Uttarakhand State AIDS Control Society (USACS) as provided by NACO and State grants are being received from the annual

[76] (i) Sushila Tiwari Memorial (STM) Hospital, Haldwani, (ii) S.S. Jeena Base Hospital, Haldwani, (iii) L.D Bhatt Government Hospital, Kashipur, (iv) H.M.G. District Hospital, Haridwar, (v) SJNSM Government Joint Hospital, Roorkee, (vi) Doon Hospital, Dehradun, (vii) B.D. Pandey District Hospital Pithoragarh and (viii) Base Hospital Srinagar, Pauri.

[77] Under the Society Act, 1860.

[78] Family/replacement donor: A donor who gives blood to a member of the patient's family/community which may involve a hidden payment to the donor by the patient's family (ii) One who gives blood when it is required by a member of his /her family/community; this may involve coercion or payment and (iii) A member of the family or friend of the patient who donates blood in replacement of blood needed to a particular patient without involvement of benefits from any source.

[79] A voluntary blood donor is a person who gives blood, plasma or other blood components at his/her own free will and receives no payment for it, either in the form of cash or in kind which could be considered a substitute for money.

[80] 03 August 2015 and 18 May 2017.

budget of department of Health and Family Welfare. As per NBP, SBTC was to develop and launch IEC campaign using all channels of communication including mass media for promotion of voluntary blood donation and generation of awareness regarding dangers of procuring blood from paid donors as well as from unauthorised blood banks.

The budget allocated and expenditure incurred on IEC activities during the years 2013-14 to 2017-18 was as given in **Table-1.7.1** below:

Table-1.7.1: Detail of Budget Allocation and Expenditure on IEC activities

(**₹** *in lakh*)

Year	2013-14		2014-15		2015-16		2016-17		2017-18	
	Central	State	Central	State	Central	State	Central	State	Central	State
Grant received	25.40	11.50	8.96	Nil	Nil	Nil	1.00	2.20	1.41	Nil
Expenditure	16.47	3.89	6.99	0.16	3.29[81]	0.35	2.04[82]	2.07	1.41	Nil

Source: SBTC.

It is evident from the above table that there has been steep decline in grants allocated to SBTC by the GoI and the State Government for IEC activities. Audit scrutiny revealed that during the above period the SBTC did not request the GoI and the State Government to increase the amount of grants for IEC activities. It was also observed that in the year 2013-14, 27 IEC activities were conducted while during the year 2014-15, 2015-16, 2016-17 and 2017-18 nine, six, eight and only two activities respectively were conducted for promotion of voluntary blood donation.

On this being pointed out, SBTC stated that the IEC activities were being carried out by the National Aids Control Organisation (NACO). The reply was not tenable as it was mandatory on the part of SBTC to carry out IEC activities to raise the awareness of the need for regular blood donations to ensure quality, safety and availability of blood and blood components and to achieve the target of 100 *per cent* voluntary donations as per the guidelines of NBP. The shortfall in IEC activities has to be seen in the backdrop of poor achievement of the blood banks as regards VBD as discussed in ***paragraph 1.7.3.1***.

For promotion of voluntary blood donation, the SBTC should make efforts to launch IEC campaign using all channels of communication for generation of awareness in public.

1.7.2.4 Non-adherence with the provisions of National Blood Policy

The SBTC Uttarakhand did not adhere with the following provisions of the NBP.

Objective	Provision	Remarks
To strengthen manpower through human resource development	A separate department of transfusion medicine to be established in all medical colleges.	Presently, there are three medical colleges[83] in the State. Department of transfusion medicine was not established in any of the three medical colleges.

81 From previous years' grants.

82 Excess expenditure of ₹ 1.04 lakh was met from previous years' balances.

83 Doon Medical College Dehradun, STM Medical College Haldwani and Government Medical College Srinagar.

	Separate cadre of doctors to be created for providing effective transfusion services in all blood banks.	No such cadre has been created by the State Government.
To encourage research and development in the field of transfusion medicine and related technology	Corpus of funds to be created by SBTC for facilitating research in transfusion medicine and technology related to blood banking.	No corpus of funds was created by SBTC for facilitating research.
	Computer based information and management system to be developed for use by all blood banks regularly to facilitate networking, in order to share information with other blood banks.	One blood bank at district hospital Pauri, in the State was yet to be connected with the network facility. As regards sharing of donor's information, SBTC stated that each blood bank was maintaining a donor's directory which also included rare blood group donors and they could be contacted in case of any emergency. However this data regarding information about donors is not maintained electronically in the blood banks.
To take adequate regulatory and legislative steps for monitoring and evaluation of blood transfusion services and to take steps to eliminate profiteering in blood banks.	The State/SBTC was to enact rules for registration of private hospitals/nursing homes wherein a provision for affiliation with a licenced blood bank for procurement of blood for their patients was to be incorporated.	The State Government/SBTC did not formulate any such rules.

Appropriate action should be taken by the SBTC for implementation of provisions of the National Blood Policy in the State

1.7.2.5 Inadequate staff

To carry out the smooth functioning of the SBTC, the NACO sanctioned (May 2009) one post of director[84], two posts of Deputy Assistant Director[85], one post of Section Officer and eight posts of subordinate staff. The State Government created (June 2016) one post of Director, two posts of Deputy Assistant Directors and 06 posts of subordinate staff (through outsourcing) for SBTC. The post of Section Officer and two subordinate staff were not created by the State Government. Further, the created posts of Deputy Assistant Directors have been not filled up in SBTC. The SBTC did not make any effort to augment its manpower by bringing the matter to the notice of the State Government as well as to NACO.

On this being pointed out, the SBTC replied that there was no need to fill the vacant posts in the SBTC.

[84] Ex-officio post and charge was being looked after by the Director, Uttarakhand State Aids Control Society (USACS).

[85] Medical-01 and IEC-01.

For effective monitoring of implementation of the National Blood Policy in the State, the State Government may augment the staff of the SBTC as proposed by NACO.

1.7.3 Voluntary Blood Donation

1.7.3.1 Collection of blood from voluntary donors

Voluntary blood donation programme is the foundation for safe and quality blood transfusion service as the blood collection from voluntary non-remunerated blood donors is considered to be the safest. In this context, the NBP provides that the practice of replacement donors shall be gradually phased out in a time-bound programme in order to achieve 100 *per cent* voluntary non-remunerated blood donations.

(a) Position of Voluntary blood donation in selected blood banks

Scrutiny of records of the selected blood banks revealed that the blood banks, except HMG District Hospital Haridwar, could not make significant progress in phasing out replacement donors to achieve the 100 *per cent* target as envisaged in NBP. In five out of eight test-checked blood banks[86], the percentage of VBD decreased in 2017-18 as compared to 2015-16 against the total blood units collected (TBC). Moreover, in absence of an action plan by the SBTC for gradually phasing out the replacement donor, seven out of eight test-checked blood banks[87] could not even achieve 40 *per cent* of the target as detailed in ***Appendix-1.7.2*** and these blood banks mainly depended on replacement donations.

In reply, the concerned blood blanks, while accepting the facts, assured that compliance with the policy would be made in future.

The SBTC should ensure preparation of an action plan for achieving 100 *per cent* Voluntary Blood Donation and also ensure its compliance by all the blood banks in the State.

(b) Mismatch of data

There was a significant difference in the percentage of VBD as per the Annual Report of SBTC and as obtained from the selected blood banks as detailed in ***Appendix-1.7.2***.

The SBTC stated that the figures shown in the annual report were sum of voluntary blood donors and family donors. However, as per NACO's definition, family donor falls under the category of replacement donors. The data of SBTC regarding VBD was, therefore, inflated and did not depict the correct position of VBD in the State.

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86 (i) STM Hospital Haldwani (ii) SS Jeena Base Hospital Haldwani (iii) LD Bhatt Hospital Kashipur (iv) HMG District Hospital Haridwar and (v) SJNSM Hospital Roorkee.

87 (i) STM Hospital Haldwani (ii) SS Jeena Base Hospital Haldwani (iii) LD Bhatt Hospital Kashipur (iv) SJNSM Hospital Roorkee (v) Doon Hospital Dehradun (vi) BD Pandey Hospital Pithoragarh and (vii) Base Hospital Srinagar.

(c) Position of Voluntary blood donation in private, central government, charitable and standalone blood banks

The Annual Report in respect of VBD prepared by the SBTC for Private, Central Government, Charitable and Standalone blood banks revealed that during the period 2015-18, the percentage of VBD was very low in seven blood banks[88]. Moreover, it was zero *per cent* in case of blood bank at BHEL, Haridwar as given in **Table-1.7.2** below. These blood banks largely collected blood from replacement donors.

However, the percentage of VBD in eight blood banks was satisfactory and 100 *per cent* VBD was also achieved by the IMA blood bank during the above period.

Table-1.7.2: Detail of percentage of VBDs in private/Central Government/charitable/standalone blood banks

Sl. No.	Blood bank	Percentage of VBD[89]			
		Name of Blood Bank	2015-16	2016-17	2017-18
1.	Private	Max Hospital,Dehradun	*7*	*5*	*18*
2.		HIHT Jollygrant, Dehradun	*89*	*63*	*67*
3.		Subharti, Dehradun	-	*22*	*19*
4.		Srikrishna, U.S. Nagar	-	*11*	*20*
5.		Kailash, Dehradun	-	-	*13*
6.		Jeevan Rekha Hospital, Kashipur	*100*	*100*	*94*
7.	Central	MH, Dehradun	*100*	*97*	*100*
8.		MH, Roorkee	*71*	*91*	*100*
9.		BHEL, Haridwar	*0*	*0*	*0*
10.		AIIMS, Rishikesh	-	*61*	*43*
11.	Charitable	Sewa Charitable blood bank, Bajpur	--	--	*20*
12.		Mahant Indresh Hospital, Dehradun	*84*	*96*	*98*
13.		RKMS, Haridwar	*4*	*9*	*37*
14.		Kashipur Charitable blood bank, Kashipur	--	--	*81*
15	Stand alone	IMA blood bank, Dehradun	*100*	*100*	*100*

Source: Progress Report of SBTC.
Note: *Sl. No. 3, 4, and 10 commenced from 2016-17 and Sl. No. 5, 11 and 14 commenced from 2017-18.*

The SBTC stated that 100 *per cent* voluntary donation was not possible and private blood banks had certain limitations regarding appointment of sufficient staff, *etc.* for the purpose. The reply of the SBTC was not acceptable as the NBP provides that at the State level, the SBTC is fully responsible to implement the provisions of the policy to phase out the replacement donor and 100 *per cent* collection through VBD was envisaged. Further, IMA blood bank (a Standalone blood bank) operated by the private party has achieved 100 *per cent* VBD in three consecutive years during the period 2015-18 and this blood bank has contributed highest number of blood units in the State during the above period.

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88 Serial Numbers 1, 3, 4, 5, 9, 11 and 13 of **Table-1.7.2**.
89 Percentage of VBD calculated against the total blood units collected by the blood bank concerned.

1.7.4 Regulatory issues

1.7.4.1 Issue/ renewal of the license for blood banks

Blood being identified as 'drug', blood banks are regulated under the Drug and Cosmetic Act and Rules made there under. The SDC is the regulatory authority, responsible for issue of licences to blood banks with the approval of CDSCO. Before issue and renewal of licences, joint inspection along with the Drug Inspector, CDSCO is to be conducted. The process of issue/renewal of licence is detailed in ***Appendix-1.7.3.*** The licences are valid upto five years after which the same are to be renewed after conducting fresh joint inspection as regards the availability of required manpower and infrastructure. During the period 2015-18, there were 17 blood banks in the State whose licences were due for renewal. Out of these, licences of only four blood banks were renewed as detailed in ***Appendix-1.7.4***.

Scrutiny of records of the SDC revealed that out of 35 blood banks in the State, 13 (12 Government and one Private) blood banks were running with expired licence (as on June 2018). Out of these 13 blood banks, the case of Doon blood bank has been referred to CDSCO for approval and six blood banks were running without licence for a period ranging from six months to two years due to inspection not being carried out by the licensing authorities. In six cases, the inspection authorities had conducted the inspection and highlighted various shortcomings like insufficient space for storage of blood and laboratory; unsatisfactory cleanliness of the blood bank; non-calibration of equipment, inadequate maintenance of records and non-working of thermographs as detailed in ***Appendix-1.7.4***. However, the deficiencies were not addressed by the blood banks and these were running without licence for period from eight months to twenty years[90] as detailed in ***Appendix-1.7.5.*** As per Rule 122-O of the Drug and Cosmetic Act, the licensing authority or approving authority may cancel or suspend the licence of a blood bank after giving the licencee an opportunity to show cause, why such an order should not be passed. However, no action had been taken by the licensing authority or approving authority against the blood banks that failed to rectify the deficiencies pointed out in the joint inspection of the blood banks.

Operation of blood banks without licence implied dilution in the standards required for quality control and is fraught with the risk of supply of unsafe blood.

The State Drug Controller should ensure taking appropriate action against the defaulter blood banks as per provision of the Drugs and Cosmetics Act.

[90] District Hospital, Pithoragarh and District Hospital, Uttarkashi were running without licence for 20 years and more than 10 years respectively.

1.7.4.2 Irregularities in the process of issue/renewal of licences to blood banks

During scrutiny of records of SDC of Uttarakhand, the following irregularities were noticed in renewing licences of blood banks:

Name of the blood bank	Criteria	Observations
Subharti Hospital, Dehradun	As per the condition of the Licence, any change in the technical staff, as mentioned in the licence, would be forthwith reported to the Licensing Authority. Where any change in the constitution of the blood bank takes place, the current licence would be deemed to be valid for maximum period of three months from the date on which the change has taken place.	The licence of blood bank for the period (May 2015 to May 2020) was renewed (May 2015) by the licensing authority by mentioning the name of working technical staff. At the time of joint inspection (May 2017) by the licensing authorities, it was noticed that technical staff which were mentioned in licence had already left the blood bank one year before the date of joint inspection. As per the condition of the licence, the licence was valid for maximum three months. The blood bank was, therefore, running without valid licence.
Sushila Tiwari Memorial (STM) Hospital, Haldwani	The licence was to be provided in continuity.	The licence was due for renewal from February 2010 to February 2015 but it was renewed for the period from March 2012 to March 2017. Thus the gross negligence on the part of the licensing authority let the blood bank operate without any valid licence for more than two years.
All blood banks	The National Blood Policy (NBP) provides that issuing/renewal of licences to blood banks are subject to condition that the licencee has to seek 'No objection certificate' (NOC) from the SBTC by submitting photo copy of previous licence, blood collection report, proof and detail of Medical Officer and counsellor, annual report indicating blood component of separation facilities *etc.*	Scrutiny of records revealed that licences were being issued/renewed to all blood banks without the necessary NOC from the SBTC.

1.7.4.3 Lack of regular inspections of blood banks

As per terms and conditions of the licence, for ascertaining the standard of the blood and blood products, a blood bank should be re-inspected periodically at least once in a year from the date of licensing, by a team comprising of Drug Inspectors of CDSCO and State licensing authority and if required with an expert.

As per Annual Report of the SBTC, 96 inspections[91] were to be carried out by the licensing authority during 2015-18. However, information collected from the SDC revealed that only 22 inspections[92] could be carried out during the above period. Moreover, audit noticed that none of the test-checked blood banks were inspected during 2015-18.

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[91] 2015-16=30; 2016-17=33 and 2017-18=33 (Total-96).

[92] 2015-16=03; 2016-17=08 and 2017-18=11 (Total-22).

On being pointed by audit, the SDC stated that regular inspections could not be carried out due to shortage of staff. In absence of inspections of the blood banks, the quality of the blood and blood components could not be ensured.

To ensure the functioning of the blood banks as per provision of the Drugs and Cosmetics Act, the license approving (CDSCO) and issuing (State Drug Controller) authorities should conduct regular inspection of the blood banks.

1.7.5 Quality control of blood and blood components

As per provisions of the Act, the blood banks are required to conduct various test (screening) of collected blood against Syphilis, Malaria, HIV I and II, Hepatitis B and C by using various methods *viz.* Nucleic Acid Amplification Test (NAT), Enzyme Linked Immune Sorbent Assay (ELISA) III and IV and Rapid test kits. All these tests have varying sensitivity to detect infections; some can detect infections within a shorter period of the donor getting infected (window period). The following shortcomings were noticed during the audit scrutiny:

1.7.5.1 Inadequate screening of blood for HIV

As per directions of NACO, screening of blood for HIV should necessary be carried out by utilising three different antigens *viz.* two rapid and one Elisa antigens or two Elisa and one rapid antigen. It was further directed that ELISA reader and necessary ELISA test kits and various Rapid test kits for screening the blood against AIDS, Hepatitis B&C, Syphilis and Malaria have to be made available to all blood banks by the USACS. It was observed that all the selected blood banks except blood bank at HMG District Hospital, Haridwar were not utilising the ELISA reader for screening the blood against HIV thereby putting recipients of blood susceptible to infection. However, all collected blood units (except in blood bank at Pithoragarh as described in ***paragraph 1.7.6 b***), were being screened/tested for Hepatitis B, Hepatitis C, Syphilis and Malaria by the various Rapid test kits as provided / specified by the NACO.

When the matter regarding non utilisation of ELISA antigen for testing of blood units against HIV was pointed out by the audit, the blood banks, while accepting the fact, stated that the ELISA HIV test kits were not provided by USACS.

The SBTC and the State Drug Controller should monitor the compliance of NACOs' guidelines regarding screening of blood against HIV.

1.7.5.2 Ineffective Calibration of equipment by the blood banks

The Act, *inter alia,* required that equipment used in blood banks for collection, processing, testing, storage of blood and blood components are to be observed, standardised and calibrated on a regular and scheduled basis. Laboratory thermometers are required to be calibrated before initial use; Hematocrit centrifuge has to be calibrated annually and four other equipment[93] have to be calibrated on six monthly basis. Audit

[93] General lab centrifuge, automated blood typing, hemoglobinometer and refractometer or urinometer.

observed that the equipment of three blood banks[94] were not calibrated since 2016; in District hospital Pithoragarh, equipment were not calibrated since 2015 and in STM College Haldwani from 2017 as detailed in ***Appendix-1.7.6.***

On this being pointed out, the Department, while accepting the fact, stated that the calibrations would be carried out in future.

Non-calibration of equipment at prescribed interval is fraught with the risk of inaccurate and unreliable reading which might result in an unreliable quality of blood collected and issued thereby putting the patients at risk.

1.7.5.3 Donor register

The Act provides that each blood bank is required to maintain donor register indicating serial number, date of donation, name, address and signature of donor with the particulars of age, weight, haemoglobin, blood group, blood pressure, medical examination, bag number and patient's detail, category of donation, deferral records[95] and signature of the Medical Officer in-charge. Further, general conditions for donation of blood provide that the donor should be in the age of 18 to 65 years; weight should not be less than 45 kilograms; haemoglobin should not be less than 12.5 grams; and blood pressure should be in normal condition without medicine.

Audit observed that in all the selected blood banks except SS Jeena Hospital Haldwani, this register was not being maintained in complete form as prescribed in the Act. The age, weight, haemoglobin, blood group, blood pressure, signature of donor and signature of medical officer were not being recorded in the register. As a result, compliance with the above mentioned general conditions for blood donation could not be ascertained.

1.7.5.4 Master Register

The Act prescribes a master register for blood and blood components which should be maintained by each blood bank. This register should indicate bag serial number, date of collection, date of expiry, quantity in ml., RH group, results for testing of HIV, Malaria, Hepatitis, Syphilis, name and address of the donor with particulars, utilisation issue number, component prepared or discarded and signature of the Medical Officer-in-charge.

Scrutiny of records of selected blood banks revealed that three[96] blood banks were not maintaining master register and the other five[97] were not maintaining this register in complete form. The quantity of blood, RH group, utilisation issue number and signature of Medical Officer were not being recorded in the register. These blood banks, therefore,

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[94] (i) L D Bhatt Hospital, Kashipur (ii) S S Jeena Hospital, Haldwani and (iii) S J N M Hospital, Roorkee.

[95] Deferral records are the part of blood donor records. It is the record of donors who have been excluded from blood donation as found suspected of having an infectious disease.

[96] (i) S T M College, Haldwani (ii) B D Pandey District Hospital, Pithoragarh and (iii) L D Bhatt Hospital, Kashipur.

[97] (i) S S Jeena Base Hospital, Haldwani (ii) H M G District Hospital, Haridwar (iii) S J N S M Govt. Joint Hospital, Roorkee (iv) Doon Hospital, Dehradun and (v) Base Hospital Srinagar, Pauri.

did not have master records as prescribed for blood and its components and this was against the provision of the Act.

On this being pointed out, the blood banks while accepting the fact, assured that compliance with the Act would be made in future.

For compliance of all provisions of the Drugs and Cosmetics Act, the SBTC and the State Drug Controller should ensure monitoring the functioning of the blood banks and also ensure that all provisions of the Act are being complied with by blood banks in the State.

1.7.6 Gross Violation of Act by the blood bank at District Hospital Pithoragarh

Apart from the above mentioned shortcomings relating to quality control of blood and blood components by the selected blood banks, scrutiny of records and physical inspection of blood bank of B D Pandey District Hospital, Pithoragarh revealed the following shortcomings:

(a) This blood bank has been operating without a valid licence since 1998. It failed to remove all the shortcomings[98] pointed out by the joint inspection team in 2002, 2007, and 2018. In-spite of its poor functioning, no stringent action had been taken by the licensing authority endangering the life of both the donor and recipient.

(b) The Act provides that the collected blood may be properly screened for detecting HIV, Hepatitis B&C, Malaria and Syphilis in order to provide quality blood which is free from any transmissible disease. However, it was observed that during 02 February 2017 to 31 March 2018 (14 months), 1,194 blood units[99] were screened without screening for Malaria and during 21 July 2016 to 31 March 2018 (20 months), 707 blood units[100] were screened without screening for Syphilis and blood units issued to patients.

On this being pointed out, the Medical Officer, Blood Bank, Pithoragarh replied that the screening of Malaria was being carried out through slide method. The reply is not acceptable as there is no provision in the Act for carrying out the Malaria test with slide method. During the above period, the blood bank did not have the required numbers of test kits for screening the collected blood units for Malaria and Syphilis as per the stock records of the Hospital.

Physical verification of the blood bank showed the following deficiencies:

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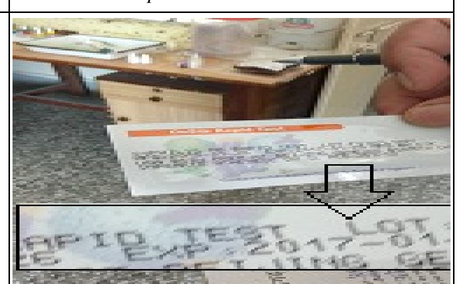
98 Sterilisation and wash room not provided; laboratory for transmissible disease is also used as storage of other consumable items; records and store rooms were not in proper way; blood screening for transmissible disease was done only by Rapid Kits method, Elisa was not being used, *etc*.

99 Only 291 test kits (91 opening balance+200 were received during the mentioned period) were available in the stock while 1,485 blood units were screened during the period *i.e.* (1,485-291= 1,194).

100 Only 3,318 VDRL test kits (1,318 opening balance+2,000 were received during the mentioned period) were available in the stock while 4,025 blood units were screened during the period. *i.e.* (4,025-3,318=707).

The Act provides that there should be separate laboratory for blood group serology and laboratory for blood transmissible diseases like hepatitis, Syphilis, Malaria and HIV. It was observed that testing of blood group serology and blood transmissible diseases were being carried out together in a single laboratory by the blood bank as depicted in ***Photograph No. 1.7.1*** alongside.	
The Act provides that operation of the blood bank and preparation of blood components should be under hygienic conditions. The wall and floors of the rooms, where collection of blood or preparation of blood components is carried out should be smooth, washable and capable of being kept clean. Drains should be of adequate size and connected directly to the sewer. During the physical verification, it was noticed that in the absence of proper drainage system, water was overflowing from the drain and scattered on the floor. The disposable items were kept in the gallery of the blood bank. As a result, blood bank was operating in unhygienic conditions as depicted in ***Photograph No. 1.7.2*** alongside. Moreover, waste blood and blood tubes were thrown in the bin kept on the testing table as depicted in ***Photograph No. 1.7.1*** alongside.	***Photograph No. 1.7.1:*** *Testing of blood group serology and blood transmissible diseases were being carried out in a single laboratory by the blood bank.*  ***Photograph No.1.7.2:*** *Functioning of Hospital in very unhygienic conditions.*
Candle flame was being utilised for locking the blood bags in place of tube sealer as depicted in ***Photograph No. 1.7.3*** alongside, though the tube sealers were available in the store of the blood bank. This unhygienic practice may affect the quality of the blood.	 ***Photograph No.1.7.3:*** *Candle flame was being utilised in Hospital.*
Expired testing kits were being utilised for cross matching of the blood as depicted in ***Photograph No. 1.7.4*** alongside. A number of expired rapid test kits for testing Syphilis were found in the store.	 ***Photograph No. 1.7.4:*** *Expired testing kits were being utilised for cross matching of the blood.*

For gross violation of the Drugs and Cosmetics Act, the SDC should ensure taking appropriate action against the blood bank as per Rule 122-O of the Act.

1.7.7 Non-establishment of blood bank at district Champawat

The NBP provides that in the State, every district should have at least one blood bank. It was observed that even after sixteen years of implementation (2002) of the NBP, no blood bank had been established in district Champawat till the date of audit (May 2018). It was also noticed that the Chief Medical Officer informed (June 2016) the DG, Health that due to non-establishment of the blood bank, patients could not get the blood on time and as a result, many patients died for want of blood. However, no action was taken by the DG, Health in this regard even after lapse of two years (June 2018).

On this being pointed out, the SBTC replied that the blood bank building was constructed in 2011 as per norms. However, the essential equipment could be procured only during 2016-17 as fund was not available during 2011-12 to 2015-16. Further, it was replied that the District Hospital had applied for licence in 2017-18 for establishment of the blood bank. The reply of SBTC is not acceptable as the demand of funds was made by the SBTC only in 2015-16.

Inordinate delay in establishment of the blood bank in Champawat, therefore, not only revealed the indifference of the Health Department but also endangered the lives of patients.

1.7.8 Conclusion

The blood banks could not make significant progress in phasing out replacement donors to achieve 100 *per cent* target of VBD as envisaged in the Blood Policy in absence of an action plan by the SBTC and insufficient IEC activities. There was a significant difference in percentage of VBD as per Annual Report of SBTC and figures obtained from selected blood banks. Out of 35 blood banks in the State, 13 were running with expired licences from five months to 20 years due to non-inspection by the licensing authorities or non-removal of shortcomings by the concerned blood banks. Only 22 inspections could be carried out against 96 inspections during the period 2015-18. None of the blood banks selected by the audit were inspected during the period 2015-18. Out of eight selected blood banks, five were not calibrating equipment in prescribed time. The donor and master registers were either not being maintained or maintained in incomplete form. Gross violation of Act was noticed in blood bank at district hospital Pithoragarh and there was inordinate delay in establishing blood bank in district Champawat.

The matter was reported to the Government (June 2018), Reply was awaited (August 2019).

1.8 Non-realisation of compensation of ₹18 crore from absentee doctors

The Department failed to realise compensation of ₹18 crore from doctors for breach of agreement. No legal action was taken against the defaulters which defeated the purpose of strengthening health services in the remote area of the State.

The State Government directed (July 2008) Medical College, Srinagar that the candidates who get selected for admission in MBBS course through Uttarakhand Pre-Medical Test (UPMT) have to compulsorily serve on contractual basis for a period of five years in hilly and tough terrain of the State after completion of their MBBS course. This was done with the objective of filling up vacancies of doctors in Government hospitals and providing better medical and health care facilities in the hilly and remote areas of the State. Selected candidates were required to sign **an affidavit** at the time of admission whereby they committed to serve five years in hilly and remote areas of the State. **They were also required to sign a bond whereby they committed to serving five years in remote areas**. Such students were liable to pay subsidised rate of tuition fee of ₹ 15,000 per year for the entire MBBS course and the rest of the cost of their education was to be borne by the State Government. Candidates who were not willing to serve in these regions had to pay an outright amount of ₹ 30 lakh to the State Government. The Government issued (September 2009) the format of the agreement letter directing the Principal to get a Bond[101] signed by the students of 2008 and 2009 batch and by their Parent/Guardians. **The direction relating to serving on contractual basis through prescribed bond issued by the State was effective from 2008 batch to 2012 batch only.**

Scrutiny of records (December 2017) and further information collected (May 2018) from the Medical College, Srinagar and Director General (DG), Medical, Health & Family Welfare, Dehradun showed that the affidavit (at the time of admission) was signed by the students and Bond was signed (in the year 2014) **by the Students of 2008 and 2009 batch** and their Fathers/Parents/Guardians with the surety that the students would provide minimum five years' service in the remote areas of the State after completion of their MBBS course, failing which they were liable to pay ₹ 30 lakh. Out of 200 students[102] who were selected for the course, 180 students[103] were appointed as doctors by the DG in the remote areas of the State. However, it was observed that out of these appointed doctors, 60 doctors were absent from their duty, either from the date of joining or after performing their duty for some time, by breaching the terms and conditions of the affidavit as well as **dishonouring the Bond**. However, the Department neither claimed compensation amounting to ₹ 18 crore[104] from these 60 doctors nor took any legal action against them even after lapse of period ranging from 22 months to four years.

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101 This Bond was effective till the 2012 batch after which a new bond was finalised.
102 100 each for 2008 and 2009 batch.
103 The information for rest of 20 students could not be provided by the Department to audit.
104 60x @ ₹30 lakh=₹18.00 crore.

On this being pointed out, the Principal, Medical College, Srinagar replied (December 2017) that action against the absentee doctors was under process by the State Government.

Apathetic approach of the Department resulted in non-realisation of compensation amount of ₹ 18 crore from the defaulters. Besides the very purpose of strengthening the health services in the remote areas of the State could not be achieved due to shortage of 391 doctors against the sanctioned strength of 890 in the remote districts of the State.

The matter was reported to the Government (May 2018); Reply was awaited (August 2019).

PUBLIC WORKS DEPARTMENT

1.9 Avoidable expenditure

The division paid ₹1.69 crore for excess quantity of 192.69 MT of unutilised steel which could have been avoided, had the excess quantity of steel been utilised judiciously.

Government of Uttarakhand accorded (January 2015) administrative and financial sanctions of ₹ 14.52 crore for construction of five temporary/semi temporary steel girder pile bridges to manage traffic during *Ardh-Kumbh Mela*-2016 in Haridwar district. The technical sanctions (TS) of these works were accorded by the competent authorities in February 2015. *Mela Adhikari* (*Ardh-Kumbh Mela*-2016) assigned the bridge construction work to Public Works Department (PWD) in May 2015.

Scrutiny of records (November 2017) of the Executive Engineer, Provincial Division, Haridwar and further collection (April to June 2018) of information revealed that construction of '*Bairagi* Camp to *Gaurishankar Dweep* (BCGD)' bridge[105] out of the above five sanctioned bridges was postponed as decided in the meeting (May 2015) headed by the *Mela Adhikari*. Keeping the *Kānvar*[106] in view, a decision to construct '*Daksh Dweep* and *Bairagi* Camp (DDBC)' bridge (out of four contracted bridges for which an agreement was executed in May 2015) on *Mayapur* Escape Channel before the *Kānvar,* was taken in another meeting (July 2015) also headed by *Mela Adhikari.* However, as it was not possible to construct a pile bridge in such a short time due to non-availability of Hammer Vibro machine[107] required for construction of pile bridges, it was decided to construct a crate bridge[108] instead. At the same time, a decision to start

105 Bridge not included in those four bridges for which an agreement (May 2015) was entered into with a contractor.

106 An annual pilgrimage of devotees of Lord Shiva, known as *Kānvarias* or "*Bhole*", to Hindu pilgrimage places of Haridwar, Gaumukh and Gangotri in Uttarakhand to fetch holy waters of River Ganga. The pilgrimage is held in the month of *Shrawan* (July-August).

107 A tool used to drive piles in or out of the ground for building marine docks, bridges, buildings, roads, rail, walls, and many other types of foundations.

108 Steel crates, open at the top and bottom are placed on the floor and filled with boulders on which the superstructure is erected.

construction of the BCGD bridge (by supply and fabrication of same specification of steel as used in DDBC bridge), which was postponed in the earlier meeting (May 2015), was also taken. Further scrutiny however revealed that due to change in the type of DDBC bridge, the quantity of steel required for erection of the crate bridge was significantly reduced to 73.31 MT against the original requirement of 266 MT. A balance quantity steel of 192.69 MT[109] was, therefore, left with the contractor which could have been utilised in BCGD bridge. The Division, instead of instructing the contractor to utilise the balance steel at hand, allowed the contractor to further procure and fabricate another 518.45 MT for BCGD bridge. The Division, therefore, could not utilise the balance 192.69 MT of steel and had to pay ₹ 1.69 crore[110] to the contractor for the unutilised steel which could have been avoided.

On being pointed out, the division stated (June 2018) that the steel parts of bridge are assets of *Mela Adhikari*, which can be used in *Kumbh Mela* in future for construction of more bridges. The reply of the Division was in complete disregard to paragraph 179 of Financial Hand Book (Volume VI)[111]. The PWD should have exercised prudence by utilising the balance steel of DDBC bridge in construction of BCGD bridge rather than wait for the next *Kumbh Mela* after six years (2022).

The division, therefore, incurred ₹ 1.69 crore for excess quantity of 192.69 MT of unutilised steel which could have been avoided.

The matter was reported to the Government (August 2018); Reply was awaited (August 2019).

RURAL DEVELOPMENT DEPARTMENT

1.10 Follow-up audit on the Performance Audit of Indira Awaas Yojana

1.10.1 Introduction

A performance audit of "*Indira Awaas Yojana*" (IAY) covering the period 2008-09 to 2012-13 was included in the Audit Report (Civil) for the year ended 31 March 2013. For this performance audit, five districts namely Dehradun, Haridwar, Udham Singh Nagar, Nainital and Tehri Garhwal were selected. The Report was placed before the State Legislative Assembly in November 2014, and has not yet (April 2018) been discussed by the Public Accounts Committee. To address the gaps found in IAY, this scheme was restructured into *Pradhan Mantri Awaas Yojana-Gramin* (PMAY-G) with effect from 1 April 2016. During follow-up audit, it was noticed that out of 28 observations included

[109] 266 MT-73.31 MT=192.69 MT.

[110] 192.69 MT * ₹ 87,500 = ₹ 1,68,60,375 (Say ₹ 1.69 crore).

[111] Paragraph 179 provides that the purchase of stores or materials far in advance or in excess of requirements is likely to result both in direct and indirect losses to the Government and it should be avoided.

in the report, five observations were no more relevant due to change in structure brought out in the new scheme (as detailed in ***Appendix-1.10.1***).

1.10.2 Objective, scope and methodology of audit

A follow-up audit was conducted from February to April 2018 with the objective of assessing the implementation of recommendations made in the earlier Audit Report and other important audit findings by test-checking the records of the offices of the Commissioner, Rural Development Department, Uttarakhand, District Rural Development Agencies (DRDAs), Nainital and Dehradun, DRDA Cell and two selected blocks[112] in each selected district of Nainital and Dehradun. Physical verification of 200 IAY/PMAY-G[113] houses (49 IAY houses and 151 PMAY-G houses) of four selected blocks of two districts was also carried out by the audit team. The period covered in audit was from 2015-16 to 2017-18. The audit was conducted with reference to the four recommendations accepted by the Government in the exit conference (November 2013) against 28 observations included in the Audit Report for the year ended 31 March 2013.

Audit Findings

The status of implementation of 23 observations and four audit recommendations accepted by the Government has been arranged in the following three categories:

1.10.3 Implementation of audit recommendations

A. Insignificant or no progress

Audit findings made in earlier Report	Recommendation made	Current status as informed by the Government	Audit findings/ comments
(i) Annual Action 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 *(Para 1.3.6.2 of previous audit report).*	Compliance of the provisions of IAY guidelines so as to extend benefits of the Scheme to eligible persons may be ensured.	Category wise (Schedule Caste, Schedule Tribe and General category) targets were allotted to districts, blocks and finally to Gram Panchayats (GPs) for particular year and such targets are treated as action plan.	No specific reply was given regarding preparation of Annual Action Plan. The recommendation is yet to be implemented as Annual Action Plan was still not prepared as noticed during test-check of records of two selected districts.
(ii) Non-claiming of reimbursement (for relief to victims of natural calamities and in other emergent situation like		Proposal amounting to ₹ 168.75 related to 2nd instalment of special projects under IAY of district	Reply is not specific. The State should have claimed its amount utilised for disaster emergencies from the Centre as per the

112 In Dehradun- Raipur and Sahaspur blocks and in Nainital-Haldwani and Ramnagar blocks.

113 100 houses from each district selected on the basis of systematic sampling (It is a type of probability sampling method in which sample members from a larger population are selected according to a random starting point and a fixed periodic interval).

fire, riots, *etc.) (Para-1.3.7.5)*		Pithoragarh has been sent to GoI (December-2017).	provisions of IAY. The recommendation, therefore, is yet to be implemented.
(iii) 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, community monitoring and transparency was found lacking *(Para 1.3.10.4 of previous audit report).*	Internal control mechanism as per the guidelines needs to be strengthened so as to ensure regular monitoring of the scheme.	Directions with regard to monitoring and supervision of PMAY (G) houses through self-help groups (SHG) under National Rural Livelihood Mission (NRLM) have been issued.	The observation is yet to be implemented as during test-check of records, it was noticed that there was no involvement of NGOs for monitoring and supervision of the scheme.

B. Partial Implementation

Audit findings made in earlier Report	Recommendation made	Current status as informed by Government	Audit findings/comments
(i) There were 12,505 landless BPL households which were in permanent IAY waitlist, for which proposals amounting to ₹ 61.87 crore were sent to the Commissioner, Rural Development Department (CRDD) by the DRDAs concerned during the year 2009-10 and 2010-11, which was not sent to the GoI by the State Government *(Para 1.3.6.6 of previous audit report).*	Compliance of the provisions of IAY guidelines so as to extend benefits of the Scheme to eligible persons may be ensured.	For implementation of homestead site scheme, funds amounting to ₹ 1,515.85 lakh (Central share- ₹ 361.40 lakh + ₹ 361.40 lakh State share + ₹ 793.05 lakh additional State share) were provided to districts for providing land to 3,475 BPL SC/ST landless families of the State during 2014-15 but due to higher rates of available land/non-availability of land it could not be purchased.	The recommendation was partially implemented as during test-check of records of two selected districts, it was noticed that despite availability of funds amounting to ₹ 39.38 lakh and ₹ 692.37 lakh in Dehradun and Nainital respectively, 110 and 1,934 BPL SC/ST landless families in Dehradun and Nainital respectively were not provided land till the date of audit. Also the unutilised funds were not surrendered.
(ii) 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 *(Para 1.3.8.6 of previous audit report).*		Directions in regard to providing bank loan to beneficiaries have been issued to blocks and awareness programmes related to facility of bank loan are being organised and bank loan to two beneficiaries of district Haridwar has been sanctioned under PMAY-G.	The observation has been partially implemented as during test-check of records of DRDA, Dehradun, it was noticed that awareness programmes with regard to loan facility from the financial institutions were carried out at both the selected blocks during the year 2017-18; whereas, in DRDA, Nainital no such awareness programmes were carried out during 2016-18.
(iii) During joint physical verification, it was noticed that there were 47 *per cent* houses which were constructed without permanent walls and		There is no case of the IAY/PMAY-G houses being without plaster on walls/roofs. Sanctioned houses are physically inspected by the	The observation has been partially implemented as during physical verification of 200 (49 IAY houses and 151 PMAY-G houses) houses, it was noticed that 24

roofing, and walls of houses were not externally plastered. There were also houses without doors/windows *(Para 1.3.8.7 of previous audit report).*		district/block level officials from time to time and directions are given to concerned officers and beneficiaries to complete houses in all respects. Besides, Junior Engineers (JEs) posted at block level are also being imparted training at UIRD, training centre, Rudrapur.	*per cent* IAY houses and 16 *per cent* PMAY-G houses were without permanent walls/roofing and external plaster.
(iv) Out of five selected districts, only in Udham Singh Nagar, an amount of ₹ 2.41 lakh was released by the DRDA to its blocks for affixing IAY board and logo properly. However, it could not be ensured by the DRDA whether this money had been utilised for the said purpose, as no utilisation certificates were provided to DRDA *(Para 1.3.8.9 of previous audit report).*		Funds provided for IAY logo have been utilised by the concerned BDOs and utilisation certificates have been provided to DRDAs concerned.	The observation has been partially implemented as it was noticed during physical verification of IAY houses that out of 49 IAY houses, 48 houses were found without IAY logo.
(v) 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 *(Para 1.3.10.1 of previous audit report).*	Internal control mechanism as per the guidelines needs to be strengthened so as to ensure regular monitoring of the scheme.	Meeting at State level was organised (October-2017) under the chairmanship of Hon'ble Rural Development Minister. At district level, as and when time was given by the Hon'ble Member of Parliament, meetings took place.	The observation has been partially implemented as meetings at State level as well as district level took place but not as per required norms.
(vi) During 2008-13, in selected districts 823 grievances/complaints were received and forwarded to concerned blocks against which only 78 cases were verified by the concerned blocks out of which only 34 cases were settled. Action taken on the remaining grievances/complaint was not available with the		At state, district and block level, grievance redressal cells have been formulated and complaint registers have been maintained and through which complaints are being settled. Besides this, complaints related to IAY/PMAY-G received through *Samadhaan* Portal are also being settled at various levels. At State level, out of 825	The observation has partially been implemented as against 825 complaints 754 complaints are still pending at State level whereas, records of two selected DRDAs showed that neither Grievance Redressal Cell was established nor any records such as grievance register were being maintained as per provisions of PMAY-G guidelines.

DRDAs *(Para 1.3.10.3 of previous audit report).*		complaints received, 71 have been settled and rest 754 are under process.	
(vii) During physical verification of 1,149 IAY houses, it was noticed that IAY board and logo were not displayed in 967 houses; 47 *per cent* houses were without permanent walls, roofing and external plastering; the beneficiaries were not even aware of the housing loan facility; 165 IAY houses were found incomplete; basic facilities such as kitchen, smokeless *chulhas*, ventilation, sanitary and drainage facilities and electric supply were lacking; there was no convergence of IAY with programmes such as TSC, NRWSP, RGGVY and LIC; there was no specific and standard design for construction of IAY houses and allotment of houses was not made to female members in 100 *per cent* cases *(Para 1.3.11 of previous audit report).*		Directions to concerned have been issued and from the year 2016-17, all the information and photos related to physical position of constructed/ under construction houses were being uploaded on *Awaassoft*[114] App under PMAY-G.	The observations have partially been implemented as during physical verification of 200 IAY/ PMAY-G houses it was noticed that: ➢ Logo was not displayed in 98 *per cent* IAY houses. ➢ 31 *per cent* PMAY-G and 26 *per cent* IAY houses were under construction. ➢ 24 *per cent* IAY houses and 16 *per cent* PMAY-G houses were without permanent walls/roofing and external plaster. ➢ No awareness programmes were carried out in both the selected blocks of Nainital. ➢ Approval of house design/typology was pending at GoI level. ➢ Non-availability of basic facilities ranged between eight to 40 *per cent* Out of physically verified 49 IAY houses and 151 PMAY-G houses, convergence rate of IAY with other programmes[115] such as TSC, NRWSP, RGGVY and LIC ranged between zero to 22 *per cent* while, convergence of PMAY-G with MNREGS/ SBM, NRDWP, PMUY and DDUGJY ranged between four to 81 *per cent*. 96 *per cent* houses (IAY) were

114 *Awaassoft* is a local language-enabled workflow-based transaction level Management Information System in place to facilitate e-governance of IAY and PMAY-G.

115 TSC-Total Sanitation Campaign, NRWSP-National Rural Water Supply Programme, RGGVY- *Rajeev Gandhi Grameen Vidyutikaran Yojana*, LIC- Life Insurance Corporation of India, MNREGA-Mahatma Gandhi National Rural Employment Guarantee Scheme, SBM(G) *Swachh Bharat* Mission *Grameen*, NRDWP-National Rural Drinking Water Programme, DDUGJY-*Deen Dayal Upadhyaya Gram Jyoti Yojana.*

			allotted to female members of the family during 2015-16.
(viii) In three districts out of the five test-checked districts, it was noticed that during 2008-13, 45 IAY houses were allotted to those beneficiaries who had already been benefitted by other schemes and in two selected blocks of Haridwar district, 10 beneficiaries who had *pucca* houses were paid amount of ₹ 4.41 lakh during 2011-13 *(Para 1.3.8.5 of previous audit report).*	Compliance of the provisions of IAY guidelines so as to extend benefits of the Scheme to eligible persons may be ensured.	In Dehradun, out of 14 irregularly allotted beneficiaries, an amount of ₹ 2.11 lakh was recovered from seven beneficiaries and in rest of the cases, recovery process was underway. In addition to this, disciplinary actions were initiated against the concerned officials. In Haridwar, recovery from two beneficiaries have been done and deposited in DRDA Cell. In Nainital, one beneficiary was benefitted from two schemes; and therefore, recovery had been made from the beneficiary while mentioning adverse entry in the employee's records. At present under PMAY-G, all the details are being uploaded on *Awaassoft* and therefore, repetition of such irregularity has been done away with.	The observation has yet to be fully implemented as recovery from seven beneficiaries in Dehradun was yet to be made.
(ix) 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 *(Para 1.3.9.2 of previous audit report).*		Block level JEs have been directed to provide technical support to beneficiaries of IAY/PMAY-G and as such technical support is being provided.	The recommendation was yet to be fully implemented as it was noticed during physical verification that out of 49 IAY houses and 151 PMAY-G houses, only 43 *per cent* and 64 *per cent* houses respectively were found technically supported by the block level engineers.
(x) It was noticed that during 2008-13, inspections carried out by the state, districts and block level officials were far below the prescribed norms *(Para 1.3.10.2 of previous audit report).*	Internal control mechanism as per the guidelines needs to be strengthened so as to ensure regular monitoring of the scheme.	Directions have been issued to blocks for physical inspection of IAY/PMAY-G houses and physical inspection of IAY/PMAY-G houses is being done from time to time.	This observation was yet to be fully implemented as out of four selected blocks, only Haldwani block could provide inspection reports for the period 2016-18. However, Inspections were being carried out by District level officers at regular interval.
(xi) It was noticed that no system of social audit of	The system of Social Audit may be	Social audit of IAY/PMAY-G houses is being done through	The observation was partially implemented as it

the scheme was being followed in any of the test-checked districts *(Para 1.3.10.5 of previous audit report).*	ensured as per the Scheme guidelines.	Social Audit Teams and directions with regard to uploading of social audit information on *Awaassoft* have been issued and such information is being uploaded on *Awaassoft.*	was noticed that out of four selected blocks, social audit was being carried out only under three blocks[116] during 2016-18. However, social audit reports were not available in any of the three blocks.
(xii) During 2008-13, there were huge unspent balances as well as short release of State share and non/late submission of proposals which led to curtailment of central assistance in test-checked districts *(Para 1.3.7.1 of previous audit report).*	Financial management system so as to avoid delay in release of funds to the implementing agencies, diversion of funds and curtailment of funds from GoI may be strengthened.	At State level, State Nodal Account with regard to IAY/PMAY-G is being operated and through Fund Transfer Order (FTO) funds are being directly released to beneficiaries and neither bank accounts are being operated at district level nor are funds remaining with the districts.	The recommendation is partially implemented as during audit, it was noticed that the instances related to unspent balances, non/late submission of proposals, delayed release, non-release of 2nd installment and difference between bank balance, balances on *Awaassoft* and delayed submission of UCs were still persistent.
(xiii) As against sanctioned houses, only 44 *per cent* houses were completed whereas, 94 *per cent* physical achievement was shown in MPRs *(Para 1.3.8.1 of previous audit report).*		Physical progress of IAY/PMAY-G houses is being uploaded on *Awaassoft* from the year 2016-17.	The observation was partially implemented as during physical verification of 200 (49 IAY houses and 151 PMAY-G houses) completed houses, it was noticed that 26 *per cent* IAY houses and 31 *per cent* PMAY-G houses were incomplete but had been declared as completed by the department.
(xiv) It was noticed that not a single file was opened for convergence purpose in the test-checked DRDAs. 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 *(Para 1.3.8.8 of previous audit report).*	Convergence of IAY activities with other programmes at State/District level to ensure complete functional dwelling units may be prioritised.	Directions with regard to convergence of IAY/PMAY-G with other schemes have been issued from time to time to block level officials and IAY/PMAY-G is being converged with MNREGA, *Pradhan Mantri Ujjawala Yojana,* NRDWP for drinking water facility and *Deen Dayal Upadhyaya Gram Jyoti Yojana.*	The recommendation has been partially implemented as during test-check of records of selected blocks of Dehradun and Nainital districts, it was noticed that PMAY-G scheme was only being converged with MNREGA, though the scheme had to be converged with other programmes[117] too.

[116] Haldwani, Ramnagar and Sahaspur.

[117] NRDWP for drinking water facility, *Deen Dayal Upadhyaya Gram Jyoti Yojana* (DDUGY) and *Pradhan Mantri Ujjawala Yojana* (PMUY).

C. Full Implementation

Audit findings made in earlier Report	Recommendation made	Current status as informed by Government	Audit findings/comments
(i) 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 of their cut off score instead of SC/ST population which was in contravention of the scheme parameters *(Para 1.3.6.4 of previous audit report).*		In each district, waiting list of IAY has been prepared as per the guidelines by which there is an assessment of the need for housing itself. From April 2016 onwards, under PMAY-G, selection of beneficiaries is based on the SECC-2011 survey which is uploaded on *Awaassoft*.	The Department has implemented the audit recommendation fully.
(ii) It was noticed that during 2008-13, unit assistance was provided to 77 beneficiaries against 38 BPL-IDs (except in Sahaspur where unit assistance was provided to three beneficiaries against a single BPL-ID) and in Devprayag block payment of ₹ 35,000 to a beneficiary was made double against single BPL ID *(Para 1.3.8.2 of previous audit report).*	Compliance of the provisions of IAY guidelines so as to extend benefits of the scheme to eligible persons may be ensured.	The matter related to providing assistance to 77 beneficiaries against 38 IDs was enquired and the concerned Block Development Officers reported that it happened because of incorrect mentioning of BPL ID numbers. The matter related to double payment in Devprayag block was enquired and found correct and orders of recovery, and penal action / show cause notices were issued to the concerned officials.	The reply of the Department was verified. The Department has implemented the audit observation fully.
(iii) Scrutiny of records and joint physical verification of selected blocks of Dehradun showed that 43 beneficiaries who were selected in the year 2010-11, were not paid as per the enhanced prevailing rates *(Para 1.3.7.2 of previous audit report).*		In Dehradun district, 45 beneficiaries were provided assistance as per earlier rates *i.e.* ₹ 35,000 per house, as these beneficiaries were sanctioned assistance against targets of FY 2009-10, for which ₹ 35,000 per house was admissible.	The Department has implemented the audit recommendation fully.
(iv) In four selected DRDAs, IAY funds amounting to ₹ 1.74 crore were diverted to other	Financial management system so as to avoid delay in release of funds to	IAY Funds were diverted to other components in demanding situation for a very short time and such	The Department has implemented the audit observation fully.

items of expenditure, out of which, ₹ 0.37 crore remain unadjusted till the date of audit *(Para 1.3.7.3 of previous audit report).*	the implementing agencies, diversion of funds and curtailment of funds from GoI may be strengthened.	funds have been adjusted.	
(v) 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. Further, in violation of guidelines, multiple accounts were opened (ranging between two to 11) in different banks in all the five selected districts. The scheme funds were also kept in current accounts in DRDA, Haridwar and Devprayag block of district Tehri which led to loss of interest on IAY funds *(Para 1.3.7.4 of previous audit report).*		In all the districts, only one bank account under the scheme has been opened and at present no IAY bank account is functional at district level. All such bank accounts have been closed as per directions of Ministry of Rural Development, GoI. At present, single master account is functional at State level from which funds are transferred through FTO (Fund Transfer Order).	The Department has implemented the audit observation.
(vi) It was observed that there was an acute shortage of Village Development Officers (VDOs) in GPs of all test-checked blocks ranging from 56 to 93 *per cent (Para 1.3.9.1 of previous audit report)*	Internal control mechanism as per the guideline may be strengthened.	Department has appointed 161 new VDOs after 2013 and process for filling rest of the vacant posts is in progress.	The Department has implemented the recommendation. In four selected blocks; MIP was as per sanctioned strength.

1.10.4 Conclusion

Of the total 23 observations commented upon, 26 *per cent* observations were fully implemented; 61 *per cent* observations were partially implemented and 13 *per cent* observations were not implemented as on January 2019. While significant progress had been made by the State Government in addressing some of the concerns raised in audit, there remained instances relating to non-preparation of Annual Action Plan, non-involvement of NGOs in monitoring of the scheme, funds remaining unspent, non-claiming of reimbursement for relief to victims of natural calamities, non-organising of meetings of State as well as District Level Committees, and non-settlement of grievances which merited continuous attention.

RURAL WORKS DEPARTMENT

1.11 Non-levying of centage charges

Non-adherence to the financial rules and Government orders in respect of levying of centage charges led to the loss of ₹ 73.20 lakh to the Government exchequer.

Paragraphs 635 and 636 of Financial Hand Book Vol-VI stipulate provision of centage charges[118] on deposit works. The Government also directed (February 1997 and May 2008[119]) the executing agencies to levy centage charges on deposit works carried out by them for non-government organisation, local bodies and commercial departments.

Scrutiny of records (August 2017) of the Executive Engineer (EE), Rural Works Division, Dehradun showed that financial and administrative sanction of ₹ 11.13 crore for 202 different deposit works[120] (during 2015-17) were accorded by the client departments[121]. However, in violation of the terms of the financial rules and Government orders (May 2008), centage charges were not provisioned in the detailed estimates of the different deposit works by the division at the rate of 10 *per cent*. Out of sanctioned amount, the client departments released ₹ 8.70 crore, of which, the division incurred an expenditure of ₹ 7.32 crore on the different deposit works till the date of audit. The division did not adhere to the financial rules and Government orders in respect of inclusion of centage charges amounting to ₹ 1.11 crore[122] in the detailed estimates of 202 works. Non-levy of centage charges led to a loss of ₹ 73.20 lakh[123] till the date of audit. The amount of loss would increase further as expenditure progresses.

On this being pointed out, the EE accepted the facts (August 2017) and stated that provision for centage charges was not made in the estimates and, therefore, centage charges could not be charged from the client departments. It was further stated that in future, the provision of centage charges in the estimates of works pertaining to such type of client departments would be made and levied accordingly. Further, on the basis of the audit observation, the division (October 2017 and December 2017) took up the matter with the client departments for depositing the centage charges. The Secretary & Chief Engineer of RWD, also agreed with the audit observation in a meeting held in September 2017.

The matter was reported to the Government (November 2017); Reply was awaited (August 2019).

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118 Total amount chargeable as establishment, tools and plants and audit/accounts charges, if any recoverable.

119 Centage charges revised by the Government which superseded the order dated 27 February, 1997 where in the provision of centage charges was at uniform rate of 12.5 *per cent.* As per revised order (May 2008), centage charges are 10 *per cent* on works cost upto ₹ one crore, nine *per cent* on works cost more than ₹ one crore but less than ₹ five crore and eight *per cent* on works cost more than ₹ five crore.

120 SIDCUL-184 works and MDDA-18 works (2015-17). Works like CC road, Community Centers, Construction of *Nali*, Construction of *Pulia*, Retaining Walls *etc*.

121 State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIDCUL) and Mussoorie-Dehradun Development Authority (MDDA).

122 10 *per cent* of ₹ 11.13 crore = ₹ 1.11 crore.

123 10 *per cent* of ₹ 7.32 crore= ₹ 73.20 lakh.

SOCIAL WELFARE DEPARTMENT

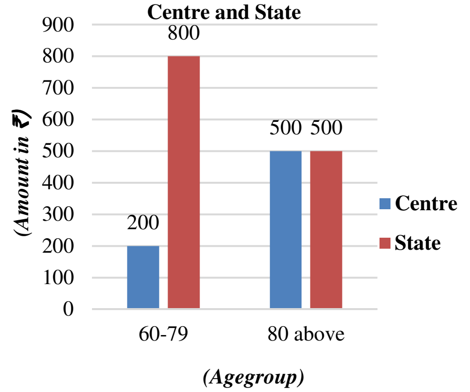
1.12 Old Age Pension Scheme

The Department was not able to ensure full compliance with the guidelines/rules laid down for providing pension to the old age persons. The selection process of beneficiaries for old age pension was fraught with several deficiencies. The pension database lacked input and validation controls. As a result, there were cases of excess payment of ₹0.17 crore to 614 beneficiaries; disbursement of ₹0.10 crore to deceased persons; disbursement of ₹4.18 crore to ineligible persons; and double payment of ₹0.21 crore to 85 beneficiaries. The State Government had to bear a burden of ₹33.29 crore due to less demand of fund from the Government of India. There was an irregular claim of ₹7.25 crore against ineligible beneficiaries from Government of India. There were instances of delayed disbursement of quarterly instalment of pension with the delay up to 366 days. Arrears of pension of ₹15.25 crore to 34,551 beneficiaries were not paid. District Level Committees for implementation, monitoring and evaluation of scheme were not constituted. The mechanism of grievance redressal and social audit was also not in place.

1.12.1 Introduction

Government of India (GoI) launched (August, 1995) a fully funded Centrally Sponsored Scheme known as National Social Assistance Programme (NSAP). Old Age Pension Scheme (OAPS), one of the four components of NSAP, was renamed as Indira Gandhi National Old Age Pension Scheme (IGNOAPS) in 2007. Persons of 60 years and more belonging to Below Poverty Line[124] (BPL) only are eligible under this scheme. BPL identification of a family in the State was based on the survey[125] conducted in 2002 by Rural Development Department. The Government was providing monthly pension under NSAP at the rate of ₹ 800 per month (Central share: ₹ 200 and State share: ₹ 600 for the age group of 60-79 years of age while for the age of 80 years and above the Central share was ₹ 500 and State share ₹ 300) till May 2016. The rate of pension was enhanced to ₹ 1,000 per month (Central share: ₹ 200 and State share: ₹ 800 for the age group of 60-79 years of age while Central share: ₹ 500 and State share: ₹ 500 for the age of 80 years and above) from June 2016 as given in the **Chart-1.12.1** alongside. Apart from this, the State Government was also

Chart-1.12.1: Agegroup-wise share of Centre and State



124 In Uttarakhand BPL survey was conducted only in rural area.

125 This survey was based on 13 parameters: such as area of the land, type of houses, food security, sanitation, consumer goods, literacy, job status, children status, debt status *etc.* The surveyed families were to be given a score from 0 to 4 for each parameter. Thus the maximum score was 52. In Uttarakhand the upper limit of score for identifying a BPL family was capped at 25.

providing Old Age Pension (OAP) to the persons who were above the age of 60 years and were not identified under BPL category subject to fulfilment of certain conditions (as amended in March 2014) which is described below:

(i) Persons of 60 years and more living in rural areas provided his/her land holding is less than 2.5 acres and total monthly family income from all sources is below ₹ 4,000.

(ii) For the urban areas the monthly family income from all sources, should not exceed ₹ 4,000.

It was further clarified by the Social Welfare Department (June 2016) that persons whose son/grandson is more than 20 years old but living above the poverty line would not be eligible for pension. OAP was paid by Government of Uttarakhandat the rate of ₹ 800 per month till May 2016 after which it was enhanced to ₹ 1,000 per month from June 2016.

A compliance audit on the implementation of the OAPS in Uttarakhand which included both IGNOAPS and OAP covering the period 2015-16 to 2017-18 was conducted during March 2018 to October 2018. Out of 13 District Social Welfare Officers (DSWOs), four DSWOs, two each in Kumaun and Garhwal region[126] were selected, on the basis of Probability Proportional to Size without Replacement method taking expenditure incurred on the scheme as size measure for scrutiny of records. Further, in each selected district, two blocks and in each block, two Gram Panchayats (GPs) were selected using Simple Random Sampling without Replacement method. For beneficiary survey, a sample of 20 beneficiaries in each selected GP, were selected randomly. Besides, Pilot Study was carried out (February 2018) in district Almora. In addition, Champawat having least number of beneficiaries in the State was also selected for audit.

The records of the Director, Social Welfare Department (DSW), Haldwani, was also scrutinised.

1.12.2 Selection process of beneficiaries

The eligibility criteria, selection process of beneficiaries and disbursement of pension under OAPS in the State are detailed in ***Appendix-1.12.1.***

Test-check of records of all selected DSWOs revealed the following shortcomings in the approval process:

- The application form had no columns for capturing information regarding land owned by the applicants and the income status of their son/grandson. In the absence of this field, no certificate[127]/affidavit was obtained from the applicants. During beneficiary survey, as discussed in ***paragraph 1.12.8,*** it was found that there were non-BPL beneficiaries who had land in excess of the permissible limit.

[126] Kumaun region: Pithoragarh and Udham Singh Nagar, Garhwal region: Dehradun and Haridwar.
[127] Patwari report.

- Teams for verification of applications were not constituted in any of the test-checked districts. The purpose of verifying the eligibility of applicants through verification teams was, therefore, defeated. We noticed cases of disbursement of pensions to ineligible persons as discussed in ***paragraph 1.12.4.4, 1.12.4.5 and 1.12.4.6***.
- Information regarding approval/rejection was also not conveyed to the applicants or concerned GPs. As a result, the applicants whose applications were rejected could not go for appeal.
- Test-check in selected 24 GPs, revealed that the list of pensioners had not been displayed and records *viz*. application forms, sanction/rejection orders and concerned registers were also not being maintained in any of the GPs. It was also found that, in contravention of NSAP guidelines, photographs and supporting documents of the beneficiaries were not being uploaded in pension database.
- As per guidelines, the application for pension was to be submitted at Block office with all the required documents. After scrutiny of application at Block level by Assistant Social Welfare Officer, the applications were to be forwarded to DSWO for sanction of pension. Test-check of records of selected 12 Blocks in six districts revealed that the dates on which the applications were received from the applicants were not available at block level[128]. Since the date of receipt of applications was not being recorded, it could not be ascertained whether the applications were disposed within the stipulated period of four weeks. However, the dates on which these applications were forwarded to the District Offices were available on records.
- Out of six selected districts, scrutiny of pending applications in district Haridwar and Udham Singh Nagar revealed that 3,292 applications[129] were lying undisposed upto the date of audit, out of which 1,944 applications[130] were pending from December 2017 to March 2018.

On being pointed out, the Department stated that necessary rectification in application form would be carried out. It also assured that district offices would be instructed to comply with all the provisions of the scheme.

The Government may ensure that all the existing norms as enumerated in the guidelines and instructions issued for selection of beneficiaries be strictly followed.

1.12.3 Financial Management

1.12.3.1 Availability and utilisation of funds

The details of availability and utilisation of funds under the scheme (both Central and State sponsored) during the years 2015-16 to 2017-18 are given in **Table-1.12.1** below:

128 Except in Takula block in Almora, Chakrata block in Dehradun and Munakot block in Pithoragarh.
129 Haridwar-791, U S Nagar-2,501.
130 Haridwar-446, U S Nagar-1,498.

Table-1.12.1: Details of Availability and Utilisation of funds

(₹ in crore)

Year	Opening Balance	Funds received		Total Funds available	Expenditure		Closing balance	
		Central Share	State Share		Central Share	State Share	Central Share	State Share
2015-16	3.39	47.79	314.91	366.09	49.90	302.85	1.28	12.06
2016-17	0.00[131]	71.09	406.79	477.88	64.31	400.98	6.78	5.81
2017-18	6.78	61.60	448.00	516.38	68.38	448.00	0.00	0.00
Total		***180.48***	***1,169.70***		***182.59***	***1,151.83***		

Source: Data provided by Director, Social Welfare.

Closing balance of State Share was surrendered to the State Government at the end of each financial year while Central Share was carried forward as opening balance in the next financial year. Further, during the year 2015-16, ₹ 12.36 crore[132] was released to five district treasuries for pension payment to the beneficiaries for the last quarter of 2015-16. This amount was neither transferred to the beneficiaries nor surrendered to the Government. On this being pointed out, the department replied (May 2018) that the matter would be taken up with the concerned treasuries and intimated to audit. Information is still awaited (August 2019).

1.12.3.2 Excess burden on State exchequer due to inaccurate assessment of beneficiaries

Under NSAP guidelines, GoI bears partial assistance[133] under IGNOAP Scheme. Scrutiny of the records at DSW revealed that the demand raised under IGNOAP was not in consonance with the actual number of beneficiaries to whom the pension was being disbursed. During the years 2015-16 to 2017-18, the State Government raised demand of ₹ 235.08 crore for 7,65,599 beneficiaries[134] against which it received ₹ 180.48 crore and disbursed ₹ 268.37 crore to 6,46,687 beneficiaries. This resulted in excess burden of ₹ 87.89 crore on the State exchequer of which, the burden of ₹ 33.29 crore was due to less demand from GoI as detailed in **Table-1.12.2** below:

Table-1.12.2: Details of demand raised against requirement

Year	No. of pensioners to whom pension was disbursed			No. of pensioner for which Grant actually demanded			Excess (+)/Short (-) demand *(per cent)*
	(60-79 years)	(80 years & above)	*(₹ in crore)*	(60-79 years)	(80 years & above)	*(₹in crore)*	
2015-16	1,18,912	1,30,865	107.06[135]	1,85,637	64,381	83.18	(-)23.88 *(28.71)*
2016-17	94,277	84,035	73.05	2,21,579	37,913	75.93	(+)2.88 *(3.79)*
2017-18	1,19,151	99,447	88.26	2,15,792	40,297	75.97	(-)12.29 *(16.18)*
Total	***3,32,340***	***3,14,347***	***268.37***	***6,23,008***	***1,42,591***	***235.08***	***(-)33.29 (14.16)***

Source: Data provided by Director, Social Welfare.

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131 The closing balance of ₹ 1.28 crore of 2015-16 of Central Share was included in ₹ 12.36 crore released to five treasuries which remained unadjusted till March 2018.

132 State Share: ₹ 11.08 crore and Central Share: ₹ 1.28 crore.

133 For age group 60 to 79 years: ₹ 200 per month per beneficiary and for age group above 80 years: ₹ 500 per month per beneficiary.

134 This was neither based on figures in the database nor on Monthly Progress Reports of the districts.

135 =1,18,912 @ ₹ 2,400 per year (₹ 28,53,88,800) + 1,30,865 @ ₹ 6,000 per year (₹ 78,51,90,000) =₹ 1,07,05,78,800 say ₹ 107.06 crore.

As is evident from the above table, there was a less demand of 28.71 *per cent* and 16.18 *per cent* by the State during the years 2015-16 and 2017-18 respectively while there was an excess demand of 3.79 *per cent* during the year 2016-17 from GoI.

On being pointed out, the department stated that demand was raised as per the number of beneficiaries shown in Monthly Progress Report (MPR). The reply was not acceptable as the demand raised neither matched with number of beneficiaries shown in MPR nor it was in line with number of beneficiaries to whom the pension was being disbursed.

The Government may ensure that demand raised to GoI under NSAP is concurrent with actual number of beneficiaries to whom pension is to be disbursed.

1.12.3.3 Irregular claim from Government of India

NSAP guidelines provide that the assistance under the IGNOAP is applicable only for the person belonging to BPL category. The assistance from GoI was limited to ₹ 200 per month for beneficiaries of age group between 60 and 79 years and ₹ 500 per month for the beneficiaries of 80 years and above age group.

Scrutiny of the beneficiary database in the selected DSWOs revealed that out of 1,17,454 beneficiaries covered (up to March 2018) under NSAP, BPL identification number was mentioned only in case of 49,924 (42.51 *per cent*) beneficiaries. The remaining 67,530 beneficiaries had no BPL identification numbers mentioned against their names as shown in **Table-1.12.3** below:

Table-1.12.3: Details of beneficiaries against whom no BPL identification numbers mentioned

Name of District	No. of beneficiaries under NSAP	No. of beneficiaries for which BPL ID mentioned	No. of beneficiaries for which BPL ID not mentioned	Age bifurcation of beneficiaries for which BPL ID was not mentioned	
				80 years and above	60-79 years
Almora	24,370	12,262	12,108	11,146	962
Dehradun	22,816	6,656	16,160	11,224	4,936
Haridwar	28,979	6,922	22,057	21,485	572
Pithoragarh	10,042	5,119	4,923	4,217	706
U S Nagar	23,375	17,531	5,844	2,945	2,899
Champawat	7,872	1,434	6,438	6,388	50
Total	***117,454***	***49,924***	***67,530***	***57,405***	***10,125***

Source: Data provided by concerned DSWOs.

Further, out of 67,530 cases, scrutiny of records of 8,134 beneficiaries (12 *per cent*) produced to audit was carried out. It was noticed that 6,184 beneficiaries (76 *per cent*) were not falling in the BPL category under NSAP. Despite this, they were wrongfully included in the BPL category under NSAP which resulted in irregular claim of ₹ 7.25 crore from GoI during the period 2015-18 as detailed in **Table-1.12.4** below:

Table-1.12.4: Details of beneficiaries not eligible for Central Grant

Name of District	No. of beneficiaries test-checked	No. of ineligible beneficiaries whose pension was sanctioned under NSAP			Demand made from GoI during the period 2015-18 (*₹in crore*)
		Total	80 years & above	60 to 79 years	
1	2	3	4	5	6 (Col.4 x ₹ 6,000+Col.5 x ₹ 2,400)x3 years
Almora	600	319	318	01	0.57
Dehradun	1,150	735	553	182	1.13
Pithoragarh	540	248	248	00	0.45
U S Nagar	5,844	4,882	1,472	3,410	5.10
Total	***8,134***	***6,184***	***2,591***	***3,593***	***7.25***

Source: Data provided by concerned DSWOs.

On being pointed out, the department while accepting the facts stated that payments to ineligible beneficiaries under NSAP would be stopped and instructions to include these beneficiaries under State Scheme would be issued. The Government further stated (May 2019) that the districts had been instructed to feed BPL identification number of NSAP beneficiaries in pension database.

The Government may initiate corrective measures to exclude non-BPL beneficiaries who were wrongfully included under NSAP scheme to avoid irregular claim from GoI.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that the Department may examine all the remaining cases to verify whether pension under NSAP is being disbursed to eligible beneficiaries.

1.12.4 Irregular payments due to inadequacies in the pension software

1.12.4.1 Lack of validation and input control in the pension software

Social Welfare Department in collaboration with National Informatics Centre started (November 2011) an online software eSPAN for distribution of old age pension.

The database relating to Old Age Pension maintained by the department was scrutinised (4,33,095 pensioner's records) to check input and validation controls as well as inconsistencies with the laid down rules. The shortcomings are detailed below:

1. Age column is inconsistent with Date of Birth (DOB) column. DOB column was not a mandatory field in the database while Age was mandatory. Age up to 901 years could be seen in age column in the database.
2. Monthly Income column lacked'input control' to prevent input of amount in excess of ₹ 4,000 for sanction under State Scheme.
3. UID/Aadhaar number had blank and duplicate values; showing lack of validation control.
4. There was no provision to store Application receiving date, Application disposal date and Sanction date in the database because of which information relating to delay in processing of the cases was not available.
5. Column name: 'Has Any Land', 'Land Details' were not being used/captured by department although this issue was crucial for identification of applicant as per eligibility criteria.
6. Mobile number is mandatory as per guidelines issued by the department but it was not a mandatory field in the database.
7. Son's Monthly Income and Son's Occupation column had Null or Blank value. As per State Government order, monthly income and occupation of son are important parameters for determining eligibility.
8. Pensioner's database was not linked with State BPL database.
9. There was no column to capture life certificate in the database and life certificate in respect of beneficiaries were also not obtained every year by the department.
10. There was no provision in the system to cap the per capita pension at ₹ 1,000.
11. Sharing pattern between Centre and State varies depending on the age bracket of the beneficiaries. So the system should have one to one mapping between the age of beneficiary and the Central and State share of pension. However, this feature was not there in the system.

Table-1.12.5: Number of cases having blank and null/duplicate values of important inputs

Sl. No.	Column Name	Number of cases
1.	Date of Birth	49,521 cases of blank/null values
		4,989 cases of age 100 to 125 years
		9 cases of age > 125 years
2.	UID (Aadhaar No.)	26,957 cases of blank/null values
		64 cases of duplicate values
3.	BPL Family ID	1,13,795 cases of blank/null values
4.	Mobile Number	3,12,004 cases of blank/null values

The Government may ensure to strengthen the pension database by plugging in the above deficiencies and modify the pension software accordingly.

Inadequate control mechanism led to many irregularities as discussed in the succeeding paragraphs.

1.12.4.2 Pension to deceased persons

As per para 3.6.3 (vii) of NSAP guidelines, the Gram Panchayats/Municipalities were required to report every case of death of beneficiary to the designated sanctioning authority. Further, State Government's order (26 May 2016) prescribed that the life certificates of beneficiaries should compulsorily be obtained every year.

During joint beneficiary survey of 480 beneficiaries in the selected 24 GPs, it was found that intimation of death of pensioners was not provided by the concerned GPs and life certificates in respect of beneficiaries were also not obtained each year. This fact was also corroborated from the records of physical verification conducted by the DSWOs of Pithoragarh and Udham Singh Nagar. As a result, deletion of name of deceased beneficiaries was not done regularly and promptly which not only rendered the beneficiary list incomplete, but also resulted in transfer of pension amount in the account of beneficiaries even after their death. During physical verification of selected GPs from the districts of Pithoragarh, Udham Singh Nagar and Champawat, beneficiary list of concerned GPs were shown to Gram Pradhan and villagers, who in turn intimated to audit about the death of some beneficiaries mentioned in the list. The DSWOs of Pithoragarh, Udham Singh Nagar and Champawat remained unaware of the death of 74 beneficiaries[136] since the Department was not verifying life certificates annually as was required as per scheme guidelines. Their pension amounts were credited in the bank accounts for periods ranging from one to 78 months after their death resulting in an irregular payment of ₹ 10.35 lakh[137]. Further, scrutiny of bank statements of five deceased beneficiaries made available to audit, revealed that withdrawals were made from four bank accounts even after death of the beneficiaries.

[136] Udham Singh Nagar: 49, Pithoragarh: 15, Champawat: 10.

[137] Udham Singh Nagar: ₹ 7.18 lakh, Pithoragarh: ₹ 2.49 lakh, Champawat: ₹ 0.68 lakh.

On being pointed out, the concerned DSWOs accepted the facts and stated that pension of deceased person would be stopped and necessary action to recover the paid amount would be initiated. The Government further stated (May 2019) that final reply would be submitted after receiving compliance from concerned DSWOs.

The Government may ensure to evolve a mechanism for obtaining life certificate of beneficiaries each year and simultaneously conduct regular physical verification to avoid disbursement of pension to deceased persons.

1.12.4.3 Excess payment to beneficiaries

The amount of pension payable for the period 2015-16 to 2017-18 to each beneficiary was ₹ 800 per month up to May 2016 and thereafter ₹ 1,000 per month.

Analysis of pension database revealed that excess payments were made to 11,511 beneficiaries of the State during 2015-18. As the data base was not found reliable due to inconsistencies and inadequate input control, manual verification of 4,067 cases[138] of DSWO Dehradun and Champawat sanctioned during 2015-18 was carried out. In 614 cases[139] (15 *per cent*), it was found that excess payment of ₹ 17.08 lakh[140] was made to the beneficiaries due to absence of inbuilt validation check for limiting per capita pension at ₹ 1,000 as mentioned in ***paragraph 1.12.4.1*** above.

On being pointed out, DSWO replied that excess payment was made to these beneficiaries erroneously and assured that recovery would be made shortly.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that the Department may examine all the remaining cases to verify excess payment to the beneficiaries.

1.12.4.4 Disbursement of pension to persons having monthly income of more than ₹ 4,000

Government of Uttarakhand decided (March 2014) that persons with monthly family income of up to ₹ 4,000 would also be eligible for OAPS.

Analysis of pension database for the period 2015-16 to 2017-18 revealed that pension of ₹ 0.83 crore was sanctioned to 295 beneficiaries in the State with monthly income of more than ₹ 4,000 in non BPL cases, which was in violation of extant rules. The cases of disbursement of pension to persons having monthly income of more than ₹ 4,000 was also found during beneficiary survey as mentioned in ***paragraph 1.12.8***.

1.12.4.5 Non-detection of double payment of pension

Scrutiny of data provided by the selected DSWOs revealed that 85 beneficiaries[141] were allotted pension IDs twice against the same Aadhaar number/BPL ID/Bank account

[138] Dehradun-3924 cases and Champawat-143 cases.
[139] Dehradun-496 cases and Champawat-118 cases.
[140] Dehradun-11.23 lakh and Champawat-5.85 lakh.
[141] Dehradun-17, Haridwar-31, Pithoragarh-21 and Udham Singh Nagar-16 beneficiaries.

number. As the database could not detect duplicate Aadhaar numbers/BPL ID/Bank account number, the pension was sanctioned twice to 85 beneficiaries during different periods between April 2011 and January 2018 and paid continuously till March 2018, which resulted in double payment of ₹ 20.87 lakh[142].

On being pointed out, the Government stated (May 2019) that instructions for recovery of double payment had been issued.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that the Department may examine all the remaining cases to check whether double pension has been sanctioned to other beneficiaries.

1.12.4.6 Disbursement of pension to ineligible persons

The State Government issued (March 1990) directions that in cases where husband and wife both were eligible for OAP, the pension shall only be granted to either husband or wife and in those cases, priority would be given to the female member. The Government of Uttarakhand reconfirmed the above directions vide its order issued in June 2016.

As the required validation control was missing, pension was sanctioned to both husband and wife having the same BPL ID number in 1,147 cases during 2007-08 to 2017-18 and paid continuously till March 2018, which resulted in an irregular payment of ₹ 4.18 crore during different periods between January 2008 and January 2018 as detailed in **Table-1.12.6** below. Further, joint beneficiary survey of 480 beneficiaries in 24 selected GPs also confirmed this fact. It was found that in 41 cases (nine *per cent*), both husband and wife were receiving pension.

Table-1.12.6: Details of Sanction of pension to both Husband and Wife in selected districts

Name of District	Pension sanction to both Husband & Wife	Sanctioned during	Irregular Payment (*₹in crore*)
Almora	586	2010-11 to 2017-18	2.20
Dehradun	115	2011-12 to 2017-18	0.33
Haridwar	91	2013-14 to 2017-18	0.30
Pithoragarh	25	2007-08 to 2016-17	0.15
U S Nagar	330	2011-12 to 2017-18	1.20
Total	***1,147***		***4.18***

Source: Data provided by concerned DSWOs.

On this being pointed out, the Government stated (May 2019) that necessary instructions to stop pension to ineligible beneficiaries and recovery of amount paid to them had been issued.

[142] Dehradun: ₹ 4.87 lakh, Haridwar: ₹ 8.37 lakh, Pithoragarh: ₹ 5.58 lakh and Udham Singh Nagar: ₹ 2.05 lakh.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that the Department may examine all the remaining cases to verify whether pension has also been sanctioned to the spouse of beneficiaries. The Government may also ensure to evolve a mechanism to check sanction of pension to both husband and wife.

1.12.5 Other findings

1.12.5.1 Delayed disbursement of pension

State Government issued orders (March 2011) for distribution of pension to the beneficiaries on quarterly basis. The payment of first, second and third instalment was to be made in the month of June, September and December respectively and the last instalment was to be paid by the end of February of that year.

Scrutiny of records of the selected DSWOs disclosed that the payments were delayed for periods up to 366 days during 2015-18 as detailed in **Table-1.12.7** below:

Table-1.12.7: Details of delay in disbursement of pension to beneficiaries in test-checked district

Name of District	Delay in payment of pension in days		
	2015-16	2016-17	2017-18
Almora	21 – 75	22 – 84	12 – 51
Dehradun	05 – 112	13 – 51	04 – 23
Haridwar	04 – 112	13 – 45	05 – 54
Pithoragarh	01 – 366	25 – 217	07 – 119
U S Nagar	24 – 60	26 – 75	18 – 28
Champawat	14 – 26	00 – 23	07 – 38

Source: Data provided by concerned DSWOs

On being pointed out, the Government while accepting the facts stated (May 2019) that instructions for timely disbursement of pension had been issued to concerned districts.

1.12.5.2 Non-payment of arrear

State Government ordered (June 2016) that the disbursement of old age pension to the beneficiaries who had not submitted their Aadhaar Card will be stopped. However, State Government extended (December 2017) the date of submission of Aadhaar Card till March 2018.

Scrutiny of records (April 2018) revealed that in DSWO Haridwar and Pithoragarh, disbursement of pension to 6,703 beneficiaries[143] was stopped from October 2016 for non-submission of Aadhaar Card. Even though the Government had extended the date of submission of Aadhaar Card till March 2018, these pensioners were not paid the arrears of ₹ 7.79 crore pertaining to different periods (between October 2016 and September 2017) till the date of audit.

[143] Haridwar: 5,656 and in Pithoragarh: 1,047.

Further, information provided (May 2018) by the DSW revealed that 34,551 beneficiaries in nine districts[144] were deprived of pension /arrear of ₹ 15.25 crore[145] in the State for the period 2017-18 due to non-availability of funds.

On this being pointed out, the concerned DSWOs stated that due to shortage of manpower the payments of arrears could not be made and assured that the payment would be made to these beneficiaries as early as possible. As regards non-payment of pension/arrear to the beneficiaries, the DSW stated that request for early release of budget had been sent (May 2018) to the Government and the same would be disbursed after receiving the funds. The Government further stated (May 2019) that out of nine districts, two districts (Almora and Dehradun) had paid the arrear amount.

1.12.6 Shortage of man power

State Government issued instructions (June 1981) that three clerks should be deployed for more than 1,500 live pensioners for OAP work in district offices. Scrutiny of records of the DSWOs revealed that against three sanctioned posts of clerks in each selected district, only eight clerks[146] were deployed. There was a shortfall of 67 *per cent* in Almora, Haridwar, Pithoragarh and Champawat and 34 *per cent* in Dehradun and Udham Singh Nagar.

On this being pointed out, the Government stated (May 2019) that a proposal to create posts of Computer Operator and Junior Assistant at District/ Block level had been sent to administrative department.

1.12.7 Information, Education and Communication activities

NSAP guidelines stipulate that States should ensure wide and continuous publicity about entitlement under the scheme and procedure for claiming it through posters, brochures, media and other means. Expenditure on Information, Education and Communication activities was to be borne from administrative expenses. Scrutiny of records at DSW and in six selected DSWOs revealed that no publicity campaign through newspaper/other media was carried out in the State, except in district Dehradun and Champawat, during the period 2015-18.

A survey conducted by audit in five GPs[147] revealed that 25[148] eligible persons for OAP had neither applied for pension nor were identified by field level workers/officials.

On this being pointed out, the DSW accepted the facts and stated that in future wide publicity would be carried out. As regards non-identification of eligible persons, the

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144 Chamoli: 549, Rudraprayag: 1,849, Dehradun: 9,620, Haridwar: 5,307, Nainital: 6,787, Almora: 1,929, Bageshwar: 4,320, Champawat: 435 and Udham Singh Nagar: 3,755.

145 Pension of fourth quarter of 2017-18 and arrears for the period between October 2016 and September 2017.

146 One each in Almora, Haridwar, Pithoragarh and Champawat and two each in Dehradun and Udham Singh Nagar.

147 Kuraiya GP in district Udham Singh Nagar, Delna and Bahadurpur Saini in district Haridwar, Kamlekh and Garsadi in district Champawat.

148 Kuraiya-05, Delna-06, Bahadurpur saini-11, Kamlekh-02 and Garsadi-01 persons.

concerned DSWOs stated that the concerned Assistant Social Welfare Officer would be directed to initiate action for inclusion of the eligible persons for OAP.

The Department may undertake this exercise in all districts for identifying eligible beneficiaries who have so far not been covered under the scheme.

1.12.8 Results of Beneficiary Survey

Joint beneficiary survey of 480 beneficiaries in 24 selected GPs was conducted along with employees of Social Welfare Department. The significant findings of beneficiary survey were as below:

- Spouses of 41 beneficiaries (nine *per cent*) were also getting OAP.
- Nine beneficiaries (two *per cent*) of State funded pension were holding excess land in comparison to permissible limit of 2.5 acre in rural area.
- Family members of 11 beneficiaries (two *per cent*) of State funded pension were Government employees.
- Family income of 53 beneficiaries (11 *per cent*) of State funded pension was in excess of ₹ 4,000 per month.

1.12.9 Monitoring and Evaluation

1.12.9.1 Non formation of State/District Level Committee

Guidelines of NSAP provide that a State Level Committee (SLC) headed by Chief Secretary and District Level Committees (DLC) headed by Chief Executive Officer, *Zila Panchayat* would be formed. These committees were responsible for implementation, monitoring and evaluation of the programme. The SLC/DLCs were required to submit their reports to the GoI and State Nodal department respectively. Besides, Vigilance and Monitoring Committee (VMC) was to be formed for review of implementation of the programme. Meeting of the VMC was required to be held at least once in every quarter.

It was observed that in contravention of the guidelines, neither SLC at State Level nor DLC in the selected districts were formed. However, VMC was formed but only four meetings were held at State level against the required 12 meetings for the period 2015-18.

1.12.9.2 Grievance Redressal Mechanism

The guidelines of NSAP provide that a grievance redressal system should be formed at the Block, District, Municipality level and an officer should be designated to whom the grievances can be addressed. Complainant must be given a receipt indicating the time line for redressal. In addition to this, complaints can also be registered using *Samadhan* portal (online portal) of GoU and *Jansunwai* conducted by District Magistrate for grievance redressal.

Scrutiny of records in selected DSWOs revealed that there were no designated officers to address grievance redressal in any of the districts. Information provided by the concerned DSWOs revealed that only five and four complaints were registered in Dehradun and Haridwar district respectively and no complaint was registered in Almora, Pithoragarh and Champawat district during the year 2015-18. In Udham Singh Nagar, 373 complaints were received through *Samadhan* portal and *Jansunwai* during the period 2015-18 and all were disposed.

On being pointed out, the concerned DSWOs stated that the grievance redressal cell would be formed. The Government further stated that instructions to appoint an officer for grievance redressal at District/Block/Municipality level had been issued to concerned districts.

1.12.9.3 Absence of Social Audit

Guidelines of NSAP provided that participation of the public in decision making and policy execution is one of the tenets of good governance. For this purpose, Social Audit was essential for implementation and monitoring of the scheme. Social Audit was to be conducted by the *Gram Sabha*/Ward Committee at least once in every six months. Scrutiny of records of the selected DSWOs revealed that Social Audit Committees were not formed in the selected GPs and no social audit was conducted in any of the GPs of selected districts during the period 2015-16 to 2017-18.

On this being pointed out, the department replied that instruction for formation of Social Audit Committee and conducting social audit would be issued. The reply of the Department was not acceptable as Social Audit was an essential component for implementation and monitoring of the scheme.

1.12.9.4 Lack of physical verification

State Government guidelines (November 1981) provide that physical verification of beneficiaries should be conducted on six monthly basis to check whether pensioner is alive and still eligible for pension. The Government of Uttarakhand reconfirmed the above directions vide its order issued in November 2009.

Scrutiny of records of the six selected DSWOs revealed that physical verification of pensioners was carried out twice in district Haridwar and thrice in district Udham Singh Nagar and Champawat whereas it was carried out only once in Dehradun, Almora and Pithoragarh against the required six times during 2015-18. Inadequate physical verification of pensioners resulted in payment even after death of the pensioners as discussed in ***paragraph 1.12.4.2*** above.

On this being pointed out, the Government stated (May 2019) that all DSWOs had been instructed to conduct physical verification of all beneficiaries twice in a year.

1.12.10 Conclusion

The implementation of Old Age Pension Scheme in the State suffered from several deficiencies. There was inaccurate assessment of beneficiaries under NSAP which resulted in less funds being demanded from GoI. People not falling in the BPL category were incorrectly covered under NSAP. There was lack of validation and input control in the pension software. Distribution of pension to deceased persons, sanction of pension to both husband and wife and disbursement of pension to beneficiaries with delay were also noticed. The Department lacked sufficient manpower. Department had not undertaken adequate publicity campaigns for disseminating information about the scheme.

UTTARAKHAND ENVIRONMENT PROTECTION AND POLLUTION CONTROL BOARD AND UTTARAKHAND STATE TRANSPORT DEPARTMENT

1.13 Role of Uttarakhand Environment Protection and Pollution Control Board and Uttarakhand State Transport Department in controlling air pollution in Dehradun

Uttarakhand Environment Protection and Pollution Control Board (UEPPCB) did not make any comprehensive programme for prevention, control or abatement of air pollution. It did not monitor all the 12 air pollutants notified by the Central Pollution Control Board. The UEPPCB did not coordinate with the Department of Industries to obtain information about industries registered with them so as to bring the industrial units under its consent regime. No mechanism was evolved to watch the renewal of consent after its expiry. The Transport Department did not take adequate measures towards implementation of the provision regarding re-registration of 15 years' old vehicles. It also did not have any effective mechanism to ensure that all the vehicles turn up for emission testing after the expiry of 'Pollution Under Control' certificate. UEPPCB also failed to discharge its regulatory function to prevent and control the emission of pollutants spread into the atmosphere by the brick kilns and mining units. The monitoring by the UEPPCB was found deficient. It failed to prepare and submit the Annual Report relating to its functioning to the State Legislature.

1.13.1 Introduction

Air pollution can be defined as the presence of toxic chemicals or compounds in the air at levels that pose health risk. Air pollution adversely affects men and material, flora and fauna. It causes breathing trouble, blood diseases, eye problems and various kinds of skin and lung diseases. Substances that are generally recognised as air pollutants include Suspended Particulate Matter (SPM), Respirable Suspended Particulate Matter (RSPM), Sulphur Dioxide (SO_2), Nitrogen Dioxide (NO_2), Carbon Monoxide (CO), Carbon Dioxide (CO_2), Methane and Ozone depleting substances such as Chlorofluorocarbons (CFC). The most commonly identified sources of air pollution are vehicles; industries; construction activities; waste burning, *etc.*

Air pollution has become a growing concern in the past few years, and Dehradun is no exception. The Government of India informed (15 December 2017) Lok Sabha that Dehradun was the most polluted city among those classified as Eco sensitive cities in India in two out of three parameters namely SO_2 and Particulate Matter 10 (PM_{10}). As per Greenpeace report for the year 2016, Dehradun was ranked the 5th highest polluted city in respect of PM_{10}.

A theme based compliance audit on 'Role of Uttarakhand Environment Protection and Pollution Control Board and Uttarakhand State Transport Department in controlling air pollution in Dehradun' was conducted to assess whether the provisions of the Air (Prevention and Control of Pollution) Act, 1981 (Air Act) for prevention, control and abatement of air pollution were complied. The audit was conducted during March 2018 to

June 2018 covering the period 2015-18 in the office of the Uttarakhand Environment Protection and Pollution Control Board (UEPPCB) along with its Regional Office (RO) at Dehradun. Relevant records in the Department of Transport were also scrutinised.

The audit team along with representatives of RO Dehradun also conducted joint physical verification of all three monitoring stations[149] located in Dehradun and 32 out of 793 industrial units[150] to ascertain whether the environmental safeguards prescribed in 'Consent to Operate' (CTO) granted by UEPPCB were followed. Besides, 6 out of 19 Pollution Under Control (PUC) Centres were also physically verified to see if the PUCs complied with the provisions of the applicable rules.

1.13.2 Planning

1.13.2.1 Lack of comprehensive programme to prevent and control air pollution

According to Section 17 of the Act, UEPPCB was required to plan a comprehensive programme for prevention, control or abatement of air pollution. Further, the Central Pollution Control Board (CPCB) *vide* its letter dated 20 January 2015 had directed the UEPPCB to carry out Source Apportionment Study[151]. However, it was observed that the Board did not make any comprehensive programme. It was also not in a position to make effective programme for prevention and control of air pollution in absence of relevant information about the number of industries running in Dehradun (as discussed in ***paragraph 1.13.5.1***) and non-identification of sources of air pollution along with their quantification through source apportionment studies regarding prevention, control or abatement of air pollution effectively.

On being pointed, the UEPPCB stated that action would be taken for preparation of a comprehensive plan for prevention, control or abatement of air pollution. The reply is not acceptable as in absence of comprehensive programme, the UEPPCB was not in a position to fulfill its mandate effectively. Lack of comprehensive programme gains seriousness in view of a report (2016) of Indian Council of Medical Research which indicates that Air pollution is the second highest risk factor driving the most death and disability in Uttarakhand.

The UEPPCB should make efforts to prepare a comprehensive programme in accordance with Section 17 of the Air Act.

1.13.3 Financial Arrangement

Financial resources of UEPPCB comprised water cess, consent fees and other receipts. income and expenditure of the UEPPCB during 2015-16 to 2017-18 is given in **Table-1.13.1** below:

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149 BSNL Office, Clock Tower; *Anchal* Dairy, Raipur Road; and Himalayan Drug, ISBT.

150 Including five mining units and seven Brick kiln units.

151 Source Apportionment Study is primarily based on measurements and tracking down the sources through receptor modelling, helps in identifying the sources and extent of their contribution in pollution.

Table-1.13.1: Details of Income and Expenditure

(₹ in crore)

Year	Income					Expenditure			Net Surplus (percentage)
	Consent Fees	Water Cess	Interest Income	Other Income*	Total Income	Establishment and other Expenses**	Income Tax	Total Expenses	
2015-16	18.76	1.83	12.14	2.90	35.63	10.21	2.08	12.29 (*34.49*)	*65.51*
2016-17	16.68	2.02	10.55	2.11	31.36	11.34	2.45	13.79 (*43.97*)	*56.03*
2017-18	20.40	0.56	9.75	1.74	32.45	11.32	0.06	11.38 (*35.07*)	*64.93*
Total	***55.84***	***4.41***	***32.44***	***6.75***	***99.44***	***32.87***	***4.59***	***37.46(37.67)***	

Source: Data provided by UEPPCB.
*Bio Medical fee, Stack Monitoring & Analysis fee, NOC fee, Bank Guarantee forfeited, Hazardous fee, *etc*.
**Capital expenditure (construction of building, land purchase, purchase of vehicles, computers, furniture, *etc*.).
Note: Figures in parentheses indicate percentage to total income.

It may be seen from the above that:

- The percentage of surplus funds ranged between 56.03 *per cent* and 65.51 *per cent* of total funds available during 2015-18.
- The entire amount was spent on establishment and other expenses.

Details of receipts and expenses pertaining to National Air Quality Monitoring Programme (NAMP) funds are shown in **Table-1.13.2** below:

Table-1.13.2: Details of receipts and expenses pertaining to NAMP funds

(₹in crore)

NAMP Funds Receipts and Expenses			
S. No.	**Year**	**Received Amount**	**Total Expenses**[152]
1.	2015-16	0.41	0.51
2.	2016-17	-	0.52
3.	2017-18	-	0.41

Source: Data provided by UEPPCB.

1.13.4 Air quality monitoring

1.13.4.1 Non-monitoring of all air pollutants

The Central Pollution Control Board (CPCB) had notified (November 2009) National Ambient Air Quality Standards (NAAQS) with 12 identified pollutants. It included five gaseous pollutants such as SO_2, NO_2, Ozone (O_3), CO and Ammonia (NH_3), two dust related parameters (PM_{10} and $PM_{2.5}$), three metals (Lead, Nickel and Arsenic) and two organic pollutants {Benzene and *Benzo(a) Pyrene* (BaP)-particulate}. The impact of the major air pollutants on the environment is shown in ***Appendix-1.13.1***.

It was observed that:

- The UEPPCB was monitoring only three air pollutants *i.e.* SO_2, NO_2 and PM_{10} regularly at all the three stations in Dehradun.
- The remaining pollutants *viz. Ammonia, Lead, Ozone, Carbon monoxide, Benzene, BaP, Arsenic and Nickel,* besides $PM_{2.5}$, which are fine particles known for triggering or worsening various chronic diseases, were not being monitored.

[152] Expenses are incurred by the UEPPCB and afterwards reimbursed by the CPCB.

As a result, UEPPCB was not in a position to assess the health hazard and to take mitigating measures to control and regulate the pollutants from various sources and their harmful effects.

The UEPPCB stated that due to lack of staff having technical expertise, laboratory and sampling instruments[153] and non-determination of the location for installation of the samplers, all pollutants could not be measured.

It was also observed that UEPPCB failed to carry out any study to finalise the location for installation of equipment. Further, it did not inform the CPCB about the requirement of resources.

The UEPPCB should make efforts to monitor all 12 pollutants notified by the CPCB.

1.13.4.2 Level of pollutants

In order to implement the mandate under the Air Act and the Environment (Protection) Act, 1986, it was necessary to assess the present and anticipated air pollution through continuous air quality survey/monitoring program. The CPCB started (1984-85) National Ambient Air Quality Monitoring (NAAQM) Network later renamed as National Air Quality Monitoring Programme (NAMP). Monitoring of Ambient Air Quality in Dehradun under NAMP was being done through three stations by measuring mainly three pollutants namely SO_2, NO_2 and PM_{10}. The data pertaining to the said measurement are depicted in **Table-1.13.3** below:

Table-1.13.3: Details showing level of pollutants during 2015-2017

(Unit µg/m³)

Year	Clock Tower			Raipur Road			Himalayan Drug, ISBT		
Average	PM_{10}	SO_2	NO_2	PM_{10}	SO_2	NO_2	PM_{10}	SO_2	NO_2
2015	159.54	26.48	29.92	155.35	26.33	29.53	237.75	27.45	30.43
2016	180.05	25.07	28.66	245.23	25.92	28.99	288.12	27.10	30.05
2017	190.40	24.97	28.50	220.74	25.84	28.85	302.34	26.66	29.68
Standards	60	20	30	60	20	30	60	20	30

Source: Data provided by UEPPCB.

Scrutiny of the above stated results of analysis reports in respect of these stations for the years 2015 to 2017[154] disclosed that:

- The annual mean value of SO_2 ranged between 24.97 µg/m³ and 27.45 µg/m³ which exceeded the prescribed limit (20 µg/m³).
- The annual mean value of NO_2 ranged between 28.50 µg/m³ and 30.43 µg/m³ which slightly exceeded the prescribed limit (30 µg/m³).

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153 The sampler for measuring the $PM_{2.5}$ was arranged from supplier on trial basis in June 2018 which was also not installed.

154 The annual mean value is calculated by UEPPCB for calendar years.

- The annual mean value of PM_{10} ranged between 155.35 µg/m^3 and 302.34 µg/m^3 which considerably exceeded the prescribed limit (60 µg/m^3).

On being pointed out, the UEPPCB agreed with the fact and replied that the action plan for abatement and control of air pollution was in draft stage.

1.13.4.3 Irregular monitoring

The NAMP guideline states that the monitoring of pollutants is to be carried out for 24 hours (average of 4-hourly sampling for gaseous pollutants and 8-hourly sampling for particulate matter) twice a week, to have 104 observations in a year. The period and frequency of sampling should be such that statistically reliable averages can be obtained with the data. One of the objectives of monitoring under NAMP is to determine compliance with NAAQS.

The joint inspection of the three air quality monitoring stations revealed that the measurements of SO_2, NO_2 and PM_{10} were being taken for 16 hours a day at an interval of four hours and eight hours for SO_2, NO_2 and PM_{10} respectively, which was not in consonance with the prescribed norms. The annual average, therefore, had the risk of being inaccurate and non-representative of the actual level of pollutants.

On being pointed out, the RO, UEPPCB Dehradun stated that due to shortage of staff and infrastructure facilities, the required monitoring for 24 hours was not carried out.

The UEPPCB needs to address the problem of shortage of staff and lack of infrastructural facilities so as to carry out monitoring of pollutants in accordance with the NAMP guidelines for mitigating the risk of generating inaccurate and non-representative data.

1.13.4.4 Ambient Air Quality Monitoring Stations

1.13.4.4 (A) Non-representative site

According to CPCB guidelines, certain trees may also be sources of PM in the form of detritus, pollen, or insect parts. Therefore, samplers should be located at sites which are more than 20 metres away from nearby trees. Further, all sides of the ambient air quality monitoring station should be open *i.e.,* the intake should not be within a confined space and height of the inlet must be 3-10 metres above the ground. If the location of the instrument is such that it does not satisfy the physical requirements of monitoring site, then the data generated may not be of much use in determining status and trends of level of pollutants.

Joint inspection of the three Ambient Air Quality Monitoring Stations (AAQMS) revealed that contrary to the prescribed norms, all sides of the three samplers were not open and had restricted free flow of air. The sampler in one case was within 20 metres from nearby trees. Sample photographs of the samplers are depicted as under:

Photograph 1.13.1: Himalayan Drug, ISBT (5 April 2018)
Observation- Within 20 m from nearby trees

Photograph 1.13.2: Himalayan Drug, ISBT (5 April 2018)
Observation-Within 20 m from nearby trees

Photograph 1.13.3: Anchal Dairy, Raipur (5 April 2018)
Observation- Not open from all four sides

Photograph 1.13.4: Anchal Dairy, Raipur (5 April 2018)
Observation- Not open from all four sides

Photograph 1.13.5: BSNL Office, Clock Tower (5 April 2018)
Observation- Not open from all four sides

Photograph 1.13.6: BSNL Office, Clock Tower (5 April 2018)
Observation- Not open from all four sides

Installation of the air monitoring instruments in contravention to the prescribed norms has the risk of generating inaccurate and non-representative result.

On being pointed out, the UEPPCB agreed with the facts and replied that action would be taken as per NAMP guidelines.

1.13.4.4 (B) Other shortcomings noticed during Joint Physical Verification

The joint physical verification disclosed various other shortcomings in the three AAQMS as discussed in **Table-1.13.4** below:

Table-1.13.4: Details showing results of joint physical verification of AAQMS

Provisions of NAMP guidelines	Audit Findings
➢ Information on type and number of vehicles should be obtained. Pollution load emanating from this source should be estimated so as to identify sources that are generating significant amount of pollution. This information will help in identifying the pollutants which can be expected in an area and thus should be measured.	➢ Information regarding type and number of vehicles was not maintained. No assessment was made by the UEPPCB in this regard even at the time of setting up of these monitoring stations.

➢ Meteorological data with respect to temperature, relative humidity, wind speed and direction should be collected. Predominant wind direction plays an important role in determining location of monitoring stations.	➢ No meteorological data with respect to temperature, relative humidity, wind speed and direction were collected.
➢ Site sheltering and facilities such as electricity of sufficient rating, *etc*. should be available. The stations should be protected from extreme weather conditions.	➢ Site sheltering facilities like shade for protection from rains, sunlight, *etc* were not available.
➢ The laboratory instrument must be calibrated regularly so as to minimise errors.	➢ Instruments were not calibrated since 2012.
➢ Field assistants should be M.Sc. in environmental chemistry.	➢ Field assistants for AAQMS were having qualification of 12 Standards.
➢ Provision for uninterrupted power supply must be made so that monitoring can be carried out 24 hours in day.	➢ There was lack of facility for power back up.

UEPPCB should make efforts to install and maintain the samplers as per provisions of the NAMP guidelines so as to avoid the risk of generating inaccurate and non-representative data.

1.13.4.5 Lack of monitoring of Benzene level near the petrol/diesel retail stations

Benzene is one of the hydrocarbons present in the atmosphere at trace level. As per the World Health Organisation, acute occupational exposure to benzene may cause narcosis, headache, dizziness, drowsiness, confusion, tremors and loss of consciousness. Benzene mainly emanates from evaporation in petrol stations. Petrol is a very volatile substance. It quickly evaporates during loading and dispensation. This contributes towards high ambient concentration in petrol pumps. This makes the refueling stations high risk areas.

Escape of Benzene is controlled by a device called a Vapour Recovery System[155] (VRS) which sucks back the fumes that escapes from a pipe when fuel is being pumped into a vehicle or an outlet.

The CPCB had notified (November 2009) NAAQS with 12 identified pollutants. Benzene was one of the pollutants to be monitored. As per the NAAQS set by the CPCB, the permissible level of Benzene is 5$\mu g/m^3$.

During review of records of UEPPCB, it was noticed that:

- ➢ No plan to monitor and control the benzene level was made.
- ➢ The UEPPCB never carried out any testing of benzene level near the retail petrol/diesel stations in Dehradun.
- ➢ The UEPPCB did not ensure installation of any VRS at the retail petrol/diesel stations.
- ➢ The UEPPCB did nothing to bring the retail petrol/diesel stations under the consent regime.
- ➢ Further, joint inspection of ten out of 97 such retail petrol/diesel stations in Dehradun revealed that no station was equipped with the VRS.

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155 As per document of CPCB.

On being pointed out, the UEPPCB agreed with the facts. It stated that there was no action plan related to monitoring of benzene level and steps would be taken after obtaining directions from the competent authority.

UEPPCB, therefore, failed to take any step to assess the quantum of benzene level and control this pollutant.

Keeping in view the adverse impact of Benzene on humans, UEPPCB should make efforts to assess the quantum of benzene level and take suitable measures to keep it under permissible level.

1.13.5 Industrial Pollution

1.13.5.1 Non-conducting of survey and non-identification of industrial units

According to Section 21 of the Air Act, no person shall, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

The proponent of the industry has to apply through the 'Single Window' at District Industries Centre (DIC). Thereafter, the Regional Officer (RO), UEPPCB scrutinises the application under the Air Act 1981 and Doon Valley Notification, 1989 and accords *in-principle approval* for establishing the industry. Subsequently, the proponent applies for Consent to Establish (CTE) separately and the relevant documents are scrutinised by the Regional Office concerned and if found in order, the proponent is asked to deposit the required fee. At this stage, site inspection of the industrial units is done by the officials of the RO. On the basis of the inspection report, the CTE is issued by the R.O./Head Office, as the case may be. The same procedure is adopted while issuing CTO. At the time of inspection, the compliance of the conditions attached with CTE is also verified.

The UEPPCB had no up-to-date information about the total number of industrial units operating in Dehradun. During 2015-18, 1,104 industrial units were established as per DIC, Dehradun. However, only 107 industrial units[156] applied with the UEPPCB for getting the CTE. The UEPPCB neither carried out any survey nor coordinated with the Department of Industries to obtain information about registered industries so as to bring them under its consent regime. In absence of data regarding industrial units operating in Dehradun, the UEPPCB could not ensure that the industrial units undertook measures that are required to control air pollution and which it seeks to enforce through the CTO conditions[157].

On being pointed out, the UEPPCB stated that no survey was conducted because of shortage of staff and only those industries which had applied for CTO were under its

[156] Out of these 107 industrial units, 94 were granted CTE. Further, out of 94 units, only 52 units were granted CTO. At the time of issuance of CTO, the conditions attached with CTE are also verified.

[157] The Department of Industries also does not impose any conditions relating to environmental clearance at the time of licensing.

consent regime. It further stated that the issue would be placed before the Board in its forthcoming meeting.

UEPPCB should make efforts to identify industries operating without valid CTO and bring them under its consent regime.

1.13.5.2 Renewal of consent

Consent granted to industries under Section 21 of the Air Act is required to be applied for renewal within period of its validity specified by UEPPCB.

The UEPPCB did not evolve any mechanism to watch the renewal of consent after expiry of the validity period of consent issued earlier. The number of industrial units in operation without getting its CTO renewed could not be ascertained in absence of maintenance of data by the UEPPCB. UEPPCB, therefore, lacked the necessary information to enforce the provisions of the Act properly.

Joint physical verification of 32 industrial units, as detailed in ***Appendix-1.13.2 A,*** out of the 793 units under the consent regime of the Board revealed that 19 industries, as detailed in ***Appendix-1.13.2 B,*** were running without renewed consent of the UEPPCB for a period ranging from one to three months (till the date of audit). Further, out of four units, three units, as detailed in ***Appendix-1.13.2 C,*** had taken the CTE, but did not apply for CTO; One unit applied for CTE which was rejected. Yet the unit was functioning/operating.

On being pointed out, the UEPPCB agreed that there was no monitoring mechanism for watching the expiry of CTOs.

UEPPCB should evolve a mechanism to ensure that each and every industrial unit has renewed its CTO within prescribed time frame and no industrial unit operates after rejection of application for CTE/CTO.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that the UEPPCB should review all the consents so as to ensure that all industrial units have renewed their CTO and no industrial unit operates after rejection of application for CTE/CTO.

1.13.5.3 Lack of monitoring after rejection of CTOs

Scrutiny of records provided by RO, Dehradun revealed that in 29 cases[158], the application for CTO were rejected during the period 2015-18.

The Board, however, did not evolve any monitoring mechanism like inspection to ensure that such industrial units did not operate after their consent applications were rejected as was evident when one unit was found to be operational in the joint physical verification of 32 units.

[158] Comprising fresh and old cases.

1.13.5.4 Issue of consent with retrospective effect

The categorisation[159] of industries in Dehradun is based on the CPCB's directions and Doon Valley Notification, 1989. The details are as given in ***Appendix-1.13.3***.

Under Section 21 of the Air Act and Rules made there under, the UEPPCB was empowered to issue CTE and CTO. Before expiry of CTO granted initially, the units were required to renew their CTOs. An application for renewal of CTO was to be submitted 60 days before expiry of the earlier CTO[160]. As per sub-section (4), the UEPPCB was required to issue consent within the prescribed period of four months after the receipt of the consent referred to in sub section (1). Further, the UEPPCB prescribed (March 2016) the maximum time limit for disposal of consent applications was 30 days for green category; 60 days for orange category; and 90 days for red category industries.

Scrutiny of the records revealed that 503 (66 *per cent*) out of 760 CTOs issued during 2015-18 by RO, Dehradun, were not issued within the prescribed time and the delay ranged up to 580 days. It is worth mentioning that these industries were operating during the period of delay. It was further noticed that in 757 (99.61 *per cent*) cases out of 760 CTOs issued during 2015-18, the CTOs were granted with retrospective effect and in 87 out of the 757 cases, the consents were issued after the end of the consent period. Year wise breakup of the CTO granted with retrospective effect is depicted in **Table-1.13.5** below:

Table-1.13.5: Results of analysis of Consents issued during 2015-18

Year	Total number of industry granted CTO	Number of industrial units granted CTO after expiry of consent period itself (in percentage)	Number of industrial units granted CTO with retrospective effect but within the consent period (in percentage)	Number of industrial units granted CTO before start of the consent period (in percentage)
2015-16	**305**	**47(*15.41*)**	**256(*83.93*)**	**02(*0.66*)**
2016-17	**213**	**19(*8.92*)**	**193 (*90.61*)**	**01(*0.47*)**
2017-18	**242**	**21(*8.68*)**	**221(*91.32*)**	**0**
Total	***760***	***87(11.45)***	***670(88.16)***	***03(0.39)***

Source: Data provided by UEPPCB.

Delayed issuance of consents and making these effective retrospectively implied that the compliance with the required conditions by the industrial units was foregone.

UEPPCB should ensure that CTOs are issued within prescribed time frame so that no industrial unit operates without valid consent.

159 All industries (a) which are non-obnoxious and non-hazardous, employing upto 100 persons, not discharging industrial effluents, not using fuel in manufacturing process and not emitting emission of diffused nature are categorised as **Green**, (b) discharging controllable liquid effluents below 500 kl/day, consuming coal/fuel less than 24 mt/day and employing not more than 500 persons are categorised as **Orange** and (c) discharging effluents of polluting nature @ 500 kl/day, employing more than 500 persons/day and consuming coal/fuel more than 24 mt/day are categorised as **Red**.

160 As per terms and conditions of CTO.

1.13.5.5 Consent register

Section 51 of the Air Act provides that every State Board shall maintain a register containing particulars of the persons to whom consent has been granted under Section 21 of the Air Act, the standards for emission laid down by it in relation to each such consent and such other particulars as may be prescribed.

Review of the records of UEPPCB and RO, Dehradun revealed that the consent register was not being maintained.

Due to non-maintenance of consent register, the UEPPCB did not have consolidated information about the persons to whom the consent had been issued, emission standards for each case and the consent conditions which were initial parameters for monitoring.

1.13.5.6 Results of joint physical verification of industries

Joint physical verification of 32 out of 793 industrial units covered under the consent regime of the UEPPCB revealed non-compliance with the various conditions mentioned in the Environmental Clearance (EC)/CTO, as discussed in **Table-1.13.6** below:

Table-1.13.6: Results of joint physical verification of Industries

Sl. No.	Environmental Clearance/ Consent to Operate conditions	Non-compliance observed in number of industrial units
1.	The project authorities shall submit the compliance report of ‘Environmental Clearance’ after every six months to the Authority	Six units were not submitting the compliance report.
2.	The gaseous emission (SO_x, NO_x, CO, Volatile Organic Compound (VOC) and Hydrocarbons (HC) and particulate matter along with RSPM levels from various process units shall conform to the standards prescribed by the concerned authorities from time to time.	Nine units were not submitting the ambient air quality monitoring report. As a result, it could not be ensured that the prescribed norms were being followed.
3.	The vehicles used at the factory site should comply with emission norms and noise level standards of CPCB.	In 11 units, PUC certificates of the vehicles used at the factory site were not available.
4.	A separate Environmental Management Cell equipped with full-fledged laboratory facilities shall be set up to carry out the Environmental Management and Monitoring functions.	In 12 units, no separate Environmental Management Cell was set up.
5.	33 *per cent* of the total project site area shall be converted into green belt.	In 10 units, total project site area converted into green belt was below the standard norms.
6.	The applicant shall develop three rows of green belt on the premises with plant species as suggested by the CPCB.	In 21 units, the CPCB norms were not being followed.
7.	The industry shall provide “Inspection Book” at the time of inspection by the UEPPCB.	In 26 units, Inspection Book was not being maintained.

UEPPCB should ensure that all industrial units comply with the conditions set out in the EC/CTO so that air pollution could be brought under control.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that the UEPPCB should review all the consents so as to ensure that all industrial units comply with the conditions set out in the EC/CTO.

1.13.6 Vehicular pollution

Under Section 20 of the Air Act, the Transport Department (TD) was authorised to control vehicular pollution. The major vehicular pollutants are CO, NO_2, air toxins namely benzene, aldehydes, lead, particulate matter, hydrocarbon, *etc*.

The Central Motor Vehicles Act, 1988, and the Central Motor Vehicles Rules (CMVR) 1989, are the principal instruments for regulation of vehicular emissions throughout the country. The implementation of various provisions of this Act rests with the State Governments.

Vehicular population in Dehradun increased from 6.81 lakh in 2015-16 to 8.71 lakh at the end of 2017-18.

1.13.6.1 Re-registration of vehicles

As per sub-section (7), (8) and (10) of Section 41 of the Central Motor Vehicle Act, 1988, the registration of all motor vehicles other than transport vehicles is valid for 15 years and subject to fitness it can be renewed further for a period of five years under intimation to the original registering authority. The documents required for re-registration include 'attested copy of PUC certificate'.

Scrutiny of records revealed that 48,158 vehicles were registered with the Regional Transport Office (RTO), Dehradun during the period 1999-2002[161] and were due for re-registration during the period 2015-18. However, it was noticed that only 11,176 vehicles were re-registered and no objection certificate for 4,748 vehicles for re-registration in other States, was issued. The TD, therefore, did not take adequate measures towards implementation of the provision as regards re-registration of 15 years' old vehicles or getting them off the road. One of the mechanisms by which it could have checked the compliance with the emission norms by the old vehicles was deficient.

Transport Department should ensure compliance with the emission norms, by the old vehicles, either by re-registration or getting them off the road.

1.13.6.2 Vehicular pollution load

Estimation of emission loads is an essential step in order to estimate the share of various sources in the total emission load in a region. It also helps in understanding the potential of various strategies in reducing the emission loads in a region.

Review of records of TD revealed that the Department neither conducted any survey to identify the places of heavy traffic nor pollution load was assessed in Dehradun.

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[161] The data prior to 1999 is not available with the department.

On being pointed out, the RTO Dehradun did not give any specific reply. The TD failed to prepare a comprehensive plan or strategy to reduce pollution load in Dehradun in absence of reliable and relevant data.

Transport Department should make efforts to estimate emission load and devise a strategy for reducing the pollution load.

1.13.6.3 Inoperative equipment available with enforcement team

Scrutiny of information revealed that the TD assigned the work of checking of emission level of polluting vehicles to two enforcement teams. However, it was observed that the equipment available with the teams, for checking the emission level, were not operational and, therefore, no vehicles[162] were checked by the team during 2015-18. The Department, therefore, failed to take effective measures against vehicle owners who were flouting the emission norms.

1.13.6.4 Pollution under control certificates

As per sub rule 115 (7) of the CMVR 1989, after the expiry of a period of one year from the date on which the motor vehicle was first registered, every such vehicle shall carry a valid PUC certificate issued by an agency authorised for this purpose by the State Government. The validity of the certificate shall be for six months and the certificate shall always be carried in the vehicle and produced on demand by the prescribed officers.

There were 8.71 lakh registered vehicles of different categories as of March 2018 in Dehradun. The TD had authorised 19 PUC Centres as of March 2018 in Dehradun.

1.13.6.4 (a) Shortfall in coverage of vehicles for PUC certificates

It is important to check and thereby control emissions during the entire useful life of a vehicle. Every motor vehicle is required to carry a valid "PUC Certificate" (valid for six months) issued by the TD or by any Pollution Checking Center authorised by the TD. The details of number of vehicles registered and PUC certificate issued in Dehradun during 2015-18 are given in **Table-1.13.7** below:

Table-1.13.7: Details of number of vehicles registered and PUC certificates issued in Dehradun during 2015-18

Year	Vehicles registered	No. of vehicles due for obtaining the PUC Certificates	PUC Certificates issued during the year
CB as on 31-03-2015	**6,81,292**	-	-
2015-16	57,688	6,81,292	42,016
2016-17	61,100	7,38,980	41,953
2017-18	70,734	8,00,080	47,131
CB as on 31-03-2018	8,70,814	-	-

Source: Transport Department, Dehradun.

It may be seen that the total PUC certificates issued during each year of the period 2015-18 was significantly low as compared to the vehicles registered. Also, the Department did not have any effective mechanism to ensure that the vehicles turn up for emission testing after expiry of their PUC certificates.

[162] Except 41 vehicles checked with the help of PUC centres.

Department should evolve an effective mechanism to ensure that all vehicles turn up for emission testing after expiry of their PUC certificates.

1.13.6.4 (b) Inspections of PUC centres not carried out regularly

According to Uttarakhand Motor Vehicle Rules 2011, every PUC centre may be inspected by the transport officials not below the rank of Motor Vehicle Inspector from time to time and inspection report has to be submitted to the respective RTO. It was observed that the TD had not carried out any such inspection during 2015-18.

On being pointed out, the Department replied that instructions had been issued to concerned officials for carrying out regular inspection of PUC centres.

1.13.6.4 (c) Results of Joint inspection of PUC stations

A joint team (consisting of officials of the TD and Audit) visited six out of 19 PUC centres in Dehradun. The following deficiencies were noticed during the inspection as given in the **Table-1.13.8** below:

Table-1.13.8: Results of joint physical verification of PUC stations

Joint Inspection of PUC stations	
Provisions of Central Motor Vehicles Rules, 1989/ Uttarakhand Motor Vehicle Rules 2011	**Non-compliance by PUC centres**
The measures for compliance of the provision (emission norms) shall be done with a meter of the type approved by an authorised agency.	All the six testing agencies failed to provide documents pertaining to approval of the type of meters by the authorised agency.
The Authority Letter will be valid for five years only. Application for its renewal must be submitted before 60 days from its expiry.	The authority letter of one PUC centre out of six centres had expired. One centre did not provide the authority letter. No renewal application was submitted.
The PUC centre will depute only those operators for testing of the vehicle who are trained by the manufacturer/supplier/dealer of the testing equipment and the testing will be done by only those personnel.	In all the six PUC centres inspected, testing of the vehicles was also done by persons other than those authorised by the Transport Department.
The centre shall display the Authority Letter, Training Certificate of the operator at a prominent place.	None of the six agencies inspected was displaying the authority letter, training certificate of the operator at a prominent place.
The information pertaining to the PUC certificates issued by the PUC centre will be submitted to the ARTO/RTO/Office of the Transport Commissioner.	None of the six agencies inspected provided the required documents.
An agreement for annual maintenance of gas analyser, smoke meter (including printer), *etc* was to be made.	None of the six agencies had entered into AMC for maintenance of gas analyser, smoke meter, *etc*.

On being pointed out, the Department issued notice to the PUC centres asking for their explanation. It added that the operators of the testing centres had been instructed to operate their centres in accordance with provisions of Rules.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that Department should review all PUC centres for ensuring compliance of the provisions of Rules by them.

Department should ensure compliance of the provisions of Rules by PUC centres.

1.13.7 Pollution from brick kilns

All brick kilns have been categorised as 'orange' category vide Doon Valley Notification, 1989. Clay bricks are produced in small or cottage scale brick kilns. The raw materials in the brick kilns include topsoil, coal, paddy husk, fly ash, wood and locally available agro wastes to some extent. Brick manufacturing process generates emissions which consist of mainly coal fines and dust particles. The Ministry of Environment and Forests, Government of India *vide* notification GSR543 (E) dated July 22, 2009 prescribed the 'Emission Standards for Brick Kilns' and entries relating thereto.

As per information provided by the RO Dehradun, there were seven brick kilns in Dehradun. Six out of seven brick kilns were physically verified jointly by audit team and representative of the RO Dehradun and the findings are shown in **Table-1.13.9** below:

Table-1.13.9: Results of joint physical verification of brick kilns

Provision of Air Act. 1981	Audit Findings
➢ As per Section 21(1), no person shall, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.	➢ All the six units were operating without obtaining the CTO as CTO issued had expired in March 2012 (two units); March 2016 (one unit) and March 2018 (three units).
Provision of Environmental Clearance (EC)/ CTO	**Audit Findings**
➢ The unit shall carry out cultivation/plantation activity in the leased area once it is backfilled.	➢ There was an inadequate plantation in all the six units.
➢ Stack emission report is required to be submitted every six month to the RO UEPPCB, Dehradun.	➢ No stack monitoring report was being submitted by any of the units.
➢ The Inspection Book is to be maintained by the brick kiln units and it was to be made available to Board officials.	➢ No inspection book was maintained in any of the units.
➢ Water sprinkling and covering of the excavated earth during transportation was to be undertaken to prevent any dust emission from the work site.	➢ No such measures were adopted by any of the six units inspected.
➢ The project proponent shall provide protective respiratory devices to workers and they shall also be provided with adequate training and information on safety and health aspects.	➢ No such devices were seen to be used by the workers at the site.
➢ Inspection/ sampling/ monitoring was to be done at least twice in a year on half yearly basis for orange category units.	➢ Inspections were not conducted and stack samples were not taken and analysed in case of all six brick kilns.

On being pointed out, the RO Dehradun stated that the notices were being issued for renewal of CTO and added that all the six units would be directed to comply with the CTO conditions. Further, RO Dehradun stated that due to shortage of staff, the required inspections were not carried out.

The UEPPCB, therefore, failed to discharge its regulatory function to prevent and control the emission of pollutants spread into the atmosphere by the brick kilns.

UEPPCB should make efforts to ensure compliance of conditions attached with EC/CTO issued to brick kilns.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that the UEPPCB should review all the consents so as to ensure that all brick kilns comply with the conditions attached with EC/CTO issued to them.

1.13.8 Mining

All mining units have been categorised as 'orange' category vide Doon Valley Notification, 1989. For abatement of pollution from mining operations, the mining units are required to comply with the conditions attached with the EC and the CTO. The UEPPCB had fixed half yearly inspection norms for units categorised as orange. Mining units falling in orange category are to be inspected on half yearly basis.

Review of records of three out of five units operating in Dehradun revealed that no inspection was carried out by the RO Dehradun during 2015-18.

This shows poor monitoring on the part of RO in conducting inspections of mining units.

1.13.8.1 Joint inspection of mining units

During joint inspection of three out of five mining units operating in Dehradun, it was found that the mining units were flouting the prescribed conditions as discussed in **Table-1.13.10** below:

Table-1.13.10: Results of joint physical verification of mining units

Provision of Air Act, 1981	Audit Findings
➢ Subject to the provisions of Section 21(1), no person shall, without the previous consent of the State Board, establish or operate any industrial plant[163] in an air pollution control area.	➢ All the three mining units were being operated though validity of their CTOs had lapsed. The units had also not applied for the renewal of CTO.
Provision of EC/CTO	**Audit Finding**
➢ To cover the truck transporting mined material.	➢ Vehicles used for transportation of mined material were not covered in all the units inspected.
➢ Mining Units shall also conduct ambient air quality monitoring for SPM.	➢ No periodic monitoring of ambient air quality for SPM was done by any of the units.
➢ Water spray and sprinkling system should be installed and maintained in order to utilise the same for dust suppression.	➢ Water spray and sprinkling system was not installed in all the units hence dust suppression could not be done.
➢ High efficiency dust extraction system shall be installed.	➢ None of the units inspected had installed high efficiency dust extraction system.

On being pointed, RO Dehradun stated that the units would be directed to renew CTO within 60 days and follow the conditions mentioned in the CTO.

UEPPCB should ensure that mining units renew their CTO and comply with the conditions attached with the EC/CTO.

[163] A mine is considered as an industrial plant with respect to Air Act 1981.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that the UEPPCB should review all the consents so as to ensure that all mining units have renewed their CTO and comply with the conditions attached with EC/CTO.

1.13.9 Monitoring

Apart from deficiencies in monitoring mentioned in the preceding paragraphs, the following deficiencies were also noticed.

1.13.9.1 Environmental Statements

Every person carrying on an industry, operation or process requiring consent under Section 21 of the Air (Prevention and Control of Pollution) Act, are required to submit an annual 'Environmental Statement' which includes pollutants; quantity of pollutants discharged; and percentage of variation from prescribed standards with reasons.

It was observed that the industries were not submitting the Environmental Statements to the UEPPCB. An important aspect for monitoring the polluting units was, therefore, absent.

1.13.9.2 Annual Report

Section 35 (2) of the Air Act, 1981 prescribes that every State Board during each financial year, would prepare and forward a copy thereof to the State Government within four months from the last date of previous financial year, an annual report giving full account of its activities which include the present state of environmental problems and counter measures; environmental research; environmental training; environmental awareness and public participation; environmental standards including time schedule for their enforcement; prosecution launched and convictions secured for environmental pollution control; and annual plan of the following year, *etc*. The report was required to be laid before the State Legislature within a period of nine months from the last date of the previous financial year.

It was observed that annual report for the year 2015-16 and 2016-17 was not prepared and for the year 2017-18, the report which was prepared was not submitted to the State Government yet.

The UEPPCB accepted the fact and stated that the report for the year 2017-18 would be forwarded to the State Government after approval of the competent authority. The State Legislature was denied the privilege of discussing the Report and taking measures for control or abatement of pollution.

UEPPCB may ensure that Annual Report is prepared and submitted to State Government for its onward submission to the State Legislature within stipulated time frame.

1.13.9.3 Manpower

The sanctioned strength, person-in-position and vacant posts as regards scientific and technical group in the UEPPCB are given in **Table-1.13.11** below:

Table-1.13.11: Details of manpower pertaining to Scientific and Technical group

Group	Sanctioned Strength	Person in position (as on 31-03-2018)	Vacancy (*per cent*)
Scientific	41	11	30 (*73*)
Technical	26	10	16 (*62*)

Source: Data provided by UEPPCB.

It can be seen from the above table that there were 73 *per cent* and 62 *per cent* vacancies in Scientific and Technical groups respectively. The shortages in these critical posts hampered the day to day monitoring of air pollution activities which the UEPPCB was mandated to perform.

On being pointed out, the UEPPCB accepted the fact and stated that as decided in 19th Board meeting (27 February 2018), the class-III vacant post (Junior Engineer, Personal Assistant, Laboratory Assistant and Monitoring Assistant) would be filled through State Subordinate Service Selection Commission and the vacant post of Assistant Environment Engineer and Assistant Scientific Officer would be filled through direct recruitment.

1.13.10 Conclusion

Uttarakhand Environment Protection and Pollution Control Board (UEPPCB) failed to make any comprehensive programme for prevention, control or abatement of air pollution. The percentage of surplus funds ranged between 56.03 *per cent* and 65.51 *per cent* of total funds available during 2015-18. The monitoring by the UEPPCB was found deficient as it was monitoring only three air pollutants against the 12 identified pollutants, and that too was not being carried out as per the prescribed norms of National Air Quality Monitoring Programme. In absence of data regarding industrial units operating in Dehradun, the UEPPCB could not ensure that the industrial units undertook measures that are required to control air pollution. It did not evolve any mechanism to watch the renewal of consent after its expiry. Sixty-six *per cent* of CTO were not issued within the prescribed time during 2015-18 by Regional Office, Dehradun. The Transport Department did not take adequate measures towards implementation of the provision regarding re-registration of 15 years' old vehicles. It also did not have any effective mechanism to ensure that the vehicles turn up for emission testing after expiry of their PUC certificate which resulted in shortfall in coverage of vehicles for PUC certificate. UEPPCB failed to discharge its regulatory function to prevent and control the emission of pollutants spread into the atmosphere by the brick kilns and mining units. The shortages in the critical posts hampered the UEPPCB to discharge its mandate effectively. It failed to prepare and submit the Annual Report relating to its functioning to the State Legislature.

The matter was reported to the Government (July 2018); Reply was awaited (August 2019).

Chapter-II

Revenue Sector

CHAPTER-II

Revenue Sector

2.1 Introduction

Part-I

2.1.1 Trend of revenue receipts

Tax and non-tax revenue raised by the Government of Uttarakhand during the year 2017-18, the State's share of net proceeds of divisible Union taxes and duties 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** below:

Table-2.1.1: Trend of Revenue Receipts

(₹ in crore)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	**Revenue raised by the State Government**					
	• Tax revenue	7,355.34	8,338.47	9,377.79	10,897.31	10,164.93[1]
	• Non-tax revenue	1,316.54	1,110.44	1,219.66	1,345.82	1,769.53
	Total	***8,671.88***	***9,448.91***	***10,597.45***	***12,243.13***	***11,934.46***
2.	**Receipts from the Government of India**					
	• Share of net proceeds of divisible Union taxes and duties[2]	3,573.38	3,792.30	5,333.19	6,411.57	7,084.91[3]
	• Grants-in-aid	5,075.27	7,005.34	5,303.79	6,234.27	8,085.20[4]
	Total	***8,648.65***	***10,797.64***	***10,636.98***	***12,645.84***	***15,170.11***
3.	**Total revenue receipts of the State Government (1 and 2)**	***17,320.53***	***20,246.55***	***21,234.43***	***24,888.97***	***27,104.57***
	Percentage of 1 to 3	***50***	***47***	***50***	***49***	***44***

Source: Finance Accounts.

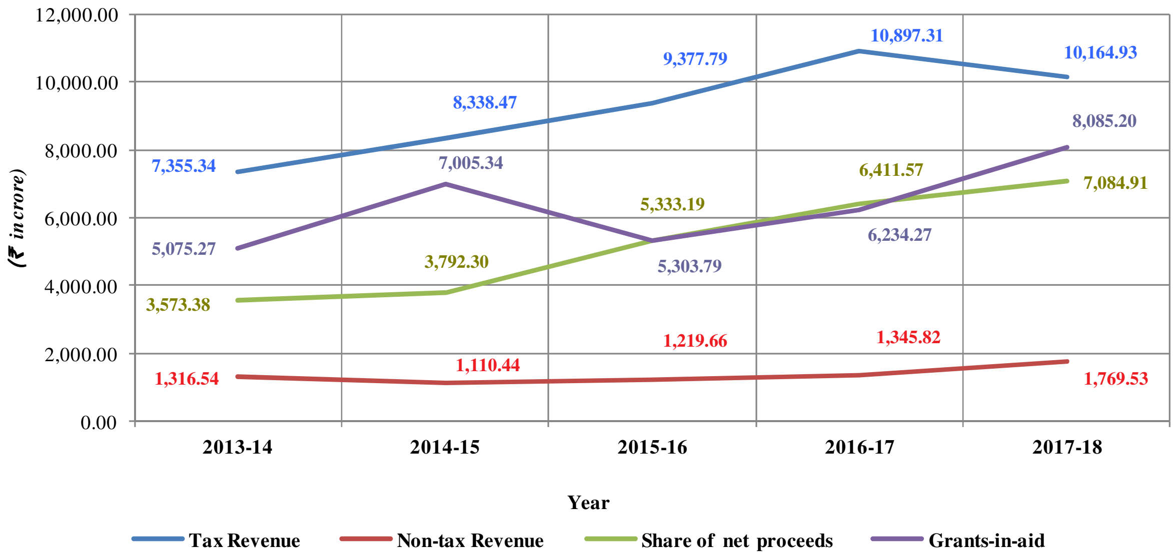
[1] This includes the amount of ₹ 1,971.82 crore of State Goods and Services Tax (SGST).

[2] Note: For details, please see Statement No.14: Detailed accounts of revenue by Minor Heads in the Finance Accounts (Vol-II) of Government of Uttarakhand. Figures under the "Share of net proceeds assigned to States" under the Major Heads-0020-Corporation Tax, 0021-Taxes on Income and Expenditure, 0032-Taxes on Wealth, 0037-Customs, 0038-Union Excise Duties and 0044-Service Taxes booked in the Finance Accounts under 'A-Tax Revenue' have been excluded from the revenue raised by the State Government and included in the 'Share of net proceeds of divisible Union taxes and duties' in the above table.

[3] This includes the amount of ₹ 100.52 crore of Central/Union Goods and Services Tax (CGST) and amount of ₹ 715.36 crore of Integrated Goods and Services Tax (IGST).

[4] This includes the amount of ₹ 1,283 crore of compensation for loss of revenue arising out of implementation of Goods and Services Tax (GST).

Chart-2.1.1: Trend of Revenue Receipts



During the year 2017-18, the revenue raised by the State Government (₹ 11,934.46 crore) was 44 *per cent* of the total revenue receipts. The balance 56 *per cent* (₹ 15,170.11 crore) of the receipts was received from the Government of India as share of net proceeds of divisible Union taxes and duties and Grants-in-aid.

2.1.2 The details of tax revenue raised during the period 2013-14 to 2017-18 are given in **Table-2.1.2** below:

Table-2.1.2: Details of Tax Revenue raised

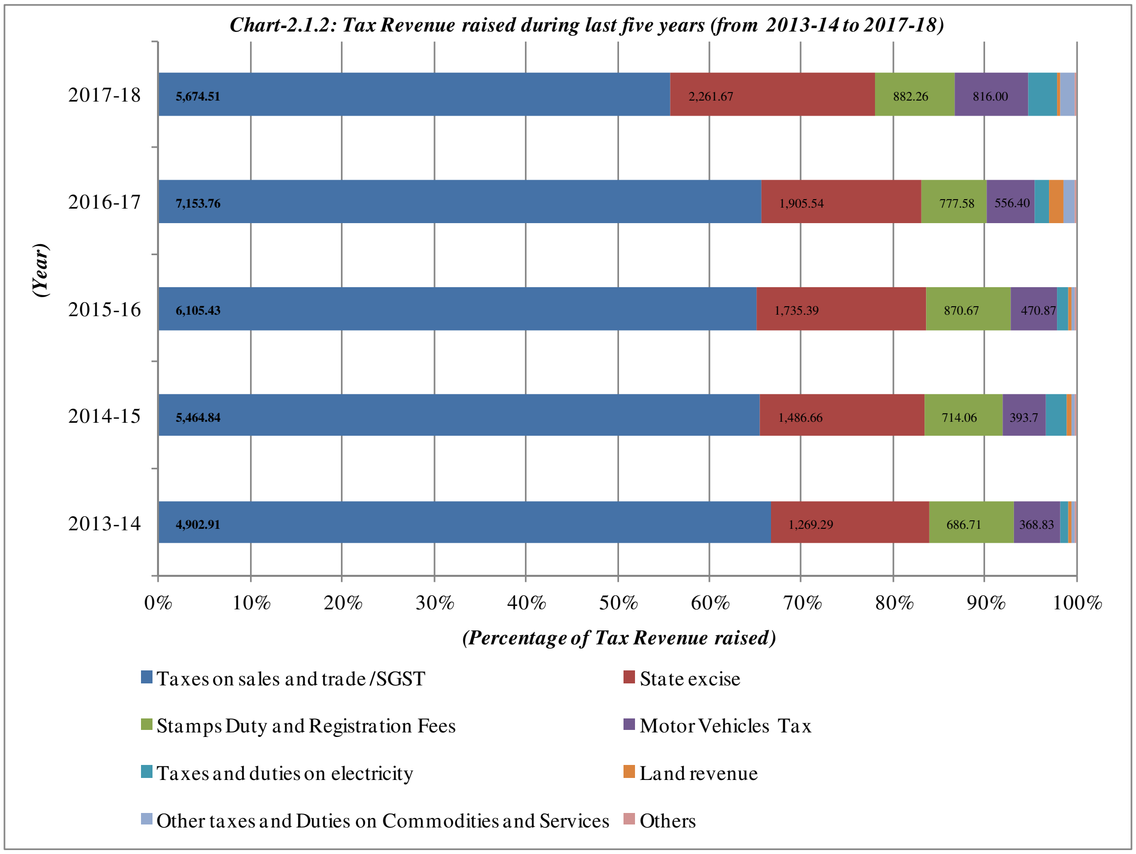
(₹ in crore)

Sl. No.	Head of revenue	2013-14 Actual (percentage)	2014-15 Actual (percentage)	2015-16 Actual (percentage)	2016-17 Actual (percentage)	2017-18 Actual (percentage)	Percentage of increase (+) or decrease (-) in actual of 2017-18 over actual of 2016-17
1.	Taxes on sales and trade /State Goods and Services Tax[5]	4,902.91 *(66.66)*	5,464.84 *(65.54)*	6,105.43 *(65.11)*	7,153.76 *(65.65)*	5,674.51[6] *(55.82)*	*(-) 20.68*
2.	State excise	1,269.29 *(17.26)*	1,486.66 *(17.83)*	1,735.39 *(18.51)*	1,905.54 *(17.49)*	2,261.67 *(22.25)*	*(+) 18.69*
3.	Stamps Duty and Registration Fees	686.71 *(09.34)*	714.06 *(08.56)*	870.67 *(09.28)*	777.58 *(07.13)*	882.26 *(08.68)*	*(+) 13.46*
4.	Motor Vehicles Tax	368.83 *(05.01)*	393.70 *(04.72)*	470.87 *(05.02)*	556.40 *(05.11)*	816.00 *(08.03)*	*(+) 46.66*
5.	Taxes and duties on electricity	64.66 *(00.88)*	192.65 *(02.31)*	114.76 *(01.22)*	188.56 *(01.73)*	323.62 *(03.18)*	*(+) 71.63*
6.	Land revenue	21.65 *(00.29)*	39.26 *(00.47)*	27.88 *(00.30)*	159.51 *(01.46)*	24.09 *(00.24)*	*(-) 84.89*
7.	Other taxes and Duties on Commodities and Services	23.47 *(00.32)*	25.26 *(00.30)*	28.37 *(00.30)*	126.53 *(01.16)*	163.71 *(01.61)*	*(+) 29.38*
8.	Others	17.82 *(00.24)*	22.04 *(00.27)*	24.42 *(00.26)*	29.43 *(00.27)*	19.07 *(00.19)*	*(-) 35.20*
	Total	***7,355.34***	***8,338.47***	***9,377.79***	***10,897.31***	***10,164.93***	***(-) 6.72***

Source: Finance Account.

5 GST came into the effect from 01 July 2017 through implementation of one hundred and first amendment of constitution of India by the Government. The tax replaced existing multiple cascading taxes levied by central and state Government.

6 GST + Taxes on sales and trade = ₹ 1,971.82 crore + ₹ 3,702.69 crore = ₹ 5,674.51 crore.



The State's own tax revenue increased from ₹ 7,355.34 crore in 2013-14 to ₹ 10,164.93 crore in 2017-18 (38.20 *per cent).* However, the States' own tax revenue during 2017-18 decreased by 6.72 *per cent* over the year 2016-17. The revenue from Taxes on Sales and Trade, Goods and services tax (₹ 5,674.51 crore) comprised a major share of tax revenue but it registered a decrease of 20.68 *per cent* over the previous year.

The respective Departments reported the following reasons for the variations:

Taxes on sales and trade, Goods and Services Tax: The decrease of 20.68 *per cent* over the previous year in the revenue receipt was due to implementation of new tax system *i.e.* GST since 01 July 2017 and heavy reduction in normal rates of tax.

State excise: The increase of 18.69 *per cent* over the previous year in the revenue receipt was due to effective control of the Department over revenue loss by utilisation of available adequate resources for prevention of smuggling and illegal production of liquor.

Stamp and Registration Fees: The increase in the Stamp Duty and Registration Fee of 13.46 *per cent* during 2017-18 as compared to the year 2016-17, was due to increase in the registration of instruments as compared to 2016-17.

Tax and duty on electricity: The increase of 71.63 *per cent* in revenue receipt in 2017-18 over the year 2016-17, was due to better realisation of electricity bills from consumers.

Motor vehicle tax: The increase of 46.66 *per cent* in revenue receipt in 2017-18 over the year 2016-17, was due to increase in registrations of vehicle, recovery of compounding fee through *challan*, licensing fee as compared to 2016-17.

Other departments did not furnish any reason for variation (August 2019).

2.1.3 The details of non-tax revenue raised during the period 2013-14 to 2017-18 are indicated in **Table-2.1.3** below:

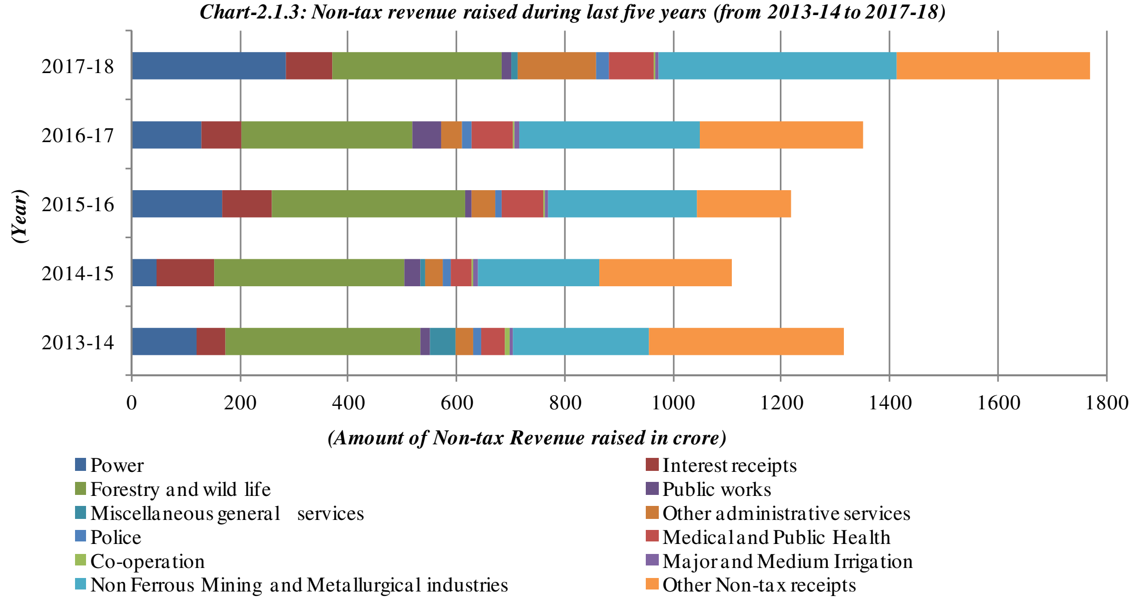
Table-2.1.3: Details of Non-Tax Revenue raised

(*₹ in crore*)

Sl. No.	Head of revenue	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	Percentage of increase (+) or decrease (-) in actual of 2017-18 over actual of 2016-17
1.	Power	121.11 *(09.20)*	45.01 *(04.05)*	168.57 *(13.88)*	130.08 *(09.67)*	286.21 *(16.17)*	*(+) 120.03*
2.	Interest receipts	51.12 *(03.88)*	108.17 *(09.74)*	89.22 *(07.35)*	71.77 *(05.33)*	85.39 *(04.83)*	*(+) 18.98*
3.	Forestry and wild life	362.70 *(27.55)*	351.24 *(31.63)*	357.47 *(29.44)*	318.21 *(23.64)*	312.20 *(17.64)*	*(-) 1.89*
4.	Public works	15.51 *(01.18)*	28.29 *(02.55)*	13.96 *(01.15)*	51.08 *(03.80)*	18.69 *(01.06)*	*(-) 63.41*
5.	Miscellaneous general services	48.74 *(03.70)*	8.26 *(00.74)*	(-) 5.50 (-) *(00.45)*	(-)6.16 (-) *(00.46)*	11.31 *(00.64)*	*(+)283.60*
6.	Other administrative services	32.38 *(02.46)*	33.50 *(03.02)*	43.19 *(03.56)*	38.90 *(02.89)*	143.56 *(08.11)*	*(+) 269.05*
7.	Police	13.39 *(01.02)*	16.51 *(01.49)*	11.18 *(00.92)*	17.43 *(01.30)*	23.56 *(01.33)*	*(+) 35.17*
8.	Medical and Public Health	44.04 *(03.35)*	37.78 *(03.40)*	76.86 *(06.33)*	78.70 *(05.85)*	84.12 *(04.75)*	*(+) 6.89*
9.	Co-operation	9.78 *(00.74)*	1.17 *(00.11)*	2.26 *(00.19)*	2.87 *(00.21)*	1.14 *(00.06)*	*(-) 60.28*
10.	Major and Medium Irrigation	6.75 *(00.51)*	9.22 *(00.83)*	7.92 *(00.65)*	6.97 *(00.52)*	7.67 *(00.43)*	*(+) 10.04*
11.	Non Ferrous Mining and Metallurgical industries	249.99 *(18.99)*	223.72 *(20.15)*	272.65 *(22.46)*	335.17 *(24.90)*	439.81 *(24.85)*	*(+) 31.22*
12.	Other Non-tax receipts	361.03 *(27.42)*	247.57 *(22.29)*	176.38 *(14.53)*	300.80 *(22.35)*	355.87 *(20.11)*	*(+) 18.31*
	Total	***1,316.54***	***1,110.44***	***1,214.16***	***1,345.82***	***1,769.53***	***(+) 31.48***

Source: Finance Accounts.

Chart-2.1.3: Non-tax revenue raised during last five years (from 2013-14 to 2017-18)



Non-tax revenue showed a decreasing trend during the period 2013-14 to 2014-15. However, it showed an increasing trend from 2015-16 to 2017-18. The increase during 2016-17 and 2017-18 was ₹ 131.66 crore (10.84 *per cent*) and ₹ 423.71 crore (31.48 *per cent*) respectively over the previous years.

The respective Departments reported the following reasons for variations:

Co-operation: The main reason for decrease of 60.28 *per cent* of revenue receipt over the previous year was due to deposit of more audit fee by the co-operatives/institutions, decrease in arbitration fees, RTI fees, and revenue recovery by co-operatives/institutions.

Forestry and wild life: The decrease of 1.89 *per cent* in revenue receipt as compared to last year, was due to decrease in transit fee of forest produce and less sale of *leesa* (Resin).

Other departments did not furnish any reason for variation (August 2019).

2.1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2018 in some principal heads of revenue amounted to ₹ 6,825.94 crore, of which 1,757.61 crore were outstanding for more than five years as detailed in **Table-2.1.4** below:

Table-2.1.4: Arrears of Revenue

Head of revenue	Total Amount outstanding as on 31 March 2018 (*₹in crore*)	Amount outstanding for more than five years as on 31 March 2018 (*₹in crore*)	Replies of the Department
Taxes/ VAT on Sales and Trade/GST	5,661.89	1,753.45	Recovery of ₹ 548.73 crore (2,095 cases) is subjudice and recovery certificates have been issued for remaining ₹ 5,113.16 crore.
Taxes and Duties on Electricity	1,138.80	0.00	Arrear amount is under process for recovery.
Co-operation	2.00	2.00	Arrear amount is under process for recovery.
Stamp Duty and Registration Fees	16.78	-	Arrear amount is under process for recovery.
Taxes on Vehicles[7]	5.59	1.61	Nine cases (₹ 0.05 crore) are subjudice. In remaining cases, recovery certificates/demand certificates have been issued.
State Excise	0.55	0.55	Three cases amounting to ₹ 0.38 crore are subjudice. And in one case, recovery certificate of ₹ 0.17 crore has been issued.
Entertainment Tax	0.33	0.00	14 cases amounting to ₹ 0.001 crore are subjudice. In remaining cases, recovery certificates have been issued.
Total	***6,825.94***	***1,757.61***	

Source: Departmental figures.

2.1.5 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and the number of cases pending for finalisation at the end of the year as furnished by the Commercial Tax Department in respect of Sales Tax/VAT/GST are given below in **Table-2.1.5** below:

7 Except information related to Dehradun and Udham Singh Nagar.

Table-2.1.5: Arrears in Assessments

Head of revenue	Opening balance	New cases due for assessment during 2017-18	Total assessments due	Cases disposed of during 2017-18	Balance at the end of the year	Percentage of disposal (col.5 to 4)
1	2	3	4	5	6	7
Taxes/VAT on sales and Trade/GST	1,25,201	69,529	1,94,730	1,25,332	69, 398	*64.36*

Source: Information provided by the Commercial Tax Department.

The cases disposed of during 2017-18 were much more than the new cases due for assessment during 2017-18. This resulted in decrease in the cases pending for assessment at the close of year 2017-18.

2.1.6 Evasion of tax detected by the Commercial Tax Department

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised and the demands for additional tax raised in 2017-18 as reported by the Department are given in **Table-2.1.6** below:

Table-2.1.6: Evasion of Tax (*₹ in crore*)

Head of revenue	Cases pending as on 31 March 2017	Cases detected during 2017-18	Total	Number of cases in which assessment/investigation completed and additional demand with penalty raised		Number of cases pending for finalisation as on 31 March 2018
				Number of cases	Amount of demand	
Taxes / VAT on sales and Trade / GST	576	338	914	837	17,603.00	77
Entertainment Tax	93	111	204	118	4.02	86

Source: Departmental figure.

The number of cases pending at the end of the year has decreased in the case of Taxes/VAT on sales and Trade/GST and Entertainment Tax as compared to the number of cases pending at the start of the year. The amount of recovery made against the demands raised was not intimated by the Department (August 2019).

2.1.7 Refund cases

The number of refund cases pending at the beginning of the year 2017-18, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2017-18, as reported by the Commercial Tax Department, are given in **Table-2.1.7** below:

Table-2.1.7: Details of Refund Cases (*₹ in crore*)

Particulars	Sales tax / VAT	
	No. of cases	Amount
Claims outstanding at the beginning of the year	1,028	34.20
Claims received during the year	5,792	94.79
Refunds made during the year	5,213	109.76
Balance outstanding at the end of year	1,607	19.23

Source: Departmental figure.

Section 36 (3) of Uttarakhand VAT Act, 2005, provides for payment of simple rate of interest of nine *per cent* per annum if the refund is made after two months. To avoid interest liability, it is recommended that the State Government may ensure disposal of refund claims in time.

2.1.8 Response of the Departments towards audit

The Principal Accountant General (Audit), Uttarakhand, conducts periodical inspection of Government departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the applicable rules and procedures. The irregularities detected during the inspection and not settled on the spot are incorporated in Inspection Reports (IRs) which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking corrective action. The Heads of the Offices are required to comply with the observations contained in the IRs, within four weeks from the date of receipts of the IRs. Serious irregularities are reported to the Heads of the Department and the Government.

There were 2,764 paragraphs involving ₹ 1,367.35 crore relating to 1,250 IRs that remained outstanding at the end of June 2018. The details along with the corresponding figures for the preceding two years are mentioned in **Table-2.1.8** below:

Table-2.1.8: Details of Pending Inspection Reports

Details of IRs	June 2016	June 2017	June 2018
Number of IRs pending for settlement	977	1,091	1,250
Number of outstanding audit paragraphs	2,150	2,431	2,764
Amount of revenue involved *(₹in crore)*	264.99	583.02	1,367.35

2.1.8.1 The department-wise details of IRs and outstanding audit paragraphs as on 30 June 2018 and the amounts involved are mentioned in **Table-2.1.9** below:

Table-2.1.9: Department-wise details of IRs and paragraphs

Name of the Department	Nature of receipts	Numbers of outstanding IRs	Numbers of outstanding audit observations	Money value involved *(₹in crore)*
Finance	Taxes on Sales, Trade, SGST and luxury tax	604	1,496	249.61
	Entertainment	14	9	0.07
Excise	State Excise	102	167	210.19
Transport	Taxes on motor vehicles	120	273	230.09
Stamp and Registration	Stamp and registration fees	324	497	14.33
Mining	Mining	22	91	287.09
Forest	Forest	64	231	375.97
Total		***1,250***	***2,764***	***1,367.35***

The large pendency of the IRs was due to non-receipt of the replies which is indicative of the fact that the Heads of Offices and the Departments did not initiate necessary action to rectify the defects, omissions and irregularities pointed out in the IRs by the Principal Accountant General.

The Government may consider putting in place an effective system for ensuring prompt and appropriate responses to the outstanding audit observations.

2.1.8.2 Departmental audit committee meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and of the paragraphs in the IRs. During the year 2017-18, two meetings of departmental audit committee were held for settlement of paragraphs related to Forest Department wherein 117 paragraphs involving an amount of ₹ 41.61 crore were settled.

In view of the large number of pending IRs and audit paragraphs, the Government may consider instructing all departments to regularly hold meetings of the audit committees, in consultation with the Principal Accountant General, to expedite their settlement.

2.1.8.3 Response of the Departments/Government to the draft audit paragraphs

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

One performance audit[8] and eight draft paragraphs was sent to the Principal Secretaries/Secretaries of the respective Departments between March 2018 and June 2018. Out of these, the replies of the Government were received for one Performance Audit and two drafts paragraphs, which was incorporated in the paragraph. The remaining six draft paragraphs have been included in this Chapter without the response of the Government as the replies were awaited (August 2019). However, the response from the concerned auditee units has been received and the same was suitably incorporated in the report.

2.1.8.4 Follow-up on the Audit Reports-summarised position

The Public Accounts Committee (PAC) notified in December 2002 that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs *suo-motu* irrespective of whether these are taken up for discussion by PAC and the action taken notes (ATNs) thereon should be submitted by the Government within three months of tabling of the Report for consideration of the Committee. Inspite of these provisions, the ATNs on audit paragraphs of the Reports were being delayed inordinately. 35 paragraphs were included in the Audit Reports for the years 2010-11 to 2016-17. The Audit Reports were placed before the State Legislative Assembly between December 2012 and September 2018. The ATNs from the concerned departments on five paragraphs were received late with an average delay of ten months in respect of each of these Audit Reports. However, in respect of 18 paragraphs[9] from five departments had not been received (August 2019).

No paragraph relating to Revenue was discussed in the PAC during the year 2017-18.

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

To analyse the system of redressal of issues highlighted in the IRs by the Government, the action taken on the paragraphs included in the IRs of the last five years for Commercial Tax Department was evaluated.

The summarised position of IRs relating to the Commercial Tax Department issued during the last five years, paragraphs included in these reports, and their status as on 31 March 2018 are tabulated in **Table-2.1.10** below:

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8 Revenue Receipts from Forest Department.

9 Excluding paragraph related to the Audit Report for the year 2016-17.

Table-2.1.10: Position of IRs

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance		
	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money Value
2013-14	412	1,096	93.89	35	140	21.26	36	156	10.38	411	1,080	104.77
2014-15	411	1,080	104.77	44	135	8.83	17	100	13.12	438	1,115	100.48
2015-16	438	1,115	100.48	46	199	42.23	06	59	2.06	478	1,255	140.65
2016-17	478	1,255	140.65	52	265	44.57	06	94	39.73	524	1,426	145.48
2017-18	524	1,426	145.48	71	229	109.01	7	140	10.75	588	1,515	243.74

As against 412 IRs with 1,096 outstanding paragraphs at the beginning of 2013-14, the number of outstanding IRs rose to 588 with 1,515 paragraphs at the end of 2017-18 while only 549 paragraphs were cleared during the period 2013-14 to 2017-18.

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

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

Three performance audits on Commercial Tax Department, one on Transport Department, one on Mining Department and one on Stamp and Registration Department featured in the last five years' Audit Reports. A total of 25 recommendations had been made to the Government for consideration in the light of the audit findings. The details of ATNs on the recommendations are given in **Table-2.1.11** below:

Table-2.1.11: Action Taken on Recommendations accepted by Government

Year of Audit Report	Name of Performance Audit	No. of Recommendation	Status
2010-11	Cross Verification of Declaration Forms in Inter State Trade and Commerce	08	ATN received on 30.10.2013 Pending for discussion
2011-12	Administration of VAT	07	ATN not received
2013-14	Levy and collection of Taxes on Motor Vehicles Tax	03	ATN not received
	Receipt of Minor Minerals	02	
2014-15	Pendency of cases in the Revenue Department	02	ATN not received
2015-16	Levy and collection of Stamp Duty & Registration Fees	03	ATN not received

2.1.11 Audit Planning

During the year 2017-18, out of total 316 auditable units, 169 units were planned and 168 units were audited. The units were selected on the basis of risk analysis.

2.1.12 Results of audit

Position of local audit conducted during the year

Test-check of the records of 168 units of the Department of Commercial Tax, State Excise, Stamp and Registration, Entertainment Tax, Forest, and Mines & Minerals Department conducted during the year 2017-18 revealed under assessment/short-levy/loss of revenue and other irregularities involving ₹ 1,545.69 crore in 530 paragraphs as categorised in **Table-2.1.12** below:

Table-2.1.12: Category-wise Audit observations

Sl. No.	Categories	No. of paras	Amount (₹ *in crore*)
Sales Tax/Value Added Tax			
1.	Short-levy of penalty	64	12.92
2.	Irregular allowance of concessional rate of tax	81	9.27
3.	Other Irregularities	95	77.93
	Total	***240***	***100.12***
Mines & Minerals			
1.	Short-levy/Non-levy of Royalty, short-levy of penalty on illegal mining of minor minerals and other miscellaneous irregularities.	60	13.73
	Total	***60***	***13.73***
Forest			
1.	Revenue loss due to short extraction of *leesa* as per prescribed norms, Loss of revenue due to leakage of stored *leesa*, Non-recovery of interest on delayed deposit of lease rent and other miscellaneous irregularities.	86	260.88
2.	Other irregularities	87	81.05
3.	PA on "Forest Receipts from Forest Department"	01	985.68
	Total	***174***	***1,327.61***
State excise			
1.	Revenue loss due to short-levy of tax on application form	6	5.27
2.	Revenue loss due to non-recovery of license fee	11	58.05
3.	Short-levy of stamp duty	7	0.10
4.	Other irregularities	12	9.06
	Total	***36***	***72.48***
Stamp Duty and Registration Fee			
1.	Short-levy of stamp duty and registration fee	13	16.67
2.	Other irregularities	07	15.08
	Total	***20***	***31.75***
	Grand Total	***530***	***1,545.69***

During the course of the year, the concerned departments accepted under-assessment and other deficiencies of ₹ 33.79 crore involved in 104 paragraphs which were pointed out in audit during 2017-18. The Departments collected ₹ 0.99 crore during 2017-18.

2.1.13 Coverage of the Revenue Chapter

The Revenue Chapter contains one performance audit[10] and eight audit paragraphs involving financial effect of ₹ 992.83 crore, out of which, the Departments/Government have accepted audit observations involving ₹ 1.25 crore in four cases (two partial cases). These are discussed in succeeding paragraphs of Chapter-II.

[10] Revenue Receipts from Forest Department.

Part-II

2.1.14 Preparedness for transition to Goods and Services Tax (GST)

Goods and Services Tax (GST) was implemented with effect from 1 July 2017. GST[11] is being levied on intra-State supply of goods or services (except alcohol for human consumption and five specified petroleum products[12]) separately but concurrently by the Union (CGST) and the State (SGST)/Union territories (UTGST). Further, Integrated GST (IGST) is being levied on inter-State supply of goods or services (including imports) and the Parliament has exclusive power to levy IGST. Prior to implementation of GST, VAT was leviable on intra-State sale of goods in the series of sales by successive dealers as per Uttarakhand Value Added Tax (UVAT) Act, 2005 and Central Sale Tax (CST) on sale of goods in the course of inter-State trade or commerce as per CST Act, 1956.

The State Government was empowered to regulate the provisions of UVAT Act whereas provisions relating to GST were being regulated by Centre and State on the recommendation of Goods and Services Tax Council (GSTC) which was constituted with representation from Centre and all the States to recommend on the matters related to GST. The State Government notified (June 2017) the Uttarakhand Goods and Services Tax (UGST) Act, 2017 and the Uttarakhand Goods and Services Tax Rules, 2017 wherever various taxes[13] were subsumed.

Goods and Services Tax Network (GSTN) was set up by the Government of India as a private company to provide IT (Information Technology) services. It provides Front-end IT services to taxpayers namely registration, payment of tax and filling of returns. Back-end IT services *i.e* registration approval, taxpayer detail viewer, refund processing. MIS reports *etc*. are also being provided by GSTN to Model-II[14] States. Uttarakhand has opted for Model-II.

2.1.14.1 Audit objectives

The audit was conducted with a view:

- to evaluate the preparedness of the State Government for implementing the IT solution;
- to assess the capacity building measures undertaken by State Government for its employees for framing / implementing the Rules/Regulations/IT systems and
- to analyse the strategy of the State Government in handling the issues of legacy tax regime.

2.1.14.2 Audit criteria

The audit criteria were derived from the provisions of the following acts, rules and notifications / circulars issued thereunder:

- Uttarakhand GST Act, 2017.

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11 Central GST: CGST and State / Union Territory GST: SGST/UTGST.

12 Petroleum products: crude, high speed diesel, petrol, aviation turbine fuel and natural gas.

13 Value Added Tax, Central Sales Tax, Entry Tax, Luxury Tax and Entertainment Tax *etc*.

14 Model I- States: only Front-end services provided by GSTN.
Model II States: both Front-end and Back end services provided by GSTN.

- Uttarakhand GST Rules, 2017
- GST (Compensation to States) Act, 2017
- Acts relating to subsumed taxes and rules made thereunder.
- Uttarakhand VAT Act, 2005. Uttarakhand Tax on entry of goods into local area Act, 2008, Central Sales Tax Act, 1956 and other guidelines issued by Central / State Government and GST Council.

2.1.14.3 Scope of Audit

The activities of the State Government / State Tax Department relating to implementation of GST since 101st amendment to the constitution of India *i.e.* 8th September 2016 to March 2018 were reviewed. Besides, information received from the State Tax Department regarding its preparedness for transition to GST, data available on the departmental web based application and legacy issues *i.e.* assessment, recovery, *etc.* were examined.

2.1.14.4 Trend of Revenue from 2013-14 to 2017-18

GST was implemented from July 2017 and total receipts under GST including non-subsumed/subsumed taxes from April 2017 to March 2018 were ₹ 7,006 crore (including provisional apportionment of IGST and Compensation to the State). Actual receipts under pre-GST taxes and GST as well as compensation received during 2017-18 are given in **Table-2.1.13** below:

Table-2.1.13: Receipts under pre-GST taxes and GST as well as compensation received during 2017-18

(₹in crore)

<table>
<tr><th>Year</th><th>Budget Estimate (BE) / Target</th><th>Receipts under pre-GST taxes</th><th>Receipts under SGST</th><th>Provisional apportionment of IGST</th><th>Total receipts under pre-GST Taxes and GST</th><th>Increase in per cent</th><th>Compensation received</th><th>Total receipts including Compensation</th><th>Projected Revenue</th></tr>
<tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>7</th><th>8</th><th>9</th><th>10</th></tr>
<tr><td>2013-14</td><td>4,847</td><td>4,903</td><td colspan="2" rowspan="4">Not applicable</td><td>4,903</td><td></td><td rowspan="4">Not applicable</td><td>4,903</td><td>-</td></tr>
<tr><td>2014-15</td><td>5,459</td><td>5,465</td><td>5,465</td><td>(+)11.46</td><td>5,465</td><td>-</td></tr>
<tr><td>2015-16</td><td>6,210</td><td>6,105</td><td>6,105</td><td>(+)11.71</td><td>6,105</td><td>-</td></tr>
<tr><td>2016-17</td><td>7,323</td><td>7,154</td><td>7,154</td><td>(+)17.18</td><td>7,154</td><td>-</td></tr>
<tr><td>2017-18</td><td>8,876</td><td>3,751</td><td>1,650</td><td>322</td><td>5,723</td><td>(-)20.00</td><td>1,283</td><td>7,006</td><td>4,836*</td></tr>
</table>

Source: Finance Accounts and State Finance Report.

**The projected revenue for the year 2017-18 (01 July 2017 to 31 March 2018) in accordance with the base year (2015-16) revenue figure was ₹4,836 crore.*

The above table indicates that there was an increasing trend in receipts upto 2016-17.

2.1.14.5 Legal / statutory preparedness

The State Government notified (June 2017) the Uttarakhand GST Act and Rules 2017. E-way bill system was implemented in the State on inter-state transaction with effect from 01.04.2018 and on intra-state transaction with effect from 20.04.2018. Further, necessary notifications were issued by the State Government from time to time for facilitating implementation of GST in the State. The State Government / State Tax Department had issued 170 notification / circulars / orders regarding GST from June 2017 to March 2018.

2.1.14.6 IT Preparedness and capacity building efforts by the Department

GSTN was to provide three front-end services to the taxpayers namely registration, payment of tax and filing of returns. As Uttarakhand had opted model-II for implementation of GST, back-end applications like registration approval, taxpayers detail viewer, Letter of Undertaking (LoU) processing, refund processing, Management Information System (MIS) reports, *etc*. for GST administration were being developed by GSTN. As per information provided by the Department, the data relating to GST is provided to the Department by GSTN through SFTP Server (Secure File Transfer Protocol) which is maintained by the Department.

Training on IT application, utilities of software, GST Act's and Rules was provided to 106 officers of the Department in 20 workshops outside the State by NACEN[15] / GSTN / Central Government. Besides this, ministerial officials were also provided training on IT and other GST related topics. Further, more than 764 Seminars / workshops were organised by the Department in which about 28,415 stake-holders / taxpayers participated. GST corner tab was also provided on the departmental website (comtaxappl.uk.gov.in/gst web) for related information such as Act/Rules, notifications / circulars / orders, help / FAQ / training programmes, GST *mitra*, e-way bill, *etc*. Help desk was also established by the Department for redressal of legal and technical problems being faced by taxpayers.

2.1.14.7 Implementation of GST

Audit noticed that the major issues / challenges faced by the Department in implementation of GST were in registration, migration, allocation of taxpayers, filing of return, payment of tax, refund, *etc*. These issues along with the changes in Rules and Regulations made since 01 July 2017 by the State Government were analysed in audit and are briefly discussed as follows:

(i) Registration of taxpayers

Every person registered under any of the pre-GST laws and having a valid Permanent Account Number (PAN) was to be issued a certificate of registration on provisional basis. Thereafter, final certificate of registration was to be granted on completion of prescribed conditions. Further, tax payers having turnover of more than the threshold limit of ₹ 20 lakh were required to be registered under GST.

(ii) Migration of existing taxpayers of State Tax Department

As per Rule 17 of Uttarakhand GST (Registration) Rules, 2017, every person registered under any existing law of subsumed taxes and having a PAN shall enroll on common portal by validating his e-mail address as well as mobile number. Such person shall be granted registration on a provisional basis. Every person who has been granted a provisional registration shall submit an application along with the information and documents specified in the application on common portal. A certificate of registration shall be made available to the registered person electronically if the information and the

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15 National Academy of Customs Excise and Narcotics.

particulars furnished in the application are found to be correct and complete. As per information provided by the Department, status of provisional registration and final registration of existing registered dealers in the State Tax Department as on 31 March 2018 is given in **Table-2.1.14** below:

Table-2.1.14: Status of provisional registration and final registration of existing registered dealers in the State Tax Department as on 31 March 2018

Total number of existing registered dealers with valid PAN (1)	Total number of provisional ID received from GSTN (percentage *w.r.t.* column 1) (2)	Number of dealers primary enrolled (percentage *w.r.t.* column 1) (3)	Complete enrollment done (percentage *w.r.t.* column 1) (4)
1,62,820	1,20,937 (74 *percent*)	89,617 (55 *per cent*)	83,104 (51 *per cent*)

Source: Information furnished by State Tax Department.

It would be seen from the above table that 55 *per cent* of the existing dealers completed the primary enrollment and 51 *per cent* of the existing dealers completed the migration process and were finally registered under GST.

Some of the reasons for non-migration were that the dealers' turnover was either below the threshold limit or nil, having duplicate PAN, closure of business and business started with new registration *etc*.

(iii) Allocation of taxpayers between Centre and State

a. Existing registered taxpayers of State Tax Department and Central Excise Department: As per recommendation of GST Council, 90 *per cent* of existing registered taxpayers having turnover up to ₹ 1.5 crore and 50 *per cent* of existing registered taxpayers having turnover of more than ₹ 1.5 crore were allotted to the State. Accordingly State was allotted the jurisdiction of 82,672 existing registered tax payers (March 2018), as detailed in **Table-2.1.15** below:

Table-2.1.15: Number of existing registered taxpayers (having turnover up to ₹ 1.5 crore and more than ₹ 1.5 crore) of State Tax Department and Central Excise Department

	Existing registered taxpayers		
	Turnover above ₹ 1.5 crore	**Turnover below ₹ 1.5 crore**	**Total**
1	**2**	**3**	**4**
State	8,171	74,501	82,672
Central	5,224	37,260	42,484
Total	***13,395***	***1,11,761***	***1,25,156***

Source: Information furnished by State Tax Department as per position of 31.03.2018.

b. New taxpayers: Jurisdiction of newly registered taxpayers is being allotted to the State and Centre by GST portal electronically during submission of application for registration by the taxpayers. Position of new registration under the jurisdiction of State as on 31.03.2018 is given in **Table-2.1.16** below:

Table-2.1.16: Position of new registration under the jurisdiction of State as on 31.03.2018

Applications received upto 31.03.2018	Number of applications rejected	Number of applications approved	Number of applications pending
1	**2**	**3**	**4**
31,286	4,578	26,242	466

Source: Information furnished by State Tax Department.

Thus, 466 applications were pending at various stages of registration as on 31.03.2018.

(iv) Filing of returns

As per Rule 59 to 61 of Uttarakhand GST Rules, 2017, taxpayers other than composition taxpayers were required to furnish details of outward supplies of goods or services in FORM GSTR- 1[16], details of inward supplies of goods or services in form GSTR-2[17] and a return in form GSTR-3 (electronically generated by system on the basis of information furnished through GSTR-1 and GSTR-2) monthly, whereas composition taxpayers were required to file a quarterly return GSTR-4.

The prescribed process of return filing was amended to address the difficulties faced by the taxpayers in the initial period of the new tax regime. The filing of GSTR-2 and GSTR-3 was postponed and all taxpayers were mandated to submit a simple monthly return in GSTR-3B[18] with payment of tax by 20th of the succeeding month. Further, taxpayers having turnover below ₹ 1.5 crore were to file GSTR-1 on quarterly basis. The details of taxpayers who had filed their return (GSTR-3B) during the period July 2017 to March 2018 are given in **Table-2.1.17** below:

Table-2.1.17: Details of taxpayers who had filed their return (GSTR-3B) during the period July 2017 to March 2018

Month / year	Total taxpayers	No of taxpayers who had filed the returns	No. of taxpayers who had not filed the returns	Percentage of taxpayers who had filed the returns
July 2017	82,702	80,889	1,813	98
August 2017	91,527	87,904	3,623	96
September 2017	97,364	92,395	4,969	95
October 2017	99,410	86,502	12,908	87
November 2017	1,01,339	87,619	13,720	86
December 2017	1,02,654	88,683	13,971	86
January 2018	1,03,739	90,626	13,113	87
February 2018	1,04,462	92,284	12,178	88
March 2018	1,05,023	94,231	10,792	90

It can be seen that percentage of returns filed has decreased from 98 *per cent* (July 2017) to 90 *per cent* (March 2018). Audit is of the view that Department needs to take concrete steps to ensure pending returns are filed by taxpayers expeditiously.

(v) Payment of tax by composition dealers

Any taxable person whose aggregate turnover in any preceding financial year is less than ₹ 75 lakh can opt for a simplified composition scheme where tax will be payable at a

[16] GSTR-1: (a) Invoice wise details of all inter-State and intra-State supplies made to the registered persons and inter-State supplies with invoice value more than ₹ 2.50 lakh made to the unregistered persons. (b) Consolidated details of all intra-State supplies made to unregistered persons and State wise inter-State supplies with invoice value upto ₹ 2.50 lakh made to the unregistered persons and (c) debit and credit notes, if any, issued during the month.

[17] GSTR-2: (a) Invoice wise details of all inter-State and intra-State supplies received from the registered persons or unregistered persons. (b) import of goods and services made and (c) Debit and credit notes, if any received from supplier.

[18] GSTR-3B: A monthly return required to be filed by all taxpayers other than composition taxpayers.

concessional rate of one *per cent* on the turnover in a State without benefit of input tax credit. Quarterly return GSTR-4 is required to be filed after payment of due tax.

The position of returns filed is given in **Table-2.1.18** below:

Table-2.1.18: Details of taxpayers and returns filed

Quarter	Eligible taxpayers to file GSTR-4	Total returns filed	Percentage
September 2017	25,805	17,012	*66.00*
December 2017	28,480	26,949	*95.00*
March 2018	30,441	28,153	*92.00*

Further, 66 to 95 *per cent* of the Composition Tax Payers had filed their quarterly return GSTR-4. Thus, monitoring of these returns was important to ensure timely deposit of due tax by the taxpayers.

(vi) Refund under GST

Refund module under GSTN was not operational. Hence, the refunds are being allowed through manual system to the applicants. Specific procedures were prescribed for refund of the balance amount in the electronic cash ledger or unutilised input tax credit at the end of particular tax period. Refund of unutilised input tax credit was allowed in case of zero-rated supplies made without payment of tax or when the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies. As per information provided by the Department, the position of refunds (from July 2017 to March 2018) was as given in **Table-2.1.19** below:

Table-2.1.19: Position of refunds under GST (from July 2017 to March 2018)

(*₹ in crore*)

Applications received for refund upto 31.03.2018		Refund allowed within prescribed period of 60 days		Refund allowed after prescribed period of 60 days		Number of application rejected
Number of taxpayers	Amount	Number of taxpayers	Amount	Number of taxpayers	Amount	
1	2	3	4	5	6	7
174	9.37	174	9.37	-	-	-

Source: Information furnished by State Tax Department.

The Department, therefore, provided refund within the prescribed period of 60 days in all cases of receipt of applications for refund upto 31 March 2018.

2.1.14.8 Legacy issues

Audit assessed the legacy issues regarding assessment and recovery of arrears and our observations are as follows:

(i) Assessment of dealers

Dealers were registered under UKVAT Act, 2005, CST Act, 1956 and other minor taxes *i.e.* entry tax, luxury tax, entertainment tax, *etc*. prior to implementation of GST. Therefore, assessments of the dealers registered under VAT, luxury tax and entry tax of old tax regime for the year 2014-15, 2015-16, 2016-17 and 2017-18 were to be completed by the Department within the prescribed period of three years after the relevant financial year. Under the provision of section 25-A of UKVAT Act 2005 (as amended on 30.6.2017) with the objective to dispose off a large number of pending annual assessments, the commissioner may, by notification declare that the registered dealers, as listed in such notification are deemed to have been self-assessed under UKVAT Act 2005 or CST Act 1956 subject to certain conditions as laid down under this section. However, the government did not introduce any self-assessment scheme for luxury and entry tax. The commissioner state tax issued a guideline (13 July 2017) in respect of the dealer deemed to have been self-assessed. As per information provided by the Department all assessment for 2013-14 and 2014-15 had been completed. The date of submission of annual returns for the year 2015-16 had been extended upto 31st March 2017. Further, the last date of filing of annual returns for the year 2016-17 was 30th June 2018 and for the assessment year 2017-18, it was 30th June 2019.

As per the Departmental reply, 69,398 cases were pending for assessment in the Department as on 31st March 2018. Further, the last date of assessment for the assessment year 2015-16 was 30.06.2019 as fixed by the Department.

Scrutiny of Deemed Assessment Scheme disclosed that there is no provision in the deemed assessment scheme for verification of ITC and various declaration forms furnished by dealers for non-payment of tax or payment of tax on concessional rate. Hence, there is a risk of revenue leakage while finalising assessments under this scheme.

(ii) Recovery of arrears

The Department had classified the arrears in two different categories *i.e.* covered and uncovered. As per information furnished by the Department, arrears aggregating ₹ 7,486.96 crore[19] (covered[20] ₹ 2,984.63 crore and uncovered[21] ₹ 4,502.33 crore) were pending as on 31.03.2018. Further, out of total arrears of ₹ 7,486.96 crore, arrears of ₹ 4,566.81 crore were stayed by Court/ Government or on administrative grounds.

2.1.14.9 Conclusion

The Government/Department was prompt in its preparedness for implementation of GST as can be seen with reference to enactment of the Act and Rules as per model law approved by GST Council, primary enrolment of existing taxpayers, capacity building efforts, *etc*. Audit noticed that frequent changes were made in the rules/regulations since 1st July 2017 on the recommendations of the GST Council by the State Government. Further, the GSTN has not been able to provide the complete IT solution and thus the problems regarding filing of returns GSTR-2 and GSTR-3 have not been resolved. Further, the Department needs to sort out the legacy issues like assessment of pre-GST cases and recovery of arrears expeditiously in a time bound manner through focused arrangements.

[19] VAT: ₹ 5,661.89 crore and remaining subsumed taxes (Central Sales Tax, Entry Tax, Luxury Tax and Entertainment Tax *etc*):₹ 1,827.07 crore.

[20] Covered arrears are those in which Recovery Certificates (R C) have been issued to the dealers through District Magistrates.

[21] Uncovered arrears are those in which R.C have not been issued to the dealers.

PERFORMANCE AUDIT

FOREST DEPARTMENT

2.2 Revenue Receipts from Forest Department

The subject 'Forests' is included in the 'Concurrent List' of the seventh schedule to Article 246 of the Constitution of India. The Indian Forests Act, 1927 and Forest Conservation Act (FC Act) 1980 which are Central Legislations and Uttarakhand Timber & Other Forest produce Transit Rules, 2012 and Minor Mineral Concession Rules, as amended, and the notifications/orders issued there under from time to time govern the management and control of forestry and realisation of revenue by way of royalties, fees and penalties from various forest produce.

The forests are natural unique resources which are capable of sustaining themselves automatically. The Department has the primary duty of managing the forests in a sustainable manner and protect, conserve and augment them with plantation activities. Sustainability of forest resources is also important for providing steady revenues to the Government from silvicultural operations. Forest receipts are non-tax receipts and during the period 2013-14 to 2017-18, it accounted for 17.58 *per cent* to 31.63 *per cent* of the total non-tax receipts of Government of Uttarakhand (GoU). This performance audit on 'Revenue Receipts from Forest Department' was conducted to ascertain whether steps taken by the GoU to optimise revenue from forest resources were adequate and the resources available for exploitation were tapped optimally to augment revenue in the best interest of the State. The performance audit revealed a number of system deficiencies and highlights opportunities for the Government to generate substantial revenue from forest resources. Some of the significant findings are as below:

Highlights

- ***The Department suffered from a systemic problem of delays in preparation of working plans as none of the existing 24 working plans could be prepared by the Department in time. It did not set up permanent working plan units as envisaged in the National Working Plan Code 2014 for overcoming the issues of delay in preparation of working plans.***

  [Paragraph 2.2.7.1 & 2.2.7.2]

- ***Delay in preparation and approval of working plans led to cessation of felling operations in two divisions resulting in non-realisation of royalty of ₹75.37 crore.***

  [Paragraph 2.2.8.1]

- ***The Department failed to realise revenue of ₹ 330.12 crore due to non-execution of canopy opening operation in Sal forests. Besides, lack of canopy opening has adverse impact on growth of new Sal trees and the overall quality of Sal forests.***

  [Paragraph 2.2.8.2]

- ***Absence of marking operations led to non-felling of trees and non-production of estimated quantity of timber in two divisions resulting in non-realisation of royalty of ₹27.90 crore.***

  [Paragraph 2.2.8.3]
- ***Non-felling of trees by UFDC resulted in non-production of timber on which loss of royalty works out to ₹14.28 crore.***

  [Paragraph 2.2.8.4]
- ***Erroneous fixation of royalty of eucalyptus led to loss of ₹31.19 crore to the Department during 2013-18.***

  [Paragraph 2.2.8.5]
- ***UFDC earned ₹13.94 crore by auctioning fuel wood and ₹42.17 crore from sale of tree roots during 2013-18. However, the Department did not get any share of these amounts due to absence of mechanism for levy of royalty on tree roots and fuel wood.***

  [Paragraph 2.2.8.6]
- ***Short-production of resin due to failure of Badrinath and Tehri forest divisions in following the timelines for resin extraction resulted in loss of ₹2.39 crore.***

  [Paragraph 2.2.9.1]
- ***The Department faced a recurring loss of ₹2.47 crore per annum due to non-inclusion of eligible pine trees in the working plan for resin production.***

  [Paragraph 2.2.9.2]
- ***Conservator of Forests, Western Circle caused loss of revenue to the Department by cancelling public demand of ₹1.96 crore and reducing demand of ₹6.34 crore to ₹0.29 crore without any basis against the UFDC for illegal mining from river beds.***

  [Paragraph 2.2.10.2]
- ***Recovery of transit fee on minor minerals at erroneous rates resulted in loss of ₹72.27 lakh.***

  [Paragraph 2.2.10.3]
- ***Premium and lease rent of ₹417.95 crore due for recovery from the lessees in eight cases were not recovered by the Department.***

  [Paragraph 2.2.10.4]

2.2.1 Introduction

Forests in Uttarakhand are spread over 24,678 square kilometres which is 46 *per cent* of the total geographical area (53,483 square kilometres) of the State. Forest produce, generated as by-product of the silvicultural operations carried out in the forests, is a major source of revenue for the Department. Audit covered 11 auditee units carrying out various activities. The details of main sources of revenue of the Department and the concerned divisions are provided in **Table-2.2.1**:

Table-2.2.1: Main Sources of Revenue of Forest Department

Sl. No.	Source of Revenue	Related Forest Produce/item	Concerned selected Divisions	Governing Act/Rule/Provision
1.	Royalty	Timber	Pithoragarh Badrinath; Tehri; Tarai West; Tarai East; Tarai Central; Ramnagar; Nainital; Soil Conservation Kalsi; Dehradun	Indian Forest Act, 1927; *Kataan Chiran Kee Shartein, 2012;* provisions of WPs; and standing instructions of the Department
2.	Sale price	Resin	Badrinath, Tehri and Nainital	Uttarakhand Resin Policy, 2003 and orders issued by the Department.
3	Transit fee	Transportation of all forest produce through forests	Pithoragarh Badrinath; Tehri; Tarai West; Tarai East; Tarai Central; Ramnagar; Nainital; Soil Conservation Kalsi; Dehradun	Uttarakhand Timber and other Forest Produce Transit Rules, 2012
4.	Transit Fee & Road maintenance fee	Transportation of minor minerals mined in the forest areas only	Tarai East, Tarai West and Dehradun where minor minerals are extracted	
5.	Premium and lease rent	Transfer of forest land	Pithoragarh Badrinath; Tehri; Tarai West; Tarai East; Tarai Central; Ramnagar; Nainital; Soil Conservation Kalsi; Dehradun and Rajaji Tiger Reserve	Forest Conservation Act, 1980 and related Government Orders
6.	Penalties and compounding fees	Forest offences like illegal felling and mining.	Pithoragarh Badrinath; Tehri; Tarai West; Tarai East; Tarai Central; Ramnagar; Nainital; Soil Conservation Kalsi; Dehradun and Rajaji Tiger Reserve	Indian Forest Act, 1927

2.2.2 Organisational set-up

Additional Chief Secretary (ACS) Administrative Head

Principal Chief Conservator of Forests - Head of Forest Force (PCCF-HoFF): Department Head

Chief Conservator of Forests (CCF): At Zonal Level

Conservator of Forests (CF): At Circle Level

Deputy Conservator of Forests (DCF)/ Divisional Forest Officers (DFOs): At Division Level

2.2.3 Audit objectives

The Performance Audit was conducted to assess whether:

- the production and other revenue generating activities were being executed economically, efficiently and effectively;

- the extracted forest produce was being disposed off efficiently to optimise the revenue; and
- the internal control mechanism and accounting systems were efficient enough to ensure that there was no leakage of revenue and revenue collected was being accounted properly.

2.2.4 Audit criteria

The performance audit was based on the criteria derived from the following sources:

- The Indian Forest Act, 1927;
- Forest Conservation Act, 1980;
- The National Working Plan Code 2004 and 2014;
- Uttarakhand Transit of Timber and Other Forest Produce Rules, 2012;
- Uttarakhand Minor Mineral (Concession) Rules, 2001;
- Forest Financial Rules; and
- Instructions and orders related with revenue generating activities and accounting system issued by the State Government and the Department.

2.2.5 Audit scope and methodology

The Performance Audit was carried out during January 2018 to August 2018 and covered the period of 2013-14 to 2017-18. The audit was conducted by examining the records of eleven[22] out of 44 units[23] which generated revenue of more than ₹ 1.00 lakh during the period of 2012-17. The 11 selected units included 10 territorial divisions (governed by working plans) and one conservation area *i.e.* Rajaji Tiger Reserve. The units were selected on the basis of Probability Proportional to Size with Replacement (PPSWR) method taking revenue earned as size measure. The 11 audited units (total revenue: ₹ 1,165.84 crore) covered 68.55 *per cent* of the total forest receipts (₹ 1,700.76 crore) during the period 2013-18. Besides, the records of CCF-Working Plan and PCCF-HoFF were also examined. Audit also consulted the experts from Forest Research Institute, Dehradun and Indian Institute of Soil and Water Conservation, Dehradun on various technical matters related with timber and minor minerals and their inputs have been taken into consideration while forming audit opinion on related matters.

Before commencing the performance audit, the audit objectives, criteria and scope were discussed with the Additional Chief Secretary (ACS) of the Forest Department in an entry conference held on 21 February 2018. The findings of the Performance Audit were discussed with the ACS and concerned officers of the Department in an exit conference held on 12 November 2018. Replies (January 2019) of the Government/Department have suitably been included at appropriate places in the report.

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[22] DFO, Pithoragarh (selected for Pilot Study); Badrinath; Tehri; Tarai West; Tarai East; Tarai Central; Ramnagar; Nainital; Soil Conservation Kalsi; Dehradun and Director, Rajaji Tiger Reserve.

[23] Thirty-five forest divisions, six conservation area, and CF (Western Circle), Van Vardhanik Nainital and Van Vardhanik Haldwani.

2.2.6 Trend of forest receipts

2.2.6.1 Budget estimates vis-à-vis actual

Forest receipt is a major source of non-tax revenue of the State Government. However, there was a decline in collection of forest receipts during 2013-18. Also, share of forest receipts in total non-tax receipts of the State registered a consistent decline since 2014-15. Its share declined from 31.63 *per cent* in 2014-15 to 17.58 *per cent* in 2017-18 as given in **Table-2.2.2** below:

Table-2.2.2: Budget Estimate and Actual Forest Receipts

(₹ in crore)

Year	Budget Estimate (BE)	Actual Forest Receipts	Variation excess(+)/ Shortfall(-)	Percentage of variation	Total Non-tax receipts of the State	Percentage of column 3 to column 6
(1)	(2)	(3)	(4=3-2)	(5)	(6)	(7)
2013-14	309.33	362.70	(+) 53.37	(+)17.25	1,316.54	*27.55*
2014-15	342.06	351.24	(+) 9.18	(+) 2.68	1,110.44	*31.63*
2015-16	415.86	357.47	(-) 58.39	(-) 14.04	1,219.66	*29.31*
2016-17	506.75	318.21	(-)188.54	(-) 37.21	1,345.82	*23.64*
2017-18	500.00	311.14	(-)188.86	(-) 37.77	1,769.53	*17.58*
Total	***2,074.00***	***1,700.76***				

Source: Previous Audit Reports and Budget Documents.

During the period 2013-14 to 2017-18, the Department collected revenue of ₹ 1,700.76 crore against the BE of ₹ 2,074.00 crore. The collected revenue fell short of BE by ₹ 188.54 (37.21 *per cent*) and ₹ 188.86 crore (37.77 *per cent*) during 2016-17 and 2017-18 respectively.

Component-wise trends of revenue can be seen in the **Table-2.2.3** below:

Table-2.2.3: Trend of the components of revenue

(₹ in crore)

Source of income	2013-14	2014-15	2015-16	2016-17	2017-18
Royalty of timber from UFDC	154.86	160.08	221.88	200.85	139.87
Income from sale of *leesa*	66.73	72.72	49.39	39.76	51.23
Other sources	142.21	116.26	87.23	81.60	120.03
Total[24]	***363.80***	***349.06***	***358.50***	***322.21***	***311.13***

Source: Monthly Progress Reports of Revenue of the Department.

From the above table, it can be seen that royalty from timber sharply declined in 2017-18 which can be attributed mainly to expiry of WPs of three divisions where green felling was allowed, as indicated in ***paragraph 2.2.7.1(b)***, as well as non-receipt of royalty from UFDC from felling related to development works in all the divisions as indicated in ***paragraph 2.2.8.11***. Further, there was a declining trend in revenue received from *leesa* due to fall in the prices of *leesa* (*leesa* prices fell from an approximate ₹ 8,000 per quintal to an approximate ₹ 5,000 per quintal during the audit period) as well as fall in quantities of *leesa* sold. Fall in receipts from other sources during 2015-17 was a result of reduction[25] in transit fee which was revoked in October 2017.

[24] There is slight variation in the figures relating to total receipts as shown in **Table-2.2.2** and **Table-2.2.3**.

[25] From ₹ 50 per ton (May 2012) to ₹ 15 per ton (December 2014) by the Government.

During exit conference, the Additional Chief Secretary (ACS) - Forest Department stated that the BE were normally fixed on the higher side.

However, audit found that the Department could exceed the BE by addressing systemic deficiencies like delayed preparation of working plans; non-felling of trees; shortfall in extraction of resin; and other shortcomings, as discussed in succeeding paragraphs.

Audit findings

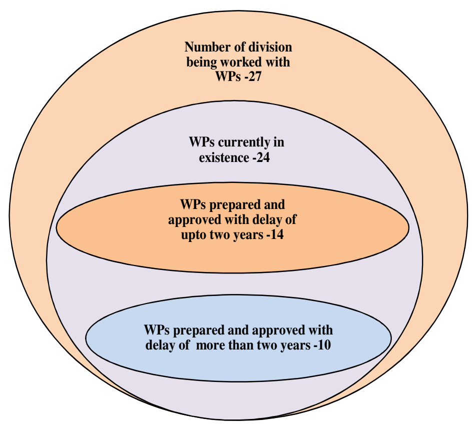
2.2.7 Working Plans

Working Plans (WPs) are prepared for each forest division for a period of ten years by the Forest Department and are approved by the Ministry of Environment, Forest and Climate Change, Government of India (GoI). Forests are managed according to provisions of WPs which contain detailed plans of management of forests and silvicultural[26] operations. Silvicultural activities or commercial operations cannot be carried out without approved WPs. As per Paragraph 31 of National Working Plan Code 2014, preparation of one working plan may take two to two-and-half years. As per Paragraph 60 of Code 2014, Regional Additional Principal Chief Conservator of Forests on behalf of MoEF, is required to accord approval of WP within three months. WP should ideally be prepared and got approved before expiry of the existing WP.

2.2.7.1 Status of Working Plans

(a) Status of WPs in the whole State

There are 27 divisions which are governed by WPs.



However, only 24 WPs were currently in existence. The WPs of remaining three divisions[27] stood expired for a period of six to 30 months. The status of all 27 WPs is depicted in the Venn diagram alongside.

In the 10 selected divisions governed by working plans, WPs of five divisions[28] had expired during the audit period and the revised WPs were prepared and got approved after a gap of 13 to 42 months. In absence of WPs, silvicultural operations of these five divisions were seriously affected and revenue of ₹ 75.37 crore was forgone in two divisions[29] where felling of trees was halted in absence of WPs as discussed in ***paragraph 2.2.8.1***. In

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[26] Silviculture is the art and science of controlling the establishment, growth, composition and quality of forest vegetations for the full range of forest resource objectives.

[27] Tones (expired on 30.09.2015), Almora (expired on 30.09.2016) and Chakrata (expired on 30.09.2017).

[28] Badrinath, Tehri, Tarai East, Tarai West and Tarai Central forest division.

[29] Tarai East and Tarai Central (where WPs expired during the audit period).

remaining five[30] selected divisions, the WPs were prepared and got approved after[31] 16 to 26 months of expiry of earlier WPs. However, these divisions had valid WPs during the audit period.

(b) Status in divisions selected for audit

The stage-wise delay in preparation of WPs of the five divisions where WPs had expired during the audit period is depicted in the **Table-2.2.4** below:

Table-2.2.4: Details of expiry/approval of the WPs

Division	Date of expiry of working plan	Date of appointment of WPO	Date of submission of plan to GoI	Delay in submitting WPs to GoI[32]	Date of approval of Plan by GoI	Total Gap in Working Plan
Badrinath	30.09.13	30.11.11	30.10.14	13 months	11.04.17	42 months
Tehri	30.09.13	11.11.11	18.10.14	13 months	31.03.17	42 months
Tarai West	30.09.15	19.12.12	12.04.16	06 months	14.03.17	17 months
Tarai Central	30.09.15	19.12.12	26.10.15	01 months	14.03.17	17 months
Tarai East	30.09.16	25.02.14	28.08.17	11 months	03.11.17	13 months

Source: Information collected from the Department.

From the above table, it can be seen that the WPs of all the five divisions were submitted to the GoI after one to 13 months since expiry of the existing WPs. These WPs were approved by GoI with further delays as the Department took one to five months for addressing the queries raised by the GoI. The Department was able to get the WPs of these five divisions approved after a gap of 13 to 42 months since the expiry of earlier WPs. The CCF-WP is responsible for ensuring that all the forests are worked under approved working plans and is directly involved in all the matters of preparation of working plans. Despite having a dedicated office for ensuring preparation of WPs, the Department was not able to prepare any of the existing 24 WPs in time.

The Government accepted (January 2019) the fact of delay in submission and approval of WPs and stated that it had made a strategy to complete the work of preparation of pending WPs in a timely manner in future.

2.2.7.2 Non-constitution of Working Plan Units according to National Working Plan Code

National Working Plan Code (NWPC), 2014 provides for constitution of permanent Working Plan Units (WPUs) for preparation of working plans. As per paragraph 29 of NWPC 2014, a WPU at the field level should be headed by a Working Plan Officer (WPO) of the rank of Conservator of Forest who should be assisted by a minimum of two ACFs, four FROs, 12 Foresters and one subject matter expert in each of the specialised field such as remote sensing, biodiversity assessment, socio-economic analysis, taxonomy, *etc*. Further, paragraph 30 specifies creation of adequate posts for the WPU. Otherwise, the subject matter experts and staff are to be engaged on contract basis.

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30 Pithoragarh, Soil Conservation Kalsi, Dehradun, Ramnagar and Nainital.

31 Ramnagar and Nainital Divisions-16 months, Pithoragarh-21 months, Soil Conservation Division Kalsi- 25 months and Dehradun-26 months.

32 Days more than twenty-five was taken as one month.

Irrespective of the circumstances, the responsibility of WP preparation cannot be transferred to a territorial DFO/CF of the forest division.

Moreover, Rule 31 of NWPC specifies that generally, one WPU may undertake the work of preparation/review of WP of four or five forest divisions in a cycle of 10 years. Hence, at least six WPUs would be required for preparation/revision of all 27 WPs in the State. However, no WPU was established by the Department even after lapse of four years of the Code coming into existence *i.e.* April 2014. In absence of WPUs, the work of preparation of WPs was continued by WPOs appointed for the purpose as seen in the case of five selected divisions where working plans were prepared during the audit period. From November 2017 onwards, the responsibility of preparing working plans of nine divisions[33] was delegated to territorial CFs which was in violation of provisions of the Code. Further, each WPO (territorial CF) was assisted by one FRO and four Foresters only which was against the above-mentioned norms.

CCF WP attributed non-setting up of dedicated WPUs to shortage of manpower.

The Government accepted (January 2019) the audit observation and stated that necessary action was being taken to constitute four WPUs as per NWPC, 2014.

2.2.7.3 Harvesting of forest produces in violation of guidelines

Ruling (December 1996) of the Supreme Court of India in the case of T N Godavarman Thirumulkpad Vs Union of India & others and Paragraph 92 of NWPC, 2004 prohibit commercial harvesting of any forest produce unless it has been carried out under the prescriptions of a WP approved by the Ministry of Environment and Forests, GoI. Further, paragraph 33 of the NWPC, 2014 also highlighted the same point by stating that PCCF should ensure that all forest workings are carried out as per approved WP prescriptions.

Audit scrutiny in Badrinath and Tehri forest divisions (two of the resin producing divisions where WPs expired during audit period) revealed that the WPs of these divisions had expired on 30 September 2013 and revised WPs were approved by GoI on 11 April 2017 and 31 March 2017 respectively. Meanwhile, the Principal Secretary permitted (July 2015) extraction of *leesa* in these divisions, despite the fact that CCF-WP and MoEF, GoI had refused (February 2015 and June 2014) to grant such permission due to non-existence of approved working plan. The two divisions extracted 38,476.60 quintal[34] *leesa* during 2014 to 2016 when there was no working plan. Besides, DFO Tarai West carried out felling of trees in 346.84 hectares in 2015-16 before approval of the WP of the division by the GoI. Such harvesting of forest produce was in

[33] Tons, Almora, Chakrata, Nainital, Ramnagar, Dehradun, Soil Conservation Kalsi, Bageshwar and Civil Soyam Division Almora.

[34] Badrinath: 7,200.67 quintal in 2014 crop, 8,040.74 quintal in 2015 crop and 8,714.93 quintal in 2016 crop; Tehri: 3,320.69 quintal in 2014 crop, 5,586.39 quintal in 2015 crop and 5,613.18 quintal in 2016 crop.

violation of the Supreme Court ruling and provisions of Working Plan Code 2004 and 2014.

The Government stated (January 2019) that *leesa* was extracted in the same coupes[35] which were included in the final WPs and which were eventually approved by GoI. The Department further stated that felling of old eucalyptus trees in Tarai West division was carried out as per directions (April 2015) of the Principal Secretary.

2.2.8 Timber

Revenue from timber is received, in the form of royalty, by the Department from the Uttarakhand Forest Development Corporation (UFDC) which is the sole entity authorised to fell and sell timber in Uttarakhand. The Department marks trees for felling every year and the lots[36] of marked trees are handed over to the UFDC for felling operations. The Department receives royalty from UFDC in three installments, first in the month of March of the financial year, second and third in the months of June and September of the next financial year.

Felling operations can be divided in four broad categories as shown in **Table-2.2.5** below:

Table-2.2.5: Felling operations carried out in divisions

Type of felling		Felling operations involved	No. of divisions covered
1. Green Felling (such felling is carried out as per provisions of WPs in areas not more than 1,000 metres above sea level)	**Clear Felling**	Felling of trees and extraction of roots	Three divisions *i.e.* Tarai East, Tarai Central and Tarai West
	Canopy Opening/ Thinning	Removal of trees to allow sunlight/ create space	Four divisions *i.e.* Tarai East, Ramnagar, Dehradun and Soil Conservation Kalsi
2. Development works related felling		Felling due to construction of roads, *etc*.	All 11 selected divisions
3. Felling of dead, diseased and uprooted trees as provided in WPs		Dead, diseased and uprooted trees are harvested in annual coupes (areas identified for felling) as provided in working plan	Ten selected divisions (excluding Rajaji Tiger Reserve)
4. Felling of dead, diseased and uprooted trees by approval of specialist committee		Dead, diseased and uprooted trees are harvested on recommendations of a specialist committee	Ten selected divisions (excluding Rajaji Tiger Reserve)

The first type of felling *i.e.* green felling is the major source of revenue from timber as coupes/areas for such felling in each year are identified in WPs and yields are also estimated in the WPs. Audit findings relating to revenue from timber are discussed below:

2.2.8.1 Non-realisation of revenue due to delayed submission and approval of working plans

All silvicultural operations are carried out in forests as per schedule prescribed in the WPs. Hence, any time-gap between expiry of earlier WP and new WP of a division

[35] Coupes are areas specifically demarcated for extracting forest produce.

[36] Lot is a list of trees marked by the Department for felling. A Coupe can contain one or more lots as per convenience.

causes cessation of silvicultural operations which not only affects health of the forests but also hampers the revenue collection of the Department. The process of submission of WPs to the GoI and approval of these WPs, therefore, should ideally be completed before expiry of existing WPs.

WPs of Tarai Central and Tarai East divisions were submitted and got approved after expiry of existing WPs which resulted in non-realisation of royalty of ₹ 75.37 crore, as shown in **Table-2.2.6** below:

Table-2.2.6: Non-realisation of revenue due to delayed submission/approval of the WPs

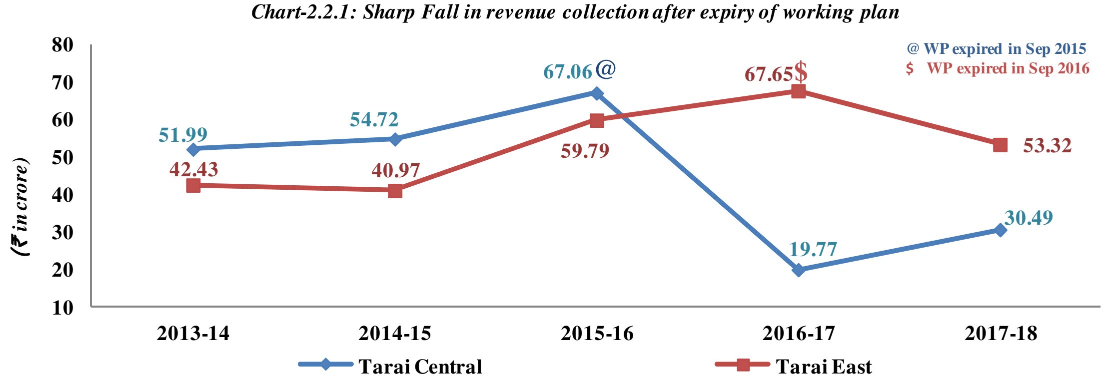
Division	Date of expiry of working plan	Date of submission of plan to GoI	Date of approval of Plan by GoI	Total Gap in Working Plan	Timber remaining unfelled due to gap in WPs (cum)	Royalty remaining un-realised[37] (*₹ in crore*)
Tarai Central	30.09.15	26.10.15	14.03.17	17 months	64,954.81	42.42
Tarai East	30.09.16	28.08.17	03.11.17	13 months	10,751.00	32.95
Total					***75,705.81***	***75.37***

Source: Information collected from the Department.

Note: In remaining three divisions, where working plan expired during audit period, resin was extracted (Badrinath and Tehri divisions) and timber was felled (Tarai West division) when WPs were not in existence.

Impact of non-felling due to time-gap in WPs can be seen in the **Chart-2.2.1** below which indicates sharp fall in revenue from timber after the expiry of WPs.

Chart-2.2.1: Sharp Fall in revenue collection after expiry of working plan



During exit conference and in its reply (December 2018), the Government stated that trees could not be felled due to delay in approval of WPs and added that required felling would be completed after obtaining approval of GoI.

2.2.8.2 Non-realisation of royalty due to non-conducting of canopy opening operation in Sal Forest

Sal forests in Uttarakhand are facing a severe problem of regeneration due to very poor survival of naturally grown saplings. As *Sal* requires long hours of sunlight, its saplings get suppressed if there is insufficient sunlight due to dense canopy (cover) of matured and over matured *Sal* trees. This is why working plans approved by GoI provide for canopy

[37] Data of species-wise timber (*Sal*, *Sain* and *jamun* in the case of Tarai East division and poplar, sagaun and eucalyptus in the case of Tarai Central Division) remaining unfelled has been taken from the WPs and the estimated royalty has been calculated as per existing royalty rates applicable in the divisions.

opening[38] operations by felling matured and over matured *Sal* trees with exploitable[39] diameter. The State Government had also issued directions (2001) to the Department to start felling of matured green trees with exploitable diameter so as to avoid the negative growth and extinction of *Sal* forests. Besides, one-third of the royalty received from such felling was to be utilised in Assisted Natural Regeneration (ANR) activities (activities like burning of waste leaves and soil working for promoting seed germination; cutting shrubs for freeing space for saplings; fencing to avoid trampling of *Sal* saplings by people and cattle; and fire protection) for the purpose of promoting regeneration. As per directions of GoI and State Government, canopy opening operations should be conducted after approval of annual action plan (AAP) by the GoI and site specific plans (SSPs) having detailed scheme for ANR operations by the PCCF.

Canopy opening operation or regeneration felling was not conducted in any of the four divisions (Soil Conservation Kalsi, Dehradun and Ramnagar during 2013-18; Tarai East during 2013-16[40]) having *Sal* forests although the same was specifically prescribed in their working plans. It was further noticed that the divisions did not get AAPs or SSPs for canopy opening approved in any of these years (Soil Conservation Kalsi, Dehradun and Ramnagar during 2013-18; Tarai East during 2013-16) and no instructions were found issued in this regard by CCF-WP who was informed each year of the fact that canopy opening operations were not conducted in these divisions. Due to non-conducting of this essential silvicultural operation, the Divisions could not realise revenue of ₹ 330.12 crore on estimated timber production of 1.50 lakh cum, as detailed in ***Appendix-2.2.1***.

The Government stated (January 2019) that canopy opening for *Sal* regeneration was a purely silvicultural work and not designed for revenue generation. The Government further stated that annual coupes were not fixed in WP of Ramnagar and in the case of Dehradun and Kalsi, proposals for ANR activities were not sent to GoI due to felling of diseased trees; lack of regeneration in *Sal* trees; and biotic pressures in the forest areas.

The reply of the Government is not acceptable as canopy opening is prescribed in WPs after proper enumeration and survey by Working Plan Officers (WPOs) who fix annual coupes or 10 year targets of canopy opening and regeneration after considering and analysing all the relevant facts like status of regeneration, biotic and abiotic pressure on the forests and past management of these forests, *etc*. Further, the specific objective of canopy opening is to provide space and sunlight for small suppressed trees/saplings and removal of diseased trees was not a substitute for canopy opening.

During exit conference, the ACS directed the Department to ensure that canopy opening operations were conducted in divisions as per provisions of working plans.

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38 Canopy opening involves selected felling of tall trees so that top canopy (cover) of forest is partially opened up and small suppressed trees/saplings get access to sunlight.

39 Exploitable diameter of *Sal* was fixed at 45 centimetre (cm) and above in Dehradun and Soil Conservation, Kalsi divisions and 50 cm and above in Tarai East and Ramnagar divisions.

40 The WP of Tarai East expired thereafter.

2.2.8.3 Non-realisation of royalty due to non-felling of trees in absence of marking operations

Coupes identified in the WPs for felling in a particular year are marked and allotted to UFDC for felling. The UFDC carries out felling operations and pays royalty to the Department at prescribed rates. Working Plan of each division has area/species wise detail of trees required to be felled each year. Specific marks are then affixed on trees eligible for felling for facilitating identification so that only prescribed trees are felled by the UFDC. This process is called marking operation. After marking operation is complete, the marked trees are allotted to UFDC for felling.

In two (Ramnagar and Tarai Central) of the six forest divisions, where green felling was allowed as per working plans, marking operations could not be undertaken in 83.41 hectare area of three coupes in Tarai Central (2013-14) and 1,129.19 hectare area of four coupes in Ramnagar (2013-18) forest divisions due to lack of budget. This led to non-felling of trees and non-production of an estimated timber of 10,017.77 cum on which the Department could not realise royalty of ₹ 27.90 crore as detailed in ***Appendix-2.2.2.*** It was further observed that the funds for carrying out marking operations were not made available to the divisions, despite the fact that DFO Ramnagar had raised periodical demands with the PCCF while DFO Tarai Central had raised the demand through annual budget for carrying out the marking operations.

During exit conference, the ACS directed the Department to ensure availability of sufficient budget with the divisions for carrying out marking operations.

2.2.8.4 Non-realisation of royalty due to non-felling of trees by UFDC

UFDC is the sole authority responsible for felling and selling timber of forests in the State. Hence, it is required to fell every lot marked by the Department for felling.

Audit noticed that in two[41] of the six forest divisions[42], where green felling was allowed as per working plans, UFDC did not carry out felling operations in 20 lots of DFO Ramnagar and 15 lots of DFO Tarai Central allotted during 2013-18 as shown in ***Appendix-2.2.3***.

Audit noticed that the UFDC returned the lots citing various reasons like vague marking, violation of provisions of working plan in marking, and overload of work, *etc*. The Ramnagar division countered contentions of the UFDC and informed CF about non-felling of trees. On the other hand, DFO Tarai East Division raised the matter with the UFDC but still the instances of non-felling continued. This non-felling resulted in non-production of 40,957.68 cum of timber on which department could not realise royalty of ₹ 14.28 crore.

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[41] DFO, Tarai Central, DFO, Ramnagar.

[42] DFO, Tarai Central; DFO, Ramnagar; DFO, Tarai West; DFO, Tarai East; DFO, Dehradun and DFO, Soil Conservation Kalsi.

The Government stated (January 2019) that all 15 lots of Tarai Central forest division were re-allotted in 2018-19 to the UFDC for felling. With regard to 20 lots of Ramnagar forest division, it was stated that one lot had been felled; one lot was being felled; one lot was being re-marked; and the remaining lots were re-allotted to UFDC during 2018-19.

During exit conference, PCCF (HoFF) assured quick disposal of unfelled timber.

2.2.8.5 Loss due to erroneous fixation of royalty

Uttar Pradesh Government issued (September 1983) instructions for fixing royalty of trees felled by the erstwhile Uttar Pradesh Van Nigam. For fixing rate of royalty of the current year of any particular species, the average sale price of preceding two years is taken into consideration for working out the *per cent* increase/decrease in average sale prices. This increase/decrease is then added to the royalty of the preceding year to arrive at the current year's royalty rate. Further, in 1994, the Government decided that royalty of eucalyptus timber to be paid to the Forest Department should be 55 *per cent* of the average sale price received by the Uttar Pradesh Forest Development Corporation.

The same method for fixation of royalty of eucalyptus continued even after creation of UFDC consequent upon creation of State of Uttarakhand in 2000. The UFDC sells eucalyptus timber to two paper mills (one situated in the State in Lalkuan and the other situated in Saharanpur of Uttar Pradesh) on negotiation basis, as was the practice in Uttar Pradesh before creation of Uttarakhand; and to other purchasers on auction basis.

Audit observed that the Department did not fix royalty of eucalyptus, allotted to UFDC, @ 55 *per cent* of the average rates received by the UFDC. Instead, on the proposal of UFDC, it fixed royalty @ of 55 *per cent* of rate on which UFDC sold timber to the two paper mills as shown in the **Table-2.2.7** below:

Table-2.2.7: Details of eucalyptus sold during the period 2013-18

Year	**Sale to paper mills** *(in cum)*	**Rate Received by the UFDC from paper mills** *(₹per cum)*	**Royalty fixed for the Department** *(₹per cum)*	**Total Sale by UFDC** *(in cum)*	**Amount received by UFDC on total sale** *(in ₹)*	**Average rate received in total sale** *(₹per cum)*	**Royalty required to be fixed for Department** *(₹per cum)*	**Difference in rates** *(₹per cum)*	**Allotment of eucalyptus to the UFDC by the Department** *(in cum)*	**Loss of revenue** *(in ₹)*
(1)	(2)	(3)	(4) =55% of (3)	(5)	(6)	(7)=(6)/(5)	(8) =55% of (7)	(9) =(8) - (4)	(10)	(11) = (9)*(10)
2013-14	4,624	3,330.28	1,832	39,839.43	25,98,36,370	6,522.09	3,587	1,755	30,179	5,29,64,145
2014-15	12,775	3,332.64	1,833	38,724.17	23,39,91,336	6,042.51	3,323	1,490	51,265	7,63,84,850
2015-16	13,572	3,332.64	1,833	72,838.83	40,20,86,819	5,520.23	3,036	1,203	75,943	9,13,59,429
2016-17	5,514	3,332.64	1,833	67,933.43	39,00,82,628	5,742.13	3,158	1,325	24,121	3,19,60,325
2017-18	0.00	3,332.64	1,833	35,646.34	19,65,37,304	5,513.53	3,032	1,199	49,418	5,92,52,182
Note: For 2017-18, rates have been decided for paper mills but timber has not been taken by the Mills yet.									***Total***	***31,19,20,931 say ₹31.19 crore***

Source: Information submitted by UFDC to the royalty fixation committee and to audit.

Average rates received by UFDC from paper mills were much lower than average rates received by the UFDC in total sale. However, the royalty fixation committee[43] did not fix royalty based on average rates leading to a loss of ₹ 31.19 crore to the Department during 2013-18.

The Government stated (January 2019) that the royalty fixation committee would review the matter raised by audit.

2.2.8.6 Non-realisation of royalty on fuel woods and tree roots

(a) During felling of trees of any species, small branches are invariably produced. These branches are classified as 'fuel wood'[44]. As per instructions of the Department (August 1998), royalty was to be recovered at scheduled rates by the Department on the quantity of 'fuel wood' which was auctioned by the Corporation.

However, audit found that the Department had not fixed royalty rates for 'fuel wood' auctioned by the UFDC during the audit period. The UFDC earned ₹ 13.94 crore[45] by auctioning 'fuel wood' during 2013-18 but the Department did not get any share of this amount.

Whole trees of some native species like *banz, kharsu, mauru, tiloj, burans, etc.* are classified as 'fuel wood category trees'. For these trees, royalty is paid to the Department on the basis of whole volume allotted to the UFDC. DFO Nainital was not paid royalty for 927.91 cum timber of 'fuelwood category trees' during 2013-18 by the UFDC. The DFO did not make any effort for receiving royalty on these species although the UFDC informed the Division each year about the quantum of 'fuelwood category trees' felled. The Department, therefore, suffered a loss of ₹ 11.17 lakh during the above period.

(b) In the case of normal felling, the trees are felled above 15 centimeters from the ground and roots are left to check soil erosion. However, in the case of clear felling, the trees are felled and their roots are uprooted. Hence, in the case of clear felling, the UFDC auctions roots in addition to normal commercial timber.

However, there was no mechanism in the Department to levy royalty on tree roots. As a result, the Department did not get any share out of ₹ 42.17 crore[46] which the UFDC garnered from sale of tree roots during 2013-18.

The Government assured (January 2019) that a policy would be framed regarding levying royalty on 'fuel wood' and roots. With regard to non-recovery of royalty of 'fuel wood category trees' the Government stated (January 2019), that necessary action was being taken to address the issue pointed out by audit.

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43 Consisting of PCCF-HoFF as president; CCF Working Plan as member secretary; Managing Director-UFDC, zonal CCFs of Garhwal and Kumaun and some other officers of the Department as members.

44 Fuel wood comprises timber with diameter less than 15 cm in case of eucalyptus, less than 21 cm in case of teak and less than 30 cm (in case of other species) produced along with round timber.

45 2013-14: ₹ 3.54 crore, 2014-15: ₹ 2.91 crore, 2015-16: ₹ 2.64 crore, 2016-17: ₹ 3.82 crore and 2017-18: ₹ 1.03 crore.

46 2013-14: ₹ 8.98 crore, 2014-15: ₹ 7.94 crore, 2015-16: ₹ 9.52 crore, 2016-17: ₹ 11.25 crore and 2017-18: ₹ 4.48 crore.

2.2.8.7 Production vis-à-vis estimate

The Department classifies trees into sound, fit and unfit category as per parameters (as detailed in ***Appendix-2.2.4 A***) of soundness of bole as described in its circular no. 124/2-7-1 dated 19 November 1956. Estimated timber production is worked out using a volume factor table developed by Forest Research Institute, Dehradun. This table assigns different volume factors for each tree species and for different girths within each species. The process can be seen the **Table-2.2.8** below:

Table-2.2.8: Estimation of Volume of Trees

Type of tree	Volume
Sound tree	Full volume factor as given in volume factor table for that girth and species
Fit tree	2/3 of volume factor as given in volume factor table for that girth and species
Unfit tree	1/3 of volume factor as given in volume factor table for that girth and species

The Department receives royalty of the timber allotted to UFDC on the basis of estimated production.

Audit examined data, received from UFDC, of timber produced during 2013-17[47] with regard to six divisions (Tarai East, Tarai Central, Tarai West, Dehradun, Kalsi and Ramnagar) where green felling was allowed. It was noticed that in these divisions, there was excess production in most of the lots as can be seen in the **Table-2.2.9** below:

Table-2.2.9: Details of excess production *vis-à-vis* estimates in five divisions during 2013-17

	Ramnagar	Dehradun	Kalsi	Tarai Central	Tarai East	Tarai West	Total
Total No. of lots	209	834	421	492	391	182	2,529
Lots with production below estimates	4	56	42	35	29	22	166
Lots with production above estimates (in *per cent*)	205 *(98)*	778 *(93)*	379 *(90)*	457 *(92)*	362 *(92)*	160 *(87)*	2,341 *(92)*
Highest value of production in a single lot (in percentage)	*1,299*	*1,707*	*1,219*	*1,089*	*1,312*	*685*	-
Total Excess production in cum during 2013-17	10,663	14,781	5,243	44,231	62,945	1913	1,39,776
Estimated value of the excess production *(₹ in crore)*	6.77	7.64	2.77	28.67	40.29	1.15	87.29

Source: Information collected from the UFDC.

As can be seen from the table, 92 *per cent* lots felled in six divisions had produced excess volume of timber than estimated. However, due to practice of royalty being paid on the basis of estimates, the Department was not able to claim royalty of ₹ 87.29 crore on the excess production (1,39,776 cum in six divisions during 2013-17) of timber from the UFDC, as detailed in ***Appendix-2.2.4 B***. In view of large-scale variation between the estimated and actual production, the Department may consider levying royalty on the actual production in case the actual production exceeds the estimated production beyond a permissible limit, which it can decide. Besides, such actual production may be recorded

[47] Data for 2017-18 for maximum no. of lots was not provided by the UFDC. However, to maintain uniformity, data from 2013-14 to 2016-17 was considered.

through joint inspection by the Department and the UFDC which is the practice in some other States like Madhya Pradesh.

During exit conference, the PCCF-HoFF assured that the issue would be considered. The Government also stated (January 2019) that a decision would be taken on whether the royalty should be levied on estimated production or actual production after discussion with the Government as it was a policy matter.

2.2.8.8 Loss of royalty due to incorrect calculation of volume

The Department issued instructions (April 1989) stating that trees in the hill areas are to be classified into only two categories- fit and unfit, in place of the earlier three categories. For a fit tree, entire volume factor as prescribed by the Department for the particular species was to be taken for working out estimated production and estimated production of an unfit tree was to be worked out taking half of the prescribed volume factor.

Out of total 11 selected divisions, four (Pithoragarh, Tehri, Badrinath and Nainital) divisions are hill divisions. Audit noticed that the formula was followed correctly in three divisions (Pithoragarh, Badrinath and Nainital) during 2013-14 to 2017-18. In Tehri Forest Division the above prescribed formula was followed from 2013-14 to 2014-15. During 2015-18 the Division changed the method of volume calculation as given in **Table-2.2.10** below:

Table-2.2.10: Estimation of Volume of Trees in Hill Areas

Type	Prescribed volume	Changed Volume	Short calculation
Fit tree	Full volume as given in volume factor table for that girth and species	2/3 volume as given in volume table for that girth and species	1/3 volume (1-2/3)
Unfit tree	Half of volume factor as given in the table for that girth and species	1/3 volume as given in volume table for that girth and species	1/6 volume (1/2-1/3)

As can be seen from the table, this resulted in short calculation of production of timber by 1/3 part and 1/6 part in case of fit and unfit trees respectively. It led to short estimation of allotted timber by 4,610.94 cum during 2015-18 and consequent loss of royalty of ₹ 1.01 crore.

The DFO, Tehri Division stated that the method of estimation was changed as per request of UFDC.

During exit conference, the ACS directed the Department to ensure that a uniform method as per existing instructions of the Department is applied by all hill divisions to calculate the volume of timber.

2.2.8.9 Loss of revenue on timber of civil forests

Royalty of timber felled from reserved forests belongs entirely to Forest Department. On the other hand, royalty for the timber of civil[48] forests is divided between the Department, the District Magistrate and Zila Panchayat. Government order (June 1968) in this regard

[48] These forests do not come under reserve forest and are under the control of Revenue Department.

stipulates deduction of administrative charges @10 *per cent* of royalty received for timber of civil forests by the Forest Department. The remaining royalty is to be divided by the Department in the ratio of 40:40:20 between itself (Forest Department), District Magistrate and Zila Panchayat.

Audit noticed that out of total royalty of ₹ 20.38 lakh for timber of civil forest in Badrinath, the DFO Badrinath received only ₹ 2.04 lakh (10 *per cent*).The remaining 90 *per cent* (₹ 18.34 lakh) royalty was disbursed by the UFDC directly to the District Magistrate/Zila Panchayat without providing 40 *per cent* share to the Forest Department. However, the divisional authorities did not raise the matter with the UFDC despite the fact that it was in violation of the existing practice/government order and affected revenue interests of the Department. The Department, therefore, suffered a loss of ₹ 7.34 lakh[49] during 2013-14 to 2015-16.

The Government stated (January 2019) that the issue would be reconciled in the next meeting of royalty fixation committee.

2.2.8.10 Disposal of diseased, dead and uprooted trees

Diseased, dead and uprooted trees are disposed off by the Department on the recommendations of a specialist committee[50]. Removal of such timber is an essential silvicultural operation and also a good source of revenue for the Department. Government of Uttarakhand directed (February 2015) the Department to conduct quarterly meetings of the above committee compulsorily so that the dead, diseased and uprooted trees are not left un-disposed. The PCCF was required to submit half yearly reports to the Government of Uttarakhand regarding the compliance of this direction.

Audit noticed that in six of the ten[51] divisions only 14 meetings[52], against the required 72[53], were conducted during 2015-16 to 2017-18. In these meetings, 30,971 trees were recommended for felling and were disposed off. No meeting was held in the remaining four divisions[54]. The Department was, therefore, deprived of potential revenue through disposal of dead and uprooted trees of reserved forests due to non-holding of meetings of the committee at regular intervals. Besides, the PCCF did not submit any half yearly reports to the Government on the compliance of its order.

The UFDC as well as the Department had time and again stressed that undisposed dead and uprooted trees were abundant in the forests and, therefore, the meetings were required to be conducted regularly in a time bound manner. Despite this, there was shortfall in the number of meetings held during the audit period.

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49 ₹ 18.34 lakh x 40 *per cent* = ₹ 7.336 lakh.

50 The committee consists of DFO, a working plan officer and a member from any local organisational working in the interest of environment.

51 In Rajaji Tiger Reserve felling of diseased, dead and uprooted trees is not carried out.

52 Dehradun-01, Pithoragarh-01, Nainital-01, Tehri-05, Badrinath-03, Kalsi-03.

53 6 divisions X 4 meetings X 3 year.

54 DFO, Tarai East, Tarai West, Tarai Central and Ramnagar.

During exit conference, PCCF-HoFF assured that disposal of diseased, dead and uprooted trees would be made in a regular and timely manner.

2.2.8.11 Blockade of royalty of trees felled during development works

Royalty of timber allotted to UFDC in a particular year is paid in March of that financial year (1st installment), June and September of next financial year (2nd and 3rd installment). UFDC is liable to pay royalty on lots allotted and accepted. The guidelines in this regard have been framed by the Department and the same guidelines were followed by the UFDC till 2015-16.

UFDC unilaterally decided (September 2016) to change this practice relating to timber lots allotted to it by the Department for felling relating to development works like construction of roads. The UFDC issued instructions (September 2016) that payment of royalty for such timber would be made after sale of timber and deduction of administrative charges @ 20 *per cent* of sale value. This change was introduced after its earlier proposal (December 2015) to make timber of development works related lots royalty-free was rejected by the Department.

In nine divisions, 136 lots[55] containing 14,294.88 cum of timber, related with development works, were accepted by UFDC during 2016-17 and 2017-18. However, payment of royalty amounting to ₹ 7.11 crore for this timber was withheld by UFDC. Although due dates for the installments of royalty had lapsed, the Department did not receive royalty of ₹ 7.11 crore from UFDC.

Further, there was lack of monitoring by the Department as evident from the fact that the Department was not even aware of the quantum of sale of timber from the allotted lots. Further, Department did not contest the unilateral change of royalty payment schedule by UFDC.

The Government stated (January 2019) that the issue would be decided in the next meeting of royalty fixation committee.

During exit conference, the PCCF-HoFF assured that proper action would be taken in the matter after due deliberation.

2.2.8.12 Loss due to illegal felling

Felling and removal of trees from a forest area by private individuals is a punishable forest offence under Section 26 of the Indian Forest Act, 1927. To prevent such illegal removal of the forest produce, enforcement activities like regular patrolling of forest areas, erection of forest check gates at the vital points and availability of sufficient manpower at beats are necessary.

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[55] Pithoragarh- 18 lots with 447.92 cum; Badrinath- 42 lots with 1,875.78 cum; Tehri- 13 lots with 657.84 cum; Nainital- 16 lots with 1,606.24 cum; Tarai East- 03 lots with 141.94 cum; Tarai West- 04 lots with 845.19 cum; Tarai Central- 28 lots with 6,998.02 cum, Ramnagar- 01 lot with 265.85 cum and Dehradun- 11 lots with 1,456.10 cum.

Examination of offence case records in the 10 out of 11 selected divisions revealed status of illegal felling of timber as detailed in the **Table-2.2.11** below:

Table-2.2.11: Details of illegal felling in 10 divisions

	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Volume of illegally felled timber *(in cum)*	519	451	441	379	319	2,109
Volume of illegally felled timber comprehended *(in cum)*	321	319	303	288	206	1,437
Volume of illegally felled timber remaining unrecovered *(in cum)*	198	132	138	91	113	672
Value of undetected timber *(₹ in lakh)*	17.87	11.32	7.73	8.55	12.40	57.87

Source: Information collected from the Department.

From the above table, it can be seen that 2,109 cum timber was illegally felled during 2013-18. Of this, 672 cum timber valued at ₹ 57.87 lakh remained unrecovered as the Department could not apprehend the offenders (***Appendix-2.2.5)***. Although the incidences of illegal felling continued year by year, the declining trend bodes good for the Department as well as the environment.

The Government stated (January 2019) that there was declining trend in illegal felling due to effective measures taken by the Department.

2.2.9 Leesa

Resin *i.e. leesa* in local parlance is a highly viscous and inflammable substance which is secreted from *Chir* pine trees. Resin is secreted when bark of tree is removed from a portion of the trunk an incision is made. Then one small groove (2 mm depth) is made on each side of the incision every week. Resin contains two organic compounds-turpentine oil and rosin, and is widely used in pharmaceutical preparations, cosmetics, perfumes, paper industry, adhesives, paint, varnish and polish, *etc*. In Uttarakhand, *leesa* is extracted from *Chir* pine trees during March to October and is auctioned in Nainital and Rishikesh depots by the Forest Department. Out of the selected 11 divisions, only three divisions (Badrinath, Tehri and Nainital) have *Chir* pine forests producing *leesa*. Audit noticed the following deficiencies in the management of production and sale of *leesa*:

2.2.9.1 Loss due to short-production

The time schedule for *leesa* production stipulates issue of work orders by December end so that all the intermediate procedures can be completed in time and *leesa* extraction starts from March. *Leesa* is produced from trees during the eight-month period (March to October), after cold weather which is not conducive for *leesa* production sets in. As such, this month window available for extraction is crucial for production of *leesa*. The state level committee fixed (July 2014) standard of production as 3.50 quintal per 100 wounds in a season (March-October) for Badrinath and Tehri. In Nainital, the target of production was fixed as 4.30 quintal per 100 wounds in a season.

Audit noticed that in two (Badrinath and Tehri) out of three *leesa* producing divisions, the work orders for extraction of *leesa* were issued after delay of three to eight months during 2014 to 2017. The effective window (March to October) available for production of *leesa* in these divisions, therefore, got curtailed by one to six months which led to shortfall in production of *leesa* and resulted in loss of revenue of ₹ 2.39 crore to the Department, as shown in ***Appendix 2.2.6.*** In Nainital, no short production was noticed**.**

The Government accepted (January 2019) the fact of short production in Tehri. In case of Badrinath division, the Government stated that production was as per erstwhile target of 3.0 kg per wound. The reply is not acceptable as the state level committee had revised the norm of production of *leesa* from 3 to 3.5 kg per wound in 2014 itself.

2.2.9.2 Loss due to non-inclusion of eligible pine trees into new working plan

Coupes of trees eligible for *leesa* production are identified during preparation of the WPs. The divisions extract *leesa* from the identified trees during WP period. *Chir* pine trees with minimum diameter of 40 cm are eligible for extraction of *leesa* and an eligible tree produces *leesa* for 25 years.

WP of Badrinath Division expired on 30 September 2013. The working plan officer, after partial enumeration, discussions with the field staff and field inspections, included 2,87,500 new eligible pine trees in the Second Preliminary Working Plan Report (SPWPR). CCF-WP also, in his letter (May 2016) to the regional office of MoEF-GoI, justified inclusion of the above number of eligible pine trees in the SPWPR and this was accepted by GoI. However, the new WP (April 2017) included only 1,30,500 new pine trees. The Department, therefore, did not include 1,57,000 new eligible trees in the WP leading to a recurring loss of ₹ 2.47 crore[56] per year.

The Government stated (January 2019) that the number of pine trees was decreased after total enumeration. However, the reply is not acceptable as there was no documentation in the approved WP stating that total enumeration had been done. CCF-WP had accepted that the number of pine trees was reduced after verbal discussion between CCF-WP and WPO.

2.2.9.3 Loss due to poor storage facilities of leesa

Leesa is a highly inflammable substance which oozes out of cracks in containers when exposed to hot weather conditions. *Leesa* leaked out of tins is stored in pits and sold separately as lots of 'leaked *leesa*'. However, leaked *leesa* fetches less rates compared to normal *leesa*. Due to this, the Government issued (April 2003) instructions for erection of proper shades for storage of *leesa* to minimise the impact of weather. Also, with the passage of time, the quality of *leesa* deteriorates and such *leesa* fetches lower prices.

A joint inspection (May 2018) of Sultannagari *leesa* depot of Nainital Forest Division revealed that out of 20 platforms, only five platforms had shades. *Leesa* stored in the remaining platforms was open to vagaries of nature including dust, dirt, sunlight and rainwater. Also, the containers used for storing *leesa* were of poor quality. Leaked *leesa* was collected in open pits as shown in ***photograph no. 2.2.1 and 2.2.2*** below:

[56] 1,57,000 trees x production of 3.50 quintal per 100 tree x minimum selling price of ₹ 4,500 per quintal of *leesa* during 2013-18.

Photographs: 2.2.1 and 2.2.2: Collection of leesa in open pits at Sultannagari leesa depot of Nainital Forest Division

Impurities due to open storage might be one of the reasons of *leesa* produced in Uttarakhand remaining unsold. Besides, leaked *leesa* garnered poor rates in comparison to the normal *leesa*. The price difference ranged between ₹ 144 and ₹ 1,984 per quintal.

The Government stated (January 2019) that the problem of leakage of *leesa* was more due to storage in tins and less due to shortage of shades. However, the Department assured that shades would be constructed as per availability of funds.

2.2.10 Minor Minerals and Other Sources of Revenue

Collection of minor minerals (sand, *bazari* and boulder) from rivers flowing through reserved forests is an essential flood control measure and a good source of revenue for the Government. After approval of GoI, particular area of forest land *i.e.* riverbed is leased to the UFDC for a period of ten years to conduct the mining operations. UFDC recovers management fees, royalty, goods and services tax, income tax, river training fee, labour welfare fees, *etc*. while the Forest Department levies transit fees (currently ₹ 110 per cum) and road maintenance fees (currently ₹ 130 per truck) on the minerals being transported.

In three divisions, mining operations are being carried out.

Audit noticed instances of loss of transit fees in mining operations being conducted in Gola and Kailash/Nandhaur rivers (under Tarai East Forest Division), Kosi and Dabka rivers (under Tarai West Forest Division) and Song and Jakhan rivers (under Dehradun Division), as detailed below:

2.2.10.1 Loss due to short availability of mining season

Target of collection of specific quantities of minor minerals is fixed for each mining season. Mining season begins from 1st October of each year and ends on 31st May of the next year. Mining operations are conducted till achievement of mining targets or end of mining season, whichever is earlier. DFOs issue work order for conducting mining activities in favour of UFDC after clearance of the proposal by the district mining committee headed by District Magistrate.

In all three mining divisions, no specific time schedule was prescribed for completing various processes involved in the approval of mining operations in river bed. DFOs of

Tarai East and Tarai West forest divisions issued work orders to UFDC for initiating mining operations with delay of 14 days to 172 days during mining season 2013-14 to 2017-18. Besides, DFO Tarai East/UFDC were not able to get environment clearance in Kailash/Nandhaur river in due time leading to complete halt of mining operations in the river during 2016-17. This led to short availability of the working season for carrying out mining operations. Hence, in Tarai East and Tarai West Divisions, only 3.06 crore cum minor minerals could be extracted against the target of 3.90 crore cum during 2013-14 to 2017-18 mining season. Audit also noticed that the Dehradun Forest Division had issued work orders for five years together, yet the UFDC extracted only 31.12 lakh cum of minor minerals against the target of 60.52 lakh cum. The Department, therefore, could not realise transit fees of ₹ 53.15 crore due to short/non-production of 1.13 crore cum of minor minerals, as detailed in ***Appendix-2.2.7***.

The Government stated (January 2019) that targets of extraction represent the maximum permissible extraction of minor minerals from the riverbed and any non-achievement thereof should not be the basis for estimating the revenue loss. Besides, it was also stated that mining was dependent on market demand. The reply should be seen in light of the fact that short production was largely on account of delay in issue of work orders. Besides, the mining activity continued till the last date of permissible duration which shows that the targets could be achieved if more time was available for mining. In case of Dehradun, Divisional Logging Manager (Mining), Dehradun, UFDC, stated that extraction of minor minerals was less due to remote location of the mining area and because of only local demand.

As mining activity is a regular activity of the Department carried out each year, the Department needs to iron out all the bottlenecks which lead to delay in issue of work orders and in making other arrangements.

2.2.10.2 Cancellation/reduction of public demand

In the areas allotted to UFDC for extraction of minor minerals, joint inspections by the Department and UFDC are carried out twice in a month for having an assurance that mining is not being carried out in prohibited areas and beyond permitted depth. UFDC is required to remove river bed material from within the middle half of the river and within three meter depth. The Department raises public demand (PD) which is a penalty equal to twice the value of mineral extracted in the prohibited area.

Audit noticed that two divisions[57], out of total three test checked divisions where river bed mining is carried out, issued 19 PDs[58] of ₹ 8.39 crore against the UFDC after joint inspections of mining sites during 2013-14 to 2017-18. The DFOs issued PDs unilaterally as representatives of UFDC refused to put their signature on inspection reports. However, Conservator of Forests (CF, Western Circle) cancelled seven PDs of ₹ 1.96 crore on the

[57] DFO Tarai West and DFO Tarai East.

[58] 16 PDs of ₹ 6.05 crore in Tarai West Division and three PDs of ₹ 2.34 crore in Tarai East Division.

ground that the PDs were issued unilaterally and officials of UFDC had not signed the inspection reports. Further, 10 PDs of ₹ 6.34 crore were settled by the CF for ₹ 0.29 crore only by reducing the quantity of illegally mined minerals. Balance two PDs of ₹ 6.86 lakh were pending before CF for arbitration. Hence, the Department did not realise the revenue of ₹ 8.01 crore.

The Department needs to address this issue and find a workable solution since willful non-cooperation by UFDC officials has persistently resulted in non-realisation of penalty.

2.2.10.3 Short-levy of Transit fee

Government Notification[59] of October 2017 stipulated levy of transit fee at the rate of ₹ 50 per ton for collection of river bed material from the forest area with immediate effect in place of earlier rate of ₹ 15 per ton.

Scrutiny of records of two divisions[60] revealed that the transit fee was levied at the rate of ₹ 15 per ton in place of ₹ 50 per ton even after the effective date of the notification (06.10.2017) which resulted in loss of revenue of ₹ 72.27 lakh[61]. Audit found that the order was received late by these Divisions.

During exit conference, the Department accepted the audit observation. The Department should ensure timely application of rates of transit fee.

2.2.10.4 Non-receipt of Premium and Lease Rent

Lessees of forest land have to pay one time premium and annual lease rent to the Forest Department. GoU issued a policy (September 2005) in respect of renewal of existing lease and sanction of new lease on forest land and assessment of premium and annual lease rent of forest land. As per Paragraph 2 of the Policy, premium has to be paid prior to commencement of the lease. The policy stipulated the following conditions given in **Table-2.2.12** for the purpose of lease on the forest land:

Table-2.2.12: Conditions of premium and lease rent

Sl.No.	Purpose of lease	Formula for calculation of premium	Formula for calculation of lease rent
For Renewal of lease			
1.	Agriculture (more than one Hectare)	Current market rate intimated by the District Magistrate x Period of lease/99	One *per cent* of Premium amount
2.	For *Ghar, Chapper, Jhopadi, Gausala (more than 200 square metre)*		
3.	Commercial		Five *per cent* of Premium amount
For New lease			
1.	For the construction of Hydro Power Project, electric transmission lines; establishment of Water based industries *i.e.* mineral water plant and Development of tourism infrastructure facilities.	Current market rate intimated by the District Magistrate x Period of lease/99	One *per cent* of Premium amount
2.	Other than above purpose	Current market rate intimated by the District Magistrate	Ten *per cent* of Premium amount

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60 Tarai West, Ramnagar (₹ 1.06 lakh 18.10.2017 to 01.11.2017) and Soil Conservation, Kalsi (₹ 71.21 lakh 06.10.2017 to 24.10.2017).

61 The revenue loss was from the period 06.10.2017 to 01.11.2017.

Out of the eleven test checked units, in four units[62] instances of non-recovery or short recovery of the premium and lease rent having considerable money value were noticed in 8 cases. The cases of non-recovery/short recovery of the premium and the lease rent are detailed in **Table-2.2.13** below:

Table-2.2.13: Non-recovery and short recovery of premium and lease rent (*Amount in ₹*)

Sl. No.	Unit	Entity	Non recovery/ Short recovery	Premium	Lease Rent	Total
1.	DFO, Tarai Central Van Prabhag, Haldwani	M/s Kichha Sugar Company (lease expired in May 1997. Not paid since May 1997)	Non-recovery of Premium and lease rent since May 1997	72,62,500	1,59,77,500	2,32,40,000
2.	DFO, Tarai Central Van Prabhag, Haldwani	M/s Haridatt Nityanand Vidyalaya (Lease expired in 1991. Not renewed till May 2018)	Non-recovery of Premium and lease rent since 1992	9,03,02,727	12,19,08,672	21,22,11,399
3.	DFO, Tarai Central Van Prabhag, Haldwani	Uttar Pradesh Sainik Punarwas Sanstha Farm House Lease expired in 1991. Not renewed till May 2018)	Non-recovery of Premium and lease rent Since 1992	129,70,56,818	35,02,05,336	164,72,62,154
4.	DFO, Tehri Van Prabhag New Tehri	Uttarakhand Krishi Utapadan Mandi Parishad (Lease commenced from February 2017 for 30 years. Sanction issued in September 2012))	Non-recovery of Premium and lease rent	2,00,418	6,01,260	8,01,678
5.	DFO, Tehri Van Prabhag New Tehri	Power Grid Corporation of India Ltd. Koteshwar (Sanction issued in March,2017)	Short Recovery of lease rent	-	11,53,926	11,53,926
6.	DFO, Tarai East Van Prabhag, Haldwani	Century Paper Mill Lal Kuan (Lease renewal commenced from January,2014)	Non-recovery of Premium and lease rent	184,72,19,152	40,93,04,790	225,65,23,942
7.	Director, Rajaji Tiger Reserve	Shri Doodhari ji Barfani Gaushala Trust (Lease expired in September 1986. Not renewed till June 2018)	Non-recovery of Premium and lease rent	91,76,566	29,36,512	1,21,13,078
8.	Director, Rajaji Tiger Reserve	Nagar Palika Parishad Haridwar (***at present Nagar Nigam, Haridwar***) (Lease expired in March 2008. Not renewed till June 2018)	Non-recovery of Premium and lease rent	1,69,10,000	93,00,500	2,62,10,500
Total				***326,81,28,181***	***91,13,88,496***	***417,95,16,677***

(Details given in Appendix 2.2.8)

As per paragraph 2 of the policy, premium has to be paid prior to commencement of the lease. This condition was not enforced by the Department resulting in non-recovery of premium. Further, lease rent also was not recovered from the lessees. This resulted in non/short recovery of premium and lease rent of ₹ 417.95 crore.

Besides, forest land of 63.422 hectare was transferred (October 2017) to Rail Vikas Nigam Limited for Rail Project between Rishikesh and Karnprayag (126 kms), premium has to be paid by the lessee prior to commencement of the lease. However, demand for premium of ₹ 418.58 crore and lease rent of ₹ 41.86 crore was raised by the department in April 2018 after the transfer of land.

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[62] DFO, Tarai (Central), Tehri, Tarai East & Rajaji Tiger Reserve.

2.2.10.5 Loss due to discrepancy in rules made by the State Government

Two different sets of rules made by the State Government provide for different penalties for illegal transit of forest produce as shown in **Table-2.2.14** below:

Table-2.2.14: Penalty Rates for illegal transportation of minor minerals

Rule	Rule enforced by	Penalty
Uttarakhand Timber and Other Forest Produce Transit Rules, 2012'	Forest Department	upto ₹ 10,000
'Uttarakhand Minerals (Prevention of Illegal Mining, Transportation and Storage) (Amendment) Rules, 2015 and 2016	Mining Department	₹ 25,000 (before 7th October 2015 for all cases)
		₹ 25,000 to ₹ 2,00,000 (on or after 7th October 2015 based on type of vehicle)
		₹ 5,000 to ₹ 2,00,000 (as on or after 13th November 2016 based on type of vehicle)

Penalties were imposed by seven DFOs[63] in 280 cases of illegal transportation of minor minerals from forest areas as per 'Uttarakhand Timber and Other Forest Produce Transit Rules, 2012' during 2015-16 to 2017-18. It was found that the Department could generate an additional revenue of ₹ 1.30 crore had the Department imposed penalty as per 'Uttarakhand Minerals (Prevention of Illegal Mining, Transportation and Storage) (Amendment) Rules, 2015 and 2016.

During exit conference, the ACS stated that the penalties leviable for illegal transportation under two different Acts would be reviewed.

2.2.11 Non-transfer of Potential Revenue

Paragraph 351 of Financial Hand Book Volume V stipulates that all deposits or balances, unclaimed for more than three complete accounting years, at the close of March in each year be credited to the appropriate head[64] of revenue.

Audit noticed that in 10 selected divisions, excluding Rajaji Tiger Reserve, an amount of ₹ 0.56 crore deposited by the private parties for permission for felling of trees on private land and as surety for *leesa* contractors was lying for more than three accounting years. Likewise, in eight divisions, ₹ 6.09 crore was lying in the forest deposit head for various works for more than three years as detailed in ***Appendix-2.2.9.*** Audit noticed that only DFO Tarai Central transferred such amounts in the appropriate revenue head. As such, ₹ 6.65 crore was not transferred to revenue head.

The Government stated (January 2019) that corrective action was being taken by all the forest divisions.

2.2.12 Blocking of revenue in Public Account

Revenue earned by Forest Department is deposited in the treasury under Major Head '0406- Forestry and Wildlife'. Revenue received on account of sale of *leesa* and timber

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[63] Tarai Central; Tarai East; Soil Conservation, Kalsi; Nainital; Ramnagar; Tarai West; Dehradun. (Depending on type of vehicles involved in illegal transit).

[64] Major Head 0406.

of civil forests and van panchayats is apportioned[65] between the Department and other stakeholders.

Audit noticed that in two divisions[66], revenue of ₹ 30.82 crore[67] received on account of sale of *leesa* and timber of civil forests and van panchayats during 2008-09 to 2017-18 was credited into treasury under Major Head ‘8782-103’ instead of apportioning the revenue between Forest Department, District Magistrate, Zila Panchayat and Van Panchayats and crediting the apportioned amount of the Forest Department under major head 0406- forestry and wildlife. Hence, the Department blocked its own revenue[68] as well as revenue of other entities in the public account and these were not available to the Government for use on various development schemes and programs.

The Government stated (January 2019) that required necessary action for apportionment of revenue had been initiated.

2.2.13 Clear felling not followed by plantation

Clear felling (felling of trees and removal of tree-roots) is allowed in the areas situated less than 1,000-metre height above sea level. Such felling is restricted to some specific areas and specific commercial crops like eucalyptus, teak and poplar and is strictly regulated under provisions of WP. Provisions of WPs provide that any clear felling must invariably be followed by plantation in the same area next year.

We noticed in Tarai Central forest division, out of three test checked divisions where clear felling is carried out, that clear felling was carried out during 2013-16 under provisions of WP. However, the plantation was not carried out in an area of 507 hectares which was clear-felled during 2013-16. Lack of plantation as provided in the WP adversely affects future prospects of revenue from the same areas besides reducing forest cover.

The Government assured (January 2019) to take corrective steps in the matter.

2.2.14 Manpower

Manpower is the most important resource for achievement of goals of any organisation. As all the silvicultural and enforcement activities of the Department are manpower

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65 **Timber** {**Civil Forests**: Forest Department-10 *per cent* as administrative charge plus 40 *per cent* of the remaining 90 *per cent* as revenue, District Magistrate- 40 *per cent* of remaining 90 *per cent* and Zila Panchayat- 20 *per cent* of remaining 90 *per cent*. **Van Panchayats**: Forest Department-10 *per cent* as administrative charge and Van Panchayat- remaining 90 *per cent*}.
Resin {**Civil Forests**: Forest Department- 10 *per cent* to Forest Department as administrative charge plus extraction cost plus 40 *per cent* of the ‘remaining amount’, District Magistrate- 40 *per cent* of ‘remaining amount’ and Zila Panchayat- 20 *per cent* of ‘remaining amount’; Van Panchayats: Forest Department- 10 *per cent* plus extraction cost and rest of the amount to Van Panchayat}.

66 Pithoragarh and Nainital.

67 Pithoragarh- ₹ 8.05 crore, Nainital - ₹ 22.77 crore.

68 Pithoragarh-₹ 3.59 crore revenue of Department out of total deposit of ₹ 7.80 crore + Nainital- ₹ 3.02 crore revenue of Department out of deposit of ₹ 8.00 crore (break up of remaining blocked amount was not available with the Department) = ₹ 6.61 crore.

intensive, the successful attainment of the objectives of the Department is largely dependent upon the availability of manpower.

The position of the manpower with reference to some critical functional posts available with the Department (as on 31-03-18) revealed an imperfect distribution of workforce, as detailed in the **Table-2.2.15** below:

Table-2.2.15: Position of men in position against sanctioned posts as on 31.03.2018

Details of Posts	Indian Forest Service					State Forest Service	Subordinate Forest Service		Lower Subordinate Forest Service
	PCCF	APCCF	CCF	CF	DCF	ACF	FRO	DFRO/ Forester	Forest Guard
Sanctioned Posts	03	04	14	17	31	90	308	2,137	3,650
Men in position (including deputation)	06+03*	04+06*	12+11*	11+04*	32+04*	26+10*	244	1,829	2,432
Percentage of sanctioned posts	-	-	-	-	-	-	-	-	67

Source: Information collected from the Department.
**** Officers on deputation.***

Data in the table shows that position of manpower at PCCF level, responsible for planning and monitoring, was much in excess. There was shortage of foresters and forest guards who are responsible for all silvicultural and enforcement activities in the forests and the Department attributed encroachments and illegal felling to the shortage of manpower in these cadres. The audit observations like instances of illegal felling and illegal mining in the forest areas; and encroachments, *etc.*, in the State, may to a large extent be attributable to shortage of manpower in the field formations.

2.2.15 Internal controls

Internal controls are activities and safeguards that are put in place by an entity to ensure that its activities are proceeding as planned. It is an integral process that aims to get accountability obligations fulfilled; applicable laws and regulations complied; operations executed economically, efficiently and effectively; and ultimately results in safeguarding resources against loss. The internal controls were deficient as seen in the instances like delayed preparation of working plans; non-constitution of WPUs; non-conducting of canopy opening operations; non-felling due to lack of marking operations; blockade of royalty of development related felling; short production of resin, *etc,*. These instances continued year after year despite the fact that the top management of the Department was aware of the deficiencies.

Apart from the above, several other instances were noticed during audit. These are discussed below:

- Paragraph 154 (12) of Uttarakhand Budget Manual provides that any large claim against another Government, local body or other outside party allowed to remain outstanding for an unduly long time constitutes financial irregularity. Hence, the Department should recover all its dues in a timely manner. However, in 11 selected divisions, an amount of ₹ 19.05 crore[69] of arrears was pending for recovery. The Department was found to have initiated no process for recovery of these dues during the audit period despite the fact that the information in this regard was being submitted regularly to territorial CFs by the divisions.

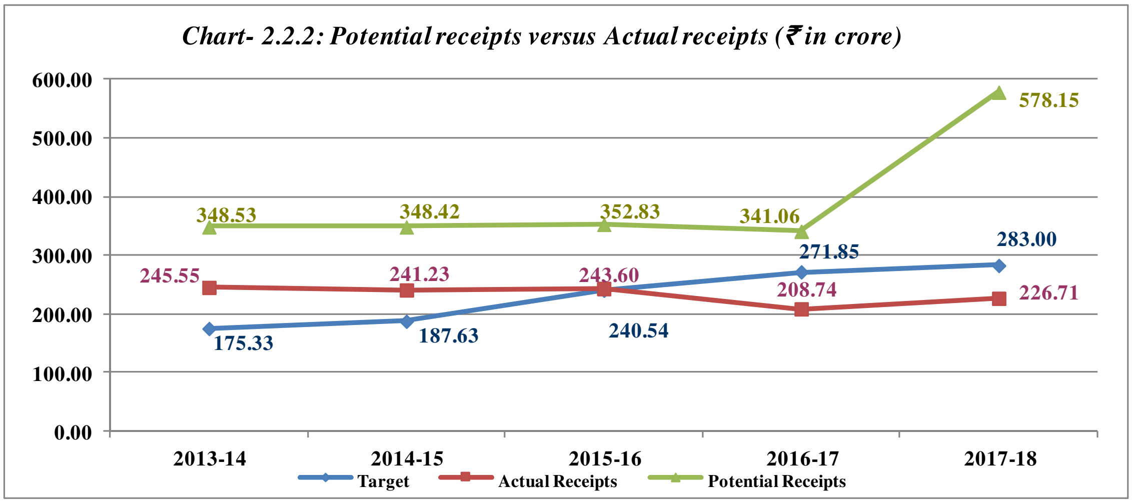
- In eight divisions, 2,308 cases related to forest offences were pending at Department level. Out of above, 1,025 cases were pending for more than three years; 410 cases were pending between two and three years; and 873 cases were pending between one and two years.
- In 11 selected divisions, 9,053.21 hectare forest land was encroached. Out of the encroached land, a proposal for regularisation in 193 cases (125.56 hectare encroached since 1940/1950) was submitted in 2001 to CFs but no further correspondence with GoI was made in this regard and the land remained encroached without regularisation. Besides, in case of 121 encroachments (75.66 hectare), the courts had ordered (1993/2007) for getting these vacated. However, no efforts had been made by the Department to vacate the encroached area. Also, 112 cases (158.45 hectare) of encroachment were pending proceedings at the Departmental court and in 11,519 cases (8,693.54 hectare), no action was initiated by the Department to get the land vacated. Hence, due to inaction of the divisional authorities, 9,053.21 hectare of forest land remained encroached.

The Government stated (January 2019) that action was being taken for quick disposal of cases pending in various divisions and removal of encroachments.

2.2.16 Graphical representation of financial implications arising out of the deficiencies noticed in audit

Audit findings spread across the preceding paragraphs highlight numerous systemic and compliance deficiencies which were responsible for non-realisation of significant amount of revenue and losses to the Department during 2013-18. If the deficiencies were not in existence, the 'potential receipts' of the selected divisions during 2013-18 would have been significant. We worked out the year wise 'potential receipts', as detailed in ***Appendix-2.2.10***, of the selected divisions during 2013-18 based on our audit findings. The actual receipts and 'potential receipts' of the selected divisions during 2013-18 are depicted in the **Chart-2.2.2** below:

[69] ₹ 0.69 crore from UFDC (pending from 2001-2014) and ₹ 14.66 crore from UP Van Niagam (pending from 1977-2000), ₹ 3.47 crore from Industries (pending from 1985-2000), ₹ 0.23 crore from others (1952-2012).



From the above graph, it is evident that the potential receipts could have been much more than the actual receipts of the selected divisions during 2013-18.

2.2.17 Conclusion and recommendations

Audit observed that the Department faced a systemic problem of significant delays in preparation of working plans which resulted in cessation of felling operations and non-realisation of revenue by the Department. The systems prescribed by the GoI for preparation of working plans through establishment of permanent Working Plan Units were not followed in the State. Despite prescription in working plans for canopy opening in *Sal* forests, the Department never carried out canopy opening operations which caused non-realisation of revenue and non-availability of funds for assisted natural regeneration. Besides, lack of canopy opening could have an adverse impact on growth of new *Sal* trees. Instances of non-marking of trees by the Department; non-felling by UFDC and blockade of royalty of development works related lots by the UFDC further reduced the revenue prospects of the Department. Royalty fixation committee erred year after year in fixing royalty of eucalyptus timber resulting in loss to the Department. Lack of mechanism for payment of royalty on actual production of timber by the UFDC and on auctioned fuel wood and tree roots also caused losses to the Department.

Further, issues of short-production of resin; non-inclusion of eligible pine trees in the working plan; and lack of proper storage facilities adversely affected revenue of the Department from resin. The Department could garner more revenue by checking instances of short-production of minor minerals, cancellation and reduction of public demand from UFDC; non-receipt of premium and lease rent from lessees; and blockade of amounts of revenue in public account.

The Government may, to leverage sources of revenue of the Forest Department, like to implement following recommendations of Audit:

1. Working Plan Units should be constituted as per the provisions of Working Plan Code, 2014 and the working plans must be prepared in a time bound manner;

2. The working plan prescriptions for felling, including canopy opening, should be strictly adhered to by the Divisions and sufficient budget may be provided for marking operations;
3. Proper royalty of timber from eucalyptus trees should be fixed and royalty of development works related felling may be recovered as per prescribed schedule;
4. There should be a mechanism to collect royalty on excess production of timber by the UFDC in comparison to the estimated production of timber on which royalty is currently payable to the Department by the Corporation;
5. Royalty may also be levied and collected on sale of fuel wood and tree roots by the UFDC;
6. Production of resin and extraction of minor minerals should be started as per scheduled timeline and targets of production should be achieved;
7. Public demand against UFDC may be recovered as per original inspections carried out in the divisions and there should be no reduction/cancellation of Public Demands without any basis;
8. Premium and lease rent must be recovered in a timely manner from all lessees; and
9. Amounts of revenue blocked in Public Account should be apportioned quickly and eligible amount adjusted in the revenue head of the Department.

During exit conference, the Government accepted all the recommendations made by audit.

COMPLIANCE AUDIT

COMMERCIAL TAX DEPARTMENT

2.3 Short-levy of tax

Incorrect application of tax rates resulted in short-levy of tax of ₹51.71 lakh.

Sections-4 (2) (b) (i) (b) and (d) of the Uttarakhand VAT Act (UV Act), 2005 stipulate five *per cent* rate of tax in respect of goods specified in Schedule II (B) and 13.5 *per cent* rate of tax in respect of goods not specified in any of the schedules *w.e.f* 28 May 2012.

(a) As per letter no. 2163 issued (19 September 2008) by the Additional Commissioner, Commercial Tax (ACCT), Dehradun, 12.5 *per cent* (revised 13.5 *per cent w.e.f.* 01 April 2010 and 28 May 2012) tax was leviable on Tread Rubber (used for retreading over tyre and tube) since it cannot be considered to be covered under entry number 96[70] of Schedule II (B). (***Item no 1 and 2 of Appendix 2.3.1***).

During 2017-18, Audit test checked the records of 72 Assistant Commissioners/Deputy Commissioners, Commercial Tax[71] where 19,114 assessments were completed. Audit

[70] Rubber, Raw Rubber, Latex and Dry Ribbed are covered under entry number 96.
[71] Assistant Commissioners, Commercial Tax: 34 and Deputy Commissioners, Commercial Tax: 38.

test checked 7,638 cases and found that (October 2017 to January 2018) in three offices, the AA while assessing (from August 2016 to March 2017) five cases[72] of four dealers[73] for the assessment years 2012-13 to 2014-15, levied tax at the rate of five, and four and half *per cent* respectively instead of 13.5 *per cent* on goods sold which were not classified in any of the schedules. This resulted in short-levy of tax amounting to ₹ 26.12 lakh (as detailed in ***Appendix 2.3.1*****).**

On this being pointed out, AA, Dehradun (October 2017) stated that tax was levied (in case of ***Item no 1 and 2 of Appendix 2.3.1***) as per entry no 96 of Schedule II (B) of UV Act, 2005 and AA (DC), Roorkee (December 2017) stated that the tax was levied (in case of ***Item no 4 of Appendix 2.3.1***) as per entry No.144 of Schedule II (B) and that notice would be issued to the concerned dealers. Reply was not admissible as only Rubber, Raw Rubber, Latex and Dry Ribbed are covered under entry number 96 and entry No.144 is related to rubber processed oil manufactured from discarded rubber. Further, as per instructions of the ACCT, Tread Rubber (used for retreading over tyre and tube) cannot be considered to be covered under entry number 96. The AA (AC), Roorkee, accepted (January 2019) the facts and issued notice (in case of ***Item no 5 of Appendix 2.3.1***) against the outstanding demand of ₹ 6.64 lakh; recovery is awaited (January 2019). Further, out of three cases of AA (AC), Dehradun, outstanding demand of ₹ 0.21 lakh has been recovered (February 2018) from one dealer (in case of ***Item no 3 of Appendix 2.3.1***).

(b) As per classification of serial number (X) of 61 of Schedule II of UV Act, five *per cent* tax is to be levied on such LCD panels, LED panels and parts which are to be used as Information Technology Products (ITP).

Further, as per decision (May 2016) given by the CCT on application of a dealer under Section 57 of UV Act, 2005, five *per cent* tax was to be levied on LED panels and parts used as ITP whereas 13.5 *per cent* tax was to be levied for LED bulbs, LED tubes, LED panels and other LED products as these are unclassified goods.

Test-check (January 2017) of the records of Deputy Commissioner {Assessing Authority (AA)}-I, Commercial Tax, Roorkee revealed that the AA while finalising the assessment (March 2016) of a dealer[74] (engaged in manufacturing and selling of LED light) for the assessment years 2012-13, had levied tax at the rate of five *per cent* on sale of emergency light (Street light, Post top lamp, Flood light, panel Down lighter, panel Comet, panel Disc light, panel D-light, Pathfinder *etc*.) amounting to ₹ 3.01 crore, considering these items as classified goods of Schedule II(B) whereas tax on sale of LED panels, *etc*. (not used as ITP) was required to be levied at the rate of 13.5 *per cent* being unclassified

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[72] Assistant Commissioner, Commercial Tax (Sector VIII), Dehradun: 03 (Out of test checked 70 cases); Deputy Commissioner, State Tax (Assessment-IV), Roorkee: 01 (Out of test checked 129 cases) and Assistant Commissioner, State Tax (Assessment-IV), Roorkee: 01 (Out of test checked 64 cases).

[73] Tin No. 05000495986, Tin No. 05013114716, TIN No.05007468831 and Tin No. 05009153139.

[74] Tin No. 05006597480.

items of sale. Application of incorrect rate of tax, thus, resulted in short-levy of tax of ₹ 25.59 lakh[75] at differential rate of 8.5 *per cent*[76].

On this being pointed out, the Commissioner State Tax, while accepting (September 2018) the facts, stated that a demand of ₹ 24.72 lakh has been raised against the dealer after adjusting the deposit of ₹ 20.86 lakh against the total demand of ₹ 40.65 lakh; recovery is awaited (November 2018).

Incorrect application of tax rates resulted in short-levy of tax of ₹ 51.71 lakh[77].

The matter was referred to the Government (April 2018); its reply was awaited (August 2019).

2.4 Non-imposition of penalty

Penalty and interest amounting to ₹ 0.59 crore was not levied on delayed deposit of TDS into Government Account.

Section 35(4), (8) & (9) of Uttarakhand Value Added Tax Act, 2005 provides that every person, who is responsible for making payment in pursuance of a work contract, shall at the time of making such payment deduct the amount of tax deduction at source (TDS) and deposit the same in the government treasury before the expiry of the month following the month in which deduction was made. Any deviation from this attracts a penalty of a sum not exceeding twice the amount deductable but not deducted or deducted but not deposited. In addition, simple interest at the rate of 15 *per cent* per annum is leviable from the date on which such amount was deductible to the date on which such amount is actually deposited.

During 2017-18, Audit test checked the records of 72 Assistant Commissioners/Deputy Commissioners, Commercial Tax[78] where 19,114 assessments were completed out of which Audit test checked 7,638 cases. Scrutiny (November 2017) of the records of Assistant Commissioner (Assessment), II, Commercial Tax, Rishikesh[79] revealed that a firm[80] had deducted ₹ 0.29 crore[81] as TDS on 30.06.2012 on payment of ₹ 7.25 crore to a contractor in the year 2012-13. This TDS was required to be deposited in Government Treasury by 31.07.2012, but it was deposited on 25.08.2012. As per Section 35 (8) and (9) of the Uttarakhand Value Added Tax Act, 2005, a penalty of ₹ 0.58 crore (being double of TDS amount of ₹ 0.29 crore) and an interest of ₹ 0.68 lakh[82] from the date of deduction of TDS till the date of deposit was leviable. However, the assessing authority did not levy (April 2016) penalty on the firm for late deposit of TDS.

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75 ₹ 3.01 crore x 8.5 *per cent* (13.5 -5 *per cent*).
76 (13.5-5) *per cent*.
77 (₹ 26.12 + ₹ 25.59) lakh.
78 Assistant Commissioners, Commercial Tax: 34 and Deputy Commissioners, Commercial Tax: 38.
79 In one case out of test checked 72 cases in Assistant Commissioner (Assessment), II, Commercial Tax, Rishikesh.
80 Tin No.: 05012674724.
81 Four *per cent* of ₹ 7.25 crore.
82 {₹ 29 lakh x 15 *per cent* x 57 days (30.06.2012 to 25.08.2012)}/365 days.

On this being pointed out by the Audit, the assessing authority (AA) issued (February 2018) a notice, under section 35 (8) of Uttarakhand Value Added Tax Act, 2005 to the firm for explaining reasons for delay in deposit of TDS. The reply furnished by the firm was not accepted by the AA as no appropriate evidence/reason was furnished for delay. The AA, therefore, imposed penalty of ₹ 0.58 crore and interest of ₹ 0.68 lakh (February 2018). Against the order of AA, the firm approached (09.05.2018) the First Appellate Authority which had put on hold (25.07.2018) the 90 *per cent* amount of the outstanding penalty till final decision on the appeal and directed the firm to deposit the balance 10 *per cent* amount with the Government within 30 days. Accordingly, the firm has deposited the 10 *per cent* amount of total penalty *i.e* ₹ 5,79,632 (06 July 2018 and 06 August 2018) and the interest component *i.e.* ₹ 67,888 (27 June 2018) with the Government.

The matter was referred to the Government (March 2018); its reply was awaited (August 2019).

2.5 Non-levy of tax

Assessing authority treated sale of rice flour as tax free sale instead of levying tax at the rate of 13.5 per cent resulting in non-levy of tax of ₹8.59 lakh.

Sections-4 (2) (b) (i) (b) and (d) of the VAT Act stipulate four *per cent* rate of tax in respect of goods specified in Schedule II (B) and 12.5 *per cent* rate of tax in respect of goods not specified in any of the schedules. Further, 0.5 *per cent* additional tax on goods specified in Schedule II (B) and one *per cent* additional tax on the goods not specified in any Schedule was also leviable with effect from 01 April 2010. The rates were further revised with effect from 28 May 2012 to five *per cent* in respect of goods specified in Schedule-II B and 13.5 *per cent* in respect of unclassified goods.

During 2015-16, Audit test checked the records of 49 Assistant Commissioners/Deputy Commissioners, Commercial Tax[83] where 10,694 assessments were completed out of which Audit test checked 4,310 cases. Scrutiny of the records (August 2015) of Deputy Commissioner (Assessment)-I, Commercial Tax, Roorkee, revealed that a dealer[84] had declared tax free sale of rice flour for ₹ 1.65 crore[85] during the year 2011-12. The Assessing Authority (AA) approved (February 2015) this tax free sale despite the fact that rice flour was not classified under any schedule of the act. Non-levy of tax on the sale of rice flour, therefore, resulted in loss of revenue amounting to ₹ 22.22 lakh[86].

On this being pointed out by the Audit, the Assessing Authority imposed (March 2017) tax of ₹ 22.22 lakh which included tax of ₹ 13.63 lakh on central sales. The dealer submitted form-F in support of the consignment sale. The balance amount of VAT of ₹ 8.59 lakh was pending for recovery.

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83 Assistant Commissioners, Commercial Tax: 26 and Deputy Commissioners, Commercial Tax: 23.

84 TIN No.:05003933763. {One case out of 279 test checked cases in Deputy Commissioner (Assessment)-I, Commercial Tax, Roorkee}.

85 Consignment sale (on commission) ₹ 1.01 crore and other sale ₹ 0.64 crore.

86 At the rate of 13.5 *per cent* of ₹ 1.65 crore.

The Government further replied (September 2018) that ₹ 1.72 lakh had been recovered from the outstanding demand of ₹ 8.59 lakh. The remaining amount of ₹ 6.87 lakh was still pending for recovery.

EXCISE DEPARTMENT

2.6 Sale of liquor above Maximum Retail Price

The department suffered loss of revenue amounting to ₹19.50 lakh due to short-levy of compounding fee on the licensees for selling liquor/beer above Maximum Retail Price.

Section 34 (b) of the United Provinces Excise Act, 1910 (as adopted in Uttarakhand State) stipulates that the authority granting any license, permit or pass under this Act may cancel or suspend it in the event of any breach, by the holder thereof or by his servant or by any one acting on his behalf with his express or implied permission, of any of the terms and conditions thereof. The sale of liquor exceeding the Maximum Retail Price (MRP) is also one of the conditions which violates terms and conditions of license. Further, penalties for such violations have been described in Rule 22 (three) of Notification No.118/XXIII/2016/04 (01) 2016 dated 25 February 2016 of Excise Department, Government of Uttarakhand wherein compounding fee shall be levied on licensees if it is found during complaint/inspection of the country/foreign liquor/beer shops in the state that the sale of country/foreign liquor/beer was made at rate above the MRP. Under Rule 22 (three) (4) of the above notification, compounding fee at the rate of three *per cent* of the advance cash security deposit would be levied on the fourth or more violations committed by the licensees. Under Rule 18 (6), the licensee has to pay security deposit equal to two months minimum guaranteed duty in two instalments; first instalment within thirty days and second instalment within forty five days respectively. These penal provisions of the above notification and the Act were also incorporated in the terms & conditions of the licenses of all the licensees.

During 2017-18, Audit test checked the records of 370 licensees out of 529 licensees of 13 District Excise Officers (DEOs). Scrutiny of the Breach Register during audit (June 2017) of Office of the DEO, Dehradun revealed that seven licensees (out of 50 test checked licensees in Dehradun) sold the country/foreign liquor/beer at rates above the MRP and committed fourth or more violations during May 2016 to December 2016. It was noticed that the Department incorrectly levied the compounding fee at the rate of three *per cent* of one month advance security deposit instead of total advance security deposit. This resulted in short-levy of compounding fee of ₹ 19.50 lakh (as detailed in ***Appendix-2.6.1***). Further, the Department failed to take any deterrent action like suspension/cancellation of license and forfeiture of entire security deposit[87] as defined under the Act to prevent repeated violations.

On this being pointed out by Audit, the Government stated that Rule 22 (three) (4) of above notification implies cash security deposit equivalent to one month's minimum guaranteed duty and the authority concerned had imposed the penalty accordingly.

[87] The total security deposit of all seven habitual offenders amounts to ₹ 4.81 crore.

The reply of the Government was not acceptable as Rule 22 (three) (4) clearly stipulate that three *per cent* on the total advance cash security deposit would be levied on fourth or more violations committed by the licensees. In addition, as per Section 34 of the Act, Excise Commissioner has the power to cancel/suspend the licence as deterrence for repeated violations. The department, therefore, suffered loss of revenue amounting to ₹ 19.50 lakh due to short-levy of compounding fee on the licensees.

MINING DEPARTMENT

2.7 Non-levy of fee for storage of minerals

Department suffered a revenue loss of ₹ 3.17 crore due to non-levy and non-realisation of prescribed fee for storage of minerals by three stockholders.

In accordance with Rule 2 (1) (ट) of the Uttarakhand Minerals (Prevention of Illegal mining, transportation and storage) Rules, 2005 (as amended in 2015) promulgated by the Uttarakhand Government, Industrial Development Section-1 by notification no. 96/VII-1/2016/158-ख/2004 dated 22.01.2016, district Pauri Garhwal (excluding plain region of Tehsil Kotdwar) was classified as semi-mountainous region and whole area of district Haridwar was classified as plain region. Further, Rule 8(2)(2) stipulates that payment of application fee of ₹ 50,000 by a stockholder for storage of minerals upto 1,000 cubic metres and ₹ 50,000 each for additional 1,000 cubic metres or part thereof, in semi-mountainous regions. As per Rule 8(2) (3) the application fee is ₹ 60,000 for storage of minerals upto 1,000 cubic metres and ₹ 60,000 each for additional 1,000 cubic metres or part thereof, in plain regions.

During 2017-18, Audit test checked the records of 274 minerals stockholders out of 393 stockholders of 13 District Mining Officers (DMOs). Scrutiny of records of DMOs, Haridwar[88] and Pauri Garhwal[89] (June 2017 and January 2018 respectively) revealed that three stockholders did not deposit the application fee for storage of minerals in accordance with the above notification. The details are given below:

a) Under the provisions of the above notification, permission was granted on 31.03.2016 to a stockholder by the DMO Haridwar for storage of 32,000 cubic metres of minerals. As per Rule 8(2) (3), application fee of ₹ 0.19 crore[90] was payable by the applicant for storage of 32,000 cubic metres of minor minerals. However, audit neither found any evidence regarding deposit of said amount on records nor on demand, it was provided by the DMO, Haridwar.

b) Another, stockholder of Haridwar deposited (10 May 2016) a sum of ₹ 1.20 lakh as fee for storage of minerals. The applicant was granted permission on 30 June 2016 for storage of 2,50,000 cubic metres of minor minerals. As per aforesaid Rule 8(2)(3),

88 Two stockholders out of 64 test checked stockholders in Haridwar.
89 One stockholder out of 16 test checked stockholders in Pauri Garhwal.
90 32,000 cum x ₹60,000/1,000 cum = ₹ 19, 20,000 (₹ 0.19 crore).

application fee of ₹ 1.50 crore[91] was payable for storage of 2,50,000 cubic metres of minerals. Thus, application fee of ₹ 1.49 crore[92] was chargeable from the stockholder.

c) Similarly, a stockholder of Pauri Garhwal was granted permission on 11.02.2016 for storage of 3,00,000 cubic metres of minor minerals. As per aforesaid Rule 8 (2)(2), application fee of ₹ 1.50 crore[93] was payable for storage of 3, 00,000 cubic metres of minerals, whereas only ₹ 1.00 lakh was deposited (10 September 2015) by the applicant. Therefore, a sum of ₹ 1.49 crore[94] towards application fee was chargeable from the stockholder.

The department, therefore, suffered a revenue loss of ₹ 3.17 crore[95] in the above three cases due to non-levy of the application fee for storage of minerals, as per rule.

On being pointed out by audit, DMO, Haridwar intimated (June 2017) that the issue would be brought to the notice of higher authorities for seeking their guidance and action would be taken accordingly. DMO, Pauri Garhwal replied (January 2018) that notice would be issued to the concerned stock holder and action would be taken accordingly.

The matter was referred to the Government (May 2018); its reply was awaited (August 2019).

2.8 Non-realisation of mining receipt

Non-realisation of regularisation fee of ₹ 1.21 crore and annual renewal fee of ₹0.65 crore from the owners of the stone crushers resulted in loss of revenue of ₹1.86 crore to the Government.

With the objective of conservation of environment, prevention of illegal mining, providing pollution free environment to the people of the State and for smooth operationalisation of crusher units, the State Government issued (November 2016) a license policy, 2016[96] for plants/crushers earlier installed/operated and to be installed in the future by superseding the license policy, 2015. Further, clause-9 of Chapter-I of the new policy stipulated that the owners of earlier installed/operated crusher/plant units had to declare capacity (ton per hour) within 15 days of declaration of this policy. On the basis of the declared capacity of the plant/crusher, regularisation of plant/crusher was to be done by the State Government on the recommendation of District Magistrate and Director, Geology and Mining Department. Further, 50 *per cent* of the difference of prescribed application fee[97] (as given in the chapter-II of the policy) and the application fee already deposited by the owner of plant was to be taken as regularisation fee. Moreover, as per clause-I of the Chapter-III of the policy, 25 *per cent* of prescribed

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91 2, 50,000 cum x ₹60,000/1,000 cum = ₹1, 50, 00,000 (₹ 1.50 crore).

92 ₹(1,50,00,000-1,20,000) = ₹1,48,80,000 (₹ 1.49 crore).

93 3,00,000 cum x ₹50,000/1,000 cum = ₹ 1,50,00,000 (₹1.50 crore).

94 1,50,00,000-₹1,00,000= ₹1,49,00,000 (₹ 1.49 crore).

95 ₹ (0.19 + 1.49 + 1.49) crore.

96 Office memorandum no. 1758/VII-1/16/68-Rit/08, Dehradun, dated 19.11.2016.

97 As per chapter-II of the policy, application fee for stone crusher of **plain area** is ₹10.00 lakh (capacity 100 ton per hour) and ₹2.00 lakh (every 100 additional ton per hour or additional part thereof) and Application fee for stone crusher of **hilly area** is ₹ 5.00 lakh (capacity 100 ton per hour) and ₹1.00 lakh (every 100 additional ton per hour or additional part thereof).

application fee was to be deposited by the owner of stone crusher plant as annual renewal fee.

During 2017-18, Audit test checked the records of 171 stone crusher units out of 245 stone crusher units of 13 District Mining Officers (DMOs). Scrutiny of records (between June 2017 and March 2018) of four DMOs[98] disclosed that as per clause-9 of the Chapter-I of the above policy, the Department did not collect regularisation fee of ₹ 1.21 crore from 26 owners of the stone crushers[99] for regularisation of the crushers / plants which were installed/operated prior to the effective date (19 November 2016) of the policy and were also in operation thereafter **(*as detailed in Appendix-2.8.1*)**. Further, none of these 26 owners of stone crushers deposited their annual renewal fee of ₹ 0.65 crore as per the clause-1 of the Chapter-III of the policy **(*as detailed in Appendix-2.8.1*)**.

On this being pointed out by the audit, the DMO, Dehradun and Haldwani recovered (February 2019) the regularisation fee of ₹ 12.25 lakh as well as annual renewal fee of ₹ 6.75 lakh from three owners {**at serial no. (B) and (C) of the *Appendix-2.8.1***}. In case of DMO, Pauri Garhwal and Haridwar, recovery of regularisation fee as well as annual renewal fee from 23 owners was still pending (February 2019).

Non-realisation of mining receipt of ₹ 1.67 crore[100] from the owners of stone crushers, therefore, resulted in loss of revenue to the State Government.

The matter was referred to the Government (May 2018); its reply was awaited (August 2019).

2.9 Incorrect computation of royalty

Application of incorrect rates of royalty by the Department resulted in short-levy of royalty amounting to ₹32.74 lakh.

The Uttarakhand Minor Mineral (Concession) (Amendment) Rule, 2016[101], with effect from 26 February 2016, prescribed royalty rate of ₹ 194.50 per cum for minor minerals such as sand, bajri and boulder available at *river bed* and locations other than *river beds*. Royalty for ordinary earth was ₹ 50 per ton. The royalty rates[102] for ordinary sand, bajri and boulder or any of the above in a mixed condition available in the river bed was revised to ₹ 154 per cum for Haridwar and other places from 19 May 2016.

During 2017-18, Audit test checked the records of 245 leaseholders out of 350 leaseholders of 13 District Mining Officers (DMOs). Scrutiny of records of the

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98 Haridwar, Dehradun, Haldwani (Nainital) and Pauri-Garhwal.

99 DMO, Haridwar-22 (out of 64 test checked stone crushers); DMO, Dehradun-01 (only one test checked stone crushers); DMO, Haldwani-02 (out of 25 test checked stone crushers) and DMO, Pauri Garhwal-01 (out of two test checked stone crushers).

100 ₹ 108.25 lakh (Regularisation Fee: ₹ 120.50 - ₹ 12.25) + ₹ 58.25 (Renewal Fee: ₹ 65.00 - ₹ 6.75) = ₹ 166.50 lakh.

101 Notification sankhya 211/VII-I/24 kha/2007 dated 26.02.2016.

102 Notification sankhya 842/VII-I/2016/24- kha/2007, dated 19.05.2016.

following DMOs[103] revealed that the DMOs made incorrect computation of royalty in six cases. The details are given below:

a) In DMO, Dehradun, in the case of three licensees[104] which were granted license during April to May 2016 for ordinary earth, the DMO calculated the royalty at the rate of ₹ 8 per cum[105] whereas the royalty was to be calculated at the rate of ₹ 50 per ton[106]. As per the royalty amount derived by the DMO, these leaseholders deposited an amount of ₹ 1.94 lakh as royalty. The DMO should have calculated the royalty of ₹ 26.69 lakh by taking the applicable rate *i.e.* ₹ 50 per ton for ordinary earth. The incorrect computation of royalty for the ordinary earth resulted in short-levy of royalty of ₹ 24.75 lakh as detailed in ***Appendix-2.9.1***.

b) Similarly, in DMO, Nainital, in the case of three licensees[107] which were granted license for minor minerals[108] from locations other than river bed during September 2016 and November 2016, the DMO calculated the royalty of the minor minerals at the rate of ₹ 154 per cum[109] whereas it was to be calculated at the rate of ₹ 194.50 per cum. This resulted in short-levy of royalty of ₹ 7.99 lakh due to incorrect computation of royalty as detailed in ***Appendix-2.9.1***.

On this being pointed out, DMO, Nainital stated (November 2017) that the royalty was levied and realised at the rate of ₹ 154 per cum as per notification (19 May 2016). The reply was not acceptable as the rate was applicable for the minor mineral available in the river bed whereas the cases pointed out by audit were related to the minor minerals mined from locations other than river bed. Royalty was, therefore, to be levied at rate of ₹ 194.50 per cum. The DMO, Dehradun replied (March 2018) that after examining the matter and issuing notice to the leaseholders, recovery would be made. Incorrect computation of the royalty by the Department, therefore, resulted in short-levy of royalty amounting to ₹ 32.74 lakh[110].

The matter was referred to the Government (June 2018); its reply was awaited (August 2019).

2.10 Non-levy of fees

Non-levy of River Training, Development fee and Compensation fee on lease deeds led to short deposit of ₹ 59.68 lakh in the District Mineral Foundation which was meant to be utilised for the benefit of people/areas affected by mining related operations.

As per Section 3(3) of Uttarakhand sub-mineral (Sand, Gravel, Boulder, Brick *etc.*) policy, 2015, issued vide Office Memorandum dated 31.07.2015, in addition to Royalty,

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103 DMO, Nainital and DMO, Dehradun.
104 Out of 55 test-checked leaseholders in Dehradun.
105 This rate was applicable earlier to the issuance of the notification dated 7 August 2015.
106 This rate was substituted in place of ₹ 8 per cum in the notification dated 7 August 2015.
107 Out of 19 test-checked leaseholders in Haldwani, Nainital.
108 Sand, bajri and boulder.
109 This rate was applicable for the minor minerals available in the river bed and it was not applicable for the minor minerals available at locations other than river bed.
110 ₹(24.75+7.99) lakh.

River Training[111] and Development fee on private leaseholders was leviable @ 15 *per cent* and 10 *per cent* of royalty respectively. Further, as per Office Memorandum dated 10.10.2016, besides levy of River Training and Development fee, a levy of Compensation fee @ 15 *per cent* of royalty on private leaseholders was also applicable. Further as per Section 8(3)(2) of the said policy, the above fees were required to be deposited in District Mineral Foundation (DMF) for utilisation on works for the benefit of people/areas affected by mining related operations.

During 2017-18, Audit test checked the records of 245 leaseholders out of 350 leaseholders of 13 District Mining Officers (DMOs). Scrutiny of records of DMOs, Uttarkashi and Dehradun, revealed (December 2017 and March 2018 respectively) that these fees[112] were not levied at the time of computation of royalty on lease deeds executed with eight private leaseholders[113] between January 2015 and October 2016 nor these fees were deposited subsequently by the concerned private leaseholders[114]. Non-levy/deposit of River Training, Development and Compensation fee from the private leaseholders, therefore, led to loss of ₹ 59.68 lakh in the DMF as detailed in ***Appendix-2.10.1***.

On being pointed out by Audit, DMO, Uttarkashi stated that there was no provision for River Training and Development Fee at the time of execution of lease deed. The reply of DMO, Uttarkashi was not acceptable since the above mentioned fees were applicable even on leaseholders whose lease deeds were executed before the issuance of the above memorandum, as clarified by the Industries Directorate in June 2018. DMO, Dehradun instructed (May 2018) the private lease holder to deposit the requisite amount without any delay.

Non-levy of River Training, Development fee and Compensation fee, therefore, led to loss of ₹ 59.68 lakh in the DMF.

The matter was referred to the Government (June 2018); its reply was awaited (August 2019).

The cases pointed out are based on the test-check conducted by audit. The Departments may initiate action to examine similar cases and take necessary corrective action.

[111] River training refers to structural measures which are taken to improve a river and its banks.
[112] River training fee, Development fee and Compensation fee.
[113] Uttarkashi: seven (out of eight test checked leaseholders) and Dehradun: 01 (out of 55 test checked leaseholders).
[114] In one case, a private lease holder had deposited River training fee and Development fee but not Compensation fee.

Chapter-III

Social and Economic Sectors (Public Sector Undertakings)

CHAPTER-III

Social and Economic Sectors (Public Sector Undertakings)

3.1 Functioning of State Public Sector Undertakings

3.1.1 Introduction

General

3.1.1.1 State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2018, there were 30 PSUs in Uttarakhand, including three[1] Statutory Corporations and 27 Government Companies (including eight inactive government companies[2]) under the audit jurisdiction of the Comptroller & Auditor General of India (C&AG). None of these Government Companies were listed on the stock exchange.

3.1.1.2 The financial performance of the PSUs on the basis of latest finalised accounts as on 30 September 2018 is covered in this report. The nature of PSUs and the position of accounts are indicated in **Table-3.1.1** below:

Table-3.1.1: Nature of PSUs covered in the Report

Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period[3]				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 30 September 2018
		Accounts upto 2017-18	Accounts upto 2016-17	Accounts upto 2015-16	Total	
Working Government Companies[4]	19[5]	3	4	2	9	16 (62)
Statutory Corporations	3	-	1	-	1	3(5)
Total working PSUs	**22**	**3**	**5**	**2**	**10**	**19 (67)**
Inactive Government Companies	8	-	-	-	-	8(211)
Total	***30***	***3***	***5***	***2***	***10***	***27(278)***

The working PSUs registered an annual turnover of ₹ 8,770.99 crore as per their latest

1 Uttarakhand Parivahan Nigam, Uttarakhand Forest Development Corporation and Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam.

2 Inactive PSU means a Company which has not been carrying on any business or operation, or has not made any significant accounting transaction, or has not filed financial statements and annual returns during the last two financial years.

3 From October 2017 to September 2018.

4 Government PSUs include other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013.

5 This includes four new PSUs namely Dehradun Smart City Limited, Ecotourism Development Corporation of Uttarakhand, Kishau Corporation Limited and Uttarakhand Metro Rail Urban Infrastructure & Building Construction Corporation Limited which were incorporated under Companies Act, 2013 by State Government and their first accounts were not received. Further, first accounts of Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam have not been received till date.

finalised accounts as on 30 September 2018. This turnover was equal to 4.03 *per cent* of Gross State Domestic Product (GSDP) for the year 2017-18 (₹2,17,609 crore). The working PSUs incurred loss of ₹238.89 crore as per their latest finalised accounts. As on March 2018, the State PSUs had employed around 20,000 employees.

There are eight[6] inactive PSUs which were inactive for last two to 18 years having an investment of ₹27.24 crore towards capital (₹3.36 crore) and long term loans (₹ 23.88 crore). This is a critical area as the investments in inactive PSUs do not contribute to the economic growth of the State.

3.1.1.3 Accountability framework

The procedure for audit of Government companies is laid down in Sections 139 and 143 of the Companies Act, 2013 (Act 2013). According to Section 2 (45) of the Act 2013, a Government Company means any company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government Company. The C&AG appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. Section 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the C&AG within a period of one hundred and eighty days from the commencement of the financial year. Section 139 (7) of the Companies Act, 2013 provides that in case of a Government Company or Government Controlled Other Company, the first auditor are to be appointed by the C&AG within sixty days from the date of registration of the company and in case C&AG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Further, as per sub-Section 7 of Section 143 of the Act 2013, the C&AG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report

[6] UPAI, Trans Cables Limited (Subsidiary of Kumaun Mandal Vikas Nigam limited), Uttar Pradesh Digitals Limited (Subsidiary of Kumaun Mandal Vikas Nigam limited), Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited), Kumaun Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaun Mandal Vikas Nigam Limited). Further, four PSUs namely Garhwal Anusuchit Janjati Vikas Nigam Limited, Kumaun Anusuchit Janjati Vikas Nigam Limited, Trans Cables Limited and Uttar Pradesh Digitals Limited, which were working PSUs upto 2016-17 have now included as inactive PSUs for the year 2017-18 onwards as there has not been any commercial activities in these PSUs.

of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the C&AG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

3.1.1.4 Statutory Audit

The financial statements of the Government Companies (as defined in Section 2 (45) of the Act 2013) are audited by Statutory Auditors, who are appointed by the C&AG as per the provisions of Section 139(5) or (7) of the Act 2013. The Statutory Auditors submit a copy of the Audit Report to the C&AG including, among other things, financial statements of the Company under Section 143(5) of the Act 2013. These financial statements are also subject to supplementary audit by the C&AG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013. Audit of Statutory Corporations is governed by their respective legislations. Out of three Statutory Corporations, the C&AG is sole auditor for the Uttarakhand Parivahan Nigam and the Uttarakhand Forest Development Corporation (UFDC). In respect of Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam, the audit was entrusted to C&AG upto 2018-19 under section 20(1) of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

3.1.1.5 Submission of accounts by PSUs

(a) Need for timely finalisation and submission

According to Section 394 and 395 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the Houses or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the C&AG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of the State. Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next.

Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Section 129 (7) of the Companies Act, 2013 provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for noncompliance with the provisions of Section 129 of the Companies Act, 2013.

(b) Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the State Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the C&AG, in respect of State Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the State Legislature under Section 394 of the Act 2013 or as stipulated in the respective Acts. The Audit Reports of the C&AG are submitted to the Government under Section 19A of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

3.1.1.6 Investment by Government of Uttarakhand in State Public Sector Undertakings

The financial stake of Government of Uttarakhand (GoU) in the PSUs is mainly of three types:

- **Share capital and loans** – In addition to the share capital contribution, GoU also provides financial assistance by way of loans to the PSUs from time to time.
- **Special financial support** – GoU provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees** – GoU also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

3.1.1.7 The sector-wise summary of investment in the PSUs as on 31 March 2018 is given below in **Table-3.1.2**:

Table-3.1.2: Sector-wise investment in PSUs

Name of sector	Government Companies		Statutory Corporations		Total	Investment[7] (₹in crore)		
	Working	Inactive	Working	inactive		Equity	Long term loans	Total
Power	4	--	--	--	4	2,947.78	3361.23	6,309.01
Finance	1	2	--	--	3	23.43	1.21	24.64
Service	3	--	1	--	4	258.71	122.80	381.51
Infrastructure	4	--	1	--	5	3,084.24	276.61	3,360.85
Others	7	6	1	--	14	48.50	303.09	351.59
Total	***19***	***8***	***3***		***30***	***6,362.66***	***4,064.94***	***10,427.60***

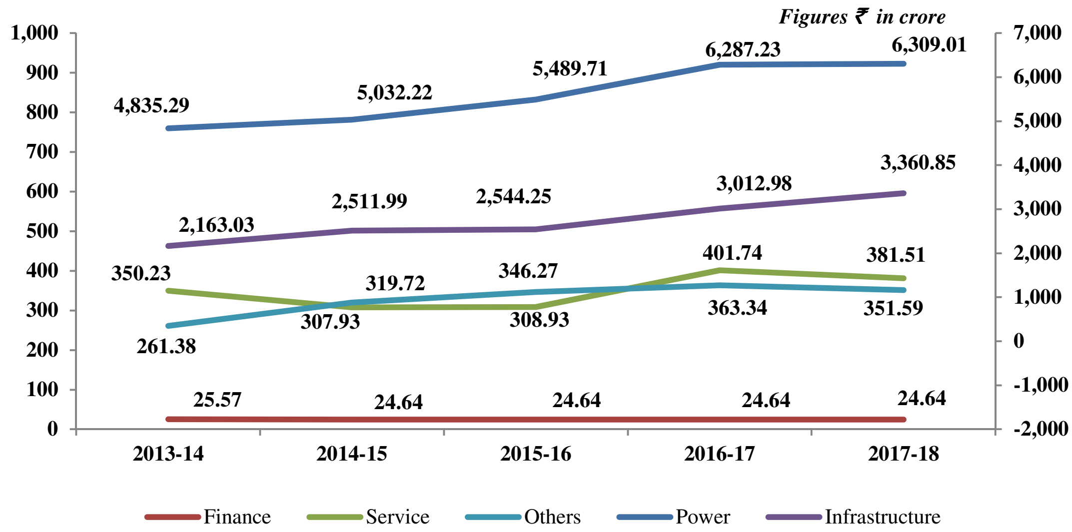
Source: Compilation based on information received from PSUs.

The thrust of PSU investment was mainly on power sector during the last five years. The power sector received Government investments of ₹ 6,309.01 crore (60.50 *per cent*) out of total investment of ₹ 10,427.60 crore.

3.1.1.8 The investment in various important sectors at the end of 31 March 2014 and 31 March 2018 is indicated in the **Chart-3.1.1** below:

[7] Investment includes equity and long term loans.

Chart-3.1.1: Sector-wise investment in PSUs



Keeping in view the high level of investment in Power Sector, we are presenting the results of audit of four Power Sector PSUs at ***paragraph 3.2*** and of the 26 PSUs (other than power sector) at ***paragraph 3.3*** of this Chapter.

PART-I (Power Sector)

3.2 Functioning of Power Sector Undertakings

3.2.1 Introduction

3.2.1.1 The power sector undertakings play an important role in the economy of the State. Apart from providing a critical infrastructure required for development of the State's economy, the sector also adds significantly to the Gross Domestic Product (GDP) of the State. A ratio of Power Sector PSUs turnover to Gross State Domestic Product (GSDP) shows the extent of activities of these PSUs in the State economy. The **Table-3.2.1** below provides the details of turnover of these undertakings and GSDP of Uttarakhand for a period of five years ending 31 March 2018.

Table-3.2.1: Details of turnover of power sector undertakings *vis-à-vis* GSDP of Uttarakhand

(₹in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover	3,968.35	4,421.60	5,745.16	5,883.21	6,780.91
GSDP of Uttarakhand	1,49,074	1,61,439	1,75,772	1,95,606	2,17,609
Percentage of Turnover to GSDP of Uttarakhand	*2.66*	*2.74*	*3.27*	*3.01*	*3.12*

Source: Compilation based on Turnover figures of power sector PSUs and GSDP figures as per Finance Account 2017-18 of Government of Uttarakhand.

The undertakings recorded continuous increase in their turnover over that of previous year. The increase in turnover ranged between 2.40 *per cent* and 29.93 *per cent* during the period 2013-14 to 2017-18, whereas increase in GSDP of Uttarakhand ranged between 8.29 *per cent* and 11.28 *per cent* during the same period. The compounded annual growth rate of GSDP was 10.58 *per cent* during last five years. The compounded annual growth rate is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth rate of 10.58 *per cent* of the GSDP, the turnover of these undertakings recorded higher compounded annual growth rate of 15.76 *per cent* during last five years. This resulted in increase in share of turnover of these undertakings to the GSDP from 2.66 *per cent* in 2013-14 to 3.12 *per cent* in 2017-18.

3.2.1.2 Formation of Power Sector Undertakings

The Uttar Pradesh State Electricity Board was unbundled on 14 January 2000 in to three different entities for carrying out the business of Transmission and Distribution of Electricity in the undivided Uttar Pradesh. Consequent to the formation of State of Uttaranchal (09 November 2000), Uttaranchal Power Corporation Limited (UPCL) came into being as successor entity of Uttar Pradesh Power Corporation Limited (UPPCL) to take over the functions of transmission and distribution of electricity in the State. By the MoU (13 March 2001) signed between Government of Uttar Pradesh and Government of Uttaranchal, the business was transferred (01 April 2001) to UPCL.

Ministry of Power (MoP), Government of India (GoI), by its order (05 November 2001) notified the methodology for division of assets and liabilities which came in to effect from 09 November 2001. As per this scheme, all fixed assets of the undivided power companies situated in the state of Uttaranchal were to be transferred to UPCL and Uttaranchal Jal Vidyut Nigam Limited (UJVNL) as the case may be. The movable assets and stores of the field units were to be transferred on the basis of location. Project/assets specific liabilities of the undivided power companies were to be transferred to the successor companies where such project/assets had also been transferred. Those of the liabilities which could not be assigned to any project/assets were to be apportioned between the UPPCL and UPCL and between Uttar Pradesh Jal Vidyut Nigam Limited and UJVNL in the ratio of consumption of power. However, the final transfer scheme for transfer of balances of assets and liabilities has not yet been finalised. (Authority: Note no. 42 (1) to annual accounts of UJVNL for the year 2017-18)

In Uttarakhand, generation of power is carried out by UJVNL (incorporated on 12 February 2001) and transmission and distribution of power in Uttarakhand is carried out by Uttarakhand Power Corporation Limited (UPCL) which was incorporated on 12 February 2001. On 27 May 2004, the Power Transmission Corporation of Uttarakhand Limited (PTCUL) was formed to maintain and operate 132 KV and above transmission lines and substations in the State. Kishau Corporation Limited is a new company incorporated on 16 January 2017 in the power sector. It had not commenced commercial activities till 31 March 2018.

3.2.1.3 Disinvestment, Restructuring and Privatisation of Power Sector Undertakings

There were no cases of disinvestment, restructuring and privatisation of Power Sector PSUs by the State Government during the year ending 31 March 2018.

3.2.1.4 Investment in Power Sector Undertakings

The activity-wise summary of investment[8] in the power sector undertakings as on 31 March 2018 is given below in **Table-3.2.2**:

Table-3.2.2: Activity-wise investment in power sector undertakings

Activity	Number of Companies	Investment (₹ *in crore*)			
		Equity	Long term loans		Total
			GoU	Other	
Generation of Power	2	1,167.87	265.80	1,105.09	2,538.76
Transmission of Power	1	473.88	17.22	537.70	1,028.80
Distribution of Power	1	1,306.03	33.28	1,402.14	2,741.45
Total	***4***	***2,947.78***	***316.30***	***3,044.93***	***6,309.01***

Source: Compilation based on information received from power sector PSUs.

As on 31 March 2018, the total investment (equity and long term loans) in the four power sector undertakings was ₹ 6,309.01 crore. The investment consisted of 46.72 *per cent* towards equity and 53.28 *per cent* in long-term loans.

The loans advanced by the State Government constituted 9.41 *per cent* (₹ 316.30 crore) of the total long term loans whereas 90.59 *per cent* (₹ 3,044.93 crore) of the total long term loans were availed from Government of India and other financial institutions. The State Government decided (March 2016) to convert the Uttar Pradesh Government loan of ₹ 151.13 crore (principal ₹ 77.82 crore and interest thereon₹ 73.31 crore) into equity of the State DISCOM under Ujjwal DISCOM Assurance Yojana[9] (UDAY) scheme. However, the Finance Department is yet to convert (May 2019) the loan into equity.

3.2.1.5 Budgetary Support to Power Sector Undertakings

The Government of Uttarakhand (GoU) provides financial support to the power sector PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of power sector undertakings for the last three years ending 31 March 2018 are given in **Table-3.2.3** below:

Table-3.2.3: Details of budgetary support to power sector undertakings during the years

(₹ in crore)

Particulars[10]	2015-16		2016-17		2017-18	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital (i)	3	57.36	4	130.01	3	53.00
Loans given (ii)	1	6.71	3	129.27	2	35.49
Grants/Subsidy provided (iii)	1	17.88	1	46.40	1	14.96
Total Outgo (i+ii+iii)		81.95		305.68		103.45
Loan repayment written off	-	-	-	-	-	-
Loans converted into equity	1	77.82	-	-		
Guarantees issued	3	506.88	-	-	1	358.31
Guarantee Commitment	3	830.97	2	988.83	2	894.75

Source: Compilation based on information received from PSUs.

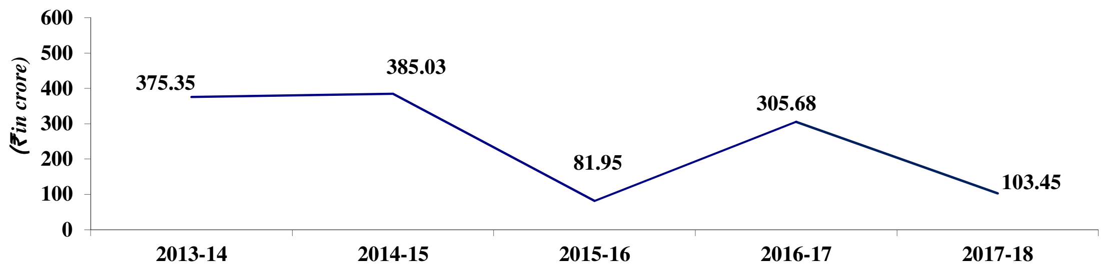
8 Investment includes equity capital and long term loans extended by GoU.

9 Scheme launched by Ministry of Power and GoI for financial and operational turnaround of DISCOMs.

10 Amount represents outgo from State Budget only.

The details of budgetary support towards equity, loans and grants/subsidies for the last five years ending 31 March 2018 are given in a **Chart-3.2.1** below:

Chart-3.2.1: Budgetary support towards Equity, Loans and Grants/Subsidies



The budgetary assistance received by these power sector PSUs ranged between ₹ 385.03 crore and ₹ 81.95 crore during the period 2013-14 to 2017-18. The budgetary assistance of ₹ 103.45 crore received during the year 2017-18 included ₹ 53 crore, ₹ 35.49 crore and ₹ 14.96 crore in the form of equity, loans and grants/subsidy respectively. The grant of ₹ 14.96 crore was given to UJVNL for Dam Rehabilitation and Improvement Project. MoP, GoI also launched (20 November 2015) UDAY Scheme for operational and financial turnaround of State owned Power Distribution Companies (DISCOMs). The provisions of UDAY and status of implementation of scheme by one DISCOM are discussed in the ***paragraph 3.2.1.21*** of this chapter. UPCL had outstanding debt of ₹ 671.50 crore (including interest of ₹ 73.31 crore). The State Government has not taken over any debt of DISCOM under UDAY scheme. However, loans (including interest) amounting to ₹ 151.13 crore were converted into equity during 2015-16 by UPCL[11] under UDAY scheme but the State Government has not issued any orders till date (May 2019).

In order to enable PSUs to obtain financial assistance from banks and financial institutions, the State Government provides guarantee and charges guarantee fee of one *per cent* per annum. The Government of Uttar Pradesh had decided (September 2000) to charge guarantee fees at the rate of one *per cent* per annum on the guarantee given by State Government for PSUs seeking financial assistance and the same was adopted by the Uttarakhand Government. The amount of Guarantee commitments outstanding as on 31 March 2016 was ₹ 830.97 crore (three PSUs) which increased to ₹ 894.75 crore (two PSUs) as on 31 March 2018. One PSU, namely Uttarakhand Jal Vidyut Nigam Limited (UJVNL) paid Guarantee fee of ₹ 4.23 crore during 2017-18. Guarantee fee of ₹ 5.36 crore was outstanding payable by UPCL.

3.2.1.6 Reconciliation with Finance Accounts of Government of Uttarakhand

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the

11 Conversion was approved in Board of Directors meeting held on 24 June 2016 wherein Principal Secretary (Energy) as Chairman of the Board and representative of Secretary (Finance) were present.

GoU. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The differences in figures of equity, loans and guarantee as on 31 March 2018 are given in **Table-3.2.4** below:

Table-3.2.4: Equity, Loans and guarantee outstanding as per Finance Accounts *vis-à-vis* records of power sector undertakings

(₹in crore)

Outstanding in respect of	As per Finance Accounts	As per records of power sector undertakings	Difference
Equity	2,942.80	2,947.78	4.98
Loan	217.35	316.30	98.95
Guarantee	917.79	894.75	23.04

Source: Compilation based on information received from power sector PSUs and Finance Accounts.

The differences between the figures are persisting since last many years. The issue of reconciliation of differences was also taken up with the PSUs/ Departments from time to time. We, therefore, recommend that the State Government and Undertakings should reconcile the differences in a time bound manner.

3.2.1.7 Submission of accounts by Power Sector Undertakings

Timeliness in preparation of accounts by Power Sector Undertakings

There were four[12] power sector undertakings under the audit purview of C&AG as of 31 March 2018. Accounts for the year 2017-18 were submitted by three[13] working PSUs by 30 September 2018 as per statutory requirement. Details of arrears in submission of accounts of power sector undertakings as on 30 September of each financial year for the last five years ending 31 March 2018 are given in **Table-3.2.5** below:

Table-3.2.5: Position relating to submission of accounts of Power Sector Undertakings

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of PSUs	3	3	3	3	4
2.	Number of accounts submitted during current year	4	3	3	3	3
3.	Number of PSUs which finalised accounts for the current year	3	4	3	3	3
4.	Number of previous year accounts finalised during current year	4	2	2	-	-
5.	Number of PSUs with arrears in accounts	2	2	-	-	1
6.	Number of accounts in arrears	2	2	-	-	1
7.	Extent of arrears	One year	One year	-	-	One year

Source: Compiled based on accounts of working PSUs received during the period October 2017 to September 2018.

The PSUs have been adhering to the stipulated time lines in submission of their annual accounts in the last three years.

[12] Uttarakhand Power Corporation Limited, Uttarakhand Jal Vidyut Nigam Limited, Power Transmission Corporation of Uttarakhand Limited and Kishau Corporation Limited.

[13] Uttarakhand Power Corporation Limited, Uttarakhand Jal Vidyut Nigam Limited and Power Transmission Corporation of Uttarakhand Limited. Kishau Corporation Limited had not commenced commercial activities till 31 March 2018.

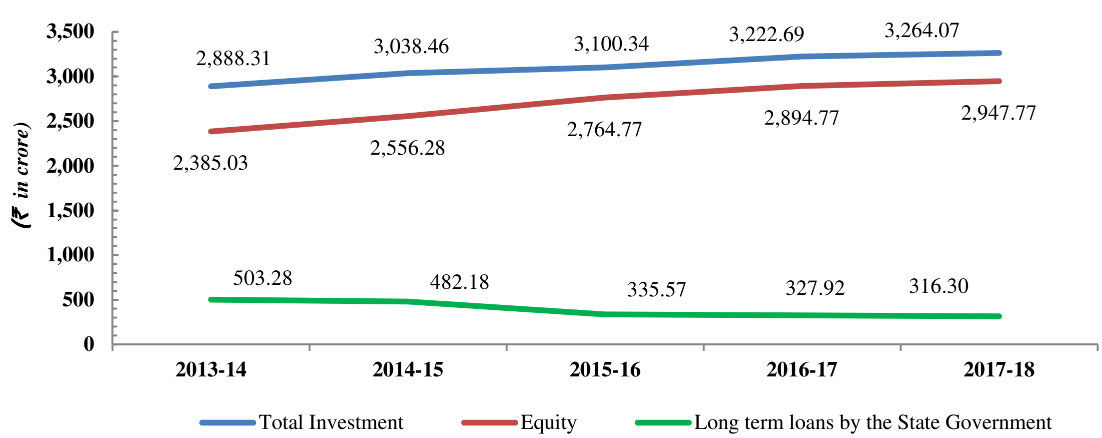
3.2.1.8 Performance of Power Sector Undertakings

The financial position and working results of power sector PSUs[14] are detailed in ***Appendix-3.2.1*** as per their latest finalised accounts as of 30 September 2018.

The PSUs are expected to yield reasonable return on investment made by the Government. The total investment of State Government and others in the working PSUs was₹ 6,309.00 crore consisting of ₹ 2,947.77 crore as equity and ₹ 3,361.23 crore as long term loans. Out of this, GoU has investment of ₹ 3,264.07 crore in these PSUs consisting of equity of ₹ 2,947.77 crore and long-term loans of ₹ 316.30 crore.

The year wise status of investment of GoU in the form of equity and long term loans in the three working power sector PSUs during the period 2013-14 to 2017-18 is given in **Chart-3.2.2** below:

Chart-3.2.2: Total investment of GoU in working power sector undertakings



The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net profit after taxes by shareholders' funds.

3.2.1.9 Return on Investment

Return on investment is the percentage of profit or loss to the total investment. The overall position of profit/losses[15] earned/incurred by three[16] power sector undertakings

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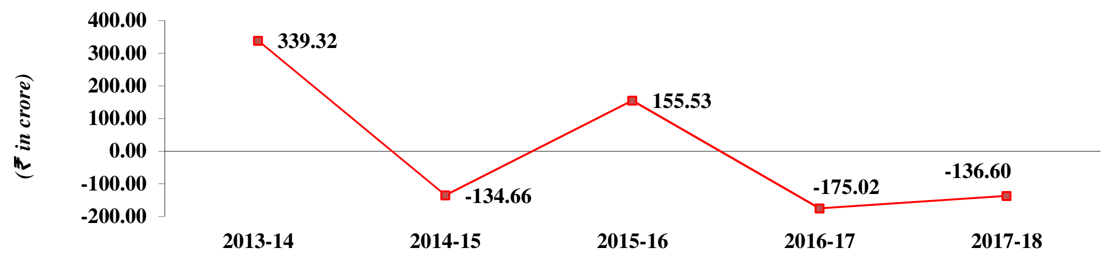
[14] Kishau Corporation Limited had not commenced commercial activities till 31 March 2018 and its first accounts are yet to be received.

[15] Figures are as per the latest financial statements during the respective years.

[16] Excluding Kishau Corporation limited which had not commenced commercial activities till 31 March 2018.

during 2013-14 to 2017-18 is depicted below in **Chart-3.2.3**:

Chart-3.2.3: Profit/Loss earned/incurred by Power Sector Undertakings



The loss incurred by the three PSUs was ₹ 136.60 crore in 2017-18 against losses of ₹ 175.02 crore incurred in 2016-17. According to financial statements for the year 2017-18 of these PSUs, two PSUs earned profit of ₹ 92.62 crore and one PSU incurred loss of ₹ 229.22 crore ***(Appendix-3.2.1).*** The profit making PSUs were Uttarakhand Jal Vidyut Nigam Limited (₹ 63.73 crore) and Power Transmission Corporation Limited (₹ 28.89 crore) while UPCL incurred loss of ₹ 229.22 crore in 2017-18.

Position of power sector PSUs which earned/ incurred profit/ loss during 2013-14 to 2017-18 is given in **Table-3.2.6** below:

Table-3.2.6: Power sector PSUs which earned/ incurred profit/ loss

Financial Year	Total PSUs in power sector	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had marginal profit/ loss during the year
2013-14	03	03	--	--
2014-15	03	02	01	--
2015-16	03	02	01	--
2016-17	03	02	01	--
2017-18	04[17]	02	01	--

(a) Return on the basis of historical cost of investment

The State Government infused funds in the form of equity, loans and grants in the three power sector PSUs. The entire equity of these PSUs was contributed by the State Government. Of the long term loans extended by the GoU to these PSUs, no loans were given on interest free basis and no subsidy was given under UDAY scheme.

The return on investment from these PSUs has been calculated on the investment made by the GoU in the form of Equity and Loans. In the case of loans, only interest free loans are to be considered as investment since the Government does not receive any interest on such loans and are therefore of the nature of equity investment by Government except to the extent that the loans are liable to be re-paid as per terms and conditions of repayment. Funds made available in the form of Grant/subsidy are not to be reckoned as investment.

[17] One Power sector PSU namely Kishau Corporation Limited had not commenced any commercial activities till 31 March 2018.

The investment of the State Government in the Power Sector PSUs have been arrived at by considering equity only. The initial equity of these PSUs did not contain any accumulated losses transferred to them under restructuring scheme, 2000 as referred to at ***paragraph 3.2.1.2*** above.

As on 31 March 2018, the investment of State Government in these PSUs was ₹ 3,264.07 crore consisting of equity of ₹ 2,947.77 crore and long-term interest bearing loans of ₹ 316.30 crore.

The return on investment on historical cost basis for the period 2013-14 to 2017-18 is as given in **Table-3.2.7** below:

Table-3.2.7: Return on State Government Investment on historical cost basis

Financial year	Funds[18] infused by the GoU in form of Equity on historical cost basis at the end of the year (*₹ in crore*)	Total Earnings/Losses for the year (*₹ in crore*)	Return on Investment (in *per cent*)
2013-14	2,385.03	339.32	14.23
2014-15	2,556.28	(-)134.66	(-)5.27
2015-16	2,764.77	155.53	5.63
2016-17	2,894.77	(-)175.02	(-)6.05
2017-18	2,947.77	(-)136.60	(-)4.63

Source: Information furnished by power sector PSUs

The Return on Investment was fluctuating. UPCL was incurring losses continuously from 2014-15 while profitability of UJVNL and PTCUL also declined. The losses incurred by UPCL brought the overall Return on Investment of power sector PSUs into negative zone.

(b) Return on the basis of Present Value of Investment

In view of the significant investment by Government in the three Power Sector companies, return on such investment is essential from the perspective of State Government. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. Therefore, in addition to the calculation of return on funds invested by GoU in the three companies on historical cost basis, the return on investment has also been calculated after considering the Present Value (PV) of investment. The PV of the State Government investment has been computed on funds infused by the State Government in the shape of equity since inception of these companies till 31 March 2018. In order to bring the historical cost of investments to its present value at the end of each year upto 31 March 2018, the past investments/ year wise funds infused by the GoU in these PSUs have been compounded at the year wise average rate of interest on government borrowings which is considered as the minimum cost of funds to the government for the concerned year. Therefore, PV of State Government investment was computed where funds had been infused by the Government in the shape of equity since inception till 31 March 2018. All the three PSUs had a positive return on investment only during the year 2013-14 while two PSUs had positive return on investment during the years 2014-15 to 2017-18.

[18] No interest free loan was given by GoU to power sector undertakings.

The Present Value (PV) of the State Government investment in power sector undertakings was computing taking the following facts.

- No interest free loan has been infused in the Power Sector PSUs.
- No Grant/Subsidy has been reckoned as investment of GoU.
- No Subsidy was given under UDAY Scheme.

3.2.1.10 The Company wise position of State Government investment in the three power sector companies in the form of equity and interest free loans since inception of these companies till 31 March 2018 is indicated in ***Appendix-3.2.2.*** The consolidated position of the PV of the State Government investment relating to the three[19] power sector companies since inception of these companies till 31 March 2018 is indicated in **Table-3.2.8** below:

Table-3.2.8: Year wise details of investment by the state government and present value (PV) of government funds from 2000-01 to 2017-18

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state government during the year	Total investment during the year	Average rate of interest on government borrowings (in percentage)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earning for the year[20]
i	**ii**	**iii**	**iv**	**v=iii + iv**	**vi**	**vii=ii + v**	**viii={vii*(1+ vi/100)}**	**ix={vii*vi}/ 100**	**x**
2000-01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001-02	0.00	10.00	0.00	10.00	8.36	10.00	10.84	0.84	-27.62
2002-03	10.84	0.00	0.00	0.00	10.40	10.84	11.97	1.13	-13.80
2003-04	11.97	0.00	0.00	0.00	8.51	11.97	12.99	1.02	-34.73
2004-05	12.99	168.66	0.00	168.66	9.10	181.65	198.18	16.53	-180.75
2005-06	198.18	241.64	0.00	241.64	7.47	439.82	472.67	32.85	-125.29
2006-07	472.67	119.98	0.00	119.98	7.79	592.65	638.82	46.17	-180.25
2007-08	638.82	229.20	0.00	229.20	7.99	868.02	937.37	69.35	-206.65
2008-09	937.37	72.03	0.00	72.03	7.75	1,009.40	1,087.63	78.23	-347.35
2009-10	1,087.63	694.88	0.00	694.88	7.64	1,782.51	1,918.69	136.18	-543.10
2010-11	1,918.69	31.71	0.00	31.71	7.34	1,950.40	2,093.56	143.16	-196.78
2011-12	2,093.56	41.78	0.00	41.78	7.83	2,135.34	2,302.54	167.20	5.33
2012-13	2,302.54	516.35	0.00	516.35	8.50	2,818.89	3,058.50	239.61	8.80
2013-14	3,058.50	258.80	0.00	258.80	7.57	3,317.30	3,568.42	251.12	339.32
2014-15	3,568.42	171.25	0.00	171.25	7.73	3,739.67	4,028.75	289.08	-134.66
2015-16	4,028.75	208.49[21]	0.00	208.49	8.19	4,237.24	4,584.27	347.03	155.53
2016-17	4,584.27	130.00	0.00	130.00	8.90	4,714.27	5,133.84	419.57	-175.02
2017-18	5,133.84	53.00	0.00	53.00	8.27	5,186.84	5,615.79	428.95	-136.60
Total		***2,947.77***	***0.00***	***2,947.77***					

Source: Information furnished by power sector PSUs.

The initial equity of PSUs did not contain any accumulated losses transferred to them under restructuring scheme, 2000 as referred to at ***paragraph 3.2.1.2***. The balance of

[19] Uttarakhand Power Corporation Limited, Uttarakhand Jal Vidyut Nigam Limited, Power Transmission Corporation of Uttarakhand Limited. Kishau Corporation Limited did not commence any commercial activities till 31 March 2018.

[20] Total earning for the year depicts total of net earnings (profit/loss) for the concerned year relating to those three PSUs (Power Sector) where funds were infused by State Government. In case where annual accounts of any PSU was pending during any year then net earnings (profit/loss) for that year has been taken as per their latest audited accounts of the concerned PSU.

[21] Includes ₹ 151.13 crore loan converted in to equity refer ***paragraph 3.2.1.4.***

investment of the State Government in the power sector PSUs at the end of the year increased to ₹ 2,947.77 crore in 2017-18 from ₹ 10 crore (equity) in 2001-02 as the State Government made further investment in the shape of equity (₹ 2,937.77 crore). The PV of investment of the State Government upto 31 March 2018 worked out to ₹ 5,615.79 crore.

Total Earnings for the year from 2001-02 to 2003-04 depicted net earnings (profit/loss) for the year relating to two PSUs namely UPCL and UJVNL and from 2004-05 onwards depicted net earnings (profit/loss) for the year in respect of three PSUs including Power Transmission Corporation of Uttarakhand Limited. All three PSUs prepared their annual accounts on commercial accounting principle by showing profit/loss for the respective years.

It could be seen that total earnings of these PSUs was negative during 2001-02 to 2017-18 except during the years 2011-12, 2012-13, 2013-14 and 2015-16 which indicates that instead of generating returns on the invested funds Government could not recover its cost of funds. The positive total earning for the year 2011-12, 2012-13 and 2015-16 also remained substantially below the minimum expected return towards the investment made in these companies. During the year 2013-14, the earning was higher than the minimum expected return due to write back of liability of power purchase of UPCL.

Under UDAY scheme, a tripartite MoU amongst MoP, GoI; GoU and UPCL was executed for achieving operational turnaround. However, no subsidy was given to UPCL under UDAY scheme. A comparison of return on investment as per historical cost and present value of such investment during 2017-18 is given in **Table-3.2.9** below:

Table-3.2.9: Return on State Government Funds

(₹in crore)

Total Earnings/ Loss (-)	Investment by the GoU in form of Equity[22]	Return on State Government investment on the basis of historical value (*per cent*)	Present value of the State Government investment at end of the year	Return on State Government investment considering the present value of the investments (*per cent*)
(-) 136.60	2,947.77	(-) 4.63	5,615.79	(-) 2.43

Source: Information furnished by power sector PSUs.

The returns on investment for the year 2017-18 based on present value and on historical cost were both negative.

3.2.1.11 Erosion of Net worth

Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The overall accumulated losses of the three PSUs were ₹ 1,864.37 crore as against the capital investment of ₹ 2,947.77 crore resulting in net worth of

22 No interest free loans were given to power sector PSUs by State Government.

₹ 1,083.40 crore. Of the three power sector PSUs, the net worth of UPCL (- ₹ 1,262.69 crore) was eroded completely. The following **Table-3.2.10** indicates paid up capital, accumulated profit/loss and net worth of the three[23] PSUs during the period 2013-14 to 2017-18:

Table-3.2.10: Net worth of three Power Sector Undertakings during 2013-14 to 2017-18

(₹in crore)

Year	Paid up Capital at end of the year	Free Reserve and surplus	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue Expenditure	Net worth
2013-14	2,385.03	-	(-)1,562.79	00	822.24
2014-15	2,556.28	-	(-)1,698.04	00	858.24
2015-16	2,764.77	-	(-)1,542.51	00	1,222.26
2016-17	2,894.77	-	(-)1,845.19	00	1,049.58
2017-18	2,947.77	-	(-)1,864.37	00	1,083.40

Source: Information furnished by power sector PSUs.

The State Government provided financial support to these PSUs by infusing equity during the period 2013-18. Despite this, the accumulated losses of UPCL increased from ₹ 1,695.38 crore in 2013-14 to ₹ 2,568.72 crore in 2017-18. The losses of UPCL resulted in its negative net worth during 2013-18. Two PSUs[24] had positive net worth.

3.2.1.12 Dividend Payout

The State Government had not formulated any dividend policy under which PSUs would be required to pay a minimum return on the paid up share capital contributed by the State Government. Dividend Payout relating to Power Sector PSUs where equity was infused by GoU during the period is shown in **Table-3.2.11** below:

Table-3.2.11: Dividend Payout of Power Sector PSUs during 2013-14 to 2017-18

(₹in crore)

Year	Total PSUs where equity infused by GoU		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (percentage)
	Number of PSUs	Equity infused by GoU	Number of PSUs	Equity infused by GoU	Number of PSUs	Dividend declared/ paid by PSUs	
1	2	3	4	5	6	7	8=7/3*100
2013-14	3	2,385.03	3	2,385.03	-	-	-
2014-15	3	2,556.28	2	1,479.38	-	-	-
2015-16	3	2,764.77	2	1,526.74	1	15.18	*0.55*
2016-17	4	2,894.77	2	1,610.74	2	27.69	*0.96*
2017-18	4	2,947.77	2	1,641.74	1	18.69	*0.63*

Source: Information furnished by power sector PSUs.

Only one Power Sector PSU (UJVNL) paid/declared dividend during 2015-16 to 2017-18 and Power Transmission Corporation of Uttarakhand Limited had paid/declared dividend during 2016-17.

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23 Except Kishau Corporation Limited.
24 Uttarakhand Jal Vidyut Nigam Limited and Power Transmission Corporation of Uttarakhand Limited.

The dividend payout ratio during 2013-14 to 2014-15 was nil whereas during 2015-16 to 2017-18, it was nominal ranging between 0.55 *per cent* and 0.96 *per cent*. Also, none of these PSUs had declared/paid dividend since their inception till 2014-15.

3.2.1.13 Return on Equity

Return on Equity (RoE) is a measure of financial performance to assess how effectively company's assets are being used to create profits. RoE is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund is calculated by adding paid up capital and free reserves minus net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means liabilities exceed assets.

Return on Equity has been computed in respect of three PSUs where funds had been infused by the State Government. The details of Shareholders fund and RoE relating to the three PSUs during the period from 2013-14 to 2017-18 are given in **Table-3.2.12** below:

Table-3.2.12: Return on Equity relating to three Power Sector PSUs where funds were infused by the GoU

Year	Net Income (₹ *in crore*)	Shareholders' Fund (₹ *in crore*)	ROE *(Percentage)*
2013-14	339.32	822.24	41.27
2014-15	-134.66	858.24	--
2015-16	155.53	1,222.26	12.72
2016-17	-175.02	1,049.58	--
2017-18	-136.60	1,083.40	--

Source: Information compiled from financial statements of power sector PSUs.

During the last five years period ended March 2018, Net Income was positive in the years 2013-14 and 2015-16 only, while Shareholders' fund were positive in all the years. Therefore RoE in respect of these PSUs could not be worked out except for the year 2013-14 and 2015-16 wherein RoE was 41.27 *per cent* and 12.72 *per cent* respectively. The net income of these PSUs remained negative in the three years due to heavy losses incurred by UPCL. It could not realise its cost of supply of power from tariff charged.

3.2.1.14 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed.

RoCE is calculated by dividing a company's Earnings Before Interest and Taxes (EBIT) by the capital employed[25]. The details of RoCE of all the three power sector PSUs during the period from 2013-14 to 2017-18 are given in **Table-3.2.13** below:

Table-3.2.13: Return on Capital Employed

Year	EBIT (₹ *in crore*)	Capital Employed (₹ *in crore*)	RoCE (percentage)
2013-14	630.52	3,272.50	*19.27*
2014-15	75.48	3,334.18	*2.26*
2015-16	523.76	3,947.20	*13.27*
2016-17	168.83	4,442.04	*3.80*
2017-18	211.93	4,444.64	*4.77*

Source: Information compiled from financial statements of power sector PSUs.

The RoCE ranged between 2.26 *per cent* and 19.27 *per cent* during the period 2013-14 to 2017-18. The RoCE of the PSUs exhibited a fluctuating trend. It improved for the year 2015-16 because there was increase in profit of two PSUs[26].

3.2.1.15 Analysis of Long term loans of the Companies

The analysis of the long term loans of the companies which had leverage during 2013-14 to 2017-18 was carried out to assess the ability of the companies to service the debt owned by the power sector PSUs to Government, banks and other financial institutions. This is assessed through the Interest coverage ratio and Debt Turnover Ratio.

3.2.1.16 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in three power sector PSUs which had interest burden during the period from 2013-14 to 2017-18 are given in **Table-3.2.14** below:

[25] Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

[26] Uttarakhand Jal Vidyut Nigam Limited and Power Transmission Corporation of Uttarakhand Limited.

Table-3.2.14: Interest coverage ratio

Year	Interest (₹*in crore*)	Earnings before interest and tax (EBIT) (₹*in crore*)	Number of PSUs[27] having liability of loans from Government, Banks and other financial institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
2013-14	292.11	630.52	3	3	0
2014-15	312.78	75.48	3	2	1
2015-16	339.91	523.76	3	2	1
2016-17	368.88	168.83	3	2	1
2017-18	366.46	211.93	3	2	1

Source: Information compiled from financial statements of power sector PSUs.

It was observed that two PSUs[28] have interest coverage ratio of more than one during 2013-14 to 2017-18. One PSU[29] has interest coverage ratio less than one during 2014-15 to 2017-18. Thus, the PSU was not generating sufficient revenue to meet its expenses on interest.

3.2.1.17 Debt-Turnover Ratio

During the last five years, the turnover of power sector PSUs recorded compounded annual growth rate of 15.76 *per cent* and compounded annual growth rate of debt was 7.83 *per cent* due to which the Debt-Turnover Ratio improved from 0.62:1 in 2013-14 to 0.50:1 in 2017-18 as given in **Table-3.2.15** below:

Table-3.2.15: Debt Turnover ratio relating to the Power Sector undertakings

(₹in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government and others (Banks and Financial Institutions)	2,450.26	2,475.94	2,724.94	3,392.46	3,361.23
Turnover	3,968.35	4,421.60	5,745.16	5,883.21	6,780.91
Debt-Turnover Ratio	0.62:1	0.56:1	0.47:1	0.58:1	0.50:1

Source: Information compiled from financial statements of power sector PSUs.

3.2.1.18 Assistance under Ujjwal DISCOM Assurance Yojana (UDAY)

The Ministry of Power (MoP), Government of India launched (20 November 2015) Ujjwal DISCOM Assurance Yojana (UDAY) for operational and financial turnaround of State owned Power Distribution Companies (DISCOMs). As per provisions of UDAY scheme, the participating states were required to undertake amongst others the following measures for operational turnaround.

3.2.1.19 Scheme for improving operational efficiency

The participating States were required to undertake various targeted activities like

[27] One power sector PSU Kishau Corporation Limited has not been considered as its operation did not commence till March 2018.

[28] Uttarakhand Jal Vidyut Nigam Limited and Power Transmission Corporation of Uttarakhand Limited.

[29] Uttarakhand Power Corporation Limited.

compulsory feeder and distribution transformer (DT) metering, upgrading or changing transformers and meters, smart metering of all consumers consuming above 200 units per month by 31 December 2019, Demand Side Management (DSM) through energy efficient equipment, quarterly revision of tariff, increase employees engagement, implement consumer service strategy, monitor the performance on monthly basis and assure increased power supply in areas where the AT&C losses have been reduced for improving the operational efficiencies. The timeline prescribed for these targeted activities were required to be followed so as to ensure achievement of the targeted benefits *viz.* ability to track losses at feeder and DT level, identification of loss making areas, reduce technical losses and minimise outages, reduce power theft by enhancing public participation, reduce peak load and energy consumption, *etc.* The outcomes of operational improvements were to be measured through indicators *viz.* phased reduction of AT&C loss to 14.50 *per cent* by the year 2018-19 as per loss reduction trajectory finalised by the MoP and State; and reduction in gap between average cost of supply and average revenue realised to zero by 2018-19, achieving cent percent Distribution Transformer metering, undertaking energy audit, *etc*.

3.2.1.20 Scheme for financial turnaround

The participating States were required to take over 75 *per cent* of DISCOMs debt as on 30 September 2015 over two years, 50 *per cent* in 2015-16 and 25 *per cent* in 2016-17. The scheme for financial turnaround provided that:

- State will issue non-Statutory Liquidity Ratio bonds and the proceeds realised from issue of such bonds shall be transferred to the DISCOMs which in turn shall discharge the corresponding amount of Banks/ FIs debt. The bonds so issued will have a maturity period of 10-15 years with a moratorium on repayment of principal upto 5 years.
- Debt of DISCOM will be taken over in the priority of debt already due, followed by debt with higher cost.
- The transfer to the DISCOM by the State in 2015-16 and 2016-17 will be as a grant which can be spread over three years with the remaining transfer through State loan to DISCOM. In exceptional cases, 25 *per cent* of grant can be given as equity.

3.2.1.21 Implementation of the UDAY Scheme

The status of implementation of the UDAY Scheme in the state is detailed below:

A. Achievement of operational parameters

The achievements *vis-à-vis* targets under UDAY Scheme regarding different operational parameters relating to the one State DISCOM (UPCL) were as in **Table-3.2.16** below:

Table-3.2.16: Parameter wise achievements *vis-à-vis* targets of operational performance upto 31 March 2019

Parameter of UDAY Scheme	Target under UDAY Scheme	Progress under UDAY Scheme	Achievement (in percentage)
Feeder metering ***(in Nos.)***	1,980	1,980	100
Metering at Distribution Transformers ***(in Nos.)***			
Urban	6,616	6,777	102
Rural	--	--	--
Feeder Segregation ***(in Nos.)***	60	20	33
Rural Feeder Audit ***(in Nos.)***	1,395	858	62
Electricity to unconnected household ***(in lakh Nos.)***	21.17	22.45	106
Smart metering ***(in Nos.)***	3,00,000	Not yet taken up due to high capital cost and technology related issues.	
Distribution of LED UJALA ***(in lakh Nos.)***	59.33	52.88	89
AT & C Losses ***(in %)***	14.50	15.21[30]	Not achieved
ACS-ARR Gap ***(₹per unit)***	0.00	(-) 0.03	Not achieved
Net Income or Profit/Loss including subsidy ***(₹in crore)***	10.57	(229.22)[31]	Not achieved

Source: State Health Card under UDAY Scheme as per website of the MoP, GoI.

The State has not initiated action for smart metering. Target of feeder segregation were not achieved, whereas the performance of feeder metering, metering at Distribution Transformers in urban areas, providing electricity to unconnected households and distribution of LEDs was extremely encouraging as targets had been over achieved. Further, the State could not achieve target of AT&C loss reduction of 14.50 *per cent* by March 2019. According to the MoP, GoI, the State of Uttarakhand stood 14 amongst all the states on the basis of overall achievements made by the State DISCOM under UDAY Scheme upto 31 March 2019.

B. Implementation of Financial Turnaround

The GoU or the State DISCOM has not issued any bond for discharging financial liabilities. The GoU conveyed (05 March 2016) its *'in principle'* consent to the MoP, GoI to take benefit of the UDAY Scheme. Thereafter, a tripartite Memorandum of Understanding (MoUs) was signed (21 March 2016) between the MoP, GoI, the GoU and the State DISCOM (*i.e.* UPCL) for operational turnaround. The State Government has not taken over any debt of the DISCOM under the UDAY scheme. However, loans from Uttar Pradesh Government (including interest) amounting to ₹ 151.13 crore were decided to be converted into equity during 2015-16 by UPCL[32] under UDAY scheme referred to in ***paragraph 3.2.1.4***. Further, against the instruction of GoU to issue State Guarantee bonds to pay loan of ₹ 520.37 crore[33] (as on 30 September 2015) availed from Rural

[30] Provisional figures for financial year 2018-19.

[31] The financial statements for the year 2018-19 has not been submitted by PSU. Hence, figures for the year 2017-18 has been adopted.

[32] Conversion was approved in Board of Directors meeting held on 24 June 2016 wherein Principal Secretary (Energy) as Chairman of the board and representative of Secretary (Finance) were present.

[33] Average interest rate of 12 *per cent.*

Electrification Corporation, Board of Director of UPCL decided (29 September 2016) not to issue the bonds as loan was carrying lower average rate of interest (eight *per cent).*

3.2.1.22 Comments on Accounts of Power Sector Undertakings

Three Power sector Companies[34] forwarded their three audited accounts to the Principal Accountant General during the period from 1 October 2017 to 30 September 2018. All the accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the C&AG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the C&AG for the accounts of 2015-18 are as in **Table-3.2.17** below:

Table-3.2.17: Impact of audit comments on Power Sector Companies

(₹in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	33.82	1	4.81	2	120.81
2.	Increase in profit			-	-		
3.	Increase in loss	2	184.44	1	2.15	1	36.82
4.	Decrease in loss			-	-		
5.	Non-disclosure of material facts	1	0.31	1	1.93	2	3.75
6.	Errors of classification	3	60.09	3	176.73	3	589.96

Source: Compiled from comments of the Statutory Auditors/ C&AG of India in respect of Power Sector PSUs.

During the year 2017-18, the Statutory Auditors had issued qualified certificates on all the accounts. Further, the Statutory Auditors pointed out three instances of non-compliance to the Accounting Standards in two accounts.

3.2.1.23 Performance Audit and Compliance Audit Paragraphs

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2018, one compliance audit paragraph relating to power sector undertakings was issued to the Principal Secretary of Energy Department, GoU with request to furnish replies within four weeks. Replies on the compliance audit paragraph have been received (May 2018). The financial impact of the compliance audit paragraph is ₹ 3.34 crore.

3.2.1.24 Follow up action on Audit Reports

Replies outstanding

The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. All Administrative Departments are required to submit replies/explanatory notes to paragraphs/Performance Audits (PA) included in the Reports of the C&AG of India within a period of three months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The status of explanatory notes is given in **Table-3.2.18** below:

[34] One new power sector PSU: Kishau Corporation Limited has not submitted its financial statements as its operation did not commence till March 2018.

Table-3.2.18: Position of explanatory notes on Audit Reports related to Power Sector PSUs (as on 31 December 2018)

Year of the Audit Report (PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs)and Paragraphs related to Power Sector PSUs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	November 2014	01	01	01	01
2013-14	November 2015	--	03	--	03
2014-15	November 2016	--	03	--	03
2015-16	May 2017	--	--	--	--
2016-17	September 2018	--	03	--	03

Source: Compiled based on the discussion of COPU on the Audit Reports.

Explanatory notes of above audit paragraphs were pending with power department[35] till December 2018.

3.2.1.25 Discussion of Audit Reports by COPU

The status of discussion of Performance Audits and paragraphs related to Power Sector PSUs that appeared in Audit Reports (PSUs) by the COPU as on 31 December 2018 was as in **Table-3.2.19** below:

Table-3.2.19: Performance Audits/Paragraphs appeared in Audit Reports *vis-à-vis* discussed as on 31 December 2018

Period of Audit Report	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2012-13	01	01	--	--
2013-14	--	03	--	--
2014-15	--	03	--	--
2015-16	--	--	--	--
2016-17	--	03	--	--

Source: Compilation based on the discussions of COPU on the Audit Reports.

The Audit Reports (PSUs) from the year 2012-13 are pending for discussion.

3.2.1.26 Compliance to Reports of COPU

Action Taken Notes (ATNs) on four reports[36] of the COPU presented to the State Legislature in December 2003 and December 2008 had not been received (March 2019) as indicated in **Table-3.2.20** below:

[35] Uttarakhand Power Corporation Limited, Power Transmission Corporation of Uttarakhand Limited and UJVN Limited.

[36] COPU Reports presented before Vidhan Sabha on 11.10.2006 (two reports), 23.03.2011 and 29.09.2011.

Table-3.2.20: Compliance to COPU Reports

Year of the COPU Report	Total No. of Reports of COPU	Total number of recommendation in COPU Reports	Number of recommendations where ATNs not received
2005-06	02	03	No ATNs were received.
2009-10	02	15	

Source: Compilation based on COPU Reports.

The above mentioned Reports of COPU contained recommendations in respect of paragraphs pertaining to UPCL which appeared in the Reports of the C&AG of India for the years 1997-1998, 1998-99, 2000-01, 2001-02, 2004-05 and 2005-06. The ATNs on recommendations made in these four COPU Reports were not received till March 2019.

Part-II (Other than Power Sector)

3.3 Functioning of State Public Sector Undertakings (Other than Power Sector)

3.3.1 Introduction

3.3.1.1 There were 26 State Public Sector Undertakings (PSUs) as on 31 March 2018 functioning in sectors other than Power Sector. These PSUs included 23 Government Companies[37] and three Statutory Corporations[38]. The Government Companies included one[39] inactive[40] company and seven subsidiary companies[41] owned by other Government Companies. All the seven subsidiary companies are inactive. Thus, there are 18 working companies and eight inactive companies.

The State Government provides financial support to the State PSUs in the shape of

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[37] This includes three new PSUs namely Dehradun Smart City Limited; Ecotourism Development Corporation of Uttarakhand; and Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited which were incorporated during March 2017 to September 2017 under Companies Act, 2013 by State Government.

[38]. Audit of Statutory Corporation is governed by their respective legislations. Out of the three Statutory Corporations, C&AG is the sole auditor for Uttarakhand Parivahan Nigam and Uttarakhand Forest Development Corporation. In respect of Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam, the audit was entrusted to the C&AG initially from 2003-04 to 2008-09 and then extended upto 2018-19 under section 20 (1) of the C&AG's (DPC) Act, 1971.

[39] UPAI Limited

[40] Inactive PSU means a Company which has not been carrying on any business or operation, or has not made any significant accounting transaction, or has not filed financial statements and annual returns during the last two financial years.

[41] Trans Cables Limited (Subsidiary of Kumaun Mandal Vikas Nigam limited), Uttar Pradesh Digitals Limited (Subsidiary of Kumaun Mandal Vikas Nigam limited), Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited), Kumaun Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaun Mandal Vikas Nigam Limited). Further, four PSUs namely Garhwal Anusuchit Janjati Vikas Nigam Limited, Kumaun Anusuchit Janjati Vikas Nigam Limited, Trans Cables Limited and Uttar Pradesh Digitals Limited, which were working PSUs upto 2016-17 have now included as inactive PSUs for the year 2017-18 onwards as there has not been any commercial activities in these PSUs.

equity, loans and grants/subsidy from time to time. Of the 26 State PSUs (other than Power Sector), the State Government invested funds in 18 Government companies and two[42] subsidiary companies only. The State Government did not infuse any funds in five Government Companies which were incorporated as subsidiaries of other Government Companies and of one Statutory Corporation. Equity of these five subsidiary companies was contributed by the respective Holding Companies.

3.3.1.2 Contribution to Economy of the State

A ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) shows the extent of activities of the PSUs in the State economy. The **Table-3.3.1** below provides the details of turnover[43] of State PSUs and GSDP of Uttarakhand for a period of five years ending March 2018:

Table-3.3.1: Details of turnover of State PSUs *vis-à-vis* GSDP of Uttarakhand

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover	1,134.89	1,319.82	1,428.17	1,440.43	1,990.08
GSDP of Uttarakhand	1,49,074.00	1,61,439.00	1,75,772.00	1,95,606.00	2,17,609.00
Percentage of Turnover to GSDP of Uttarakhand	*0.76*	*0.82*	*0.81*	*0.74*	*0.91*

***Source:** Compilation based on turnover figures of working PSUs (other than power); turnover figures adopted from approved C&AG Audit report upto 2016-17; GSDP figures as per Finance Account 2017-18 of Government of Uttarakhand.*

The turnover of these PSUs recorded continuous increase in their turnover over previous years turnover as per their latest audited accounts available in respective years. The increase in turnover ranged between 0.86 *per cent* and 38.16 *per cent* during the period 2013-18, whereas increase in GSDP of the State ranged between 8.29 *per cent* and 11.28 *per cent* during the same period. The compounded annual growth rate of GSDP was 10.58 *per cent* during last five years. The compounded annual growth rate is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth rate of 10.58 *per cent* of the GSDP, the turnover of undertakings recorded higher compounded annual growth rate of 20.59 *per cent* during last five years. This resulted in marginal increase in share of turnover of these PSUs to the GSDP from 0.76 *per cent* in 2013-14 to 0.91 *per cent* in 2017-18.

3.3.1.3 Investment in State PSUs

There are some PSUs which function as instruments of the State Government to provide certain services which the private sector may not be willing to extend due to various

[42] Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited), Kumaun Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaun Mandal Vikas Nigam Limited).

[43] This does not include six PSUs (three new PSUs namely Eco-Tourism Development Corporation Limited, Dehradun Smart City Limited, Uttarakhand Metro Rail, Urban Infrastructure and Building Construction Corporation Limited; one PSU namely Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam whose first accounts have not been received till date and two PSUs namely UP Hill Phones limited and UP Hill Quartz where details are not available since creation of the State).

reasons. Besides, the Government has also invested in certain business segments through PSUs which function in a competitive environment with private sector undertakings. The position of these State PSUs have therefore been analysed under two major classifications *viz.* those in the social sector and those functioning in competitive environment. Besides, ten[44] of these State PSUs incorporated to perform some specific activities on behalf of the State Government have been categorised under 'others'. Details of investment made in these 26 State PSUs[45] in form of equity and long term loans upto 31 March 2018 are detailed in ***Appendix-3.3.1.***

3.3.1.4 The sector-wise summary of investment in these State PSUs as on 31 March 2018 is given in **Table-3.3.2** below:

Table-3.3.2: Sector-wise investment in State PSUs

Sector	Number of PSUs	Investment (₹ *in crore*)				
		Equity		Long term loans		Total
		GoU	Other	GoU	Other	
Social Sector	05	24.91	6.57	1.17	0.04	32.69
PSUs in Competitive Environment	11	1,002.50	2,369.39	331.97	347.86	4,051.72
Others	10	9.32	2.19	4.15	18.52	34.18
Total	***26***	***1,036.73***	***2,378.15***	***337.29***	***366.42***	***4,118.59***

Source: Compilation based on information provided by PSUs.

As on 31 March 2018, the total investment (equity and long term loans) in these PSUs was ₹ 4,118.59 crore. The investment consisted of 82.91 *per cent* towards equity and 17.09 *per cent* in long-term loans. The long term loans advanced by the GoU constituted 47.93 *per cent* (₹ 337.29 crore) of the total long term loans whereas 52.07 *per cent* (₹ 366.42 crore) of the total long term loans were availed from other financial institutions.

The investment has grown by 47.08 *per cent* from ₹ 2,800.21 crore in 2013-14 to ₹ 4,118.59 crore in 2017-18. There was addition of ₹ 1,163.34 crore towards equity and ₹ 155.04 crore in long term loans.

3.3.1.5 Disinvestment, restructuring and privatisation of State PSUs

During the year 2017-18, no disinvestment, restructuring or privatisation was done by the State Government in these PSUs.

[44] Trans Cables Limited (Subsidiary of Kumaun Mandal Vikas Nigam limited), Uttar Pradesh Digitals Limited (Subsidiary of Kumaun Mandal Vikas Nigam limited), Uttar Pradesh Hill Electronics Corporation Limited, Uttarakhand Forest Development Corporation, UPAI, Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited), Uttarakhand Metro Rail, Urban Infrastructure and Building Construction Corporation Limited and Dehradun Smart City Limited.

[45] Excluding two PSUs namely Uttarakhand Forest Development Corporation and U.P. Hill Quartz Limited, in which investment (Equity or Long Term Loan) has not been made by State Government.

3.3.1.6 Budgetary Support to State PSUs

The GoU provides financial support to State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity during the year in respect of the State PSUs for the last three years ending March 2018 are as in **Table-3.3.3** below:

Table-3.3.3: Details regarding budgetary support to State PSUs during the years

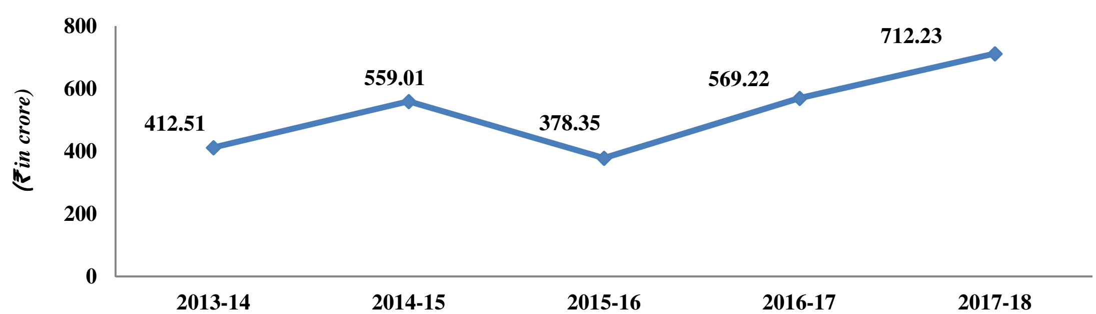
(₹ in crore)

Particulars[46]	2015-16		2016-17		2017-18	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital outgo (i)	4	26.95	2	78.42	4	63.02
Loans given (ii)	2	12.10	-	-	-	-
Grants/Subsidy provided (iii)	6	339.30	5	490.80	5	649.21
Total Outgo (i+ii+iii)	-	378.35	-	569.22	-	712.23
Loan repayment written off	-	-	-	-	-	-
Loans converted into equity	-	-	-	-	-	-
Guarantees issued	1	10.46	1	6.25	-	-
Guarantee Commitment	-	-	1	0.19	1	0.67

Source: Compilation based on information provided by PSUs.

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last five years ending March 2018 are given in a **Chart-3.3.1** below:

Chart-3.3.1: Budgetary outgo towards Equity, Loans and Grants/Subsidies



The annual budgetary assistance to these PSUs ranged between ₹ 378.35 crore and ₹ 712.23 crore during the period 2013-14 to 2017-18. The budgetary assistance of ₹ 712.23 crore given during the year 2017-18 included ₹ 63.02 crore and ₹ 649.21 crore in the form of equity and grants/ subsidy respectively. The State Government did not provide any loan assistance to these PSUs during 2017-18. The State Government gave subsidy to Doiwala Sugar Company Limited and Kichha Sugar Company Limited for payment of sugarcane prices to farmers and grants of ₹ 590.99 crore were provided to Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam to create infrastructure of sewerage and water supply.

[46] Amount represents outgo from State Budget only.

In order to enable PSUs to obtain financial assistance from banks and financial institutions, GoU provides guarantee and charges guarantee fee of one *per cent* per annum. The Government of Uttar Pradesh had ordered (September 2000) to charge guarantee fees at the rate of one *per cent* per annum on the guarantee given by the State Government for PSUs seeking financial assistance and the same was adopted by the Uttarakhand Government. The amount of guarantee commitments outstanding as on 31 March 2014 were nil which stood at ₹ 0.67 crore (one PSU - Kiccha Sugar Company Limited) as on 31 March 2018. During the year 2017-18, no guarantee commission was paid by the PSUs.

3.3.1.7 Reconciliation with Finance Accounts of Government of Uttarakhand

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the GOU. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2018 is stated in **Table-3.3.4** below:

Table-3.3.4: Equity, loans, guarantees outstanding as per Finance Accounts of Government of Uttarakhand *vis-à-vis* records of State PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	266.44	339.51[47]	73.07
Loans	102.01	337.29	235.28
Guarantees	-	0.67	0.67

Source: Compilation based on information provided by PSUs and approved Finance Accounts.

The differences between the figures are persisting since last many years. The issue of reconciliation of differences was also taken up with the respective PSUs/Departments by the Principal Accountant General (Uttarakhand) from time to time. The non-reconciliation of figures may lead to fraud and leakage of public money apart from violation of the provisions of the relevant statutes. We recommend that the State Government and respective PSUs should reconcile the differences in a time bound manner.

Submission of accounts by State PSUs

Of these 26 PSUs, 18 are working PSUs (15 Companies and three Statutory Corporations) and eight are inactive as of 31 March 2018. The status of timelines followed by the State PSUs in preparation of accounts is as detailed under:

3.3.1.8 Timeliness in preparation of accounts by the working State PSUs

Accounts for the year 2017-18 were required to be submitted by all the working PSUs by 30 September 2018. However, none of the working Government Companies submitted their accounts for the year 2017-18 for audit by C&AG on or before 30 September 2018. Out of the three Statutory Corporations, C&AG is the sole auditor for Uttarakhand

[47] This does not include ₹ 697.22 crore being capital grants received by Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam from State Government and outstanding as on 31 March 2018.

Parivahan Nigam and UFDC. The audit of Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam has been entrusted to the C&AG upto 2018-19 under section 20 (1) of the C&AG's (DPC) Act, 1971. None of the Statutory Corporations presented their accounts for the year 2017-18 for audit up to 30 September 2018.

Details of arrears in submission of accounts of working PSUs as on 30 September 2018 are given in **Table-3.3.5** below:

Table-3.3.5: Position relating to submission of accounts by the working State PSUs

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of PSUs	18	18	18	19[48]	18[49]
2.	Number of accounts submitted during current year	15	07	19	32	12
3.	Number of working PSUs which finalised accounts for the current year	Nil	Nil	Nil	Nil	Nil
4.	Number of previous year accounts finalised during current year	11	14	12	37	12
5.	Number of working PSUs with arrears in accounts	18	18	18	19	18
6.	Number of accounts in arrears	147	151	157	150[50]	66
7.	Extent of arrears	One to twenty seven years	One to twenty eight years	One to twenty nine years	One to thirty years	One to thirteen years

***Source:* *Compilation based on accounts of PSUs received during the period October 2017 to September 2018*.**

Of these 18 working State PSUs, nine PSUs had finalised 12 annual accounts during the period 1 October 2017 to 30 September 2018 for previous years. Further, 66 annual accounts were in arrears which pertain to 18 PSUs as detailed in ***Appendix-3.3.2.*** The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. The concerned Departments were informed quarterly by the Principal Accountant General (Audit) Uttarakhand regarding arrear in finalisation of accounts.

The GoU had provided ₹ 176.22 crore (Loan: ₹ 16.86 crore, Subsidy: ₹ 159.36 crore) to six of the 18 working PSUs, accounts of which had not been finalised by 30 September 2018 as prescribed under the Companies Act 2013, whereas no investment was made in

48 During 2016-17, one new PSU namely Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam which was incorporated in 2005-06 was included in the commercial chapter. 12 accounts have been included in the arrears as the first account of the company is yet to be received till date.

49 Four working PSUs considered as Inactive PSUs and the details in this regard have been included in the **Table-3.3.6**. Further, three new PSUs namely *i.e.* Dehradun Smart City Limited, Ecotourism Development Corporation of Uttarakhand, Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited are included.

50 90 accounts (up to 2016-17) of four companies transferred to inactive PSUs **Table-3.3.6**.

10 PSUs[51] during the period for which accounts are in arrears. PSU wise details of investment made by State Government during the years for which accounts are in arrears are shown in ***Appendix-3.3.2***. However, six accounts of six[52] of these working State PSUs for the period 2017-18 were finalised and submitted for audit during the period from October 2018 to March 2019 whereas 60 accounts pertaining to 12 working State PSUs were awaited till March 2019.

In the absence of finalisation of accounts and their subsequent audit in remaining 12 PSUs, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoU investment in these PSUs, therefore, remained outside the control of State Legislature.

3.3.1.9 Timeliness in preparation of accounts by inactive State PSUs

Of the eight PSUs, one PSU namely UPAI Limited was under liquidation since March 1991. There were arrears in finalisation of accounts by eight inactive PSUs, details of which are as given in **Table-3.3.6** below:

Table-3.3.6: Position relating to arrears of accounts in respect of inactive PSUs

Sl. No.	Name of inactive companies	Period for which accounts were in arrears
1.	UPAI Limited (under liquidation since 31.03.1991)	1989-90 to 2017-18
2.	Trans Cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam limited)	2000-01 to 2017-18
3.	Uttar Pradesh Digitals Limited (Subsidiary of Kumaon Mandal Vikas Nigam limited)	1997-98 to 2017-18
4.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	1990-91 to 2017-18
5.	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited),	1987-88 to 2017-18
6.	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	1989-90 to 2017-18
7.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited),	1994-95 to 2017-18
8.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited).	1987-88 to 2017-18

Source: Compilation based on accounts of PSUs received during the period October 2017 to September 2018.

None of these inactive PSUs submitted their accounts up to March 2019.

3.3.1.10 Placement of Separate Audit Reports of Statutory Corporations

Separate Audit Reports (SARs) are audit reports of the C&AG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the

51 Accounts of two new PSUs namely: Ecotourism Development Corporation of Uttarakhand and Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited were not due upto 30 September 2018.

52 Doiwala Sugar Company Limited, Kichha Sugar Company Limited, Dehradun Smart City Limited, Uttaranchal Project Development and Construction Corporation Limited, Uttarakhand Purva Sainik Kalyan Nigam Limited, Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam.

provisions of the respective Acts. All three working Statutory Corporations had not forwarded their accounts of the year 2017-18 by 30 September 2018.

Status of annual accounts of Statutory Corporations and placement of their SARs in legislature is detailed in **Table-3.3.7** below:

Table-3.3.7: Status of placement of SAR of the Statutory Corporations

Name of the Corporation	Year of Accounts	Month of placement of SAR
Uttarakhand Forest Development Corporation	2014-15 to 2016-17	Yet to be placed
Uttarakhand Parivahan Nigam	2010-11 to 2015-16	Yet to be placed
Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam	2014-15 and 2015-16	March 2018

Source: Compilation based on information provided by the Statutory Corporations.

3.3.1.11 Impact of non-finalisation of accounts of State PSUs

As pointed in ***paragraph 3.3.1.8***, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of the PSUs to GSDP for the year 2017-18 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Department should strictly monitor and issue necessary directions to liquidate the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the PSUs and take necessary steps to liquidate the arrears in accounts.

3.3.1.12 Performance of working State PSUs

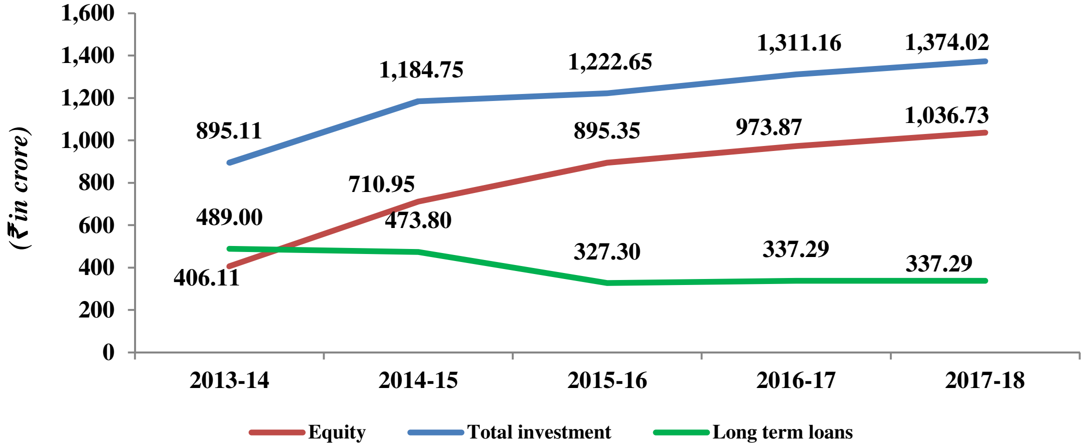
The financial position and working results of the 26 State PSUs are detailed in ***Appendix-3.3.3*** as per their latest finalised accounts as of 30 September 2018.

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in the PSUs. The total investment of the State Government and others in PSUs was ₹ 4,118.59 crore consisting of equity of ₹ 3,414.88 crore and long term loans of ₹ 703.71 crore. Out of this, GoU has investment of ₹ 1,374.02 crore consisting of equity of ₹ 1,036.73 crore[53] and long term loans of ₹ 337.29 crore.

The year wise statement of investment of GoU in the PSUs sector during the period 2013-14 to 2017-18 is as in **Chart-3.3.2** below:

[53] This includes ₹ 697.22 crore being capital grants received by Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam from State Government and outstanding as on 31 March 2018.

Chart-3.3.2: Total investment of GoU in PSUs (other than power sector)

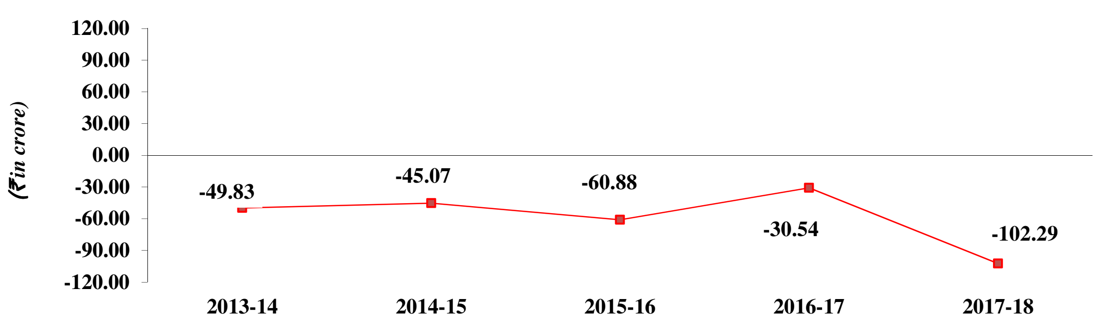


The profitability of a company is traditionally assessed through return on investment and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested and is expressed as a percentage of net profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed.

3.3.1.13 Return on Investment

The Return on investment is the percentage of profit or loss to the total investment. The overall position of profit / losses[54] earned / incurred by the 14 working State PSUs during 2013-14 to 2017-18 is depicted in **Chart-3.3.3** below:

Chart-3.3.3: Profit / Losses earned/incurred by 14 working PSUs during the years



The loss of ₹ 49.83 crore incurred by 14 PSUs in 2013-14 increased to ₹ 102.29 crore in 2017-18 due to substantial decrease in profit of State Industrial Development Corporation of Uttarakhand Limited. According to latest finalised accounts of these working State PSUs, six PSUs earned profit of ₹ 38.06 crore and eight PSUs incurred losses of ₹ 140.35 crore as detailed in ***Appendix-3.3.3***.

[54] Figures are as per the latest finalised accounts of the respective years.

The top profit making PSUs were UFDC (₹ 20.31 crore) and State Industrial Development Corporation of Uttarakhand Limited (₹ 7.66 crore) while Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam Limited (₹ 39.50 crore), Doiwala Sugar Company Limited (₹ 36.04 crore) and Kichha Sugar Company Limited (₹ 29.68 crore) incurred heavy losses.

Position of 14 working PSUs which earned/incurred profit/loss during 2013-14 to 2017-18 is given in **Table-3.3.8** below:

Table-3.3.8: Details of working Public Sector Undertakings which earned/ incurred profit/loss during 2013-14 to 2017-18

Financial year	Total number of PSUs	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had marginal profit/ loss during the year
2013-14	14	06	07	01
2014-15	14	07	06	01
2015-16	14	06	07	01
2016-17	14	06	07	01
2017-18	14	05	08	01

3.3.1.14 Return on Investment on historical cost basis

The State Government has infused funds in the form of equity, long term loans and grants/subsidies in 14 PSUs[55] only. The Government has invested ₹ 1,360.81 crore in these PSUs consisting of equity of ₹ 1,028.84 crore[56] and long term loans of ₹ 331.97 crore.

The funds made available in the forms of the grants[57]/subsidy have not been reckoned as investment since they do not qualify to be considered as investment. Out of the total long term loans, only interest free loans have been considered as investment. However, in cases where interest free loans have been repaid by the PSUs, the value of investment based on historical cost and Present Value (PV) was calculated on the reduced balances of interest free loans over the period as detailed in **Table-3.3.10**.

Out of the released long term loans of ₹ 331.97 crore, ₹ 186.62 crore were interest free loans based on the reduced balances of interest free loans over the period. Thus, the total investment of State Government in these 14 PSUs on the basis of historical cost was ₹ 1,215.46 crore (₹ 1,028.84 crore as equity + ₹ 186.62 crore as interest free loans).

The return on investment on the basis of historical cost of investment for the period 2013-14 to 2017-18 is as given in **Table-3.3.9** below:

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55 Four companies had not submitted their first accounts up to September 2018.

56 This includes ₹ 697.22 crore being capital grants received by Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam by State Government and outstanding as on 31 March 2018.

57 In case of Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam, State Government is providing capital grant for creation of assets. Hence, it has been considered as investment.

Table-3.3.9: Return on State Government Funds on the basis of historical cost

Year wise Sector-wise Break-up	Total Earnings	Funds invested by the GoU in form of Equity and Interest Free Loans on historical cost	Return on State Government investment on historical cost basis (percentage)
2013-14			
Social Sector	5.91	16.33	*36.19*
Competitive Sector	-86.62	552.54	*-15.68*
Others	30.88	8.95	*345.03*
Total	***-49.83***	***577.82***	**-8.62**
2014-15			
Social Sector	5.91	17.04	*34.68*
Competitive Sector	-87.53	1,015.85	*-8.62*
Others	36.55	8.95	*408.38*
Total	***-45.07***	***1,041.84***	**-4.33**
2015-16			
Social Sector	7.26	17.44	*41.63*
Competitive Sector	-104.69	1,048.93	*-9.98*
Others	36.55	8.95	*408.38*
Total	***-60.88***	***1,075.32***	**-5.66**
2016-17			
Social Sector	6.26	17.44	*35.89*
Competitive Sector	-49.06	1,126.70	*-4.35*
Others	12.26	8.95	*136.98*
Total	***-30.54***	***1,153.09***	**-2.65**
2017-18			
Social Sector	7.56	17.44	*43.35*
Competitive Sector	-127.95	1,189.07	*-10.76*
Others	18.10	8.95	*202.23*
Total	***-102.29***	***1,215.46***	**-8.42**

The return on State Government investment is worked out by dividing the total earnings[58] of these PSUs by the cost of the State Government investments. The return on the State Government investment was negative in the period 2013-14 to 2017-18. It ranged between (-) 8.62 *per cent* and (-) 2.65 *per cent*. The return on State Government investment further went down during 2017-18 in comparison to that for the period 2016-17 mainly due to decrease in profit of State Industrial Development Corporation of Uttarakhand Limited during the year 2017-18.

3.3.1.15 Return on Investment on the basis of Present Value of Investment

An analysis of the earnings *vis-à-vis* investments in respect of those 14 State PSUs where funds had been infused by the State Government was carried out to assess the profitability of these PSUs. Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. Therefore, in addition to the calculation of return on funds invested by GoU in these 14 PSUs on historical cost basis, the return on investment has also been calculated after considering the Present Value (PV) of money. PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity and interest free loan since incorporation of these companies till 31 March 2018. During the period

[58] This includes net profit/losses for the concerned year relating to those State PSUs where the investments have been made by the State Government.

from 2013-14 to 2017-18, these 14 PSUs had a negative return on investment. The return on investment for five years have been calculated and depicted on the basis of PV.

The present value (PV) of the State Government investment in these PSUs was computed on the following assumptions:

- Interest free loans have been considered as fund infusion by the State Government. However, in case of repayment of loans by the state PSUs, the PV was calculated on the reduced balances of interest free loans over the period. The funds made available in the form of grant/subsidy have not been reckoned as investment since they do not qualify to be considered as investment as indicated by the nature of subsidy indicated in ***paragraph 3.3.1.6***.
- The average rate of interest on government borrowings for the concerned financial year[59] was adopted as compounded rate for arriving at Present Value since they represent the cost incurred by the government towards investment of funds for the year.

For the years 2013-14 to 2017-18 when these PSUs incurred losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth of the PSUs is commented upon in ***paragraph 3.3.1.18***.

3.3.1.16 PSU wise position of State Government investment in these 14 State PSUs in the form of equity and loans on historical cost basis for the period from 2001-02 to 2017-18 is indicated in ***Appendix-3.3.4.*** Further, consolidated position of NPV of the State Government investment relating to these PSUs for the same period is indicated in **Table-3.3.10** below:

Table-3.3.10: Year wise details of investment by the State Government and present value (PV) of government investment for the period from 2001-02 to 2017-18

(₹in crore)

Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Interest Free loans given by the State Government during the year	Total Investment during the year	Average rate of interest on government borrowings *(in percent)*	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earning for the year
i	ii	iii	iv	v=iii+ iv	vi	vii=ii+v	viii=vii * (1+vi)/100	ix={vii*vi}/ 100	x
OB		46.70	0.00	0.00	**0.00**	**46.70**	**46.70**		
2001-02	46.70	8.20	0.00	8.20	8.36	54.90	59.49	4.59	-3.37
2002-03	59.49	18.30	3.72	22.02	10.40	81.51	89.99	8.48	-3.60
2003-04	89.99	128.45	0.00	128.45	8.51	218.44	237.03	18.59	-13.60
2004-05	237.03	226.33	0.00	226.33	9.10	463.36	505.53	42.17	-8.66
2005-06	505.53	187.59	9.72	197.31	7.47	702.84	755.34	52.50	-10.05
2006-07	755.34	172.93	-0.25	172.68	7.79	928.02	1,000.31	72.29	2.02

59 The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances of Government of Uttarakhand for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

2007-08	1,000.31	249.44	23.42	272.86	7.99	1,273.17	1,374.90	101.73	11.51
2008-09	1,374.90	219.47	5.49	224.96	7.75	1,599.86	1,723.85	123.99	37.29
2009-10	1,723.85	130.68	0.00	130.68	7.64	1,854.53	1,996.22	141.69	37.29
2010-11	1,996.22	-609.11	0.00	-609.11	7.34	1,387.11	1,488.92	101.81	24.10
2011-12	1,488.92	-269.48	100.52	-168.96	7.83	1,319.96	1,423.31	103.35	-41.03
2012-13	1,423.31	66.95	25.00	91.95	8.50	1,515.26	1,644.06	128.80	-63.06
2013-14	1,644.06	-176.25	10.00	-166.25	7.57	1,477.81	1,589.68	111.87	-49.83
2014-15	1,589.68	463.02	1.00	464.02	7.73	2,053.70	2,212.45	158.75	-45.07
2015-16	2,212.45	25.48	8.00	33.48	8.19	2,245.93	2,429.87	183.94	-60.88
2016-17	2,429.87	77.77	0.00	77.77	8.90	2,507.64	2,730.82	223.18	-30.54
2017-18	2,730.82	62.37	0.00	62.37	8.27	2,793.19	3,024.19	231.00	-102.29
Total		***1,028.84***	***186.62***	***1,215.46***					

The balance of investment by the State Government in these PSUs at the end of the year increased to ₹ 1,215.46 crore[60] in 2017-18 from ₹ 46.70 crore in 2001-02 as the State Government made further investments in form of equity (₹ 982.14 crore) and interest free loans (₹ 186.62 crore) during the period 2001-2002 to 2017-2018. The PV of funds infused by the State Government upto 31 March 2018 was ₹ 3,024.19 crore.

During the period 2001-02 to 2017-18, total earnings for the year 2001-02 to 2005-06 remained negative and recovery of cost of funds infused by GoU in these PSUs was not there. This was due to three PSUs[61] incurring substantial losses during these years. Similarly during 2011-12 to 2017-18, four PSUs[62] incurred substantial losses. Further, profit earned by one PSU[63] during the period 2006-07 to 2010-11 had set off losses incurred by other PSUs which resulted in total earning turning positive.

Further, analysis of two profit making PSUs *i.e.* State Industrial Development Corporation of Uttarakhand Limited and UFDC which earned profit from 2004-05 to 2017-18 and from 2013-14 to 2017-18 respectively revealed that these PSUs could register profits because of their advantage in the market. State Industrial Development Corporation of Uttarakhand Limited earned income from activities connected to development and allotment of industrial plots / land and UFDC earned significant revenue from sale of timber and mining activity.

3.3.1.17 During the years 2013-14 to 2017-18, the government had negative returns on investments made in these PSUs. Sector-wise comparison of returns on State Government funds at historical cost and at present value for these years is given in **Table-3.3.11** below:

60 ₹ 1,215.46 crore = ₹ 1,028.84 crore + ₹ 186.62 crore.

61 Doiwala Sugar Company Ltd., Kiccha Sugar Company Ltd. and Uttarakhand Parivahan Nigam.

62 Uttarakhand Seeds and Tarai Development Corporation, Doiwala Sugar Company Ltd., Kiccha Sugar Company Ltd. and Uttarakhand Parivahan Nigam.

63 State Industrial Development Corporation of Uttarakhand Ltd.

Table 3.3.11: Return on State Government Funds

(₹in crore)

Year wise Sector-wise Break-up	Total Earnings	Funds invested by the GoU in form of Equity and Interest Free Loans on historical cost	Return on State Government investment on historical cost basis (percentage)	PV of the State Government investment at end of the year	Return on State Government investment considering the present value of the investments (percentage)
2013-14					
Social Sector	5.91	16.33	36.19	31.75	18.61
Competitive Sector	-86.62	552.54	-15.68	1,533.09	-5.65
Others	30.88	8.95	345.03	24.84	124.3
Total	***-49.83***	***577.82***	*-8.62*	***1,589.68***	*-3.13*
2014-15					
Social Sector	5.91	17.04	34.68	34.97	16.9
Competitive Sector	-87.53	1,015.85	-8.62	2,150.72	-4.07
Others	36.55	8.95	408.38	26.76	136.56
Total	***-45.07***	***1,041.84***	*-4.33*	***2,212.45***	*-2.04*
2015-16					
Social Sector	7.26	17.44	41.63	38.27	18.97
Competitive Sector	-104.69	1,048.93	-9.98	2,362.65	-4.43
Others	36.55	8.95	408.38	28.96	126.23
Total	***-60.88***	***1,075.32***	*-5.66*	***2,429.87***	*-2.51*
2016-17					
Social Sector	6.26	17.44	35.89	41.68	15.02
Competitive Sector	-49.06	1,126.7	-4.35	2,657.61	-1.85
Others	12.26	8.95	136.98	31.53	38.88
Total	***-30.54***	***1,153.09***	*-2.65*	***2,730.82***	*-1.12*
2017-18					
Social Sector	7.56	17.44	43.35	45.12	16.75
Competitive Sector	-127.95	1,189.07	-10.76	2,944.92	-4.34
Others	18.1	8.95	202.23	34.14	53.02
Total	***-102.29***	***1,215.46***	***-8.42***	***3,024.19***	***-3.38***

The return earned on State Government investment on historical cost basis as also considering the present value of the investments remained negative during 2013-14 to 2017-18.

3.3.1.18 Erosion of Net worth

Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The capital investment and accumulated losses of all State PSUs as per their latest finalised accounts (as on 30 September 2018) were ₹ 2,771.12 crore and (-) ₹ 455.78 crore respectively resulting in net worth of ₹ 2,315.34 crore as detailed in

Appendix-3.3.3. Analysis of investment and accumulated losses disclosed that net worth had been eroded fully in eight out of these 26 PSUs. The equity investment and accumulated losses of these eight PSUs were ₹ 278.10 crore and ₹ 1,056.22 crore respectively. The net worth of Doiwala Sugar Company Limited was (-) ₹ 310.76 crore, Kichha Sugar Company Limited (-) ₹ 246.30 crore and Uttarakhand Parivahan Nigam (-) ₹ 189.05 crore had been fully eroded.

The following **Table-3.3.12** indicates total paid up capital, total accumulated profit/ loss, and total net worth of the 14 working PSUs where the State Government has made direct investment:

Table-3.3.12: Net worth of 14 PSUs during 2013-14 to 2017-18

(₹in crore)

Year	Paid up Capital at end of the year[64]	Accumulated Profit (+) Loss (-) at end of the year[65] after adjusting Free Reserve	Deferred revenue Expenditure	Net Worth
2013-14	2,242.93	-162.17	0	2,080.76
2014-15	2,591.36	-310.62	0	2,280.74
2015-16	2,782.48	-360.79	0	2,421.69
2016-17	3,060.86	-420.34	0	2,640.52
2017-18	3,404.22	-442.29	0	2,961.93

The net worth of these PSUs increased during the period from ₹ 2,080.76 crore in 2013-14 to ₹ 2,961.93 crore in 2017-18. Out of 14 PSUs, nine PSUs[66] showed positive net worth and net worth of five[67] PSUs were in negative during 2013-14. The net worth of the PSUs increased due to infusion of capital by GoU mainly in Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam Limited.

3.3.1.19 Dividend Payout

The State Government had not formulated any dividend policy under which PSUs would be required to pay a minimum return on the paid up share capital contributed by the State Government. No PSU declared any dividend during 2013-14 to 2017-18.

3.3.1.20 Return on Equity

Return on Equity (ROE) is a measure of financial performance to assess how effectively management is using shareholders' fund to create profits and is calculated by dividing net

64 As per the respective years finalised accounts in the current year.

65 Based on latest finalised accounts.

66 Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited, State Infrastructure and Industrial Development Corporation of Uttarakhand Limited, Uttaranchal Project Development and Construction Corporation Limited, Kumaon Mandal Vikas Nigam Limited, Garhwal Mandal Vikas Nigam Limited, Uttarakhand Purva Sainik Kalyan Nigam Limited, Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam Limited, Uttarakhand Forest Development Corporation and Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited.

67 Uttar Pradesh Hill Electronics Corporation Ltd, Uttarakhand Seeds and Tarai Development Corporation Ltd., Doiwala Sugar Company Limited, Kichha Sugar Company Limited and Uttarakhand Parivahan Nigam.

income (*i.e.* net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

The details of Shareholders fund and ROE relating to 14 working PSUs where funds were infused by the GoU during the period from 2013-14 to 2017-18 are given in **Table-3.3.13** below:

Table-3.3.13: Return on Equity relating to 14 PSUs where funds were infused by the GoU

Year	Net Income (₹ *in crore*)	Shareholders' Fund (₹ *in crore*)	ROE (percentage)
2013-14	-49.83	238.10	-
2014-15	-45.07	394.19	-
2015-16	-60.88	527.92	-
2016-17	-30.54	546.14	-
2017-18	-102.29	586.55	-

Since the net income of these PSUs during 2013-18 was negative, RoE could not be calculated.

3.3.1.21 Return on Capital Employed

Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed[68]. The details of total ROCE of 20 PSUs[69] together during the period from 2013-14 to 2017-18 are given in **Table-3.3.14** below:

Table 3.3.14: Return on Capital Employed

Year	EBIT	Capital Employed	Return on Capital Employed
2013-14	-0.38	2,800.93	-0.01
2014-15	-3.16	2,834.59	-0.11
2015-16	-10.63	2,843.73	-0.37
2016-17	42.15	3,362.04	1.25
2017-18	-34.18	3,655.48	-0.94

[68] Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue Expenditure, Figures are as per the latest year for which accounts of the PSUs are finalised.

[69] This does not include six PSUs (three new PSUs namely Eco-Tourism Development Corporation Limited, Dehradun Smart City Limited, Uttarakhand Metro Rail, Urban Infrastructure and Building Construction Corporation Limited; one PSU namely Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam whose first accounts have not been received till date and two PSUs namely UP Hill Phones limited and UP Hill Quartz where details are not available since creation of the State).

The ROCE of these PSUs ranged between (-) 0.94 *per cent* and 1.25 *per cent* during the period 2013-14 to 2017-18. The ROCE increased in 2016-17 in comparison to earlier accounting periods. This was due to improvement in reported financial results of Uttarakhand Transport Corporation, Doiwala Sugar Company Limited and Kichha Sugar Company Limited.

3.3.1.22 Analysis of Long Term Loans of the PSUs

Analysis of the Long Term Loans of the PSUs which had leverage during 2013-14 to 2017-18 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

3.3.1.23 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a PSU by interest expenses of the same period. The lower the ratio, the lesser the ability of the PSU to pay interest on debt. An interest coverage ratio below one indicated that the PSU was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio during the period from 2013-14 to 2017-18 are given in **Table-3.3.15** below:

Table-3.3.15: Interest Coverage Ratio relating to State PSUs

Year	Interest (₹*in crore*)	Earnings before interest and tax (EBIT) (₹*in crore*)	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio more than 1	Number of PSUs having interest coverage ratio less than 1
2013-14	42.34	-29.05	11	6	5[70]
2014-15	35.17	-13.30	10	6	4[71]
2015-16	36.92	-48.42	11	5	6[72]
2016-17	61.84	40.47	10	5	5[73]
2017-18	64.68	-41.70	10	4	6[74]

Of the 10 State PSUs having liability of loans from Government as well as banks and other financial institutions during 2017-18, four PSUs had interest coverage ratio of more

[70] Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited, Kichha Sugar Company Limited, Doiwala Sugar Company Limited, Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam, Uttarakhand Parivahan Nigam.

[71] Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited, Kichha Sugar Company Limited, Doiwala Sugar Company Limited, Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam.

[72] Uttarakhand Seeds & Tarai Development Corporation Limited, Kichha Sugar Company Limited, Doiwala Sugar Company Limited, Kumaon Mandal Vikas Nigam Limited, Uttarakhand, Peyjal Sansadhan Vikas Evam Nirman Nigam, Uttarakhand Parivahan Nigam.

[73] Uttarakhand Seeds & Tarai Development Corporation Limited, Kichha Sugar Company Limited, Doiwala Sugar Company Limited, Kumaon Mandal Vikas Nigam Limited, Uttarakhand, Peyjal Sansadhan Vikas Evam Nirman Nigam.

[74] Uttarakhand Seeds & Tarai Development Corporation Limited, Kichha Sugar Company Limited, Doiwala Sugar Company Limited, Kumaon Mandal Vikas Nigam Limited, Garhwal Mandal Vikas Nigam Limited, Peyjal Sansadhan Vikas Evam Nirman Nigam.

than one whereas remaining six PSUs had interest coverage ratio below one which indicates that these six PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

3.3.1.24 Debt Turnover Ratio

During the last five years, the turnover of 20 PSUs[75] recorded compounded annual growth rate of 20.59 *per cent* and compounded annual growth rate of debt was 12.14 *per cent* due to which the debt turnover ratio reduced from 0.48:1 in 2013-14 to 0.35:1 in 2017-18 as given in **Table-3.3.16** below*:*

Table-3.3.16: Debt Turnover Ratio relating to the State PSUs

(₹in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government and others (Banks and Financial Institutions)	548.67	564.01	432.20	731.68	703.71
Turnover	1,134.89	1,319.82	1,428.17	1,440.43	1,990.08
Debt-Turnover Ratio	0.48:1	0.43:1	0.30:1	0.51:1	0.35:1

Source: Compilation from financial statements and information provided by PSUs.

The declining trend in debt turnover ratio indicated that the PSUs were able to achieve higher turnover against their debts.

3.3.1.25 Winding up of inactive State PSUs

Eight of the 26 State PSUs were inactive companies having a total investment of ₹ 27.24 crore (₹ 0.17 crore in UPAI Limited, ₹ 4.38 crore in Trans Cables Limited, ₹ 20.27 crore in Uttar Pradesh Digitals Limited, ₹ 0.18 crore in Kumtron Limited, ₹ 1.71 crore in Garhwal Anusuchit Janjati Vikas Nigam Limited, ₹ 0.03 crore in Uttar Pradesh Hill Phones Limited and ₹ 0.50 crore in Kumaon Anusuchit Janjati Vikas Nigam Limited) towards capital (₹ 3.36 crore) and long term loans (₹ 23.88 crore) as on 31 March 2018. The number of inactive PSUs at the end of each year during last five years ended 31 March 2018 is given in **Table-3.3.17** below:

Table-3.3.17: Inactive State PSUs

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
No. of inactive companies	4	4	4	4	8

Source: Compilation from the information included in Audit Report (PSU), GoU of respective years and in Appendix-3.3.1.

Out of these inactive PSUs, one[76] PSU was under liquidation since 31.03.1991. The Government may take appropriate decision regarding closure of these PSUs.

[75] This does not include six PSUs (three new PSUs namely Eco-Tourism Development Corporation of Uttarakhand, Dehradun Smart City Limited, Uttarakhand Metro Rail, Urban Infrastructure and Building Construction Corporation Limited; one PSU namely Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam whose first accounts have not been received till date and two PSUs namely UP Hill Phones limited and UP Hill Quartz where details are not available since creation of the State).

[76] UPAI.

3.3.1.26 Comments on Accounts of State PSUs

Eight working companies forwarded 11 audited accounts to the Principal Accountant General during the period from 1 October 2017 to 30 September 2018. Of these, eight accounts were selected for supplementary audit and three[77] accounts were given Non-Review Certificate. The Audit Reports of Statutory Auditors and supplementary audit conducted by the C&AG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the C&AG are given in **Table-3.3.18** below:

Table-3.3.18: Impact of audit comments on Working Companies

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	5	0.91	10	52.45	6	37.81
2.	Increase in profit	0	-	0	-	-	-
3.	Increase in loss	3	8.18	20	150.65	2	7.62
4.	Decrease in loss	0	-	0	-	-	-
5.	Non-disclosure of material facts	0	-	15	3.75	4	15.85
6.	Errors of classification	7	112.20	12	25.36	5	185.38

Source: Compilation from comments of the Statutory Auditors/ C&AG in respect of PSUs other than power.

During the year 2017-18, the Statutory Auditors had issued qualified certificates on six accounts and adverse certificate on two accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 37 instances of non-compliance to the Accounting Standards in five accounts.

3.3.1.27 The State has three Statutory Corporations *i.e.* Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam, Uttarakhand Parivahan Nigam and UFDC. The C&AG is sole auditor in respect of all Statutory Corporations.

The annual accounts for the year 2017-18 were not forwarded by any Statutory Corporation, whereas UFDC forwarded annual accounts for the year 2016-17 in December 2017. The C&AG has given a 'true and fair' certificate on the accounts of the year 2016-17.

The details of aggregate money value of the comments of C&AG in respect of Statutory Corporations are given in **Table-3.3.19** below:

[77] Doiwala Sugar Company Limited, Uttaranchal Project Development and Construction Corporation Limited, Uttarakhand Seeds & Tarai Development Corporation Limited.

Table-3.3.19: Impact of audit comments on Statutory Corporations

(₹in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	-	-	5	163.16	1	25.87
2.	Increase in profit	-	-	-	-	-	-
3.	Increase in loss	2	12.66	3	48.33	-	-
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	-	-	3	32.67	-	-
6.	Errors of classification	1	11.73	5	146.07	1	7.17

Source: Compilation from comments of the Statutory Auditors/ C&AG in respect of Statutory Corporations.

3.3.1.28 Compliance Audit Paragraphs

For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2018, three compliance audit paragraphs related to Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited, Garhwal Mandal Vikas Nigam Limited, and UFDC were issued to the Principal Secretaries/ Secretaries of the respective Administrative Departments with request to furnish replies. Replies on none of the compliance audit paragraphs have been received from the State Government. The total financial impact of these three compliance audit paragraphs is ₹ 23.45 crore.

3.3.1.29 Follow up action on Audit Reports

Replies outstanding

The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. All Administrative Departments are required to submit replies/explanatory notes to paragraphs/Performance Audits (PA) included in the Reports of the C&AG of India within a period of three months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The status of explanatory notes is given in **Table-3.3.20** below:

Table-3.3.20: Position of explanatory notes on Audit Reports related to PSUs (as on 31 December 2018)

Year of the Audit Report (PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs)and Paragraphs related to other than Power Sector in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	November 2014	--	01	--	01
2013-14	November 2015	--	03	--	03
2014-15	November 2016	--	03	--	03
2015-16	May 2017	--	02	--	02
2016-17	September 2018	--	02	--	02

Source: Compilation based on the discussion of COPU on the Audit Reports.

Explanatory notes of above audit paragraphs were pending with five departments[78] till December 2018.

3.3.1.30 Discussion of Audit Reports by COPU

The status of discussion of Performance Audits and paragraphs related to PSUs that appeared in Audit Reports (PSUs) by the COPU as on 31 December 2018 was as given in **Table-3.3.21** below:

Table-3.3.21: Performance Audits/Paragraphs appeared in Audit Reports *vis-à-vis* discussed as on 31 December 2018

Period of Audit Report	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2012-13	--	01	--	01
2013-14	--	03	--	--
2014-15	--	03	--	--
2015-16	--	02	--	02
2016-17	--	02	--	--

Source: Compilation based on the discussions of COPU on the Audit Reports.

The Audit Reports (PSUs) from the year ended 31 March 2002 are pending for discussion.

3.3.1.31 Compliance to Reports of COPU

Action Taken Notes (ATNs) on two[79] reports of the COPU presented to the State Legislature in December 2003 and December 2008 had not been received (March 2019) as indicated in the following **Table-3.3.22**:

Table-3.3.22: Compliance to COPU Reports

Year of the COPU Report	Total No. of Reports of COPU	Total number of recommendation in COPU Reports	Number of recommendations where ATNs not received
2002-03	01	02	No ATNs were received.
2008-09	01	01	

Source: Compilation based on COPU Reports.

The above mentioned Reports of COPU contained recommendations in respect of paragraphs pertaining to Garhwal Mandal Vikas Nigam and Uttarakhand Peyjal Nigam Limited which appeared in the Reports of the C&AG of India for the year 1999-2000. The ATNs on recommendations made in these two COPU Reports were not received till March 2019.

78 Agriculture; Industries; Transport; Tourism and Forest.

79 COPU Reports presented before Vidhansabha on 30.12.2003 and 17.12.2008.

COMPLIANCE AUDIT

GARHWAL MANDAL VIKAS NIGAM LIMITED

3.4 Loss of income

Garhwal Mandal Vikas Nigam Limited had to forego lease rent of ₹1.08 crore due to leasing out the space at a rate lower than the prevailing rate.

Garhwal Mandal Vikas Nigam Limited (GMVN) has its multi-storey corporate office building at Rajpur Road Dehradun which is a prime location of the city. The ground and part of the first floor of the building were being used by GMVN for its own purpose. The space available for rent with GMVN was 13,655.64 sq ft[80] and it was leased to various departments/institutions of the Central/State Government for commercial purpose since 2001[81].

Scrutiny of records (March 2015) of the Managing Director, GMVN and further information collected (December 2017) from GMVN showed that out of its 13,655.64 sq ft area, 10,107.57 sq ft[82] was leased to Reserve Bank of India (RBI)[83] and Securities and Exchange Board of India (SEBI)[84] at the rate of ₹ 90 per sq ft for the first year, with five *per cent* appreciation every year. Instead of leasing out the remaining area[85] of the building at the equivalent rate paid by SEBI and RBI, the area was leased out by GMVN at a significantly lower rate of ₹ 24.63 per sq ft to the State Information and Public Relations Department (SIPRD), Uttarakhand since December 2013. It was further noticed that after vacation of leased out area of 3,548.07 sq ft by SIPRD in December 2016; 2,257.33 sq ft area was leased to RBI, Dehradun at a higher rate of ₹ 108.00[86] per sq ft since May 2017 by GMVN.

Thus, by leasing out of accommodation at a rate lower than the rate being charged from RBI/SEBI, GMVN was deprived of lease rent of ₹ 1.08 crore[87] for the period from December 2013 to November 2016.

GMVN, while accepting the facts, stated (February 2018) that despite regular request to SIPRD to pay the differential amount of ₹ 1.08 crore, no payment was received. The reply is not acceptable as GMVN being a commercial organisation should have leased space of the building at the market rate /rate being charged from RBI/SEBI to safeguard its financial interest. By not doing so, it incurred a loss of income of ₹ 1.08 crore.

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80 The part of the first floor (1,257.38 sq ft), second floor (3,580.69 sq ft) and third floor (7,817.57 sq ft) since July 2012.

81 Initially, 1,310 sq ft area on the first floor was leased out by GMVN to HUDCO (since 01.05.2001).

82 RBI-7,817.57 sq ft; SEBI-2,290 sq ft.

83 From 13 July 2012 to till date.

84 From 1 September 2013 to till date.

85 3,548.07 sq ft area

86 ₹ 108.00 per sq ft for Ist year and ₹ 112.50 per sq ft for IInd year.

87 December 2013 to November 2016: due rent ₹ 1.39 crore -paid by SIPRD ₹ 0.31 crore = Balance ₹ 1.08 crore.

The matter was reported to the Government (April 2018); their Reply was awaited (August 2019).

UTTARAKHAND BAHUUDESHIA VITTA EVAM VIKAS NIGAM LIMITED

3.5 Loss of revenue

Company could not recover ₹12.94 crore extended as loan from beneficiaries. Besides, the Company refunded ₹8.29 crore to National level Corporations from its own resources to avoid additional interest.

The Uttarakhand Bahuudeshia Vitta Evam Vikas Nigam Ltd. (Company) was established (October 2001) under Companies Act, 1956 as an enterprise of Social Welfare Department, Government of Uttarakhand. The objectives of the Company are to promote/aid/assist/organise/financial assistance for socio economic and educational development of scheduled castes and scheduled tribes in the State. The Company advances loans on easy terms, /margin money loan and/ or subsidy to the beneficiary population, Cooperatives of the State for their trade, business or other economic activities at low rate of interest and also to act as an agent[88] of the Government for distribution of loans.

The State Government had given guarantee to the National level Corporations (NCs)[89] for providing the loans to the Company to undertake various social welfare schemes[90]. For this purpose, Company entered into agreements with the NCs for providing the loans to the beneficiaries. As per the terms and conditions of the agreement, these loans were provided to the beneficiaries by enhancing the rate of interest by three *per cent* from the rate of interest on which the amount was borrowed by the Company. To secure the recovery of loan, Company was required to obtain post dated cheques (PDCs) from the beneficiaries. The loan was to be repaid to NCs in quarterly installments within stipulated period. In case of default in the repayment of loan, additional interest at the rate of two *per cent* over and above the normal rates of interest was also applicable on the overdue amount.

The Company borrowed ₹ 23.27 crore from NCs during 2001-02 to 2016-17. Of this amount, ₹ 18.47 crore was disbursed as loan to 2012 beneficiaries of targeted groups in all the districts of the State. It recovered ₹ 15.35 crore along with interest and ₹ 12.94 crore[91] (₹ 8.29 crore as principal + ₹ 4.65 crore as interest) was pending for recovery from defaulting 1,382 beneficiaries for the period ranging from one to 16 years (March 2018). The Company repaid ₹ 20.98 crore[92] to NCs till March 2018. The

88 State Channelising Agency (SCA).

89 National Schedule Castes Finance and Development Corporation, National Schedule Tribe Finance and Development Corporation, National Backward Classes Finance & Development Corporation, National Safai Karmacharis Finance & Development Corporation, National Disabled Welfare Corporation and National Minorities Finance Corporation.

90 Schemes carried out by National Corporations for which UBVEVNL is working as a SCA.

91 ₹ 8.29 crore (principal) + ₹ 4.65 crore (interest).

92 ₹ 18.27 crore (principal) + ₹ 2.71 crore (interest).

Company paid ₹ 8.29 crore from its own resources to avoid the two *per cent* additional interest leviable in case of delay in repayment of loan to NCs. Further, out of 1,382 defaulter beneficiaries, Recovery Certificates (RCs) were issued to only 313 (22.64 *per cent*) defaulters.

On being pointed out, Management stated (January 2017) that even after sufficient efforts *i.e.* issuances of notices and RC's in some cases, the loan amount could not be recovered. Audit observed non-recovery of loan was due to poor recovery mechanism- all Post Dated Cheques from beneficiaries were not collected and deposited in the banks and Recovery Certificates were not issued against as many as 1,069 defaulting beneficiaries (77.35 *per cent*).

The laxity of Company in recovery of loan from beneficiaries resulted in non-realisation of the loan amount of ₹ 12.94 crore besides loss of ₹ 8.29 crore which the Company refunded from its own resources to NCs to avoid levy of additional interest.

The matter was reported to Government (May 2018); Reply was awaited (August 2019).

UTTARAKHAND FOREST DEVELOPMENT CORPORATION

3.6 Loss of interest

The Corporation lost opportunity of earning an extra interest of ₹1.14 crore due to imprudent management of its fund.

As per UP Forest Corporation Act, 1974 adopted (01 April 2001) by Uttarakhand Forest Development Corporation (Corporation), the Corporation shall have its own fund which shall be a local fund and to which shall be credited all monies received by or on behalf of the Corporation. The money of the fund shall be kept in the State Bank of India or in a co-operative bank or in any scheduled bank.

The Corporation invited (30 January 2017) various public sector banks to offer their best rates for investment of fund money in fixed deposit of one year duration. In response, eight banks[93] quoted (30 January to 02 February 2017) their interest rates in three slabs i) investment of upto ₹ one crore[94], ii) investment between ₹ one and five/ten[95] crore[96] and iii) investment above ₹ 5/10 crore[97]. The highest rate (6.5 *per cent* per annum) in the slab of ₹ one to five crore was offered by Syndicate Bank. During January-February 2017, the Corporation invested ₹ 104.05 crore in six short term fixed deposits each valuing more than ₹ five crore in two scheduled banks[98] for one year at interest rates ranging from five *per cent* to 5.51 *per cent* against which it earned an interest of

93 Punjab National Bank, Syndicate Bank, Bank of Baroda, Allahabad Bank, Oriental Bank of Commerce, Central Bank, Indian Overseas Bank and UCO Bank.

94 6.75 *per cent* to seven *per cent* per annum.

95 ₹ one to five crore (Syndicate Bank, Central Bank of India and Allahabad Bank) & ₹ one to ten crore (UCO Bank, Oriental Bank of Commerce, Indian Overseas Bank, Bank of Baroda and Punjab National Bank).

96 4.00 *per cent* to 6.50 *per cent* per annum.

97 4.50 *per cent* to 5.51 *per cent* per annum

98 Punjab National Bank and Syndicate Bank.

₹ 5.61 crore. The Corporation had the option of earning an interest of ₹ 6.93 crore by investing the fund in slabs of ₹ one crore to ₹ five crore in Syndicate Bank offering higher interest rate of 6.50 *per cent* by splitting the amount into fixed deposits of smaller values of ₹ one crore to ₹ five crore as was done in February 2017 wherein ₹ 10.68 crore was split into three fixed deposits of less than ₹ five crore. Had the Corporation invested its funds in slabs carrying higher interest rate of 6.50 *per cent*, it could have earned an additional interest income of ₹ 1.32 crore (as detailed in ***Appendix-3.6.1***).

The Government stated (June 2018) that the amount was invested in fixed deposit on the offer of Syndicate Bank which had offered highest rate in the slab above five crore and added that investment in more than one fixed deposit on the same date cannot be made through a single ID. It also stated that the Punjab National Bank (PNB) had offered a better rate (5.5 *per cent*) on the loan[99] given by them to the Corporation as compared to other banks.

The reply is not acceptable as the Corporation should have invested its funds in the slab of ₹ one to five crore to avail higher rate of interest (6.50 *per cent*) offered by Syndicate Bank. As regards inability to make investment in more than one fixed deposit on the same date, it was found that the Corporation had invested its fund in PNB by making four fixed deposits (₹ nine crore each) on the same date (01 February 2017). Also, the statement of the Corporation was not justified as it had split ₹ 10.68 crore for making three fixed deposits[100] in February 2017 in the slab of ₹ one to five crore to earn higher interest (@ 6.50 *per cent*) offered by Syndicate Bank. Further, even after considering the higher rate of interest charged by Syndicate Bank on the loan taken by the Corporation, the loss to the Corporation worked out to ₹ 1.14 crore[101] ***(Appendix-3.6.1)***.

The Corporation, thus, lost opportunity of earning an extra interest of ₹ 1.14 crore due to imprudent management of funds.

UTTARAKHAND POWER CORPORATION LIMITED

3.7 Undue favour to consumer

Uttarakhand Power Corporation Limited (UPCL) gave undue favour to consumer by rescheduling the instalments repeatedly despite regular default in payments resulting in accumulation of arrears and non-realisation of revenue amounting to ₹3.34 crore.

Clause 4.1 of the Uttarakhand Electricity Regulatory Commission (UERC) (the electricity supply code) Regulations, 2007 provides that the UPCL may issue a disconnection notice in writing, as per Section 56 of the Electricity Act 2003, to the

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99 To meet out its requirements as and when required, corporation takes loans against its FDRs.

100 ₹ 4.999 crore (03.02.2017), ₹ 4.999 crore (04.02.2017), ₹ 0.68 crore (05.02.2017).

101 [Difference of Interest that would have been earned on ₹ 104.05 crore @ 6.50 *per cent* (₹ 6.93 crore) and Interest earned @ five to 5.5 *per cent* (₹ 5.61 crore) = ₹ 1.32 crore] - [Difference of Interest that would have been paid on loan @ 8.5 *per cent* (₹ 0.52 crore) and interest paid on loan @ five to 5.5 *per cent* (₹ 0.34 crore) = ₹ 0.18 crore] = ₹ 1.14 crore (As detailed in the ***Appendix 3.6.1***).

consumer who defaults on his payment of dues, giving him 15 clear days to pay the dues. It may disconnect the electricity supply of the consumer on expiry of the said notice period. If the consumer does not clear all the dues including arrears within six months of the date of disconnection, such connections shall be disconnected permanently. Further, only 12 installments for repayment of outstanding dues were permissible[102].

Scrutiny of records (June 2017) and further information collected (January 2018) from the Executive Engineer, Electricity Distribution Division (EE, EDD), Kashipur revealed that electricity connection was released to a consumer[103] on 01.10.2013 with a sanctioned load of 3100 KW. The consumer continuously defaulted in making payments of electricity bills since the first bill (November 2013) to October 2017. The UPCL did not take appropriate action as per the UERC Regulations and it rescheduled the installment facility, which it had provided to the consumer for making payment of dues on ten occasions despite the consumer's continuous default in making payment of dues. The dues continued to mount from ₹ 44.91 lakh in April 2014 to ₹ 89.09 lakh in April 2015; ₹ 1.12 crore in April 2016 and ₹ 2.23 crore in April 2017. UPCL disconnected the electricity supply on 1.11.2017 and issued (November 2017) a demand notice of ₹ 2.65 crore to the consumer under Section-3 of the Recovery of Dues Act, 1948. Against it, the consumer appealed[104] to the High Court, Nainital for granting relief in the payment of electricity dues. The High Court ordered (December 2017) the consumer to pay the first installment (₹ 25 lakh) of the arrear on or before 27 December 2017 and further installments[105] on or before the 27th of the next succeeding month. Even after the order of the High Court, the consumer did not pay electricity dues and the division issued (January 2018) Recovery Certificate (under section 5 of the Recovery of Dues Act, 1948) of ₹ 2.33 crore[106] (till October 2017) to the District Magistrate (DM), Udham Singh Nagar for realisation of its dues after adjusting the security amount. The consumer again filed a petition (30.01.2018) in the High Court seeking time extension for payment of electricity dues. The High Court ordered (20.03.2018) the consumer to deposit ₹ 25 lakh by 21.03.2018; 50 *per cent* of the amount, representing the installments that had fallen due between 27.12.2017 and 27.03.2018 within 15 days; and the balance 50 *per cent* within one month. The consumer paid ₹ 25 lakh (₹ 10 lakh on 21.03.2018 and ₹ 15 lakh on 22.03.2018) and the connection was restored. However, the consumer did not deposit any amount thereafter and the electricity dues rose to ₹ 3.34 crore upto March 2018. UPCL disconnected the electricity supply of the consumer on 04.04.2018 and issued (21.06.2018) Recovery Certificate amounting to ₹ 3.34 crore to the DM concerned.

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[102] Vide Managing Director's order dated 27.06.2011 & 20.05.2017.
[103] Shrishti Steel Industry, Kashipur.
[104] Special appeal no. 1023 of 2017.
[105] The arrear amount was distributed in 18 equal installments.
[106] Total arrear: ₹ 2.65 crore – Security amount: ₹ 0.32 crore = ₹ 2.33 crore.

UPCL provided (03.10.2017 and 07.11.2017) the facility of 29 and 18 installments for payment of electricity dues to the consumer instead of 12 installments which was also in violation of its own order and thereby extended undue benefit to the consumer.

On this being pointed out, the Government stated (May 2018) that with a view to maximising chances of recovery of arrears, installment facility was provided. However, the efforts of UPCL remained unsuccessful.

The non-initiation of timely action by UPCL against the consumer according to the clause 4.1 of UERC Regulations, 2007 and allowing the situation to persist led to accumulation of arrear of ₹ 3.34 crore. UPCL, in violation of its order (May 2017), enhanced the number of installments for payment of electricity dues over the prescribed limit which was an undue favour to the consumer.

Had UPCL followed the UERC Regulations, 2007, it could have avoided accumulation of electricity dues of ₹ 3.34 crore.

S. Alok

Dehradun
The 24 October 2019

(S. ALOK)
Principal Accountant General (Audit)
Uttarakhand

Countersigned

New Delhi
The 06 November 2019

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

APPENDICES

Appendix-1.1.1
(Reference: Paragraph 1.1.9.1; Page 4)

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

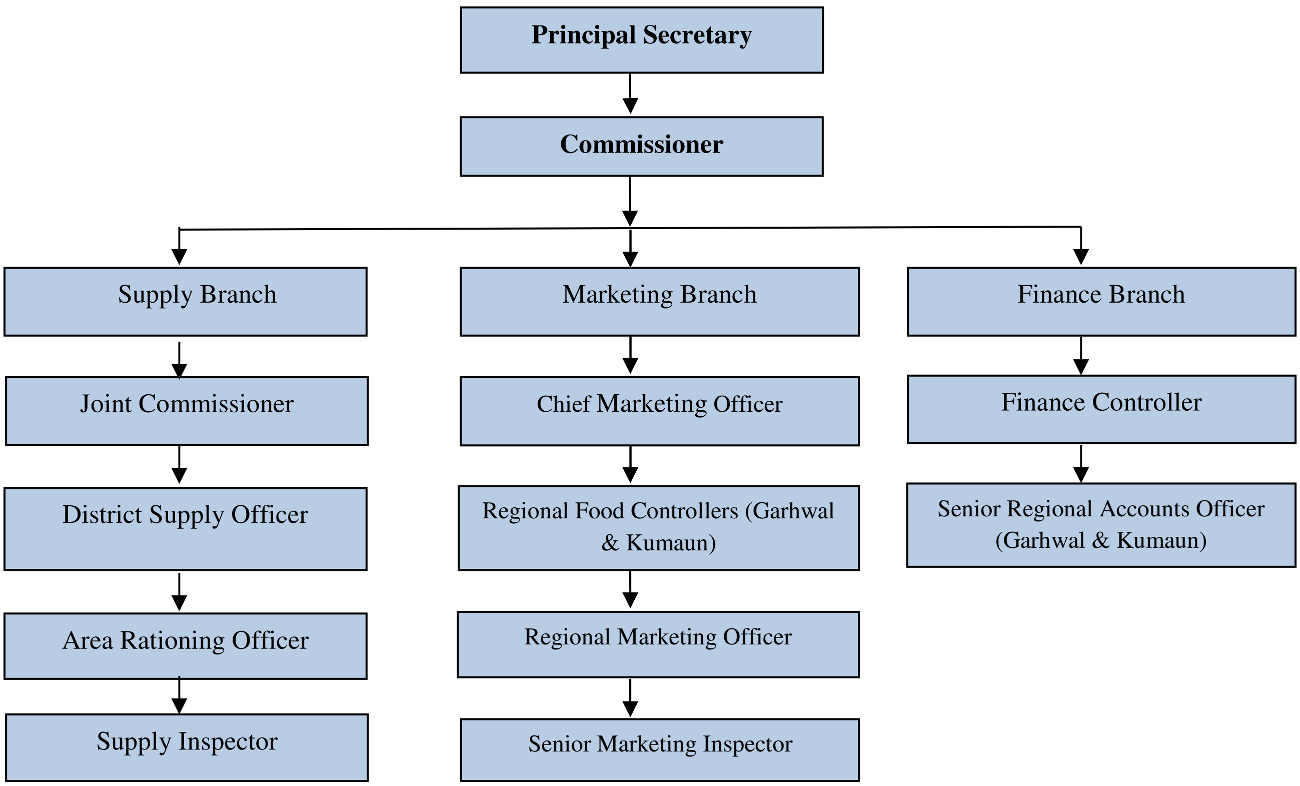
Audit Reports	Year	Department (s)	ATNs pending as on 31st March 2018	Date of presentation in the State Legislature	Due date for receipt of ATNs
Civil/Social, General and Economic Sectors (Non-PSUs)	2000-01	Medical Health & Family Welfare	01	23.06.2003	22.09.2003
		Environment Deptt.	01		
	Total		*02*		
	2001-02	Finance Deptt.	01		
	Total		*01*		
	2002-03	Irrigation	01	12.01.2005	11.04.2005
		Financial & Social Welfare	01		
	Total		*02*		
	2003-04	Irrigation	01	05.10.2005	04.01.2006
		Panchayati Raj	01		
	Total		*02*		
	2004-05	Medical Health & Family Welfare	01	19.04.2006	18.07.2006
		P.W.D	01		
	Total		*02*		
	2005-06	Medical Deptt	01	27.06.2007	26.09.2007
		Food & Civil Supplies	01		
		Sports & Youth Welfare	01		
		Rural Development	01		
	Total		*04*		
	2006-07	Pay Jal Deptt	01	07.03.2008	06.06.2008
		Information Deptt.	02		
		Civil Aviation Deptt.	01		
	Total		*04*		
	2007-08	Urban Development	01	13.07.2009	12.10.2009
		Technical Education	01		
		Information & Public Relations	01		
	Total		*03*		
	2008-09	Uttarakhand Pay Jal Nigam	02	22.09.2010	21.12.2010
		Revenue Deptt	01		
		Rural Engg. Services	01		
		P.P.P	01		
	Total		*05*		
	2009-10	Tourism	01	29.03.2011	28.06.2011
		U.K Peyjal Nigam	01		
	Total		*02*		
	2010-11	P.W.D	02	11.12.2012	10.03.2013
		U.K Peyjal Nigam	01		
		Police Dept.	01		
		AYUSH	01		
	Total		*05*		
	2011-12	Election Deptt.	01	18.09.2013	17.12.2013
		Department Of Labour	01		
		Women Empowerment & Child Development	01		
		Social Welfare Deptt.	02		
		Deptt. of Sports	01		
		Deptt. Of Higher Education	01		
		P.W.D	02		
		Horticulture Deptt.	01		
	Total		*10*		
	2012-13	Medical Health & Family Welfare deptt	02	27.11.2014	26.02.2015
		Deptt. Of Irrigation	01		
		Home Deptt.	01		
		Medical Education Deptt.	02		
		P.W.D	01		
		Technical Education Deptt.	01		
		Sports & Youth Welfare Deptt.	01		
		Rural Development Deptt.(Rural Connectivity under Pradhan Mantri Gram Sadak Yojna)	00		
	Total		*09*		
	2013-14	Drinking Water And Sanitation Deptt.	01	03.11.2015	02.02.2016
		Dairy Development Deptt.	01		
		Forest Deptt.	01		
		Higher Education Deptt.	01		
		Medical Education Deptt.	01		
		Home Deptt.	01		
		Medical Health & Family Welfare Deptt.	02		
		PWD	01		

		Chief Minister Office	01		
		Peyjal Deptt.	01		
		Sericulture Deptt.	01		
		Social Welfare And Education Deptt.	01		
		Urban Development Deptt.	01		
		Uttarakhand Renewal Energy Development Agency	01		
	Total		***15***		
	2014-15	Education Deptt.	01	07.11.2016	06.02.2017
		Elementary Education Deptt	01		
		Agriculture Deptt.	01		
		Civil Aviation deptt	01		
		Culture Deptt	01		
		Forest Deptt	01		
		Medical,Health & Family Welfare deptt	01		
		Home Deptt.	01		
		Industrial Development deptt.	01		
		Rural Development deptt.	01		
		P.W.D	03		
		Revenue deptt. (CLR)	01		
		Social Welfare Deptt.	01		
		Revenue Deptt.(Pendency of cases in the revenue department)	01		
	Total		***16***		
	2015-16	Elementary Education Deptt	00	02.05.2017	01.08.2017
		Home Deptt	01		
		AYUSH Deptt.	01		
		Food Safety and Standards	01		
		Forest Deptt	02		
		Higher Education Deptt.	01		
		Horticulture Deptt	01		
		Land Revenue Deptt.	01		
		Medical,Health & Family Welfare deptt	02		
		P.W.D	00		
		Social Welfare Deptt.	01		
		Tourism Deptt.	01		
		Urban Development Deptt.	01		
		Women Empowerment and Child Development Deptt.	02		
	Total		***15***		
		G. Total	***97***		
State Finances	2000-01	Finance and Misc. Departments	All Chapters	23.06.2003	22.09.2003
	2001-02	Finance and Misc. Departments	All Chapters	19.07.2004	18.10.2004
	2002-03	Finance and Misc. Departments	All Chapters	12.01.2005	11.04.2005
	2003-04	Finance and Misc. Departments	All Chapters	05.10.2005	04.01.2006
	2004-05	Finance and Misc. Departments	All Chapters	19.04.2006	18.07.2006
	2005-06	Finance and Misc. Departments	All Chapters	27.06.2007	26.09.2007
	2006-07	Finance and Misc. Departments	All Chapters	07.03.2008	06.06.2008
	2007-08	Finance and Misc. Departments	All Chapters	13.07.2009	12.10.2009
	2008-09	Finance and Misc. Departments	All Chapters	22.09.2010	21.12.2010
	2009-10	Finance and Misc. Departments	All Chapters	29.03.2011	28.06.2011
	2010-11	Finance and Misc. Departments	All Chapters	11.12.2012	10.03.2013
	2011-12	Finance and Misc. Departments	All Chapters	18.09.2013	17.12.2013
	2012-13	Finance and Misc. Departments	All Chapters	27.11.2014	26.02.2015
	2013-14	Finance and Misc. Departments	All Chapters	03.11.2015	02.06.2016
	2014-15	Finance and Misc. Departments	All Chapters	07.11.2016	06.02.2017
	2015-16	Finance and Misc. Departments	All Chapters	02.05.2017	01.08.2017
	2016-17	Finance and Misc. Departments	All Chapters	26.03.2018	25.06.2018
Nainital District	2011-12	Miscellaneous Departments	All Chapters	18.09.2013	17.12.2013
	2012-13	Miscellaneous Departments	All Chapters	27.11.2014	26.02.2015

Appendix-1.2.1

(Reference: Paragraph 1.2.2; Page 8)

Organogram of the Department



Appendix-1.2.2
(Reference: Paragraph 1.2.4; Page 9)

Details of sampling

Region	Sampled Base godown	Sampled District	Sampled Tehsil	Sampled Internal Godown	
Garhwal	Jwalapur	Tehri	Narendra Nagar	Chaudah Bigha	Gaza
			Tehri	New Tehri	Chamba
	Bahadarabad	Pauri	Pauri	Pauri	Khaulachori
			Srinagar	Srinagar	-
Kumaun	Rudrapur	Almora	Dwarahat	Dwarahat	Kanali Pokhar
			Ranikhet	Ranikhet	Soni
	Kichchha	US Nagar	No godown was selected, as no godown was operational under DSO.		

Appendix-1.2.3
(Reference: Paragraph 1.2.9.3; Page 18)

Details of excess payment on driage

Year	MSP of Paddy *(per Qtl)*	Driage @1% of MSP *(per Qtl)*	Quantity of paddy *(in Qtl)*	Amount of driage to be paid *(in ₹)*	Amount actually paid *(in ₹)*	Excess payment *(in ₹)*
	(A)	(B)	(C)	(D=B*C)	(E=A*C)	(F=E-D)
2015-16	1,410	14.10	1,797.04	25,338.264	25,33,826.40	25,08,488.14
2016-17	1,470	14.70	917.06	13,480.782	13,48,078.20	13,34,597.42
2017-18	1,550	15.50	35.82	555.210	55,521.00	54965.79
Total Excess Payment						***38,98,051.35***

Appendix-1.2.4
(Reference: Paragraph 1.2.9.4; Page 18)

Schedule of Specification (Rice): (GoI's order dated: 1st September 2014, No-8-1/2014-S&I)

Sl. No.	Refractions		Maximum Limit *(per cent)*	
			Grade 'A'	Common
1.	Brokens*	Raw	25.0	25.0
		Parboiled/ single parboiled rice	16.0	16.0
2.	Foreign Matter**	Raw/ Parboiled/single parboiled rice	0.5	0.5
3.	Damaged#/ Slightly Damaged Grains	Raw	3.0	3.0
		Parboiled/ single parboiled rice	4.0	4.0
4.	Discolored Grains	Raw	3.0	3.0
		Parboiled/ single parboiled rice	5.0	5.0
5.	Chalky Grains	Raw	5.0	5.0
6.	Red Grains	Raw/ Parboiled/ single parboiled rice	3.0	3.0
7.	Admixture of lower class	Raw/ Parboiled/ single parboiled rice	6.0	---
8.	Dehusked Grains	Raw/ Parboiled/ single parboiled rice	13.0	13.0
9.	Moisture Content	Raw/ Parboiled/ single parboiled rice	14.0	14.0

*. Not more than one *per cent* weight shall be small broken.
**. Not more than 0.25 *per cent* by weight shall be mineral matter and not more than 0.10 *per cent* by weight shall be impurities of animal origin.
#. Including pin point damaged grains.

Appendix-1.2.5
(Reference: Paragraph 1.2.9.4; Page 18)

Analysis Procedure (GoI's order dated: Ist September, 2014, No-8-1/2014-S&I)

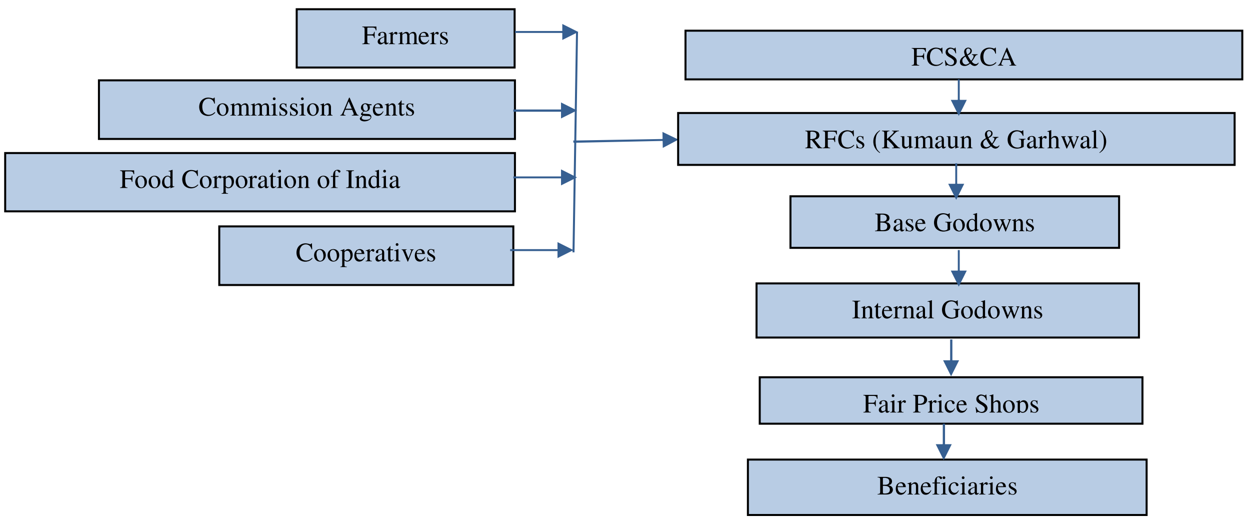
Take 5 grams of rice (sound head rice and brokens) in a petri dish (80x70 mm). Dip the grains in about 20 ml of Methylene Blue solution (0.05 *per cent* by weight in distilled water) and allow to stand for about one minute. Decant the Methylene Blue solution. Give a swirl wash with about 20 ml of dilute hydrochloric acid (5 *per cent* solution by volume in distilled water). Give swirl wash water and pour about 20 ml of Metanil Yellow solution (0.05 *per cent* by weight in distilled water) on the blue stained grains and allow to stand for about one minute. Decant the effluent and wash with fresh water twice. Keep the stained grains under fresh water and count the dehusked grains. Count the total number of grains in 5 grams of sample under analysis. Three brokens are counted as one whole grain.

<u>**Calculations:**</u>

1. Percentage of Dehusked grains = (Nx100)/W
   Where N= Number of Dehusked grains in 5 grams of sample.
   W= Total grains in 5 grams of sample.
2. The Method of sampling is to be followed as given in ***Bureau of Indian Standard*** "Method of sampling of Cereals and Pulses" No IS: 14818-2000 as amended from time to time.
3. Brokens less than 1/8th of the size of full kernels will be treated as organic foreign matter. For determination of the size of the brokens average length of the principal class of rice should be taken into account.
4. Inorganic foreign matter shall not exceed 0.25 *per cent* in any lot, if it is more, the stocks should be cleaned and brought within the limit. Kernels or pieces of kernels having mud sticking on surface of rice shall be treated as Inorganic foreign matter.
5. In case of rice prepared by pressure parboiling technique, it will be ensured that correct process of parboiling is adopted i.e. pressure applied, the time for which pressure is applied, proper gelatinization, aeration and drying before milling are adequate so that the colour and cooking time of parboiled rice are good and free from encrustation of the grains.

Appendix-1.2.6
(Reference: Paragraph 1.2.10; Page 19)

Pictogram showing the process of lifting and distribution of foodgrains



Appendix-1.2.7
(Reference: Paragraph 1.2.10.2; Page 20)

Details of Ration Cards and units

Pre-digitization (April 2013 to September 2015)					
Number of Ration Cards			**Number of units**		
APL	**BPL**	**AAY**	**APL**	**BPL**	**AAY**
23,20,366	**3,07,074**	**1,90,926**	**1,05,59,245**	**14,90,395**	**8,25,570**
Post-digitization (October 2015 to March 2018					
Number of Ration Cards			**Number of units**		
PHH	**AAY**		**PHH**	**AAY**	
11,38,256	**1,82,255**		**54,22,880**	**7,68,930**	

Source: Information provided by the Department.

Appendix-1.2.7 A
(Reference: Paragraph 1.2.10.2; Page 20)

Details of Ration Cards and units and requirement of foodgrains

	Period	Allocation (*in Kg*)		Unit	Period (*in months*)	No. of ration cards/units	Requirement (*in MT*)			
		Rice	Wheat				Rice	Total	Wheat	Total
AAY	2013- Sept 2015	24.60	10.40	Per card	30	1,90,926	1,40,903.39	2,59,551.40	59,568.912	1,32,288.657
	Oct 2015- Mar 2018	21.70	13.30		30	1,82,255	1,18,648.01		72,719.745	
BPL	2013- Sept 2015	23.20	11.80		30	3,07,074	2,13,723.50	2,13,723.50	1,08,704.196	1,08,704.196
PHH	Oct 2015- Mar 2018	3.00	2.00	Per unit	30	54,22,880	4,88,059.20	4,88,059.20	3,25,372.800	3,25,372.800

APL (Rice 5 kg and wheat 10 kg per ration card); BPL (Rice 23.200 kg and wheat 11.800 kg per card); AAY (Rice 24.600 kg and wheat 10.400 kg per card, after implementation of NFSA Rice 21.700 kg and wheat 13.300 kg per card), PHH (Rice 3.00 kg and wheat 2.00 kg per unit).

Appendix-1.2.8
Reference: Paragraph 1.2.10.2; Page 20)

Excess distribution of foodgrains than requirement in the Districts

(Quantity in MT)

Period	Scheme	Rice			Wheat		
District Almora							
		Required quantity	Actual distribution	Excess	Required quantity	Actual distribution	Excess
2013-14 to 2017-18	AAY	20,239.194	21,013.952	774.758	10,337.856	10,712.851	374.995
2013-14 to Sept. 2015	BPL	23,504.615	28,938.336	5,433.721	11,954.935	12,942.272	987.337
2013-14 to Sept. 2015	APL	17,058.570	19,164.664	2,106.094	34,117.140	34,962.971	845.831
Oct 2015 to March 2018	PHH	31,282.560	31,973.195	690.635	20,855.040	20,185.506	0.000
Total		***92,084.939***	***1,01,090.147***	***9,005.208***	***77,264.971***	***78,803.600***	***2,208.163***
District Pauri							
Period	**Scheme**	**Rice**			**Wheat**		
		Required quantity	Actual distribution	Excess	Required quantity	Actual distribution	Excess
2013-14 to Sept. 2015	BPL	11,951.713	12,801.381	849.668	6,078.888	5,676.614	0.000
District Tehri							
Period	**Scheme**	**Rice**			**Wheat**		
		Required quantity	Actual distribution	Excess	Required quantity	Actual distribution	Excess
2013-14 to 2017-18	AAY	33,560.496	33,274.463	0.000	17,179.704	17,336.140	156.436
2013-14 to Sept. 2015	BPL	17,813.425	21,984.010	4,170.585	9060.275	9,734.826	674.551
2013-14 to Sept. 2015	APL	19,050.000	19,998.068	948.068	38,100.000	39,190.074	1,090.074
Oct 2015 to March 2018	PHH	26,420.490	27,033.498	613.008	17,613.660	16,896.588	0.000
Total		***96,844.411***	***1,02,290.039***	***5,731.661***	***81,953.639***	***83,157.628***	***1,921.061***
District Udham Singh Nagar							
Period	**Scheme**	**Rice**			**Wheat**		
		Required quantity	Actual distribution	Excess	Required quantity	Actual distribution	Excess
2013-14 to Sept. 2015	BPL	27,590.135	34,394.536	6,804.401	14,032.915	14,694.757	661.842

Source: Information provided by the Department.

Appendix-1.2.9
(Reference: Paragraph 1.2.11.1; Page 23)

Difference in rates tendered in comparison to Transport Department rates and lowest tendered rates

Year	Minimum tendered rate		Maximum tendered rate		Difference in rates in comparison to Transport Department rates[1] (in percentage)		Difference in rates to lowest tendered rates (in percentage)	
	Garhwal[2]	Kumaun[3]	Garhwal	Kumaun	Garhwal	Kumaun	Garhwal	Kumaun
2013-14	13.50	9.93	22.00	29.91	*260 to 487*	*397 to 1396*	*63*	*201*
2014-15	20.80	27.00	32.00	36.95	*455 to 753*	*1250 to 1748*	*54*	*37*
2015-16	23.70	29.50	34.80	39.64	*532 to 828*	*1375 to 1882*	*47*	*34*
2016-17	16.50	33.00	34.75	45.63	*340 to 827*	*1550 to 2182*	*111*	*38*
2017-18	28.00	36.30	41.45	50.19	*647 to 1000*	*1715 to 2410*	*48*	*38*

1 ₹ 0.25 per qtl. per km. (*i.e.* ₹ 2.00 per 8 km. per qtl. in Kumaun and ₹ 3.75 per 15 km. per qtl. in Garhwal).

2 Rate per first 15 km per quintal in ₹.

3 Rate per first 08 km per quintal in ₹.

Appendix-1.2.10
(Reference: Paragraph 1.2.11.1; Page 23)

Statement showing selection of Transporters for two / three places

Year	Name of the transporter	Ownership Truck no	Selection of transporters for transportation centres
Garhwal Region			
2013-14	Bansal Transportation Co.	UP20P1079, HR46A4772	03 places
2014-15	Bansal Transportation Co.	UP20P1079, HR46A4772	03 places
	Subhash Chandra	HR582332, HR38H4815	02 places
2015-16	Bansal Transportation Co.	UP20T1079, HR46A4772	03 places
2016-17	Bansal Transportation Co.	UP20Y3477, UP20T3478	02 places
	Subhash Chandra	UP0754907, UK07CA3504	02 places
2017-18	Bansal Transportation Co.	UP20T1079, UP20T3477	02 places
	Bhupesh Kumar	UK08CA4528, UP11F0684	02 places
Year	**Name of the transporter**	**Ownership Truck no**	**Selection of transporters for transportation centre**
Kumaun Region			
2013-14	Subhash Chandra	HR582332, HR38H4815	02 places
	Dhan Prakash	UK07CA1095, UGA9017	02 places
	Bipin Kumar Agarwal	HR552938, UP20N3090	02 places
2014-15	Ramesh Chandra Gupta	UP075650 ,UP07F6395	02 places
	Kawaljeet Singh Batra	UP11T3229, UP11D6717	02 places
2015-16	Yogesh Kumar	UK07CA9127, UP07E0520	02 places
	Kawaljeet Singh Batra	UK07CA3048, HR63A3253	02 places
2016-17	Yogesh Kumar	HR38H4602, UP07E0520	02 places
	Bhupesh Kumar	UK08CA4528, UK08CA4873	02 places
2017-18	Shiv Transport	UA06H7478, UK06CA1790	02 places
	Kawaljeet Singh Batra	UP11T3229, HR63A3253	02 places

Appendix-1.2.11
(Reference: Paragraph 1.2.11.4; Page 24)

Details of construction of godowns

(**₹*in lakh***)

Name of Godowns	Sanction year/capacity	Released amount	Expenditure	Cause of non-completion of work
Foodgrains Godown, Naitwad, Uttarkashi	June 2008 (300 MT)	34.81	30.98	Work completed in May 2014, but, building lying unutilized due to unavailability of approach road.
Foodgrains Godown, Gulabkoti, Joshimath (Chamoli)	March, 2015 (200 MT)	48.28	28.89	Whole sanctioned amount was released to executing agency but, work interrupted due to hard rocks at the construction site.
Foodgrains Godown, Transport Nagar, Dehradun	Dec/2015 (2000 MT)	240.52	150.60	Work stopped due to non-release of balance of ₹ 66.92 lakh to the executing agency.
Foodgrains Godown, Kafligair, Bageshwar	August 2016 (200 MT)	60.00	45.00	Work stopped due to non-release of balance of ₹ 15.00 lakh to the executing agency.

Appendix-1.4.1
(Reference: Paragraph 1.4; Page 36)

Details of short recovery of compounding fee from the defaulting vehicles in six districts

(Amount in ₹)

Sl. No.	Name of the Office	Period of challan	Section No.	No. of challaned vehicles	Compounding fee recovered per vehicle	Compounding fee to be recovered per vehicle	Short recovery of compounding fee per vehicle	Loss of revenue
1.	Superintendent of Police, Pithoragarh	10/16 to 03/18	179(1)	6,228	100	500	400	24,91,200
2.	Superintendent of Police, Udham Singh Nagar	10/16 to 03/18	179(1)	27,749	100	500	400	1,10,99,600
3.	Superintendent of Police, Dehradun	10/16 to 03/18	179(1)	18,446	100	500	400	73,78,400
4.	Superintendent of Police, Haridwar	10/16 to 03/18	179(1)	19,703	100	500	400	78,81,200
5.	Superintendent of Police, Chamoli	10/16 to 03/18	179(1)	4,079	100	500	400	16,31,600
6.	Superintendent of Police, Tehri Garhwal	10/16 to 03/18	179(1)	3,025	100	500	400	12,10,000
Total				***79,230***				***3,16,92,000 Say ₹3.17 crore***

Appendix-1.7.1
(Reference: Paragraph 1.7.1; Page 40)

Collection of blood units in decreasing order by 20 State blood banks

Sl. No.	Name of Blood Bank	Number of Blood Units Collected			Grand Total
		2015-16	2016-17	2017-18	
1.	Sushila Tiwari Memorial Hospital Trust	10,970	10,742	10,927	32,639
2.	SS Jeena Base Hospital Haldwani, Nainital	6,831	7,089	7,547	21,467
3.	LD Bhatt Govt. Hospital, Kashipur	6,625	6,770	7,211	20,606
4.	HMG District Hospital Blood Bank, Haridwar	6,273	6,809	8,440	21,522
5.	J LN District Hospital, Rudrapur*	6,070	6,338	6,014	18,422
6.	SJNSM Govt. Joint Hospital, Roorkee	6,220	6,074	6,165	18,459
7.	Doon Hospital, Dehradun	6,180	5,425	5,008	16,613
8.	B D Pandey District Hospital Blood Bank Pithoragarh	2,421	2,700	2,289	7,410
9.	Base Hospital Sri Nagar, Pauri	2,259	1,606	1,711	5,576
10.	Combined Hospital Kotdwar	1,396	1,867	1,757	5,020
11.	District Hospital Almora	1,015	953	1,016	2,984
12.	SPS Govt. Hospital Rishikesh, D.dun	290	850	633	1,773
13.	District Hospital Blood Bank, Uttarkashi	425	619	567	1,611
14.	B D Pandey D H Blood Bank, Nainital	484	462	549	1,495
15.	Govind Singh Mahar Govt. Hosp. Ranikhet, Almora	356	459	438	1,253
16.	District Hospital Gopeshwar, Chamoli	265	171	223	659
17.	District Hospital Bauradi, Tehri	Nil	102	283	385
18.	District Hospital Blood Bank, Pauri	Nil	32	58	90
19.	District Hospital, Blood Bank, Bageshwar	Nil	Nil	Nil	Nil
20.	District Hospital Blood Bank, Champawat	Nil	Nil	Nil	Nil

Source: Information collected from SBTC, Dehradun.
****It was taken for pilot study.***

Appendix-1.7.2

(Reference: Paragraph 1.7.3.1 a & b; Page 44)

Position of VBD in selected eight blood banks and its percentage shown in the progress report by the SBTC

Sl. No.	Name of blood bank	2015-16			2016-17			2017-18		
		TBC	VBD	Percentage shown by the SBTC in progress report	TBC	VBD	Percentage shown by the SBTC in progress report	TBC	VBD	Percentage shown by the SBTC in progress report
1.	STM Hospital, Haldwani	10,970	3,216 (*29*)	*94*	10,742	2,098 (*20*)	*95*	10,927	2,646(*24*)	*94*
2.	SS Jeena Base, Hospital Haldwani	6,831	1,813 (*27*)	*92*	7,089	1,865 (*26*)	*74*	7,547	1,705(*23*)	*88*
3.	LD Bhatt, Hospital Kashipur	6,625	2,186 (*33*)	*83*	6,770	2,136 (*32*)	*81*	7,211	2,308(*32*)	*82*
4.	HMG Hospital Haridwar	6,273	4,493 (*72*)	*88*	6,809	5,400 (*79*)	*89*	8,440	5,902(*70*)	*77*
5.	SJNSM Hospital, Roorkee	6,220	2,488 (*40*)	*80*	6,074	3,166 (*52*)	*67*	6,165	2,281(*37*)	*68*
6.	Doon Hospital, Dehradun	6,180	1,112 (*18*)	*86*	5,425	1,356 (*25*)	*83*	5,008	1,102(*22*)	*82*
7.	BD Pandey Hospital, Pithoragarh	2,421	637 (*26*)	*84*	2,700	949 (*35*)	*79*	2,289	734 (*32*)	*81*
8.	Base Hospital, Srinagar	2,259	792 (*35*)	*79*	1,606	530 (*33*)	*89*	1,711	616 (*36*)	*83*

Source: Information provided by Selected Blood Banks and progress report of SBTC.
Note: figures in bracket depicted the percentage of VBD against the TBC.

Appendix-1.7.3

(Reference: Paragraph 1.7.4.1; Page 46)

Process of issue / renewal of license

Application for seeking license / renewal may be submitted in form 27C with all required information and documents to the State Drug Controller with fee as prescribed.

The application of the applicant would be processed by the State Drug Controller; if found in order the date of joint inspection (Central + State) of the premises of the blood bank would be communicated to the applicant.

After joint inspection of the premises of the blood bank, the shortcomings in this regard would be communicated to the applicant for earliest removal of such shortcomings for further inspection.

The applicant would communicate to the Drug Controller of the State regarding removal of shortcomings and request for verification.

On the request of applicant, the Drug Controller would verify the statement of the applicant and this matter would be forwarded to Central Drug Standard Control Organisation (CDSCO) for approval.

If found in order, the CDSCO would approve the license which would be issued in Form 28C by the State Drug Controller to the applicant with certain conditions, for a period of five years.

Source: SDC, Dehradun.

Appendix-1.7.4
(Reference: Paragraph 1.7.4.1; Page 46)

Position of Non-renewal of license as on March 2018

Sl. No.	Name of Blood Bank	Validity of License	Non removal of shortcomings by the blood banks so far	Ramifications of deficiencies
1.	Sushila Tiwari Medical College	26.03.2017	None of the equipment was found calibrated; cleanliness of the blood bank in serology laboratory and TTI lab. was not satisfactory; thermograph recorder out of order; non testing facility of Elisa Reader.	Blood and blood components are susceptible to contamination, not following the process may increase the risk of transfusion transmissible infection to recipient of the blood.
2.	District Hospital, Pithoragarh	29.06.1998	Cleanliness of the blood bank in TTI lab. not satisfactory; non-calibration of equipment; thermograph recorder found out of order; non testing facility of Elisa Reader.	
3.	LD. Bhatt Hospital, Kashipur	08.10.2017	Non-calibration of equipment; thermograph recorder found out of order.	Not following the process may increase the risk of transfusion transmissible infection to recipient of the blood.
4.	SPS Government Hospital, Rishikesh	23.04.2017	Non-calibration of equipment; no procedure in place to monitor the temperature of refrigerator used to store diagnostic kits and regents; stand by refrigerator for storage of screened blood found out of order.	
5.	SS Jeena Hospital Haldwani	09.10.2017	Non-calibration of equipment.	
6.	District Hospital, Uttarkashi	31.12.2006	Non-calibration of equipment; non testing facility of Elisa Reader; dielectric sealers out of order; blood storage refrigerator for storage of unscreened blood found out of order; Screened and unscreened blood units stored in same refrigerator.	

Appendix-1.7.5
(Reference: Paragraph 1.7.4.1; Page 46)

Position of Non-renewal of license as on June 2018

Sl. No.	Name of Blood Bank	Date of establishment of the blood bank	Validity of License up to	Action of licensing Authority	Reasons for non-renewal of license	Remarks
1.	Doon Hospital Dehradun	10.10.12	09.10.2017	Inspected on 26.01.18	Sent to CDSCO for approval	Running without licence from 10.10.2017 (eight months)
2.	SPS Government Hospital Rishikesh	24.04.2012	23.04.2017	Inspected on 26.01.18	Non removal of shortcomings by the blood banks so far	Running without licence from 24.04.2017 (one year three months)
3.	District Hospital, Uttarkashi	20.01.1998	31.12.2006	Inspected on 08.03.18	-do-	Running without licence from 01.01.2007 (eleven year six months)
4.	SS Jeena Hospital Haldwani	10.10.2002	09.10.2017	Inspected on 04.01.18	-do-	Running without licence from 10.10.2017 (eight months)
5.	Sushila Tiwari Medical College	27.03.2012	26.03.2017	Inspected on 05.07.17	-do-	Running without licence from 27.03.2017 (one year three months)
6.	LD. Bhatt Hospital, Kashipur	09.10.2012	08.10.2017	Inspected on 28.11.17	-do-	Running without licence from 09.10.2017 (eight months)
7.	District Hospital, Pithoragarh	30.06.1997	29.06.1998	Inspected on 27.03.18	-do-	Running without licence from 30.06.1998 (20 years). Since license not renewed from 1998
8.	Jeevan Rekha Hospital Kashipur	27.08.2012	26.08.2017	Not Inspected so far	Failure of licensing authority to conduct inspection	Running without licence from 27.08.2017 (ten months)
9.	District Hospital, Pauri	28.12.2012	27.12.2017	Not Inspected so far	-do-	Running without licence from 28.12.2017 (six months)
10.	District Hospital, Almora	01.01.2013	31.12.2017	Not Inspected so far	-do-	Running without licence from 01.01.2018 (six months)
11.	G S M District Hospital, Ranikhet	15.06.2011	14.06.2016	Not Inspected so far	-do-	Running without licence from 15.06.2016 (two years)
12.	District Hospital, Chamoli	11.04.1997	31.12.2017	Not Inspected so far	-do-	Running without licence from 01.012018 (six months)
13.	B.D. Pandey (M) Hospital, Nainital	01.01.2013	31.12.2017	Not Inspected so far	-do-	Running without licence from six months
14.	Himalayan Hospital Institute, Dehradun	30.12.2012	31.12.2017			Renewed
15.	Max Super Hospital, Dehradun	27.12.2012	28.12.2017			Renewed
16.	H.M.G. Dist. Hospital, Haridwar	26.01.2012	27.01.2017			Renewed
17.	JLN Dist. Hospital, Rudrapur, U S Nagar	30.12.2011	31.12.2016			Renewed

Source: Information collected from SDC, Dehradun.

Note 1- As per Drug and Cosmetics Act 1940 the inspection of blood bank has to be carried out jointly by the team of CDSCO and SDC.

Note 2- No punitive measures or provision of penalties has been described in the Act against the defaulter licencee.

Appendix-1.7.6

(Reference: Paragraph 1.7.5.2; Page 49)

Position of Non-Calibration of equipment during 2015 to March 2018

Name of Equipment	Periodicity of Calibration	Not calibrated since
Hematocrit centrifuge	Annually	LD Bhatt hospital Kashipur & SS Jeena hospital, Haldwani from 04/2016 to 03/2018
		SJNM hospital, Roorkee from 2016/09 to 03/2018
		District hospital Pithoragarh from 05/2015 to 03/2018
		Sushila Tiwari Medical College, Haldwani from 2017/02 to 03/2018
General lab centrifuge, Automated blood typing, Haemoglobino meter, Refractometer	In every six month	LD Bhatt hospital Kashipur & SS Jeena hospital, Haldwani from 04/2016 to 03/2018
		SJNM hospital, Roorkee from 2016/09 to 03/2018
		District hospital Pithoragarh from 05/2015 to 03/2018
		STM College, Haldwani from 2017/02 to 03/2018

Appendix-1.10.1

(Reference: Paragraph 1.10.1; Page 56)

Audit observations not considered in the follow-up report

Sl. No.	Audit observation in earlier report & Paragraph no.	Reasons for not considering in follow-up report
1.	Irregular selection of beneficiaries *(Para-1.3.6.1)*	As under IAY, selection of beneficiaries was done from the BPL Survey List-2002 whereas under PMAY-G, beneficiaries are being selected by using housing deprivation parameters in the Socio Economic and Caste Census (SECC), 2011 data which has been uploaded on *Awaassoft* and prior to providing assistance, eligibility of the beneficiary is also being verified by the concerned *Gram Sabhas*.
2.	Non-identification of beneficiaries for cluster approach *(Para-1.3.6.3)*	There is no such provision in PMAY-G. Hence, not included in the follow up audit.
3.	Non-maintenance of inventory of houses *(Para-1.3.6.5)*	As per the guidelines of PMAY-G, there is provision of uploading of data on *Awaassoft* and the same is being done; hence no comments included in follow up audit.
4.	Non-allotment of IAY houses in the name of female members *(Para-1.3.8.3)*	As per the provisions of PMAY-G, houses are being allotted in the joint names of husband and wife; hence, no comments included in follow up audit.
5.	Non-adherence of prescribed limit for allotment of houses to SC/ST BPL families. *(Para-1.3.8.4)*	The observation has got no significance as availability of SC/ST families in the State is below 60 *per cent.*

Appendix-1.12.1
(Reference: Paragraph 1.12.2; Page 66)

Details of eligibility criteria and selection process of Old Age Pension Scheme

Sl.No.	Eligibility criteria	Supporting documents required
1.	Age should be greater than 60 years	Aadhar Card/Family card/Voter ID
2.	Applicant should be of BPL category	BPL certificate
	Or	
3.	Monthly family income up to ₹4,000	Income certificate issued by at least Tehsildar level
4.	Land occupied by the applicant should be less than 2.5 acre in rural area	Patwari report
5.	His son/grandson having age of more than 20 years but living below the poverty line	Affidavit in this regard

Process of selection

Application to be submitted along with all the required documents to District Social Welfare Officer office after approval of Block Development Officer/SDM through Assistant Social Welfare Officer.

A verification team for verifying applications would be constituted at the District level. The verification team would verify the details of beneficiaries after discussing the same in Gram Sabha/Ward Sabha and recommendations of these fora would be considered.

Necessary recommendations for sanction or rejection of applications with reasons would be given by the verification team. This should be completed within two weeks from the date of receipt of the application.

Desk assistant at DSWO office to verify the eligibility criteria on the basis of enclosed documents with application and data entry in the portal to be completed.

DSWO to give final approval/rejection of application through on line portal (within four weeks from receipt of application)

The sanctioning authority (DSWO) will convey approval to the applicant in form of a Sanction Order with a copy to Gram Panchayat/ Municipality concerned.

Process for disbursement of pension

Quarterly Processing of Eligible Beneficiaries in the Online Portal by DSWO for Pension distribution. Bill is generated for eligible beneficiaries and sent to treasury for payment of pension.

For pension disbursement, treasury will make payment in the A/c of eligible beneficiaries against which transaction ID will be generated.

Once the payment is made in the account of beneficiary, its transaction ID would be uploaded by the Treasury in the web portal against each beneficiary.

Complete information to be published on web portal within one week along with Transaction ID. Pension information will be sent to beneficiary through SMS.

Appendix-1.13.1
(Reference: Paragraph 1.13.4.1; Page 80)

Details of Air Pollutants, their sources and effects

Pollutant	Possible Sources	Effects	
	Anthropogenic	Human / flora / fauna	Environment & Property
Sulphur dioxide (SO_2) **SO_2** is the chemical compound produced by volcanoes and in various industrial processes and are also a precursor to particulates in the atmosphere.	• Combustion of fossil fuel (coal, heavy fuel oil in thermal power plants, office, factories) • Paper Industry • Extraction & distribution of fossil fuels • Smelting of metals (sulfide ores to produce copper, lead and zinc) • Petroleum refining • Combustion process in diesel, petrol, natural gas driven vehicles	• Respiratory illness • Visibility impairment • Aggravate existing heart and lung diseases	• Acid rain • Aesthetic damage
Oxides of Nitrogen (NOx) Oxides of nitrogen are a generic term for a group of highly reactive gases that contain nitrogen and oxygen in varying amounts. NOx are emitted as nitrogen oxide (NO) which is rapidly oxidised to more toxic nitrogen dioxide NO_2. Nitrogen dioxide (NO_2) is a reddish-brown toxic gas with a characteristic sharp, biting odour and is a prominent air pollutant.	• High temperature combustion (internal combustion engines, fossil fuel- fired power stations, industrial) • Burning of Bio-mass and Fossil Fuels	• Irritates the nose and throat • Increase susceptibility to respiratory infections	• Precursor of ozone formed in the troposphere • Form atmospheric fine particulate matter burden as a result of oxidation to form nitrate aerosol
Respirable Suspended Particulate Matter (PM_{10}, size $\leq$ 10µm, coarse fraction PM_{10} - $PM_{2.5}$). called thoracic fraction) Particulate matter (PM) is a complex mixture of suspended solid and liquid particle in semi equilibrium with surrounding gases. The major constituents of RSPM are organic and elemental carbon, metals/elements like silicon, magnesium, iron, ions like sulphates, nitrates, ammonium etc. PM_{10} can settle in the bronchi and lungs and cause health problems	• Road traffic emissions particularly from diesel vehicles • Industrial combustion plants some public power generation • Commercial and residential combustion • Non-combustion processes (e.g. quarrying) • Agricultural activities	• Cardio-pulmonary problems • Asthma, bronchitis, and pneumonia in older people	• Visibility reduction
Particulate Matter 2.5 ($PM_{2.5}$, size $\leq$ 2.5µm, fine fraction size up to 2.5 µm, respirable fraction) Airborne particles smaller than 2.5 µm called fine particles. Composed mainly of carbonaceous materials (organic and elemental), inorganic compounds (sulfate, nitrate, and ammonium), and trace metal compounds (iron, aluminium, nickel, copper, zinc, and lead). pose the greatest problems, $PM_{2.5}$, tend to penetrate into the gas exchange regions of the lung, and very small particles (< 100 nanometers) may pass through the lungs to affect other organs. The smallest particles, however, less than 100 nm (nano particles)	• Vehicular emission • Industrial combustion plants some public power generation • Commercial and residential combustion	• Oxidative stress • Respiratory symptoms such as irritation of the airways, coughing, or difficulty breathing • Decreased lung function • Aggravated asthma • Chronic bronchitis • Irregular heartbeat cardio- pulmonary disorder • Premature death in people with heart or lung disease	• Aesthetic damage • Visibility reduction

can get into the bloodstream and affect the cardiovascular system			
Ozone (O_3) Ozone is a pale blue gas, soluble in water and non-polar solvents with specific sharp odour somewhat resembling chlorine bleach. Ozone is a secondary pollutants formed in the atmosphere by reaction between oxides of nitrogen and volatile organic compounds (VOCs) in the presence of sunlight. Peak O_3 levels occur typically during the warmer times of the year.	• Formed by the reaction of sunlight on air containing hydrocarbons and nitrogen oxides emitted by car engines, industrial operations, chemical solvents to form ozone • Electronic equipment such as photocopiers	• Lung function deficits • Respiratory illness • Premature death, asthma, bronchitis, heart attack, and other cardiopulmonary problems. • Ground-level ozone and pollution which interferes with photosynthesis and stunts overall growth of some plant species	• Ozone cracking in car tyres, gaskets, O-rings is caused by attack of ozone on any polymer possessing olefinic or double bonds within its chain structure, • Ozone present in the upper troposphere acts as a greenhouse gas, absorbing some of the infrared energy emitted by the earth.
Lead Lead is a bright silvery soft, dense, ductile, highly malleable, bluish-white metal that has poor electrical conductivity heavy metal and is highly resistant to corrosion.	• Waste incineration • Metal processing • Paint Industry • Lead solder in food cans, breast milk, drinking water, Cosmetics, ceramic pottery, burning of firewood or kerosene, indigenous remedies, tobacco and tobacco products, contaminated drinking water, toys, industrial effluents, lead acid batteries, ammunition, paints and varnishes, water pipes • Automobile exhaust,	• Lead is rapidly absorbed into the bloodstream and is believed to have adverse effects on the central nervous system, the cardiovascular system, kidneys, and the immune system • Causes blood disorders like anaemia, increase in blood pressure. • Potent neurotoxin that accumulates both in soft tissues and the bones. • Causes nephropathy, and colic-like abdominal pains. • Weakness in fingers, wrists, or ankles. • Miscarriage and reduction of fertility in males, delayed puberty in girls • Permanently reduce the cognitive capacity of children	
Carbon monoxide (CO) also called **carbonous oxide**, is a colorless, odourless and tasteless gas which is slightly lighter than air. It is highly toxic to humans and animals in higher quantities. Mainly formed by incomplete combustion of carbon containing fuels.	• Exhaust of internal combustion engines, especially of vehicles with petrol engines • Burning of carbon fuels • Organic combustion in waste incineration • Power station processes • Iron smelting • Burning of crop residues	• CO enters the bloodstream through lungs and combines with hemoglobin forms carboxy hemoglobin. This condition is known as anoxemia, which inhibits blood's oxygen carrying capacity to organs and tissues. • Persons with heart disease are sensitive to CO poisoning and may experience chest pain if they breathe the gas while exercising. • adverse effects on the foetus of a pregnant woman • Infants, elderly persons, and individuals with respiratory diseases are also particularly sensitive. • Anti-inflammatories, vasodilators and encouragers of neovascular growth	
Ammonia (NH_3) A compound of nitrogen and hydrogen, a colourless gas with a characteristic pungent odour. Contributes significantly to the nutritional needs of terrestrial organisms by serving as a precursor to food and fertilisers, and either directly or indirectly, is also a building block for the synthesis of many pharmaceuticals.	• Farms • Fertilisers Industry • Industrial sites that store ammonia or use it as a refrigerant can release high levels if the chemical leaks or is spilled	• irritating to skin, eyes, throat, and lungs and cause coughing • burns • Lung damage and death may occur after exposure to very high concentrations of ammonia	• Odour
Benzene (C_6H_6) Benzene is a colorless, sweet smelling liquid. Benzene	• Combustion of fuel (automotive fuel, wood and stationary fossil fuel, other aromatics)	• Hematotoxic, neurotoxic, leukemogenic, carcinogenic effects	

is generated whenever carbon-rich materials undergo incomplete combustion. Benzene is generated whenever carbon-rich materials undergo incomplete combustion.	• evaporation (fuel storage containers, during refueling) • Industrial emission • Coke oven • Perchlorethlyene is emitted from some dry cleaning facilities • tobacco smoke, wood smoke • glues, paints, furniture wax, and detergents	• Chronic exposure to benzene may cause chromosomal damage, immune suppression, aplastic anemia, myelodysplastic syndrome, leukemia, non-Hodgkins's lymphoma, and cancer of the lung and nasopharynx • Effect the Reproductive system, developing foetus and fertility in men, low birth weights, delayed bone formation, and bone marrow damage	
Polyaromatic hydrocarbons (BaP) (particulate phase only) is a five-ring polycyclic aromatic hydrocarbon whose metabolites are mutagenic and highly carcinogenic	• Incomplete combustion of fuels (processing of coal and crude oil) • Combustion of natural gas • Road transport • Industrial plant • Tobacco smoke • Coal tar • Automobile exhaust fumes (especially diesel engines), in all smoke resulting from the combustion of organic material • Charbroiled food, burnt toast, cooked meat products, in burnt foods such as coffee	• Mutagenic and highly carcinogenic (skin, lung, and bladder cancer in humans and in animals) • Skin rash or eye irritation Bronchitis	
Arsenic (As) is a solid layered, a ruffled analogue of graphite, metallic gray in color and is a semiconductor. It is a potent poison (IARC) recognises arsenic and group 1 carcinogen (IARC)	• Smelting of metals, • Combustion of fuels (especially of low-grade brown coal) • Use of pesticides. • Wood preservation, glass production, nonferrous metal alloys, electronic semiconductor manufacturing. • Coke oven emissions associated with the smelter industry	• Epigenetic changes • Multi-system organ failure • As poisoning	
Nickel (Ni) a silvery-white lustrous corrosion-resistant metal with a slight golden tinge	• Combustion of fossil fuels • Nickel plating • Metallurgical processes	• Nickel sulfide fume and dust is believed to be carcinogenic • Allergy, dermatitis. Sensitivity to nickel may also be present in patients with pompholyx.	• Explosive in air

Appendix-1.13.2 A
(Reference: Paragraph 1.13.5.2; Page 86)

List of Industrial Units selected for Joint Inspection

Sl. No.	Industry -Red Category
1.	Army Welfare Housing Organisation
2.	Dehradun Dugdh Utpadak Sahakari Sangh Ltd., Dehradun
3.	Development of MSW Processing and Disposal Facility Shishambada
4.	Doiwala Sugar Company Ltd.
5.	Shivalik Rasayan Ltd.
Sl. No.	**Orange Category- Industry**
1.	Balmer Lawrie-Van Leer Ltd.
2.	Dehradun Premier Motors Pvt Ltd.
3.	E-Durables Unit-II
4.	Sharda Hotels & Tour Pvt Ltd.
5.	Hotel Surbhi Palace India Ltd.
6.	Household Pharmaceuticals
7.	J.K. Print Packs
8.	Premier Nutraceuticals Pvt Ltd.
9.	Rhydburg Pharmaceuticals Ltd.
10.	Sarvear Pharmaceuticals
11.	Verve Human Care Laboratories
12.	Windlas Healthcare
Sl. No.	**Green Category- Industry**
1.	Alexia Panels
2.	Amber Enterprises (India) Pvt.Ltd.Unit-6
3.	Asspire Oral Care Pvt Ltd.
4.	Copernicus India
5.	Easy Mats Private. Ltd.
6.	E-Durables
7.	Hind Rectifiers Ltd.
8.	Involute Engineering Pvt Ltd (formerly Involute Engineering Ltd.)
9.	P.C Jeweller Ltd.
10.	Rajiv Gandhi International Cricket Stadium Society (Shapoorji Pallonji & Co. Ltd.)
11.	V.L Estate Pvt Ltd.
12.	V.L.C.C. Personal Care Ltd.
13.	Valley Hotel And Resorts.
Sl. No.	**White Category- Industry**
1.	Clover Organics Pvt Ltd.
2.	Dixon Bhurji Moulding Pvt Ltd.

Appendix-1.13.2 B
(Reference: Paragraph1.13.5.2; Page 86)

List of Industrial Units where CTO was valid upto 31-03-18

Sl. No.	Name of Industry	CTO Status
1.	Dehradun Dugdh Utpadak Sahakari Sangh Ltd, Dehradun	Valid upto 31-03-18
2.	Development of MSW Processing and Disposal Facility Shishambada	
3.	Doiwala Sugar Company Ltd.	
4.	Balmer Lawrie-Van Leer Ltd.	
5.	E-Durables Unit-II	
6.	Hotel Surbhi Palace India Ltd.	
7.	Household Pharmaceuticals	
8.	J.K. Print Packs	
9.	Rhydburg Pharmaceuticals Ltd.	
10.	Sarvear Pharmaceuticals	
11.	Verve Human Care Laboratories	
12.	Windlas Healthcare	
13.	Alexia Panels	
14.	Amber Enterprises (India) Pvt Ltd.Unit-6	
15.	Asspire Oral Care Pvt Ltd.	
16.	Easy Mats Private Ltd.	
17.	Involute Engineering Pvt Ltd.	
18.	Clover Organics Pvt Ltd.	
19.	Dixon Bhurji Moulding Pvt Ltd.	

Appendix-1.13.2 C
(Reference: Paragraph 1.13.5.2; Page 86)

List of Industrial Units which never got CTO but still running

Sl. No.	Name of Industry	CTO Status
1.	Army Welfare Housing Organisation	Never applied for CTO. only got CTE
2.	Rajiv Gandhi International Cricket Stadium Society (Shapoorji Pallonji & Co. Ltd)	
3.	Valley Hotel and Resorts.(Spice)	

Sl. No.	Name of Industry	CTO Status
1.	Dehradun Premier Motors Pvt Ltd.	Applied for CTE but rejected

Appendix-1.13.3
(Reference: Paragraph 1.13.5.4; Page 87)

System of categorisation of composite score of Pollution Index

As per CPCB direction, the categorisation will be done on the basis of composite score(0-100 marks) of Pollution Index *i.e.* if the industry scores 60 and above, it will be categorised as Red; if it scores 41 to 59, it will be categorised as Orange and if it scores 21 to 40, it will be categorised as Green. An industry scoring upto 20 (including 20) points, is categorised as White or non-polluting industry.

The CPCB circular dated 07.03.2016 states that the categorisation will be done on the basis of composite score (0-100) of pollution index given in accordance with the following weightage.

Air pollution score based on parameters namely PM, CO, NO_x, SO_x, HMs, Benzene, Ammonia, and other toxic parameters relevant to the industry.	40 Marks
Water Pollution Score based on parameters namely Ph, TSS, NH3-N, BOD, Phenol and other toxic pollutants relevant to the industry.	40 Marks
Hazardous wastes (land fillable, incinerable, recyclable) as generated by the industry.	20 Marks
Parameters to be decided on the basis of the nature of the wastes generating from the industrial sector. Industries having only either water pollution or air pollution, the score will be normalised *w.r.t.* 100.	

As per Doon Valley Notification, (a) all non-obnoxious and non-hazardous industries employing upto 100 persons (The obnoxious and hazardous industries are those using inflammable, explosive, corrosive or toxic substances), (b) all industries which do not discharge industrial effluents of a polluting nature and which do not undertake any of the process mentioned in the notification, and (c) all industries which do not use fuel in their manufacturing process or in any subsidiary process and which do not emit fugitive emissions of a diffused nature, will be categorised as Green.

Further, (a) all industries, which discharge some liquid effluents (below 500 kl/day) that can be controlled with suitable proven technology, (b) all industries in which the daily consumption of coal/fuel is less than 24 mt/day and the particular emissions from which can be controlled with suitable proven technology, and (c) all industries employing not more than 500 persons, will be categorised as Orange.

Also, (a) all industries which discharge effluents of a polluting nature at the rate of more than 500 kl/day and for which the natural course for sufficient dilution is not available, and effluents from which cannot be controlled with suitable technology, (b) all industries employing more than 500 persons/day, and (c) all industries in which the daily consumption of coal/fuel is more than 24 mt/day, will be categorised as Red.

Appendix-2.2.1
(Reference: Paragraph 2.2.8.2; Page 124)

Statement regarding Non-realisation of revenue due to non-conducting of canopy opening

Division	Year	Timber	Expected Volume (in cum)	Actual Volume received from removal of dead, diseased and uprooted trees (in cum)	Shortage (in cum)	Rate (₹ per cum)	Royalty of timber not felled (in ₹)
Tarai East	2013-14	Sal	10,447.40	0	10,447.40	30,785	32,16,23,209
		Sain	1,243.29	0	1,243.29	9,066	1,12,71,667
		Jamun	551.74	0	551.74	4,285	23,64,206
		Kokat	1,767.55	0	1,767.55	6,314	1,11,60,311
	2014-15	Sal	10,447.40	0	10,447.40	31,376	32,77,97,622
		Sain	1,243.29	0	1,243.29	8,634	1,07,34,566
		Jamun	551.74	0	551.74	4,264	23,52,619
		Kokat	1,767.55	0	1,767.55	6,270	1,10,82,539
	2015-16	Sal	10,447.40	0	10,447.40	34,923	36,48,54,550
		Sain	1,243.29	0	1,243.29	8,288	1,03,04,388
		Jamun	551.74	0	551.74	4,636	25,57,867
		Kokat	1,767.55	0	1,767.55	6,988	1,23,51,639
	Total (A)				***42,029.94***		***108,84,55,183***
Kalsi	2013-14	Sal	2,168.91	313.19	1,855.72	20,218	3,75,18,947
		Sain	1,043.03	0	1,043.03	6,348	66,21,154
		Kokat	1,788.05	0	1,788.05	6,015	1,07,55,121
	2014-15	Sal	2,168.91	977.22	1,191.69	18,903	2,25,26,516
		Sain	1,043.03	0	1,043.03	6,077	63,38,493
		Kokat	1,788.05	0	1,788.05	5,628	1,00,63,145
	2015-16	Sal	2,168.91	1,129.50	1,039.41	20,459	2,12,65,289
		Sain	1,043.03	0	1,043.03	6,287	65,57,530
		Kokat	1,788.05	0	1,788.05	4,733	84,62,841
	2016-17	Sal	2,168.91	297.90	1,871.01	21,068	3,94,18,439
		Sain	1,043.03	0	1,043.03	6,248	65,16,851
		Kokat	1,788.05	0	1,788.05	4,662	83,35,889
	2017-18	Sal	2,168.91	360.59	1,808.32	21,550	3,89,69,296
		Sain	1,043.03	0	1,043.03	5,761	60,08,896
		Kokat	1,788.05	0	1,788.05	5,348	95,62,491
	Total (B)				***21,921.55***		***238,920,899***
Ramnagar	2013-14	Sal	13,179.60	1,249.62	11,929.98	30,785	367,264,434
	2014-15	Sal	12,727.68	961.63	11,766.05	32,376	380,937,635
	2015-16	Sal	8,661.33	918.65	7,742.68	34,923	270,397,614
	2016-17	Sal	2,504.31	136.37	2,367.93	37,794	89,493,924
	2017-18	Sal	12,827.39	966.38	11,861.02	35,292	418,598,765
	Total (C)				***45,667.66***		***1,526,692,372***
Dehradun	2013-14	Sal	3,207.33	235.02	2,972.31	20,218	60,094,164
		Sain	2,937.11	38.27	2,898.84	6,348	18,401,836
		Kokat	2,355.56	13.51	2,342.05	6,015	14,087,431
	2014-15	Sal	3,207.33	354.408	2,852.92	18,903	53,928,785
		Sain	2,937.11	38.5963	2,898.51	6,077	17,614,268
		Kokat	2,355.56	6.5647	2,349.00	5,628	13,220,146
	2015-16	Sal	3,207.33	206.1165	3,001.21	20,459	61,401,827
		Sain	2,937.11	10.621	2,926.49	6,287	18,398,836
		Kokat	2,355.56	1.8694	2,353.69	4,733	11,140,018
	2016-17	Sal	3,207.33	542.3766	2,664.95	21,068	56,145,238
		Sain	2,937.11	11.8359	2,925.27	6,248	18,277,113
		Kokat	2,355.56	2.1807	2,353.38	4,662	10,971,454
	2017-18	Sal	3,207.33	235.4723	2,971.86	21,550	64,043,533
		Sain	2,937.11	8.3369	2,928.77	5,761	16,872,662
		Kokat	2,355.56	3.942	2,351.62	5,348	12,576,453
	Total (D)				***40,790.88***		***44,71,73,763***
	Grand Total (A+B+C+D)				***150,410.03***		***330,12,42,216***

Source: Information collected from the Department.

Note: Although expected volume from felling was to be received from sal only, as provided in working plan, yet audit rationalized it by dividing expected volume into sal, sain, jamun and kokat in the ratio of growing stock of trees available in the forests.

Appendix-2.2.2
(Reference: Paragraph 2.2.8.3; Page 125)

Statement showing non-realisation of revenue due to non-felling of trees in absence of marking operations

DFO Tarai Central							
Block / Plot	**Working circle**	**Due for felling**	**Area (in hectare)**	**Productivity (in cum per hectare)**	**Timber not produced (in cum)**	**Rate of eucalyptus (in ₹ per cum)**	**Loss of revenue (in ₹)**
Pipalpadav 92 a	Pulpwood **(Eucalyptus)**	2013-14	12.00	27.561	330.7320	1,832	6,05,901.024
Pipalpadav 100	Pulpwood		26.80	27.561	738.6348	1,832	13,53,178.954
Pipalpadav 114	Pulpwood		44.61	27.561	1,229.4960	1,832	22,52,436.672
Total (A)			***83.41***		***2,298.8628***		***42,11,516.650***
Block / Plot	**Working circle**	**Due for felling**	**Area (in hectare)**	**Productivity (in cum per hectare)**	**Sal timber not produced (in cum)**	**Rate of Sal (in ₹ per cum)**	**Loss of revenue (in ₹)**
Mona 1	Sal Nimngiri	2013-14	120.28	Not applicable as expected production provided by division	820.07	30,785	2,52,45,854.95
Kathgodam 13	Sal Nimngiri	2014-15	183.30		1,273.02	31,376	3,99,42,275.52
Dechauri-2	Sal Nimngiri	2016-17	647.51		4,412.78	37,794	16,67,76,607.32
Kailakhur 6b	Sal Nimngiri	2017-18	178.10		1213.04	35,292	4,28,10,607.68
Total (B)			***1,129.19***		***7,718.91***		***27,47,75,345.47***
G Total (A +B)			***1,212.60***		***10,017.7728***		***27,89,86,862.120***

Appendix-2.2.3
(Reference: Paragraph 2.2.8.4; Page 125)

Statement showing non-realisation of royalty due to non-felling of trees by UFDC

Division	No. of lots	Year of first allotment	Volume of unfelled timber in cum	Royalty of unfelled timber in (₹ *in crore*)
Ramnagar	01 03 01 01 02 03 08 01	2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17 2017-18	1,728.79	3.16
Tarai Central	15	2017-18	39,228.89	11.12
Total	***35***		***40,957.68***	***14.28***

Appendix-2.2.4 A
(Reference: Paragraph 2.2.8.7; Page 128)

Parameters of classification of trees into Sound, Fit and Unfit categories

Classification	For Sal Sain and Chir only	For all other species except Sal, Sain, Chir, Khair and Sandan	For Khair (Classified only into fit and unfit)	For Sandan (Classified only into fit and unfit)
Sound	67-100 % i.e 2/3rd or more of the bole length is straight and without any defect	Capable of yielding from any of the tree at least one sound and reasonably straight and cylindrical log of 10 feet or more length with mid diameter of not less than 4/5 of the diameter at breast height	Not applicable	Not applicable
Fit	34-66 % i.e 1/3rd to 2/3rd of the bole length is straight and without any defect	As given for sound tree except that length of the log shall range from 5 feet to under 10 feet	A fit tree is one which is estimated top yield at least one log 8 feet long billets aggregating length with a minimum top diameter of 8 inch over bark, fit for *katha* manufacture	A fit tree is one which is expected to yield at least two sound and straight logs each 3 feet long and not less than 8 inch diameter after turning into billets
Unfit	0-33 % i.e Nil to 1/3 of the bole length is straight and without any defect	As given for sound tree except that the length of the log shall be under 5 feet.	A tree not qualifying the above specification will be unfit tree	A tree not qualifying the above specification will be unfit tree

***Note:** Classification into sound, fit and unfit should be done for all trees of and above 12 inch diameter. Under 12 inch would be classified into fit and unfit only.*

Appendix-2.2.4 B
(Reference: Paragraph 2.2.8.7; Page 128)

Statement showing loss of revenue due to non-payment of royalty on actual production

Year	Ramnagar van Prabhag					Dehradun van Prabhag				
	Estimated volume (in cum)	Actual production (in cum)	Difference (in cum)	Royalty (₹/cum)	Estimated Royalty (in ₹)	Estimated volume (in cum)	Actual production (in cum)	Difference (in cum)	Royalty (₹/cum)	Estimated Royalty (in ₹)
2013-14	5,214.707	7,782.2171	2,567.5101	6,314	1,62,11,258.77	7,593.916	9,786.7607	2,192.845	6,014	1,31,87,768.03
2014-15	6,123.282	9,525.9417	3,402.6597	6,270	2,13,34,676.32	15,636.67	20,106.354	4,469.684	5,627	2,51,50,911.87
2015-16	5,061.553	7,621.2236	2,559.6706	6,988	1,78,86,978.15	11,699.82	14,998.016	3,298.196	4,732	1,56,07,063.47
2016-17	2,783.779	4,916.9069	2,133.1279	5,759	1,22,84,683.58	19,575.43	24,395.454	4,820.024	4,662	2,24,70,951.89
***Total* Estimated Royalty (a)**					***6,77,17,596.82***	***Total* Estimated Royalty (b)**				***7,64,16,695.25***
Year	Tarai Central van Prabhag Haldwani					Tarai East van Prabhag Haldwani				
	Estimated volume (in cum)	Actual production (in cum)	Difference (in cum)	Royalty (₹/cum)	Estimated Royalty (in ₹)	Estimated volume (in cum)	Actual production (in cum)	Difference (in cum)	Royalty (₹/cum)	Estimated Royalty (in ₹)
2013-14	49,093.35	61,547.80	12,454.45	6,314	7,86,37,397.30	31,375.46	40,127.745	8,752.285	6,314	5,52,61,927.49
2014-15	61,629.20	80,403.46	18,774.26	6,270	11,77,14,610.20	45,975.05	63,339.686	17,364.636	6,270	10,88,76,267.72
2015-16	44,254.46	56,880.23	12,625.77	6,988	8,82,28,880.76	56,426.42	78,122.531	21,696.111	6,988	15,16,12,423.67
2016-17	2,986.915	3,363.555	376.64	5,759	21,69,069.76	42,682.86	57,814.827	15,131.967	5,759	8,71,44,997.95
***Total* Estimated Royalty (c)**					***28,67,49,958.02***	***Total* Estimated Royalty (d)**				***40,28,95,616.83***
Year	Kalsi van Prabhag, Kalsi					Tarai West Van Prabhag				
	Estimated volume (in cum)	Actual production (in cum)	Difference (in cum)	Royalty (₹/cum)	Estimated Royalty (in ₹)	Estimated volume (in cum)	Actual production (in cum)	Difference (in cum)	Royalty (₹/cum)	Estimated Royalty (in ₹)
2013-14	3,609.198	4,684.8879	1,075.6899	6,014	64,69,199.059	9,769.124	10,300.6234	531.4994	6,314	33,55,887.21
2014-15	7,901.630	9,629.1181	1,727.4881	5,627	97,20,575.539	16,813.819	18,968.5678	2154.7488	6,270	1,35,10,274.98
2015-16	4,590.895	5,912.9658	1,322.0708	4,732	62,56,039.026	25,206.578	24,424.6726	-781.9054	6,988	-54,63,954.94
2016-17	5,192.267	6,310.0398	1,117.7728	4,662	52,11,056.794	91.329	100.6777	9.3487	5,759	53,839.16
***Total* Estimated Royalty (e)**					***2,76,56,870.418***	***Total* Estimated Royalty (f)**				***1,14,56,046.41***
G. Total{(a)+(b)+(c)+(d)+(e)+(f)}=₹87,28,92,793.75										

Note: Royalty rates of kokat (a mix species) have been applied for calculating estimated royalty.

Appendix-2.2.5
(Reference: Paragraph 2.2.8.12; Page 132)
Statement showing details of illegal felling

Sl.No.	Name of the unit	Year	No. of illegal felling cases	No. of illegally felled tress	Volume of illegally felled timber (in cum)	Value of illegally felled timber (in ₹)	Volume of illegally felled timber which not recovered (in cum)	Value of illegally felled timber not recovered (in ₹)
1.	DFO Tarai Central Van Prabhag Haldwani	2013-14	125	317	99.02	17,43,581	10.61	*
		2014-15	53	83	53.34	11,10,420	2.81	*
		2015-16	45	45	39.255	11,63,785	6.229	1,29,539
		2016-17	26	40	19.108	4,27,574	1.5593	12,925
		2017-18	15	22	16.819	4,68,158	3.096	92,839
		Total	***264***	***507***	***227.542***	***49,13,518***	***24.3043***	***2,35,303***
2.	DFO Tarai East van Prabhag Haldwani	2013-14	126	184	123.2310	21,74,757	31.1801	4,50,557
		2014-15	121	187	120.3701	24,82,234	13.051	4,59,106
		2015-16	124	162	104.6895	18,77,064	10.0991	*
		2016-17	123	162	119.1280	23,65,391	-	*
		2017-18	104	139	87.6835	17,33,141	16.019	2,69,952
		Total	***598***	***834***	***555.1021***	***1,06,32,587***	***70.3492***	***11,79,615***
3.	DFO Soil Conservation Van Prabhag Kalsi	2013-14	28	49	8.311	1,04,236	3.4971	50,692
		2014-15	28	57	10.249	1,92,627	1.9417	59,505
		2015-16	24	57	5.147	85,910	-	35,157
		2016-17	18	30	4.318	71,232	0.1234	*
		2017-18	21	42	13.459	1,38,788	6.1714	49,745
		Total	***119***	***235***	***41.484***	***5,92,793***	***11.7336***	***1,95,099***
4.	DFO Nainital Van Prabhag Nainital	2013-14	20	13	9.142	24,215	6.262	18,871
		2014-15	-	-	-	-	-	-
		2015-16	2	6	-	150	-	150
		2016-17	5	18	1.22	700	1.22	700
		2017-18	6	13	4.16	3,925	4.16	3,925
		Total	***33***	***50***	***14.522***	***28,990***	***11.642***	***23,646***
5.	DFO Ramnagar Van Prabhag Ramnagar	2013-14	25	39	20.3800	3,08,737	2.051	51,096
		2014-15	39	75	29.7360	6,40,888	-	1,02,697
		2015-16	24	138	38.0676	5,68,761	2.3029	*
		2016-17	19	50	15.9280	2,99,513	2.3522	*
		2017-18	20	45	30.6118	3,68,280	6.0418	34,192
		Total	***127***	***347***	***134.7234***	***21,86,179***	***12.7479***	***1,87,985***
6.	DFO Tehri Van Prabhag Tehri	2013-14	13	22	11.274	24,365	8.5892	15,673
		2014-15	11	18	9.788	22,922	9.4633	21,689
		2015-16	24	49	17.711	32,549	14.8216	21,483
		2016-17	10	55	11.356	42,194	11.356	42,194
		2017-18	14	60	5.158	28,884	4.6618	26,731
		Total	***72***	***204***	***55.287***	***1,50,914***	***48.8919***	***1,27,770***
7.	DFO Tarai West Van Prabhag Ramnagar	2013-14	71	341	96.7670	14,37,526	41.9850	5,80,003
		2014-15	97	258	96.1030	16,26,741	27.8850	*
		2015-16	127	405	123.5464	20,75,189	22.3426	*
		2016-17	128	311	102.6364	13,90,700	6.8778	*
		2017-18	87	208	70.0650	11,59,511	8.6875	2,47,518
		Total	***510***	***1523***	***489.1178***	***76,89,667***	***107.7779***	***8,27,521***
8.	DFO Pitthoragarh Van Prabhag Pithoragarh	2013-14	49	112	57.293	1,18,014	51.0220	78,014
		2014-15	26	105	31.416	69,494	30.6280	65,869
		2015-16	15	23	14.497	1,07,856	11.9295	*
		2016-17	14	46	35.542	1,53,081	34.0856	1,34,805
		2017-18	14	31	44.861	1,20,819	44.8610	1,20,819
		Total	***118***	***317***	***183.609***	***5,69,264***	***172.5261***	***3,99,507***
9.	DFO Dehradun	2013-14	28	46	18.9590	4,14,656	6.7259	3,22,908.00
		2014-15	32	54	58.5099	7,42,396	25.5133	2,49,984.25
		2015-16	27	46	44.3960	2,98,370	27.6797	2,07,857.00
		2016-17	23	41	32.9720	3,53,771	24.2157	2,89,435.00
		2017-18	29	45	24.7010	2,31,104	5.4385	1,71,038.00
		Total	***139***	***232***	***179.5379***	***20,40,297***	***89.5731***	***12,41,222.25***
10.	Director Rajaji Tiger Reserve Park	2013-14	98	205	74.4030	6,17,164	36.5770	2,18,818.53
		2014-15	61	120	41.2630	3,43,002	21.0354	1,73,612.04
		2015-16	58	77	54.2790	4,63,623.74	42.8390	3,78,942.21
		2016-17	48	63	36.4074	5,87,645	9.3066	3,74,687.00
		2017-18	34	59	21.9200	2,10,511	13.4886	2,23,514.00
		Total	***299***	***524***	***228.2724***	***22,21,945.74***	***123.2466***	***13,69,573.78***
Grand Total			***2,279***	***4,773***	***2,109.198***	***3,10,26,155***	***672.7926***	***57,87,242.03***

**Negative Differences are not taken.*

Appendix-2.2.6
(Reference: Paragraph 2.2.9.1; Page 133)

Loss due to short production of resin

Division	Crop Year	No. of resin wounds	Norm of production (Kg. per wound)	Expected Production in quintal	Actual production in quintal	Short Production in quintal	Minimum rate received during 2014-17 (₹ per quintal)	Loss in ₹
Badrinath	2014	2,39,500	3.50	8,383	7,201	1,182	4,500	53,19,000
	2015	2,57,000		8,995	8,041	954		42,93,000
	2016	2,57,000		8,995	8,715	280		12,60,000
	2017	2,57,000		8,995	7,729	1,266		56,97,000
Tehri	2014	1,41,600		4,956	3,321	1,635		73,57,500
					Total	***5,317***		***2,39,26,500 Say (₹2.39 crore)***

Appendix-2.2.7

(Reference: Paragraph: 2.2.10.1; Page 135)

Details of river-wise loss of transit fee due to short-production of minor minerals

Year	Tarai West Division				Tarai East Division				Net Short Production (in cum)	Rate of Transit Fee (in ₹ per cum)	Loss on Transit fee due to short production (in ₹)
	Kosi		Dabka		Gola		Kailash/Nandhaur				
	Target (in cum)	Achievement (in cum)	Target (in cum)	Achievement (in cum)	Target (in cum)	Achievement (in cum)	Target (in cum)	Achievement (in cum)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) =Col (2+4+6+8) - Col(3+5+7+9)	(11)	(12)=Col 10*11
2013-14	11,49,000	9,99,640	3,02,000	3,44,512	54,25,000	54,07,254	21,00,000	20,96,542	1,28,052 (89,76,000-88,47,948)	90	11,524,680
2014-15	11,49,000	2,44,189	3,02,000	74,671	54,25,000	54,16,963	21,00,000	15,83,544	16,56,633 (89,76,000-73,19,367)	27	4,47,29,091
2015-16	11,49,000	3,12,828	2,72,027	39,472	54,25,000	44,35,879	21,00,000	8,02,496	33,55,352 (89,46,027-55,90,675)	33	11,07,26,616
2016-17	2,52,499	2,52,672	32,587	32,560	37,34,000	37,46,613	17,42,000	0	17,29,241 (57,61,086-40,31,845)	33	5,70,64,953
2017-18	5,03,602	501965	76,712	76,674	40,14,000	40,12,836	17,42,000	2,30,200	15,14,639 (63,36,314-48,21,675)	110	16,66,10,290
								Total (A)	***83,83,917 (3,89,95,427-3,06,11,510)***		***39,06,55,630***

Year	Dehradun Division								Net Short Production (in cum)	Rate of Transit Fee (in ₹ per cum)	Loss on Transit fee due to short production (in ₹)
	Song-1		Song-2		Song-3		Jakhan-1				
	Target (in cum)	Achievement (in cum)	Target (in cum)	Achievement (in cum)	Target (in cum)	Achievement (in cum)	Target (in cum)	Achievement (in cum)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) = Col (2+4+6+8) - Col(3+5+7+9)	(11)	(12)=Col 10*11
2013-14	3,75,000	3,75,030	4,25,000	2,79,323	3,00,000	2,77,843	3,25,000	2,20,970	2,71,834 (14,25,000-11,53,166)	90	2,44,65,060
2014-15	3,75,000	3,72,765	4,25,000	2,08,632	3,00,000	1,38,872	3,25,000	98,830	6,05,901 (14,25,000-8,19,099)	27	1,63,59,327
2015-16	3,75,000	2,42,928	4,25,000	68,407	3,00,000	1,70,583	3,25,000	48,798	8,94,284 (14,25,000-5,30,716)	33	2,95,11,372
2016-17	3,75,000	2,58,777	4,25,000	31,175	3,00,000	2,45,420	3,25,000	1,34,704	7,54,924 (14,25,000-6,70,076)	33	2,49,12,492
2017-18	3,06,818	2,67,119	3,47,727	41,497	3,00,000	2,41,214	1,47,027	1,37,380	4,14,362 (11,01,572-6,87,210)	110	4,55,79,820
								Total (B)	***29,41,305 (68,01,572-38,60,267)***		***14,08,28,071***
								Grand Total (A + B)	***1,13,25,222***		***53,14,83,701***

Source: Information collected from the Department and UFDC.

Appendix-2.2.8
(Reference: Paragraph: 2.2.10.4, Table-2.2.13; Page 137)

Statement showing non/short recovery and incorrect calculation of premium and lease rent

Name of the Unit	Audit observation	Reply of the Government/Department	Rebuttal	Money value involved	Calculation of premium and lease rent
(1) **DFO, Tarai Central, van Prabhag, Haldwani**	1) 0.2075 hectare(2075 sqm) forest land was given to M/s Kiccha Sugar co. (Bametha Baungerkheema, Halduchaur, Nainital) in 1997 for 30 year lease. As per uttar Pradesh govt order dated 21 may 1997, Premium was payble at present market value as per circle rate plus lease rent equal to 10% of premium was payble by the company. After the payment of premium and lease rent land will be transfer to lessee.But Neither premium nor lease rent was pay by the lessee till the date of audit.	The correspondence is being made with the lessee and concerning DM for the circle rate of the land.	It is the responsibility of the department to calculate the premium and lease rent (as per circle rate of the concerned revenue village fixed by the DM) and recover the amount from the lessess.	**Premium** ₹72,62,500 **Lease Rent** ₹1,59,77,500 ***₹2,32,40,000***	Premium ₹ 3,500 (Circle rate per sqm as on 14 January 2018 for land beyond 200m from Main road non-agricultural rate) x 2,075 sqm (Area of the land in sqm) (***for renewal of lease***). Lease rent ₹ 72,62,500 (Premium) x 10 *per cent* x 22 years.
	2) 2.83 hectare(28300 sqm)forest land on lease to M/s Haridatt Nityanand Vidyalaya Haldwani Talli, Haldwani expired in 1991.The lease was not renewed till audit date.	The renewal of lease is pending due to non-cooperation of lessee.	The reply was not acceptable as no legal action was taken against leesee..	**Premium** ₹ 9,03,02,727 **Lease Rent** ₹12,19,08,672 ***₹21,22,11,399***	Premium ₹ 11,700 (Circle rate per sqm) x 28,300 sqm (Area of the land in sqm) x 27 years (from 1992 to 2018)}/99 (***for renewal of lease***). Lease rent ₹ 9,03,02,727 (Premium) x 5 *per cent* (***for commercial purpose***) x 27 years.
	3) 380.47 hectare forest land was given on lease to Uttar Pradesh (at present Uttarakhand) Sainik Punarvas Sanstha Farm House Udham Singh Nagar expired in 1991. The lease was not renewed till date of audit.	Letter was sent on dated 28.08.2017 to the lessee for upload online renewal of lease proposal but no action was taken by the lessee.	No appropriate action was taken by the Department to recover the amount of premium and lease rent.	**Premium** ₹ 1,29,70,56,818 **Lease rent** ₹ 35,02,05,336 ***₹1,64,72,62,154***	Premium {₹ 1,25,00,000 (Circle rate per hectare) x 380.47 hectare (Area of the land in hectare) x 27 years (from 1992 to 2018)}/99 (***for renewal of lease***). Lease rent ₹ 1,29,70,56,818 (Premium) x 1 *per cent* (***for agriculture purpose***) x 27 years.
			Total (i)	***₹1,88,27,13,553***	

(2) **DFO, Tehri Van Prabhag New Tehri**	1) 0.679 hectare forest land was given on lease for 30 years for the preparation of Material Handling Ropeway from Ghuttu to Pawanli Kantha, New Tehri. The amount of premium and lease rent was wrongly calculated by the DM. Calculation as per DM – Premium= area of forest land *rate per hectare * lease period (0.679*4,23,500*30/99=87,138) Rent for one year = premium* 10% (₹87,138 *10%)=₹8,713.80 say ₹8,714 Rent for 30 years = ₹8,714*30=₹2,61,420 Calculation as per Audit–Premium = area of forest land* rate per hectare = 0.679*4,23,500 =2,87,557 Rent = premium*10% (2,87,557*10%*30 years) 2) 4.8 hectare forest land was transferred to Power Grid Corporation of India Ltd. Koteshwar, New Tehri on lease for 35 years. District Magistrate calculated the monthly installment of lease rent of ₹ 33,939 for the land (*i.e.*35 years x ₹33939 = ₹11,87,865 for 35 years.). However, the lessee deposited one time amount of ₹ 33,939 for 35 years instead of ₹11,87,865. Short payment of lease rent was, therefore, made by the lessee.	The correspondence is being made was to DM for re calculating the lease rent and accordingly as per the remaining amount will be recovered. The Process is being made for the recovery of the lease rent of rest 34 years.	Department accepted the audit observation Department accepted the audit observation	**1) Premium** Actual payable: ₹ 2,87,557 Paid: ₹ 87,139 Short payment: ₹ 2,00,418 **Lease Rent** Actual payable: ₹ 8,62,680 Paid: ₹ 2,61,420 Short payment: ₹6,01,260 ***₹8,01,678***	Premium {₹ 4,23,500 (Circle rate per hectare) x 0.679 hectare (Area of the land in hectare)} (***for new of lease***). Lease rent ₹ 2,87,557 (Premium) x 10 *per cent* (say ₹ 28,756) x 30 years (***for new lease***
				2) Lease Rent Actual payable: ₹11,87,865 Paid: ₹ 33,939 Short payment: ***₹11,53,926***	Lease rent ₹ 33,93,939.40 (Premium) x 1 *per cent* (say ₹ 33,939) x 35 years (***for new lease***).
			Total (ii)	***₹19,55,604***	
(3) **DFO, Tarai East Van Prabhag Haldwani**	1) As per Uttarakhand government order no. 156/7-1-2005-500(826)2002 dated 09 september,2005 the premium was calculated (as per present market rate of DM * lease period/99) & annual lease rent was equal to 5% of premium was taken in case of renewal of leases given for commercial purpose.160.4164 hectare (1604164 sqm) forest land was given to Century Paper Mill, Lal Kuan. Its lease expired on December 2013 and renewal of lease was sanctioned in August 2017 for 30 years. Further, lease rent was paid at wrong circle rate (*i.e.* by considering circle rate of agriculture land i.e.□ 4,30,000 lakh per hectare instead of non agriculture land) by the lessee on 26 February 2018 for the period 1st January 2014 to 31st December 2018. Besides, premium of above lease land was also not paid by the lessee.	The correspondence is being made with DM for intimate the valuation of market price of land, thereafter the process to recover the amount will be carried out.	Department accepted the audit observation	**Premium** ₹184,72,19,152 **Lease Rent@5%** Actual payable:₹46,18,04,790 Paid:₹ 5,25,00,000 Short payment: ₹40,93,04,790 ***₹225,65,23,942***	Premium {₹ 3,800 (Circle rate per sqm non-agriculture for the distance 50-200 m.) x 16,04,164 sqm (Area of the land in sqm) x 30 years (from 2014 to 2043)}/99 (***for renewal of lease***). Lease rent ₹ 1,84,72,19,152 (Premium) x 5 *per cent* (say ₹ 9,23, 60,958) x 5 years (from 2014 to 2018).
			Total (iii)	***₹2,25,65,23,942***	

(4) **Director, Rajaji, Tiger, Reserve, Dehradun**	1) Forest land of 4 acre (1.67 hectare) was transferred (September 1976) to Sri Doodhari ji Barfani Gaushala Trust Bhupatwala Haridwar on lease for 10 years *i.e.* till 1986. After the completion of the lease period, the lessee continuously occupied the forest land illegally till date. Further, lessee requested (July 2001) to provide 17.833 hectare more land at the same place and gave proposal to the Department that the same area of land *i.e.*19.503 hectare would be provided at another place. The GoI did not agree with the proposal of lessee. The lessee filed writ petition in the Supreme Court. On the directions of the Supreme Court (October 2015), the Central Empowered Committee submitted its report (April 2017) that the lessee illegally occupied the forest land which should be vacated as soon as possible. Forest Department issued noticed (August 2017) to the lessee for vacation of the forest land within a week. However, the forest land was not vacated by the lessee till date and no action was taken by the Department after issuance of notice.	The Department accepted the facts.	----------	**Premium** ₹ 91,76,566 **Lease Rent** ₹ 29,36,512 ₹ 1,21,13,078	**Premium** ₹ 1,70,00,000 x 1.67 hectare x 32 years (from 04.09.1986 to 2018) /99. **Lease Rent** ₹ 91,76,566 (Premium) x 1 *per cent* x 32 years.
	2) Forest land of 4.23 acre (1.71 hectare) was transferred to Nagar Palika Parishad (NPP), Haridwar for construction and operation of Ropeway for 30 years till 13.03.2008. Further, the lessee requested[1] (October 2010) for renewal of lease for further 30 years. However, no decision was taken by the Department. The contractor who carried out the operation of ropeway filed a writ petition in the High Court Uttarakhand. The High Court directed (August 2012) that in the interest of justice, it would be proper to give direction to the Principal Secretary, Forest Department to take a decision after hearing the parties, whether the lease which was made by NPP in favour of the petitioner, can be extended for a further period or not. Further, directed that the decision in the matter was taken by the Principal Secretary, expeditiously as far as possible. Until the decision was taken by Principal Secretary, the parties maintained the status quo regarding running of Ropeway. However, Audit noticed that decision was pending at the Pr. Secretary level till the date of audit. Due to delay in pending of the decision, the Department was deprived from the lease premium and lease rent till date.	The Department stated that no action was taken against the lessee, as the decision was pending at Government level.	--------	**Premium** ₹ 1,69,10,000 **Lease Rent** ₹ 93,00,500 ₹ 2,62,10,500	Premium ₹ 8,900 (Premium) x 1.71 hectare x 10,000x11 years/99. Lease Rent ₹ 1,69,10,000 x 5 *per cent* x 11 years.
			Total (iv)	***₹3,83,23,578***	
Total four divisions	***Total 08 cases***	***Grand total (i + ii + iii + iv)***			***₹4,17,95,16,677*** ***(Say ₹417.95 crore)***

[1] According to the Department, lease was expired on 13.03.2008, however, according to the lessee, the lease was to be expired in year 2011.

Appendix-2.2.9
(Reference: Paragraph: 2.2.11; Page 138)

Statement showing details of non-transfer of potential revenue

Sl.No.	Name of the unit	Security for felling in Private land (in ₹)	Security of leesa contractor (in ₹)	Forest Deposit (in ₹)
(1)	(2)	(3)	(4)	(5)
1.	DFO tarai central van Prabhag Haldwani	7,88,200.00	0.00	1,54,154.00
2.	DFO Tarai east van Prabhag Haldwani	1,84,400.00	0.00	92,18,536.00
3.	DFO Soil Conservation Van Prabhag Kalsi	11,03,550.00	0.00	21,63,473.00
4.	DFO Nainital Van Prabhag Nainital	80,400.00	17,82,263.00	27,50,112.00
5.	DFO Ramnagar Van Prabhag Ramnagar	67,950.00	0.00	1,11,50,895.00
6.	DFO Tehri Van Prabhag Tehri	34,400.00	1,62,500.00	0.00
7.	DFO Tarai West Van Prabhag Ramnagar	3,29,420.00	0.00	46,76,330.00
8.	DFO Pitthoragarh Van Prabhag Pitthoragarh	3,19,950.00	12,000.00	0.00
9.	DFO Badrinath Van Prabhag Gopeshwar	0.00	5,74,783.00	0.00
10.	DFO Dehradun	1,91,600.00	0.00	2,67,60,526.00
11	Rajaji Tiger Reserve, Dehradun	0.00	0.00	39,88,000.00
	Total	***30,99,870.00***	***25,31,546.00***	***6,08,62,026.00***
	Grand Total Col. (3+4+5)	***6,64,80,442.00***		

Source: Information collected from the Department.

Appendix-2.2.10
(Reference: Paragraph: 2.2.16; Page 141)

Potential receipts versus Actual receipts

(Amounts in crore ₹)

Paragraph Number and heading	2013-14	2014-15	2015-16	2016-17	2017-18	Grand Total
2.2.8.1: Non-realisation of revenue due to delayed submission of working plan	0.000	0.000	4.200	71.170	0.000	***75.370***
2.2.8.2: Non-realisation of royalty due to non-conducting of canopy opening operation in Sal Forest	86.116	85.659	78.769	22.916	56.663	***330.123***
2.2.8.3: Non-realisation of royalty due to non-felling of trees in absence of marking operations	2.950	3.990	0.000	16.680	4.280	***27.900***
2.2.8.4: Non-realisation of royalty due to non-felling of trees by UFDC	0.000	0.000	0.000	0.000	14.280	***14.280***
2.2.8.5: Loss due to erroneous fixation of royalty	5.300	7.640	9.130	3.200	5.920	***31.190***
2.2.8.6: Non-realisation of royalty on fuel woods and tree roots	0.030	0.030	0.030	0.020	0.003	***0.113***
2.2.8.8: Loss of royalty due to incorrect calculation of volume	0.000	0.000	0.270	0.471	0.270	***1.011***
2.2.8.9: Loss of revenue on timber of civil forests	0.000	0.000	0.073	0.000	0.000	***0.073***
2.2.8.11: Blockade of royalty of trees felled during development works	0.000	0.000	0.000	2.640	4.470	***7.110***
2.2.8.12: Loss due to illegal felling	0.180	0.110	0.080	0.080	0.120	***0.570***
2.2.9.1: Loss due to short production	0.000	1.270	0.430	0.120	0.570	***2.390***
2.2.9.2: Loss due to non-inclusion of eligible pine trees into new working plan	0.000	0.000	0.000	0.000	2.470	***2.470***
2.2.10.1: Loss due to short availability of mining season	3.599	6.109	14.024	8.198	21.219	***53.149***
2.2.10.2: Cancellation/reduction of public demand	0.000	0.000	0.000	1.960	6.050	***8.010***
2.2.10.3: Short levy of transit fee	0.000	0.000	0.000	0.000	0.722	***0.722***
2.2.10.4: Non-receipt of Premium and lease rent	1.915	1.995	1.915	2.030	227.567	***235.422***
2.2.11: Non transfer of Potential Revenue	0.00	0.00	0.00	0.000	6.650	***6.650***
2.2.12: Blocking of revenue in Public Account	2.890	0.390	0.310	2.830	0.190	***6.610***
Receipt forgone	***102.980***	***107.193***	***109.231***	***132.315***	***351.444***	***803.163***
Actual Receipt	***245.550***	***241.230***	***243.600***	***208.740***	***226.710***	***1165.830***
Potential Receipt	***348.530***	***348.423***	***352.831***	***341.055***	***578.154***	***1968.993***

Appendix-2.3.1
(Reference: Paragraph 2.3; Pages 143 and 144)

Details of short levy of tax in 5 cases of four dealers

Name of Unit	TIN no. of Dealer	Assessment Year	Assessment done in	Name of Goods	Value of Goods *(Amount in ₹)*	Differential Tax Rate (in *per cent*)	Tax Payable *(Amount in ₹)*	Tax Paid *(Amount in ₹)*	Short levy of tax *(Amount in ₹)*	Remarks
A.C.(Assessing Authority), Sector-VIII CT, Dehradun	05011165986	**(1)** 2013-14	11.08.2016	Tyre Retreading Material	45,68,198	8.5 (13.5-5)	6,16,706.73	2,28,409	**3,88,297.73**	Unclassified Goods *i.e.* goods not specified in Schedule II B
		(2) 2014-15	11.08.2016	Tyre Retreading Material	46,11,232	8.5 (13.5-5)	6,22,516.32	2,30,561	**3,91,955.32**	
	05013114716	**(3)** 2013-14	22.03.2017	Plastic Scrap	2,47,502	8.5 (13.5-5)	33,412.77	12,375.10	**21,037.67**	
D.C.(Assessing Authority) IV, State Tax, Roorkee	05007468831	**(4)** 2012-13	23.01.2016	Retreating Rubber	8,35,755	9 (13.5-4.5)	1,12,826.92	37,609.00	**75,217.92**	
					1,26,12,845	8.5 (13.5-5)	17,02,734.00	6,30,642.00	**10,72,092.00**	
A.C.(Assessing Authority), Sector-IV CT, Roorkee	05009153139	**(5)** 2013-14	14.02.2017	Rubber Scrap	78,07,639	8.5 (13.5-5)	10,54,031.00	3,90,382.00	**6,63,649.00**	
								Total	***26,12,249.64 (Say ₹26.12 lakh)***	

Appendix-2.6.1
(Reference: Paragraph 2.6; Page 147)

Details of short levy of compounding fee on licensees

(Amount in ₹)

Sl. No.	Name of Licensee	Type of License	Date of Violation	4th or more Violation	Amount of compounding fee charged	First instalment of security deposit	Second instalment of security deposit	Total Advance security deposit	Compounding fee chargeable on Total Advance cash security deposit at the rate of 3 *per cent*	Less amount of compounding charged
1	2	3	4	5	(3% of column7) 6	7	8	9	(3 % of column 9) 10	(10-6) 11
1.	Smt. Anita Saxena, Licensee-Foreign Liquor, Patel Nagar	FL-5D	15.05.16	04th time	1,50,319	50,10,626	50,10,626	1,00,21,252	3,00,638	1,50,319
			21.05.16	05th time	1,50,319				3,00,638	1,50,319
			12.07.16	06th time	1,50,319				3,00,638	1,50,319
2.	Shri Pradeep Bisht, Licensee-Foreign Liquor, ISBT, Dehradun	FL-5D	21.05.16	04th time	50,178	16,72,585	16,72,585	33,45,170	1,00,355	50,177
			12.07.16	05th time	50,178				1,00,355	50,177
			19.07.16	06th time	50,178				1,00,355	50,177
			03.08.16	07th time	50,178				1,00,355	50,177
3.	Shri Sandeep Bhandari, Licensee- Foreign Liquor, Ranipokhri	FL-5D	12.08.16	04th time	1,24,071	41,35,691	41,35,691	82,71,382	2,48,141	1,24,070
			14.09.16	05th time	1,24,071				2,48,141	1,24,070
			30.11.16	06th time	1,24,071				2,48,141	1,24,070
4.	Shri. Satya Prakash Karanwal. Licencsee-Foreign Liquor, Rajpur Road-2	FL-5D	21.05.16	04th time	1,19,060	39,68,659	39,68,659	79,37,318	2,38,120	1,19,060
5.	Smt. Anita Pokhriyal, Licensee-Country Liquor, Patel Nagar	CL-5C	25.05.16	04th time	1,76,064	58,68,786	58,68,786	1,17,37,572	3,52,127	1,76,063
			04.08.16	05th time	1,76,064				3,52,127	1,76,063
			26.08.16	06th time	1,76,064				3,52,127	1,76,063
			27.08.16	07th time	1,76,064				3,52,127	1,76,063
6.	Smt. Pushpa Pathak, Licensee-Foreign Liquor, Mohakampur	CL-5C	16.10.16	04th time	89,120	29,70,674	29,70,674	59,41,348	1,78,240	89,120
7.	Smt. Leelawati Bhatt, Licensee-Foreign Liquor, Chakrata	FL-5D	05.12.16	04th time	13,376	4,45,865	4,45,865	8,91,730	26,752	13,376
Total					***19,49,692***	***2,40,72,886***	***2,40,72,886***	***4,81,45,772***	***38,99,378***	***19,49,686***

Appendix-2.8.1
(Reference: Paragraph 2.8; Page 150)

Statement of Non-realisation of regularisation fee of ₹ 1.21 crore and annual renewal fee of ₹ 0.65 crore from the owners of the stone crushers

Sl. No.	Name of unit		Name of Stone crusher/owner	Capacity of stone crusher	Permission period of stone crusher	Prescribed application fee as per OM dated 19.11.2016 (₹ *in lakh*)	Application fee deposited (₹ *in lakh*)	Regularisation fee payable (prescribed application fee-deposited fee)*50 *per cent* (₹ *in lakh*)	Annual renewal fee payable (25 *per cent* of prescribed application fee) as per OM dated 19.11.2016 (₹ *in lakh*)
(A)	District Mining Officer, Haridwar	1.	M/s India stone crusher, Daulatpur Hajratpur urf Budhwashahid	25 ton/hour	24.10.2013 to 23.10.2018	10.00	0.50	4.75	2.50
		2.	M/s Ji Nawaj stone crusher, Budhwashahid	25 ton/hour	19.12.2013 to 18.12.2018	10.00	0	5.00	2.50
		3.	M/s Dev Bhumi stone crusher, Banjarewala	25 ton/hour	03.09.2014 to 02.09.2019	10.00	0.50	4.75	2.50
		4.	M/s Laxmi stone crusher, Village-Banjarewala	25 ton/hour	02.12.2014 to 01.12.2019	10.00	0.50	4.75	2.50
		5.	M/s Haridwar grit stone crusher, Shahidwala Grant	25 ton/hour	04.09.2015 to 03.09.2020	10.00	0	5.00	2.50
		6.	M/s Shri Balaji stone crusher, Bhogpur	25 ton/hour	27.05.2014 to 26.05.2019	10.00	0	5.00	2.50
		7.	M/s Endeavor stone crusher, Sajanpur Pili	50 ton/hour	05.07.2013 to 04.07.2018	10.00	0	5.00	2.50
		8.	M/s Ji stone crusher, Bhogpur	40 ton/hour	21.12.2013 to 20.12.2018	10.00	0.50	4.75	2.50
		9.	M/s Shri Laxmi Narayan stone crusher, Shahpur-Shitalakheda	50 ton/hour	18.11.2013 to 17.11.2018	10.00	0	5.00	2.50
		10.	M/s Badri Vishal stone crusher by Shri Amit Bharadwaj	20 ton/hour	24.02.2014 to 23.02.2019	10.00	0.50	4.75	2.50
		11.	M/s Natraj stone industries, Vishanpur	30 ton/hour	22.05.2015 to 21.05.2020	10.00	0.50	4.75	2.50
		12.	M/s Tejas stone crusher, Bhogpur	40 ton/hour	15.06.2014 to 14.06.2019	10.00	0.50	4.75	2.50
		13.	M/s Century park stone crusher, Bhogpur Tehsil and district Haridwar	83 ton/hour	10.07.2015 to 09.07.2020	10.00	0.50	4.75	2.50
		14.	M/s S R stone crusher, Vishanpur, Jharda	100 ton/hour	19.05.2015 to 18.05.2020	10.00	0	5.00	2.50
		15.	M/s Kumar stone crusher, Hardevpur Sahadevpur urf Rani Majra	200 ton/hour	31.07.2015 to 30.07.2020	12.00	0.50	5.75	3.00

Sl. No.	Name of unit		Name of Stone crusher/owner	Capacity of stone crusher	Permission period of stone crusher	Prescribed application fee as per OM dated 19.11.2016 (₹ in lakh)	Application fee deposited (₹ in lakh)	Regularisation fee payable (prescribed application fee-deposited fee)*50% (₹ in lakh)	Annual renewal fee payable (25 percent of prescribed application fee) as per OM dated 19.11.2016 (₹ in lakh)
		16.	**M/s Shri Sai stone industries, Katarpur**	**30 ton/hour**	**28.07.2015 to 27.07.2020**	10.00	0.50	4.75	2.50
		17.	**M/s Maa Ganga stone crusher, Vaditip**	**20 ton/hour**	**26.10.2015 to 25.10.2020**	10.00	10.00	0	2.50
		18.	**M/s Shri Ram stone crusher (india), Shahpur, Shitlakheda**	**40 ton/hour**	**31.07.2015 to 30.07.2020**	10.00	0.50	4.75	2.50
		19.	**M/s Siddhi Vinayak mine and minerals, Bhogpur**	**120 ton/hour**	**04.09.2015 to 03.09.2020**	12.00	0.50	5.75	3.00
		20.	**M/s Mahalaxmi stone crusher, Bhogpur**	**200 ton/hour**	**28.07.2015 to 27.07.2020**	12.00	0	6.00	3.00
		21.	**M/s R K Tyagi and company, Bhogpur**	**200 ton/hour**	**30.07.2015 to 29.07.2020**	12.00	0	6.00	3.00
		22.	**M/s Om Sai Ram industries Village-Rani Majra, Laksar road**	**15 ton/hour**	**05.09.2014 to 04.09.2019**	10.00	0	5.00	2.50
(B)	**District Mining Officer, Dehradun**	**23.**	**M/s Gaiman India limited, Kalsi**	**600 ton/day (25 ton/hour)**	**11.06.2015 to 10.06.2018**	5.00	2.50	1.25 recovered	1.25 recovered
(C)	**District Mining Officer, Nainital, Haldwani**	**24.**	**M/s Mahakali stone crusher**	**2,500 ton/day (104.17 ton/hour)**	**29.07.2005 to (till present)**	12.00	0	6.00 recovered	3.00 recovered
		25.	**M/s Mahalaxmi stone crusher**	**1,200 ton/day (50 ton/hour)**	**17.03.2007 to present**	10.00	0	5.00 recovered	2.50 recovered
(D)	**District Mining Officer, Pauri**	**26.**	**Pradip Tiwadi S/O Ramesh Chandra Tiwadi, Village-Dhauna Lagga**	**200 ton/day (8.33 ton/hour)**	**31.07.2015 to 30.07.2018**	5.00	0.50	2.25	1.25
Total								***120.50***	***65.00***

Note-1: The amount of application fee was taken as zero, where the copies of the challan for the same were not made available to the audit.

Note-2: As per the reply of the Department, application fee was not deposited by the owners of the Stone Crushers at serial no. 24 and 25. The column of application fee was, therefore, kept blank.

Appendix-2.9.1
(Reference: Paragraph 2.9; Page 151)

Details of incorrect computation of royalty by two DMOs in six cases

Sl No.	Name of Office	Name of leaseholder/ licensee (S/Shri)	Date of sanction of license	Date of applicable Office Memorandum/ Notification	Type of minor mineral	Quantity of minor-mineral/soil (in ton/ cum)	Rate per ton/ cum *(in ₹)*	Royalty payable *(in ₹)*	Royalty Deposited *(in ₹)*	Difference *(in ₹)*
A	B	C		D	E	F	G	H (F*G)	I	J
1.	District Mining Officer, Dehradun	Rajpal Ahluwaliya, 48-b, Race course, Dehradun	11.04.2016	26.02.2016	Soil	26,015 ton (11,825 cum*2.2)	50 per ton	13,00,750 (26,015*₹50 per ton)	94,600 (11,825*₹8 per cum)	12,06,150
2.		Super tech limited, 11/9 Ashirwad Enclave, Dehradun	12.05.2016	26.02.2016	Soil	22,957 ton (10,435 cum*2.2)	50 per ton	11,47,850 (22,957*₹50 per ton)	83,480 (10,435*₹8 per cum)	10,64,370
3.		Ashok Rana, 35 Dhamawala, Dehradun	03.05.2016	26.02.2016	Soil	4,400 ton (2,000 cum*2.2)	50 per ton	2,20,000 (4,400*₹50 per ton)	16,000 (2,000*₹8 per cum)	2,04,000
							Total (a)	***26,68,600***	***1,94,080***	***24,74,520***
4.	District Mining Officer, Nainital	Gurpreet Singh s/o late Dayal Singh, Village-Pattapani, Kaladhungi, Nainital	08.09.2016	26.02.2016	Sand, bajri and boulder **(on different location from River bed)**	2,816 cum	194.50 per cum	5,47,712 (2,816*₹194.50 per cum)	4,33,664 (2,816*₹154 per cum)	1,14,048
5.		Deshraj s/o Guruditta, Village-Semalchaud, Kaladhungi, Nainital	15.09.2016	26.02.2016	Sand, bajri and boulder **(on different location from River bed)**	12,903 cum	194.50 per cum	25,09,634 (12,903*194.50 per cum)	19,87,062 (12,903*₹154 per cum)	5,22,572
6.		Rajendra Kumar Das, Village-Semalchaud, Kaladhungi, Nainital	08.11.2016	26.02.2016 and 30.09.2016	Sand, bajri and boulder **(on different location from River bed)**	4,020 cum	194.50 per cum	7,81,890 (4,020*194.50 per cum)	6,19,080 (4,020*₹154 per cum)	1,62,810
							Total (b)	***38,39,236***	***30,39,806***	***7,99,430***
							Total (a) + (b)	***65,07,836***	***32,33,886***	***32,73,950 Say ₹32.74 lakh***

Note: 01 cum = 2.2 ton.

Appendix-2.10.1
(Reference: Paragraph 2.10; Page 152)

Statement showing calculation of River Training, Development fees and Compensation fees

Sl. No.	Name of private lease holder	Date of registration of lease deed	Period of lease (Years)	Monthly royalty (in ₹)	Month/ quarter	Royalty deposited (in ₹)	Date of deposit of royalty	River Training (15% of royalty) applicable from 31.07.2015 (in ₹)	Development fee (10% of royalty) applicable from 31.07.2015 (in ₹)	Compensation (15 % of royalty) applicable from 10.10.2016 (in ₹)
1.	Shri Pratap Singh S/O Shri Bhadu Singh, Village/ Tehsil-Chinyalisaur, Uttarkashi	29.01.2015	5	3,89,975	Oct-15	3,89,975	20.10.2015	58,496.25	38,997.50	0.00
					Jan-16	3,89,975	15.02.2016	58,496.25	38,997.50	0.00
					Feb-16	3,89,975	03.03.2016	58,496.25	38,997.50	0.00
					Mar-16	3,89,975	14.03.2016	58,496.25	38,997.50	0.00
					Apr-16	3,89,975	21.03.2016	58,496.25	38,997.50	0.00
					May-16	3,89,975	03.05.2016	58,496.25	38,997.50	0.00
					Jun-16	3,89,975	18.05.2016	58,496.25	38,997.50	0.00
					Feb-17	3,89,975	17.02.2017	58,496.25	38,997.50	58,496.00
					Mar-17	3,89,975	03.03.2017	58,496.25	38,997.50	58,496.00
2.	Shri Jagvir Singh Bhandari S/O Shri Khushal Singh, Village/Post-Paunti, Badkot, Uttarkashi	22.10.2016	5	88,122	Nov-16 and Dec-16	1,40,995[2]	06.03.2017	Deposited by the leaseholder along with royalty.		21,149.00
3.	Shri Vinod Dobhal S/O Shri Natthi Lal, Village-Chakragaon, Badkot, Uttarkashi	16.06.2015	3 year or 30.09.16 whichever is earlier	1,35,000	Oct-15	1,35,000	20.10.2015	20,250.00	13,500.00	0.00
					Nov-15	1,35,000	23.11.2015	20,250.00	13,500.00	0.00
					Dec-15 to Apr-16	6,75,000	10.06.2016	1,01,250.00	67,500.00	0.00
4.	Shri Mohan Lal Rawat S/o Shri Jay Singh, Village- Makudi, Tehsil-Mori, Uttarkashi	16.06.2015	3 year or 30.09.16 whichever is earlier	1,38,889	Oct-15	1,38,889	29.01.2016	20,833.35	13,888.90	0.00
					Nov-15	1,38,889	29.01.2016	20,833.35	13,888.90	0.00
					Dec-15	1,38,889	31.03.2016	20,833.35	13,888.90	0.00
					Jan-16	1,38,889	31.03.2016	20,833.35	13,888.90	0.00
					Feb-16	1,38,889	17.05.2016	20,833.35	13,888.90	0.00
					Mar-16	1,38,889	17.05.2016	20,833.35	13,888.90	0.00
					Apr-16	1,38,889	30.06.2016	20,833.35	13,888.90	0.00
5.	Shri Dinraj Bisht S/O Late Shri Birendra Singh, Village-Manglisera, Tehsil-Dunda, Uttarkashi	15.06.2015	3year or 30.09.16 which is earlier	35,625	Oct-15	35,625	20.10.2015	5,343.75	3,562.50	0.00
					Nov-15	35,625	19.11.2015	5,343.75	3,562.50	0.00
					Dec-15	35,625	19.12.2015	5,343.75	3,562.50	0.00
					Jan-16	35,625	18.01.2016	5,343.75	3,562.50	0.00
					Feb-16	35,625	20.02.2016	5,343.75	3,562.50	0.00
					Mar-16	35,625	29.03.2016	5,343.75	3,562.50	0.00
					Apr-16	35,625	04.05.2016	5,343.75	3,562.50	0.00
					May-16	35,625	26.05.2016	5,343.75	3,562.50	0.00

2 ₹ 88,122*2= ₹ 1, 76,244 (this included River Training and Development fee).
Therefore, 125 *per cen*t of Royalty (without River Training and Development fee) = ₹ 1, 76,244.
Royalty= (₹ 1, 76,244*100)/125 = ₹ 1, 40,995.

6.	Shri Pratap Singh S/O Shri Pal Singh, Village- Nagdi Badi, Chinyalisaur, Uttarkashi	28.10.2015	5	1,36,445	Nov-15	1,36,445	10.06.2016	20,466.75	13,644.50	0.00
					Dec-15	1,36,445	22.12.2015	20,466.75	13,644.50	0.00
					Jan-16	1,36,445	11.01.2016	20,466.75	13,644.50	0.00
					Feb-16	1,36,445	18.02.2016	20,466.75	13,644.50	0.00
					Mar-16	1,36,445	18.03.2016	20,466.75	13,644.50	0.00
					Apr-16	1,36,445	22.04.2016	20,466.75	13,644.50	0.00
					May-16	1,36,445	18.05.2016	20,466.75	13,644.50	0.00
					Jun-16	1,36,445	16.06.2016	20,466.75	13,644.50	0.00
					Royalty of excess clearance during Nov 2015 to June 2016	2,91,900	10.01.2017	43,785.00	29,190.00	0.00
					Jan-17	2,00,000	11.01.2017	30,000.00	20,000.00	30,000.00
					Jan-17	2,00,000	31.01.2017	30,000.00	20,000.00	30,000.00
					Feb-17	1,40,000	20.02.2017	21,000.00	14,000.00	21,000.00
7.	Shri Ranvir Singh S/O Shri Keshar Singh and Shri Surendra Singh S/O Shri Hukum Singh, Village- Hadiyadi, Uttarkashi	24.05.2014	5	76,317	Oct-15	76,317	12.10.2015	11,447.55	7,631.70	0.00
					Dec-15	76,317	19.12.2015	11,447.55	7,631.70	0.00
					Jan-16	76,317	19.01.2016	11,447.55	7,631.70	0.00
					Feb-16	76,317	15.02.2016	11,447.55	7,631.70	0.00
					Mar-16	76,317	02.03.2016	11,447.55	7,631.70	0.00
					Apr-16	76,317	19.04.2016	11,447.55	7,631.70	0.00
					May-16	76,317	02.05.2016	11,447.55	7,631.70	0.00
					Jun-16	76,317	15.06.2016	11,447.55	7,631.70	0.00
					Oct-16	76,317	13.10.2016	11,447.55	7,631.70	0.00
					Nov-16	76,317	21.11.2016	11,447.55	7,631.70	11,448.00
					Dec-16	76,317	13.12.2016	11,447.55	7,631.70	11,448.00
					Jan-17	76,317	20.01.2017	11,447.55	7,631.70	11,448.00
					Feb 17- Mar 17	1,52,634	20.02.2017	22,895.10	15,263.40	22,895.00
8.	Shri Ajay Dabral S/O Shri D L Dabral, Sundarwala, Raipur, Dehradun	07.12.15	5	17,57,825 (for Ist year) and 21,97,281 (for IInd year)	Dec-15	17,57,825	16.04.2016	2,63,673.75	1,75,782.50	0.00
					Mar-16	17,57,825	16.04.2016	2,63,673.75	1,75,782.50	0.00
					Jul-16 and Oct-16	23,50,000	16.12.2016	3,52,500.00	2,35,000.00	0.00
					Dec-16	11,66,000	31.12.2016	1,74,900.00	1,16,600.00	0.00
						21,97,281	Challan Unavailable	3,29,592.15	2,19,728.10	3,29,592.00
					Mar-17	21,97,281	26.10.2017	3,29,592.15	2,19,728.10	3,29,592.00
Total								***30,19,516.20***	***20,13,010 .80***	***9,35,564.00***
Grand Total								***59,68,091***		

Appendix-3.2.1
(Reference: Paragraph 3.2.1.8; Page 162 and Paragraph 3.2.1.9; Page 163)

Summarised financial results of Power Sector Undertakings for the latest year for which accounts were finalised

Sl. No.	Activity & Name of the Power Sector Undertaking	Period of Accounts	Net Profit/loss before interest & tax	Net profit/loss after interest & tax	Turn Over	Paid up capital	Capital Employed	Net Worth*	Accumulated Profit/Loss
1	2	3	4	5	6	7	8	9	10
A.	Generation								
1.	Uttarakhand Jal Vidhyut Nigam Limited	2017-18	175.76	63.73	734.50	1,167.86	3,109.32	1,738.42	570.56
2.	Kishau Corporation Limited	Initial accounts yet to be received							
B.	Transmission								
1.	Power Transmission Corporation of Uttarakhand Limited	2017-18	72.53	28.89	265.10	473.88	1,162.59	607.67	133.79
C.	Distribution								
1.	Uttarakhand Power Corporation Limited	2017-18	-36.36	-229.22	5,781.31	1,306.03	172.73	-1,262.69	-2,568.72
Grand Total			***211.93***	***(-)136.60***	***6,780.91***	***2,947.77***	***4,444.64***	***1,083.40***	***-1,864.37***

*Net worth is the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure.

Note 1: Net profit/ Loss after interest and tax are without considering Other Comprehensive Income incase of IND AS compliant Power Sector PSUs.

Note 2: Kishau Corporation Limited is incorporated on 16 January 2017 and it had not commenced any commercial activities till 31 March 2018.

Appendix-3.2.2
(Reference: Paragraph 3.2.1.10; Page 165)

Statement showing State Government funds infused in the four power sector undertakings since inception till 31 March 2018

Year	UJVNL			PTCUL			UPCL			Kishau Corporation Ltd.			Total		
	Equity	Interest Free Loan (IFL)	IFL converted into equity	Equity	Interest Free Loan (IFL)	IFL converted into equity	Equity	Interest Free Loan (IFL)	IFL converted into equity	Equity	Interest Free Loan (IFL)	IFL converted into equity	Equity	Interest Free Loan (IFL)	IFL converted into equity
2000-01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001-02	5.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00
2002-03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003-04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004-05	139.36	0.00	0.00	29.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	168.66	0.00	0.00
2005-06	227.78	0.00	0.00	13.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	241.64	0.00	0.00
2006-07	97.42	0.00	0.00	22.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	119.98	0.00	0.00
2007-08	190.25	0.00	0.00	38.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	229.20	0.00	0.00
2008-09	52.33	0.00	0.00	19.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72.03	0.00	0.00
2009-10	73.07	0.00	0.00	49.81	0.00	0.00	572.00	0.00	0.00	0.00	0.00	0.00	694.88	0.00	0.00
2010-11	16.59	0.00	0.00	15.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.71	0.00	0.00
2011-12	3.67	0.00	0.00	38.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.78	0.00	0.00
2012-13	68.11	0.00	0.00	56.33	0.00	0.00	391.91	0.00	0.00	0.00	0.00	0.00	516.35	0.00	0.00
2013-14	202.21	0.00	0.00	16.60	0.00	0.00	39.99	0.00	0.00	0.00	0.00	0.00	258.80	0.00	0.00
2014-15	8.10	0.00	0.00	95.15	0.00	0.00	68.00	0.00	0.00	0.00	0.00	0.00	171.25	0.00	0.00
2015-16	21.80	0.00	0.00	25.56	0.00	0.00	161.13	0.00	0.00	0.00	0.00	0.00	208.49	0.00	0.00
2016-17	47.00	0.00	0.00	37.00	0.00	0.00	46.00	0.00	0.00	0.01	0.00	0.00	130.01	0.00	0.00
2017-18	15.17	0.00	0.00	15.83	0.00	0.00	22.00	0.00	0.00	0.00	0.00	0.00	53.00	0.00	0.00
Total	***1,167.86***	***0.00***	***0.00***	***473.88***	***0.00***	***0.00***	***1,306.03***	***0.00***	***0.00***	***0.01***	***0.00***	***0.00***	***2,947.78***	***0.00***	***0.00***

Note: Kishau Corporation Limited is incorporated on 16 January 2017 and it had not commenced any commercial activities till 31 March 2018. The paid up capital of Kishau Corporation Limited was ₹0.01 lakh and the same was not included in the total equity of the power sector PSUs.

Appendix-3.3.1
(Reference: Paragraph 3.3.1.3; Page 177 and Paragraph 3.3.1.25; Page 192)

Statement showing position of equity and outstanding loans relating to State PSUs (other than Power Sector) as on 31 March 2018

(₹in crore)

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity				Long term loans outstanding at close of the year 2017-18			
				GoU	GoI	Others	Total	GoU	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
A Social Sector											
I-Working Government Companies											
1.	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	Social Welfare	October 2001	16.44	5.99	0	22.43	0	0	0	0
2.	Uttarakhand Purv Sainik Kalyan Nigam Limited	Mis. (Public welfare)	March 2004	1.00	0	0	1.00	0	0	0	0
3.	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam (Initial accounts not received)	Development of economically weaker section of Minority (Finance)	January 2005	7.05	0	0	7.05	0	0	0	0
			Total A-I	***24.49***	***5.99***	***0***	***30.48***	***0***	***0***	***0***	***0***
II-Non-working Government Companies											
1.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Development of economically weaker section of Minority (Finance)	June 1974	0.20	0	0.30	0.50	1.17	0.04	0	1.21
2.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Development of economically weaker section of Minority (Finance)	June 1975	0.22	0	0.28	0.50	0	0	0	0
			Total A-II	***0.42***	***0***	***0.58***	***1.00***	***1.17***	***0.04***	***0***	***1.21***
			Total A (I+II)	***24.91***	***5.99***	***0.58***	***31.48***	***1.17***	***0.04***	***0***	***1.21***
B Competitive Environment sector											
I -Working Government Companies											
1.	Uttarakhand Seed & Tarai Development Corporation Ltd.	Agricultural	February 1969	1.20	0.84	2.04	4.08	12.50	0	0	12.50
2.	State Industrial Development Corporation of Uttarakhand Limited	Mis. (Industrial and Infrastructure Development)	July 2002	26.00	0	2.50	28.50	0	0	196.15	196.15
3.	Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited earlier known as Uttarakhand State Infrastructure Development Corporation Limited	Mis. (Industrial and Infrastructure Development)	March 2008	4.00	0	0	4.00	5.00	0	0	5.00
4.	Doiwala Sugar Company Limited	Sugar and Cane	December 2001	6.00	0	0	6.00	127.99	10.81	3.15	141.95
5.	Kichha Sugar Company Limited	Sugar and Cane	February 1972	17.54	0	0.45	17.99	116.32	0	9.65	125.97
6.	Uttarakhand Project Development and Construction Corporation Limited	Irrigation	December 2010	1.07	0	0	1.07	0	0	0	0
7.	Kumaon Mandal Vikas Nigam Limited	Tourism	March 1971	13.42	0	0	13.42	0	0	0	0

8.	Garhwal Mandal Vikas Nigam Limited	Tourism	March 1976	6.64	0	0	6.64	47.22	0	0.23	47.45
9.	Ecotourism Development Corporation of Uttarakhand (Initial accounts not received)	Tourism	March 2017	0.05	0	0	0.05	0	0	0	0
			Total B-I	***75.92***	***0.84***	***4.99***	***81.75***	***309.03***	***10.81***	***209.18***	***529.02***
II-Statutory Corporation											
1.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	Mis. (water supply and sewerage)	November 2002	697.22	2,354.32	0	3,051.54	21.01	0	54.45	75.46
2.	Uttarakhand Parivahan Nigam	Transport	October 2003	229.36	9.24	0	238.6	1.93	0	73.42	75.35
			Total B-II	***926.58***	***2,363.56***	***0***	***3,290.14***	***22.94***	***0***	***127.87***	***150.81***
			Total B (I+II)	***1,002.50***	***2,364.40***	***4.99***	***3,371.89***	***331.97***	***10.81***	***337.05***	***679.83***
C Others											
I-Working Government Company											
1.	Uttar Pradesh Hill Electronics Corporation Limited	Electronics	June 1985	8.95	0	0	8.95	0	0	0	0
2.	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited (Initial accounts not received)	Urban Development	March 2017	0.10	0	0	0.10	0	0	0	0
3.	Dehradun Smart City Limited (Initial accounts not received)	Urban Development	September 2017	0.10	0	0	0.10	0	0	0	0
			Total C-I	***9.15***	***0***	***0***	***9.15***	***0***	***0***	***0***	***0***
II-Non-working Government Company											
1.	Trans cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam limited)	Electronics	November 1973	0	0	1.63	1.63	2.75	0	0	2.75
2.	Uttar Pradesh Digitals Limited (Subsidiary of Kumaun Mandal Vikas Nigam Limited)	Electronics	March 1978	0	0	0.35	0.35	1.40	18.52	0	19.92
3.	UPAI	Agricultural	April 1977	0.17	0	0	0.17	0	0	0	0
4.	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited) (Not available)	Electronics	July 1987	0	0	0.03	0.03	0	0	0	0
5.	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation limited) (Not available)	Electronics	July 1989	0	0	0	0	0	0	0	0
6.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	Electronics	April 1987	0	0	0.18	0.18	0	0	0	0
			Total C-II	***0.17***	***0***	***2.19***	***2.36***	***4.15***	***18.52***	***0***	***22.67***
III -Statutory Corporation											
1.	Uttarakhand Forest Development Corporation	Forest	May 2001	0	0	0	0	0	0	0	0
			Total C-III	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
			Total C (I+II+III)	***9.32***	***0***	***2.19***	***11.51***	***4.15***	***18.52***	***0***	***22.67***
			Grand Total (A+B+C)	***1,036.73***	***2,370.39***	***7.76***	***3,414.88***	***337.29***	***29.37***	***337.05***	***703.71***

Appendix-3.3.2

(Reference: Paragraph 3.3.1.8; Pages 180 & 181)

Statement showing position of State Government Investment in working PSUs (Other than Power Sector) during the period for which accounts are in arrears

(₹in crore)

Sl. No.	Name of PSU	Period upto which accounts finalised	Period for which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by State Government during the period for which accounts are in arrears		
					Loans	Subsidy	Total
A -Working Government Companies							
1.	Uttarakhand Seeds & Tarai Development Corporation Limited	2015-16	2016-17 to 2017-18	4.08	-	-	-
2.	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	2007-08	2008-09 to 2017-18	8.33	-	45.85	45.85
3.	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2014-15	2015-16 to 2017-18	28.50	-	-	-
4.	Bridge, Ropeway, Tunnel And Other Infrastructure Development Corporation Of Uttarakhand Limited (BRIDCUL) (formerly Uttarakhand State Infrastructure Development Corporation)	2014-15	2015-16 to 2017-18	4.00	-	-	-
5.	Uttar Pradesh Hill Electronics Corporation Limited	2013-14	2014-15 to 2017-18	8.95	-	21.09	21.09
6.	Kichha Sugar Company Limited	2016-17	2017-18	17.99	-	26.22	26.22
7.	Doiwala Sugar Company Limited	2016-17	2017-18	6.00		29.95	29.95
8.	Uttaranchal Project Development and Construction Corporation Limited	2016-17	2017-18	1.07	-	-	-
9.	Kumaon Mandal Vikas Nigam Limited	2005-06	2006-07 to 2017-18	13.42	9.81	-	9.81
10.	Garhwal Mandal Vikas Nigam Limited	2010-11	2011-12 to 2017-18	6.10	-	-	-
11.	Dehradun Smart City Limited	-	2017-18	0.10	-	-	-
12.	Uttarakhand Purva Sainik Kalyan Nigam Limited	2016-17	2017-18	1.00	**-**	**-**	**-**
13.	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	1st accounts not received	-	-	7.05	36.25	43.30
14.	Uttarakhand Metro Rail, Urban Infrastructure and Building Construction Corporation Limited	1st accounts not received					
15.	Ecotourism Development Corporation of Uttarakhand Limited	1st accounts not received					
			Total A	***99.54***	***16.86***	***159.36***	***176.22***
B -Working Statutory Corporations							
1.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2015-16	2016-17 to 2017-18	2,429.65	**-**	**-**	**-**
2.	Uttarakhand Parivahan Nigam	2015-16	2016-17 to 2017-18	238.60	**-**	**-**	**-**
3.	Uttarakhand Forest Development Corporation	2016-17	2017-18	-	-	-	-
			Total B	***2,668.25***	-	-	-
			Total (A+B)	***2,767.79***	**-**	**-**	**-**

Appendix-3.3.3

(Reference: Paragraph 3.3.1.12, 3.3.1.13 & 3.3.1.18; Page 182, 183 & 189)

Summarised financial results of State PSUs (other than Power Sector) for the latest year for which accounts were finalised

(₹ in crore)

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Net profit/ loss before dividend, interest & tax	Net profit/ loss after dividend, interest & tax	Turn over	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
A-Social Sector										
Working Government Companies										
1.	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	2007-08	2018-19	1.06	0.86	0.98	8.43	14.14	10.13	1.70
2.	Uttarakhand Purv Sainik Kalyan Nigam Limited	2016-17	2018-19	9.90	6.70	313.69	1.00	50.06	50.06	49.06
3.	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam (Initial accounts not received)	-	-	0	0	0	0	0	0	0
			Total A-I	***10.96***	***7.56***	***314.67***	***9.43***	***64.20***	***60.19***	***50.76***
Non-working Government Companies										
4.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	1993-94	2012-13	0.10	0.07	0.54	0.50	0.58	-0.13	-0.63
5.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	1986-87	2002-03	-0.02	-0.02	0.10	0.50	0.89	0.46	-0.04
			Total A-II	***0.08***	***0.05***	***0.64***	***1.00***	***1.47***	***0.33***	***-0.67***
			Total A (I+II)	***11.04***	***7.61***	***315.31***	***10.43***	***65.67***	***60.52***	***50.09***
B-Competitive Environment sector										
I -Working Government Companies										
6.	Uttarakhand Seed & Tarai Development Corporation Ltd.	2015-16	2018-19	-12.6	-15.62	102.43	4.08	-2.63	-5.13	-9.21
7.	State Industrial Development Corporation of Uttarakhand Limited	2014-15	2018-19	12.47	7.66	13.68	28.50	409.32	409.32	380.82
8.	Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited earlier known as Uttarakhand State Infrastructure Development Corporation Limited	2014-15	2016-17	3.48	2.52	43.57	4.00	10.38	5.38	1.38
9.	Doiwala Sugar Company Limited	2016-17	2017-18	-12.33	-36.04	72.66	6.00	-163.53	-310.76	-316.76
10.	Kichha Sugar Company Limited	2016-17	2018-19	-6.73	-29.68	118.44	17.99	132.94	-246.30	-264.29
11.	Uttarakhand Project Development and Construction Corporation Limited	2016-17	2018-19	0.01	0.01	2.13	1.07	0.85	0.85	-0.22
12.	Kumaon Mandal Vikas Nigam Limited	2005-06	2016-17	-0.30	-1.51	100.49	13.42	13.18	12.75	-0.67
13.	Garhwal Mandal Vikas Nigam Limited	2010-11	2018-19	-3.42	-3.80	131.51	6.10	58.64	51.11	45.01
14.	Ecotourism Development Corporation of Uttarakhand (Initial accounts not received)	-	-	0	0	0	0	0	0	0
			Total B-I	***-19.42***	***-76.46***	***584.91***	***81.16***	***459.15***	***-82.78***	***-163.94***

II-Statutory Corporation										
15.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2015-16	2016-17	-29.85	-39.50	67.91	2,429.65	2,272.36	2,195.26	-234.39
16.	Uttarakhand Parivahan Nigam	2015-16	2017-18	-11.99	-11.99	309.12	238.60	-186.38	-189.05	-427.65
			Total B-II	***-41.84***	***-51.49***	***377.03***	***2,668.25***	***2,085.98***	***2,006.21***	***-662.04***
			Total B (I+II)	***-61.26***	***-127.95***	***961.94***	***2,749.41***	***2,545.13***	***1,923.43***	***-825.98***
C-Others										
I-Working Government Company										
17.	Uttar Pradesh Hill Electronics Corporation Limited	2013-14	2017-18	-2.21	-2.21	1.32	8.95	-15.98	-15.98	-24.93
18.	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited (Initial accounts not receive)	-	-	0	0	0	0	0	0	0
19.	Dehradun Smart City Limited (Initial accounts not received)	-	-	0	0	0	0	0	0	0
			Total C-I	***-2.21***	***-2.21***	***1.32***	***8.95***	***-15.98***	***-15.98***	***-24.93***
II-Non-working Government Company										
20.	Trans cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam limited)	1999-00	2002-03	-0.84	-0.84	2.80	1.63	-1.42	-4.17	-5.80
21.	Uttar Pradesh Digitals Limited (Subsidiary of Kumaun Mandal Vikas Nigam Limited)	1996-97	1997-89	-1.19	-1.19	0	0.35	13.32	-6.60	-6.95
22.	UPAI*	1988-89	1999-00	0	0	0	0.17	0.12	0.12	-0.05
23.	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited) (Not available)	-	-	0	0	0	0	0	0	0
24.	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation limited) (Not available)	-	-	0	0	0	0	0	0	0
25.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	1989-90	1990-91	-0.02	-0.02	0	0.18	0.16	0.16	-0.02
			Total C-II	***-2.05***	***-2.05***	***2.80***	***2.33***	***12.18***	***-10.49***	***-12.82***
III-Statutory Corporation										
26.	Uttarakhand Forest Development Corporation	2016-17	2018-19	20.31	20.31	708.71	0	357.86	357.86	357.86
			Total C-III	***20.31***	***20.31***	***708.71***	***0***	***357.86***	***357.86***	***357.86***
			Total C (I+II+III)	***16.05***	***16.05***	***712.83***	***11.28***	***354.06***	***331.39***	***320.11***
			Grand Total (A+B+C)	***-34.17***	***-104.29***	***1,990.08***	***2,771.12***	***2964.86***	***2,315.34***	***-455.78***
			i Working Government Companies	***-10.67***	***-71.11***	***900.90***	***99.54***	***507.37***	***-38.57***	***-138.11***
			ii Statutory Corporations	***-21.53***	***-31.18***	***1,085.74***	***2,668.25***	***2,443.84***	***2,364.07***	***-304.18***
			iii Working PSUs (i+ii)	***-32.20***	***-102.29***	***1,986.64***	***2,767.79***	***2,951.21***	***2,325.50***	***-442.29***
			iv Non-working Government Companies	***-1.97***	***-2.00***	***3.44***	***3.33***	***13.65***	***-10.16***	***-13.49***
			Grand Total (iii+iv)	***-34.17***	***-104.29***	***1990.08***	***2771.12***	***2964.86***	***2315.34***	***-455.78***

Annexure-3.3.4

(Reference: Paragraph 3.3.1.16; Page 186)

Year wise details of investment by the State Government for the period from 2001-02 to 2017-18

(₹ in crore)

A - Social Sector (1 & 2) & Competitive 3 to 5										
S. No.	**1.**		**2.**		**3.**		**4.**		**5**	
Year	**Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited**		**Uttarakhand Purv Sainik Kalyan Nigam Limited**		**Uttarakhand Seed & Tarai Development Corporation Ltd.**		**State Industrial Development Corporation of Uttarakhand Limited**		**Uttarakhand Parivahan Nigam**	
	Equity	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**
2000-01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001-02	2.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2002-03	1.10	0.00	0.00	0.00	1.20	0.00	16.00	0.00	0.00	1.93
2003-04	1.68	0.00	0.00	0.00	0.00	0.00	10.00	0.00	3.00	0.00
2004-05	0.71	0.00	1.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00
2005-06	0.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	4.25
2006-07	4.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00
2007-08	1.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	19.50
2008-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	0.00
2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010-11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	1.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.11
2012-13	1.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00
2013-14	1.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
2014-15	0.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	158.86	1.00
2015-16	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	***16.44***	***0.00***	***1.00***	***0.00***	***1.20***	***0.00***	***26.00***	***0.00***	***229.36***	***161.79***

B - Competitive Sector										
S. No.	**6.**		**7.**		**8.**		**9.**		**10.**	
Year	**Garhwal Mandal Vikas Nigam Limited**		**Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam**		**Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited earlier known as Uttarakhand State Infrastructure Development Corporation Limited**		**Doiwala Sugar Company Limited**		**Kichha Sugar Company Limited**	
	Equity	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**
2000-01	6.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17.54	0.00
2001-02	0.00	0.00	0.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00
2002-03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
2003-04	0.00	0.00	113.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004-05	0.00	0.00	199.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2005-06	0.00	0.00	166.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006-07	0.00	0.00	148.71	0.00	0.00	0.00	0.00	0.00	0.00	-0.25
2007-08	0.00	0.00	247.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2008-09	0.00	0.00	217.92	0.00	0.05	0.00	0.00	0.00	0.00	0.00
2009-10	0.00	0.00	127.73	0.00	2.95	0.00	0.00	0.00	0.00	0.00
2010-11	0.00	0.00	-609.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	-271.70	0.00	1.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	64.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013-14	0.00	0.00	-177.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014-15	0.00	0.00	303.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015-16	0.00	0.00	25.03	0.00	0.00	0.00	0.00	0.00	0.00	8.00
2016-17	-0.15	0.00	77.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	0.00	0.00	62.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	***6.64***	***0.00***	***697.22***	***0.00***	***4.00***	***0.00***	***6.00***	***0.00***	***17.54***	***8.75***

B - Competitive Sector (11 & 12) & Other sector 13 & 14								
S. No.	**11.**		**12.**		**13.**		**14.**	
Year	**Uttarakhand Project Development and Construction Corporation Limited**		**Kumaon Mandal Vikas Nigam Limited**		**Uttar Pradesh Hill Electronics Corporation Limited**		**Uttarakhand Forest Development Corporation**	
	Equity	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**
2000-01	0.00	0.00	13.42	0.00	8.95	0.00	0.00	0.00
2001-02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2002-03	0.00	0.00	0.00	0.79	0.00	0.00	0.00	0.00
2003-04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004-05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2005-06	0.00	0.00	0.00	5.47	0.00	0.00	0.00	0.00
2006-07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2007-08	0.00	0.00	0.00	3.92	0.00	0.00	0.00	0.00
2008-09	0.00	0.00	0.00	5.49	0.00	0.00	0.00	0.00
2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010-11	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	0.00	0.41	0.00	0.00	0.00	0.00
2012-13	0.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015-16	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	***1.07***	***0.00***	***13.42***	***16.08***	***8.95***	***0.00***	***0.00***	***0.00***

Appendix-3.6.1
(Reference: Paragraph 3.6; Page 199)

Details showing the interest earned and that could have been earned

Name of the Bank	FDR No	Date	Amount (*in ₹*)	Rate of interest at which invested	Maturity value (*in ₹*)	Interest earned (*in ₹*)	Rate of interest at which the amount should have been invested	Expected maturity value (*in ₹*)	Interest that could have been earned (*in ₹*)	Loss of interest (*in ₹*)
Syndicate Bank	8515/458/0000077/6	02.02.17	57,69,23,282	5.51	60,93,74,637	3,24,51,355	6.5	61,53,47,301	3,84,24,019	59,72,664
Punjab National Bank	445600PU00012580	01.02.17	9,00,00,000	5	9,45,85,080	45,85,080	6.5	9,59,94,145	59,94,145	14,09,065
	445600PU00012562	01.02.17	9,00,00,000	5	9,45,85,080	45,85,080	6.5	9,59,94,145	59,94,145	14,09,065
	445600PU00012571	01.02.17	9,00,00,000	5	9,45,85,080	45,85,080	6.5	9,59,94,145	59,94,145	14,09,065
	445600GR00000368	01.02.17	9,00,00,000	5	9,45,85,080	45,85,080	6.5	9,59,94,145	59,94,145	14,09,065
	445600GR00000734	31.01.17	10,35,73,830	5	10,88,50,434	52,76,604	6.5	11,04,72,014	68,98,184	16,21,580
Total			***1,04,04,97,112***		***1,09,65,65,391***	***5,60,68,279***		***1,10,97,95,895***	***6,92,98,783***	***1,32,30,504***
										(A) Say ₹1.32 crore

Loan amount (*in ₹*)	**Rate of interest of Punjab National Bank**	**Amount paid** (*in ₹*)	**Rate of Interest of Syndicate bank**	**Amount expected to be paid** (*in ₹*)	**Difference** (*in ₹*)
1	**2**	**3**	**4**	**5**	**6=(5-3)**
35,00,00,000	5.5	33,74,058	8.5	52,14,453*	18,40,395
					(B) Say ₹0.18 crore

$$* \frac{₹\ 33{,}74{,}058 \times 8.5}{5.5} = ₹\ 52{,}14{,}453$$

Loss of interest: (A) ₹ 1.32 crore – (B) ₹ 0.18 crore = ₹ 1.14 crore