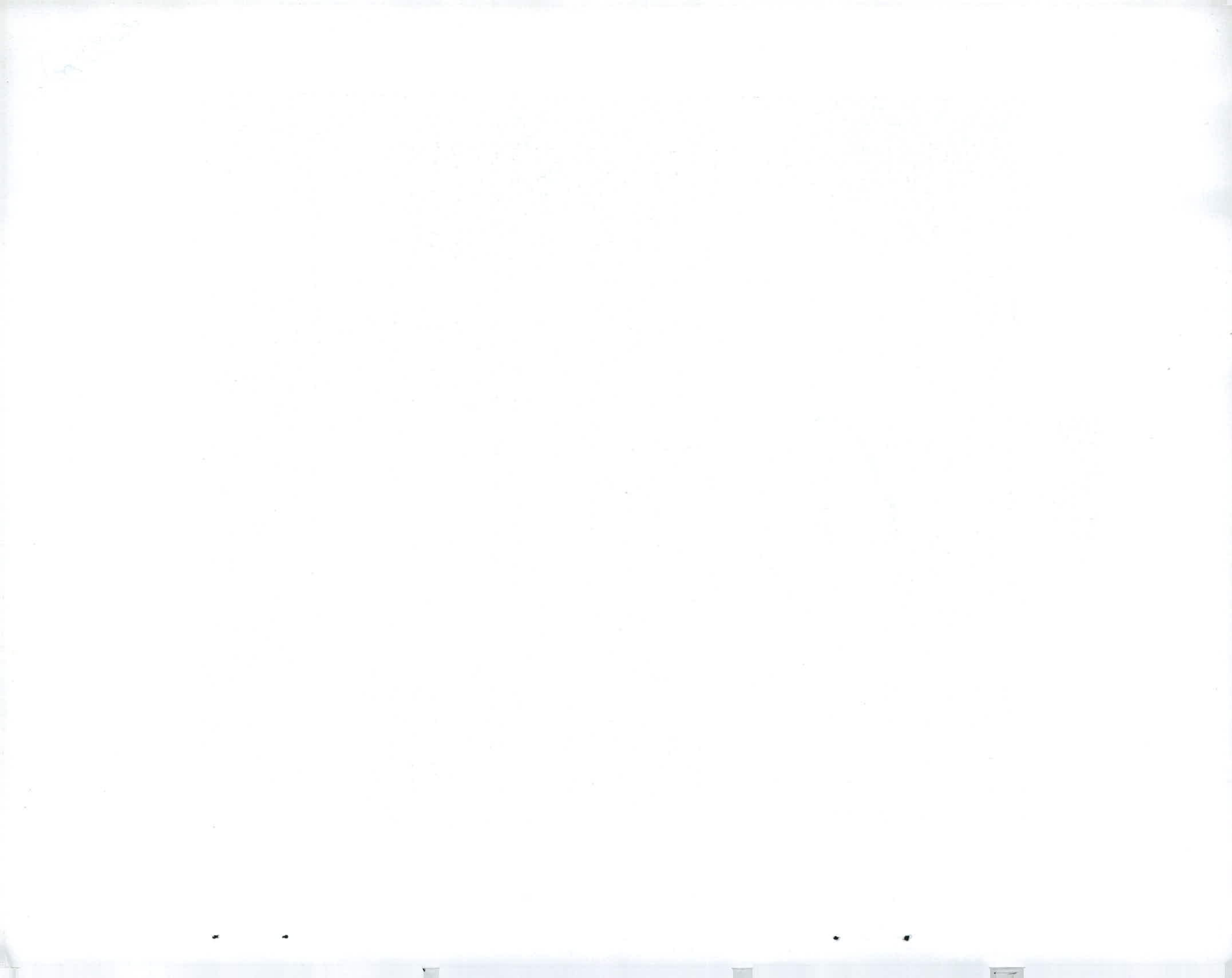




*Epitome  
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CAG's  
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Himachal Pradesh  
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the year ended  
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## Preface

This brochure presents, at a glance, the important contents of the Audit Reports (Civil, Commercial and Revenue Receipts) of the Comptroller and Auditor General of India relating to the Government of Himachal Pradesh for the year ended 31 March 2007. These Reports contain major findings of audit of financial transactions of Government of Himachal Pradesh, Government companies and statutory corporations. Other audit observations, which are not contained in these Audit Reports are pursued for their settlement with the respective Controlling Officers and Heads of Offices.

In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards his Audit Reports on the accounts as well as on the points noticed during audit of financial transactions of the State Government to the Governor, who causes them to be laid on the table of the Vidhan Sabha.

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

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

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



## Contents

Serial number	Audit Report	Page number
1.	Civil	1
2.	Revenue Receipts	14
3.	Commercial	17

## Time Series Data on State Government Finances

(Rupees in crore)

		2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1.		2.	3.	4.	5.	6.
<b>Part A. Receipts</b>						
<b>1.</b>	<b>Revenue Receipts</b>	<b>3,659</b>	<b>3,981</b>	<b>4,635</b>	<b>6,559</b>	<b>7,835</b>
(i)	<i>Tax Revenue</i>	<i>890 (24)</i>	<i>984 (25)</i>	<i>1,252 (27)</i>	<i>1,497 (23)</i>	<i>1,656 (21)</i>
	<i>Taxes on Sales, Trade, etc.</i>	383 (43)	437 (44)	542 (43)	727 (49)	914 (55)
	State Excise	274 (31)	280 (29)	300 (24)	329 (22)	342 (21)
	Taxes on vehicles	82 (9)	78 (8)	108 (9)	102 (7)	106 (6)
	Stamps and Registration fees	37 (4)	52 (5)	75 (6)	82 (5)	93 (6)
	Taxes and duties on Electricity	--*	17 (2)	88 (7)	89 (6)	30 (2)
	Land Revenue	5 (1)	1 (-)	3 (-)	1 (-)	2 (-)
	Taxes on Goods and Passengers	32 (3)	34 (3)	38 (3)	43 (3)	50 (3)
	Other Taxes and Duties on Commodities and Services	77 (9)	85 (9)	98 (8)	124 (8)	119 (7)
(ii)	<i>Non-Tax Revenue</i>	<i>175 (5)</i>	<i>292 (7)</i>	<i>611 (13)</i>	<i>690 (11)</i>	<i>1,337 (17)</i>
(iii)	<i>State's share in Union taxes and duties</i>	<i>346 (10)</i>	<i>450 (11)</i>	<i>537 (12)</i>	<i>493 (7)</i>	<i>629 (8)</i>
(iv)	<i>Grants-in-aid from Government of India</i>	<i>2,248 (61)</i>	<i>2,255 (57)</i>	<i>2,235 (48)</i>	<i>3,879 (59)</i>	<i>4,213 (54)</i>
<b>2.</b>	<b>Misc. Capital Receipts</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>3.</b>	<b>Total revenue and Non-debt capital receipts (1+2)</b>	<b>3,659</b>	<b>3,981</b>	<b>4,635</b>	<b>6,559</b>	<b>7,835</b>
<b>4.</b>	<b>Recovery of Loans and Advances</b>	<b>29</b>	<b>28</b>	<b>26</b>	<b>22</b>	<b>23</b>
<b>5.</b>	<b>Public Debt Receipts</b>	<b>2,199</b>	<b>3,762</b>	<b>2,677</b>	<b>1,781</b>	<b>2,080</b>
	Internal Debt (excluding Ways and Means Advances and Overdraft)	2,053 (93)	3,473 (92)	2,444 (91)	1,753 (98)	2,042 (98)
	Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	--
	Loans and Advances from Government of India <sup>e</sup>	146 (7)	289 (8)	233 (9)	28 (2)	38 (2)
<b>6.</b>	<b>Total receipts in the Consolidated Fund (3+4+5)</b>	<b>5,887</b>	<b>7,771</b>	<b>7,338</b>	<b>8,362</b>	<b>9,938</b>
<b>7.</b>	<b>Contingency Fund Receipts</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>8.</b>	<b>Public Account receipts</b>	<b>4,156</b>	<b>5,033</b>	<b>5,030</b>	<b>4,933</b>	<b>5,265</b>
<b>9.</b>	<b>Total receipts of the State (6+7+8)</b>	<b>10,043</b>	<b>12,804</b>	<b>12,368</b>	<b>13,295</b>	<b>15,203</b>
<b>Part B. Expenditure/Disbursement</b>						
<b>10.</b>	<b>Revenue expenditure</b>	<b>5,141</b>	<b>5,588</b>	<b>5,793</b>	<b>6,466</b>	<b>7,644</b>
	<i>Plan</i>	<i>1,386 (27)</i>	<i>840 (15)</i>	<i>978 (17)</i>	<i>1,182 (18)</i>	<i>1,325 (17)</i>
	<i>Non-Plan</i>	<i>3,755 (73)</i>	<i>4,748 (85)</i>	<i>4,815 (83)</i>	<i>5,284 (82)</i>	<i>6,319 (83)</i>
	General Services (including interest payments)	2,131 (42)	2,483(44)	2,723 (47)	2,818 (43)	3,300 (43)
	Social Services	1,609 (31)	1,933 (35)	1,890 (33)	2,309 (36)	2,586 (34)
	Economic Services	1,346 (26)	1,169 (21)	1,177 (20)	1,333 (21)	1,755 (23)
	Grants-in-aid and Contributions	55 (1)	3 (-)	3 (-)	6 (-)	3 (-)
<b>11.</b>	<b>Capital Expenditure</b>	<b>860</b>	<b>785</b>	<b>654</b>	<b>821</b>	<b>1,110</b>
	<i>Plan</i>	<i>862 (100)</i>	<i>781 (100)</i>	<i>630 (96)</i>	<i>820 (100)</i>	<i>1,043 (94)</i>
	<i>Non-Plan</i>	<i>(-) 2</i>	<i>(-) 4</i>	<i>24 (4)</i>	<i>1 (-)</i>	<i>67 (6)</i>
	General Services	11(1)	23 (3)	30 (5)	52 (6)	61 (5)
	<i>Social Services</i>	<i>244 (28)</i>	<i>304 (39)</i>	<i>330 (50)</i>	<i>369 (45)</i>	<i>575 (52)</i>
	<i>Economic Services</i>	<i>605 (71)</i>	<i>458 (58)</i>	<i>294 (45)</i>	<i>400 (49)</i>	<i>474 (43)</i>

	1.	2.	3.	4.	5.	6.
12.	Disbursement of Loans and Advances	28	20	24	14	26
13.	Total (10+11+12)	6,029	6,393	6,471	7,301	8,780
14.	Repayment of Public Debt	684	1,855	1,659	1,308	1,311
	Internal Debt (excluding Ways and Means Advances and Overdraft)	146 (21)	763 (41)	581 (35)	1219 (93)	1,182 (90)
	Net Transactions under Ways and Means Advances and Overdraft	97 (14)	152 (8)	95 (6)	23 (2)	--
	Loans and Advances from Government of India <sup>@</sup>	441 (65)	940 (51)	983 (59)	66 (5)	129 (10)
15.	Appropriation to Contingency Fund	--	--	--	--	--
16.	Total disbursement out of Consolidated Fund (13+14+15)	6,713	8,248	8,130	8,609	10,091
17.	Contingency Fund disbursements	--	--	--	--	--
18.	Public Account disbursements	3,462	4,789	4,027	4,387	5,370
19.	Total disbursement by the State (16+17+18)	10,175	13,037	12,157	12,996	15,461
<b>Part C. Deficits</b>						
20.	Revenue Deficit (-)/surplus (+) (1-10)	(-) 1,482	(-) 1,607	(-) 1,158	(+) 93	(+) 191
21.	Fiscal Deficit (3+4-13)	(-) 2,341	(-) 2,384	(-) 1,810	(-) 720	(-) 922
22.	Primary Deficit (-)/surplus (+) (21-23)	(-) 1,169	(-) 911	(-) 169	(+) 843	(+) 747
<b>Part D. Other data</b>						
23.	Interest Payments (included in revenue expenditure)	1,172	1,473	1,641	1,563	1,669
24.	Arrears of Revenue <sup>φ</sup> (Percentage of Tax and non-tax Revenue Receipts)	181 (14)	405 (32)	365 (20)	397 (18)	430 (14)
25.	Financial Assistance to local bodies, etc.	186	273	275	380	399
26.	Ways and Means Advances and Overdraft availed (days)	271	250	120	13	01
27.	Interest on WMA and Overdraft	7.65	7.13	2.34	0.32	0.89
28.	Gross State Domestic Product (GSDP) <sup>**</sup>	18,905	20,721	23,024	25,435	28,298
29.	Outstanding Debt (year end)	12,393	14,437	16,533	17,432	18,071
30.	Outstanding guarantees (year end)	4,503	4,682	4,751	3,587	2,976
31.	Maximum amount guaranteed (year end)	5,436	6,144	6,409	5,526	6,347
32.	Number of incomplete projects	8	14	39	15	30
33.	Capital blocked in incomplete projects	17	46	58	25	160

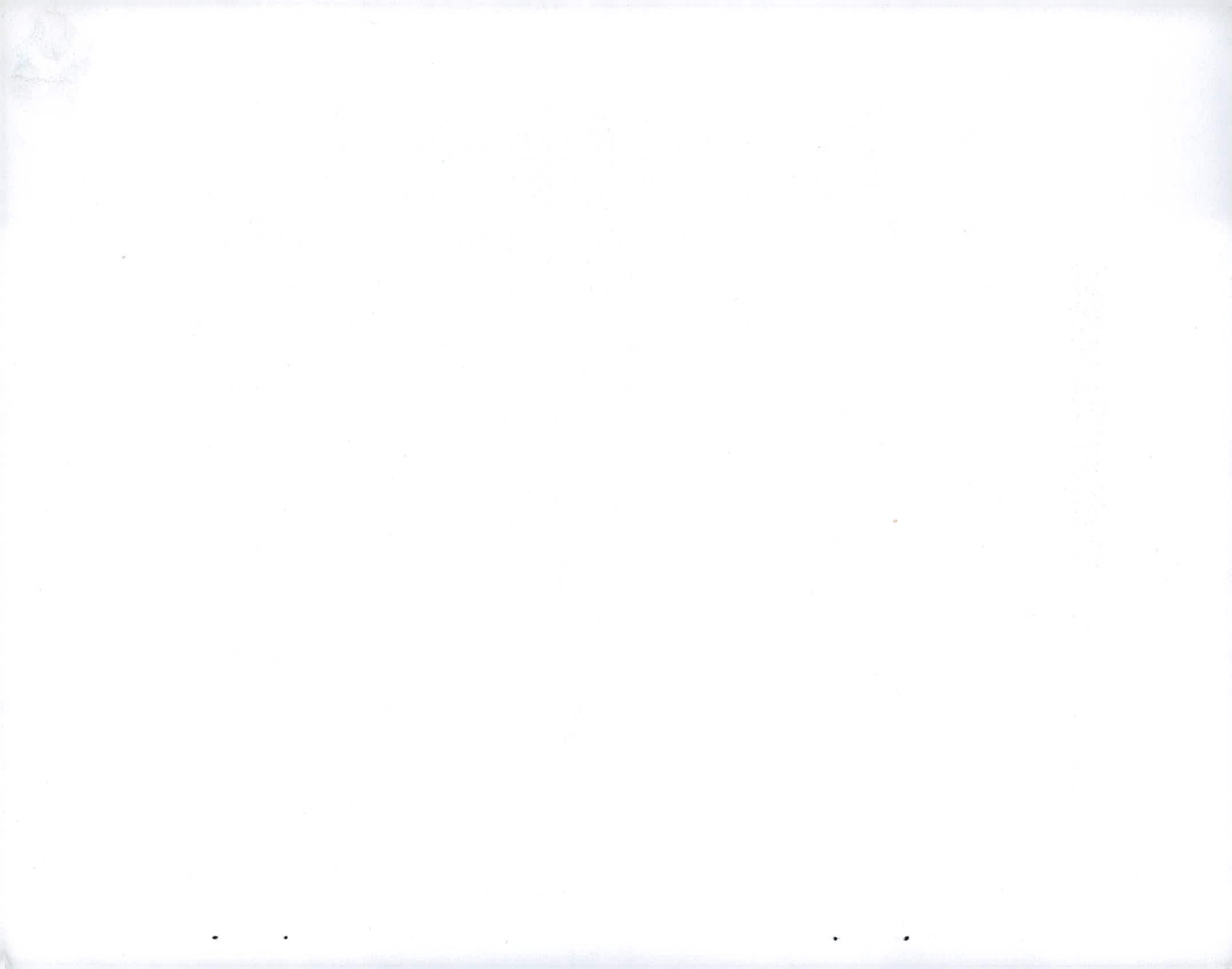
Note: Figures in brackets represent percentages (rounded) to total of each sub heading.

<sup>@</sup> Includes Ways and Means Advances from Government of India.

<sup>φ</sup> Source: Paragraph 1.6 of Audit Report (Revenue Receipts) of 2006-2007.

<sup>\*\*</sup> Source for GSDP figures: Economics and Statistics Department, Government of Himachal Pradesh. Figures for the years 2002-2003, 2003-2004, 2004-2005 and 2005-2006 have been revised by the State Government and figures for the year 2006-2007 are 'advance estimates' supplied by the State Government.





## AUDIT REPORT (CIVIL)

This Report includes two chapters containing observations on the Finance and Appropriation Accounts of the Government of Himachal Pradesh for the year 2006-2007 and three other chapters comprising eight performance reviews and 38 paragraphs on matters arising from test audit of transactions and accounts of the Government of Himachal Pradesh.

### Highlights:

- The fiscal position of State has indicated a significant improvement during 2006-2007 with growth rate of 19.45 *per cent* in revenue receipts. However, the State is heavily dependent on Government of India, as grants-in-aid and central tax transfers constituted 62 *per cent* of the revenue receipts of the State Government.
- Fiscal liabilities of the State have consistently increased and stood at as high as 63.86 *per cent* of Gross State Domestic Product in 2006-2007.
- The implementation of Educational Development of Scheduled Caste/Scheduled Tribe schemes was deficient as no survey to ascertain the targeted population was conducted to assess the requirement of funds. There was shortfall of 66 *per cent* in coverage of beneficiaries under Pre-matric Scholarship Scheme in the State during 2002-2007.
- Rupees 3.50 crore were diverted for the schemes not approved under Accelerated Rural Water Supply Programme, while Rs 87.86 lakh earmarked for Scheduled Caste/Scheduled Tribe Sector were diverted to other sectors.
- Central funds for National Highways were underutilised by the State Government, while various claims of reimbursement were either withheld or disallowed by the Government of India for violation of prescribed norms.
- The Department had not formulated long term plan for providing a phase-wise connectivity through rural roads to all census villages in the State. Annual targets for construction of rural roads had not been fixed on realistic basis. Physical and financial progress did not match, as there was huge gap between the two during 2002-07.
- Out of 770 road works taken up for execution by 14 divisions, only 189 works had been completed as of March 2007. Of these, 28 works costing Rs 26.11 crore were completed after delays ranging between 10 months and 18 years.
- The State Government had not prepared a long term perspective plan for treatment of waste/degraded lands, drought prone and desert areas. Shortfall in achievement of treatment of area during 2002-07 in the State under Drought Prone Area Programme, Desert Development Programme and Integrated Wasteland Development Programme ranged between 31 and 52; 50 and 85 and 16 and 53 *per cent* respectively.
- Coverage of identified beneficiaries under supplementary nutrition had overall shortfall ranging between 41 to 46 *per cent* for children and 26 to 42 *per cent* for expectant and nursing mothers respectively during 2002-2007.

## FINANCES OF THE STATE GOVERNMENT

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

### Summary of Finance Accounts

(Rupees in crore)

2005-06	Receipts	2006-07	2005-06	Disbursements	2006-07		
<b>Section-A: Revenue</b>							
					Non-Plan	Plan	Total
6,558.63	<b>I. Revenue Receipts</b>	7,835.22	6,466.16	<b>I. Revenue Expenditure</b>	6,318.92	1,325.19	7,644.11
1,497.02	Tax revenue	1,656.38	2818.08	General Services	3,269.39	30.46	3,299.85
689.68	Non-tax revenue	1,336.85	2,308.51	Social Services	1,753.82	832.13	2,585.95
493.26	Share of Union Taxes/Duties	629.16	1,333.38	Economic Services	1,292.84	462.60	1,755.44
3,878.67	Grants from Government of India	4,212.83	6.19	Grants-in-aid/Contributions	2.87	--	2.87
<b>Section-B: Capital</b>							
	<b>II. Miscellaneous Capital Receipts</b>	--	820.76	<b>II. Capital Outlay</b>	66.70	1043.11	1,109.81
21.97	III. Recoveries of Loans and Advances	23.41	14.13	III. Loans and Advances disbursed	1.85	23.90	25.75
1,781.47	IV. Public debt receipts	2,079.75	1,308.03	IV. Repayment of Public Debt <sup>1</sup>	1,269.19	--	1,269.19
--	V. Contingency Fund	--	--	V. Contingency Fund	--	--	--
4,933.39	VI. Public Account receipts	5,265.12	4,386.69	VI. Public Account disbursements	5,370.04	--	5,370.04
(-) 108.43	Opening Balance	191.26	191.26	Closing Balance	--	--	(-) 24.14
<b>13,187.03</b>	<b>Total:</b>	<b>15,394.76</b>	<b>13,187.03</b>	<b>Total:</b>			<b>15,394.76</b>

<sup>1</sup> Excluding Ways and Means Advances and Overdraft.

<b><i>Dependency on central transfers</i></b>	Central tax transfers and grants-in-aid constituted 62 <i>per cent</i> of the total revenue receipts of the State Government during 2006-2007.
<b><i>Increase in fiscal liabilities</i></b>	Fiscal liabilities of the State increased from Rs 12,393 crore in 2002-2003 to Rs 18,071 crore (46 <i>per cent</i> ) in 2006-2007. These liabilities stood at as high as 64 <i>per cent</i> of GSDP in 2006-2007 and appears to be quite high especially when compared with the Twelfth Finance Commission norms of 31 <i>per cent</i> to be achieved by March 2009.
<b><i>Funds mainly applied to meet revenue expenditure</i></b>	Revenue expenditure had predominant share in total expenditure. The overall revenue expenditure of the State increased by 49 <i>per cent</i> from Rs 5,141 crore in 2002-2003 to Rs 7,644 crore in 2006-2007.
<b><i>Non-developmental expenditure and interest payments</i></b>	Expenditure on General Services and interest payments, considered as non-developmental, accounted for 38.28 <i>per cent</i> of the total expenditure of the State during 2006-2007. Interest payments alone accounted for 21.83 <i>per cent</i> of the revenue expenditure during 2006-2007.
<b><i>High expenditure on salaries and pension</i></b>	The expenditure of Rs 3,057 crore on Salaries and Wages during 2006-2007 was Rs 763 crore (33 <i>per cent</i> ) more than Rs 2,294 crore projected by the State Government in its Fiscal Correction Path. Pension payments increased by 86.12 <i>per cent</i> from Rs 490 crore in 2002-2003 to Rs 912 crore in 2006-2007.
<b><i>Share of capital expenditure</i></b>	The share of capital expenditure during 2006-2007 was only 13 <i>per cent</i> of the total expenditure.
<b><i>Insignificant returns from investments</i></b>	The Government had invested Rs 1,861 crore in Statutory Corporations, Rural Banks, Government Companies, Joint Stock Companies and Co-operative Institutions till the end of 2006-2007. While the Government raised high cost borrowings from the market during 2002-2007 at an average interest rate varying between 9.20 and 10.98 <i>per cent</i> , return from investments during the same period was about 0.3 <i>per cent</i> .

## Allocative Priorities and Appropriation

Appropriation Accounts present the total amount of funds (original and supplementary) authorised by the Legislature in the budget grants under each voted grant and charged appropriations vis-à-vis the actual expenditure incurred against each and the savings or excesses under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Legislature under Article 205 of the Constitution of India.

### Summary of Appropriation Accounts

(Rupees in crore)

		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	5,546.71	686.03	6,232.74	6,810.70	(+) 577.96
	II Capital	864.83	344.57	1,209.40	1,223.52	(+) 14.12
	III Loans and Advances	11.88	14.65	26.53	25.75	(-) 0.78
<b>Total Voted</b>		<b>6,423.42</b>	<b>1,045.25</b>	<b>7,468.67</b>	<b>8,059.97</b>	<b>(+) 591.30</b>
<b>Charged</b>	IV Revenue	1,765.60	2.14	1,767.74	1,683.82	(-) 83.92
	V Capital	1.80	0.13	1.93	1.82	(-) 0.11
	VI Public Debt	1,140.19	--	1,140.19	1,311.19	(+) 171.00
<b>Total Charged</b>		<b>2,907.59</b>	<b>2.27</b>	<b>2,909.86</b>	<b>2,996.83</b>	<b>(+) 86.97</b>
<b>Grand Total</b>		<b>9,331.01</b>	<b>1,047.52</b>	<b>10,378.53</b>	<b>11,056.80</b>	<b>(+) 678.27</b>

\* These are the gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure: Rs 850.41 crore; Capital expenditure: Rs 115.53 crore.

#### *Savings/Excesses*

The net excesses of Rs 678.27 crore were the result of savings (Rs 218.31 crore) in 30 cases and excesses (Rs 896.58 crore) in 31 cases.

#### *Excess expenditure not regularised*

Expenditure of Rs 15,614.79 crore incurred by the Government during 2001-2007 in excess of the amount sanctioned by the Legislature remained to be regularised as of August 2007.

***Supplementary grants*** Supplementary provisions of Rs 11.67 crore obtained in four cases proved unnecessary as the expenditure in these cases was less than the original budget provisions.

***Injudicious reappropriation*** In the case of ten sub-heads involving seven grants/appropriations, Rs 88.12 crore were injudiciously reappropriated as the original grants were adequate or no savings were available for reappropriation.

***Underestimation of recoveries*** Recoveries in reduction of expenditure were grossly underestimated by Rs 313.43 crore in the revenue section during 2006-2007.

## PERFORMANCE REVIEWS

### Education, Social Justice and Empowerment and Tribal Development Departments

#### Educational Development of Scheduled Castes and Scheduled Tribes

***Main objectives of the scheme*** To increase enrolment and retention of SC and ST students in educational institutions, reduce drop out rates and increase their representation in jobs and higher educational and professional institutions.

#### ***Major audit findings***

***Survey not conducted*** The survey for ascertaining the targeted population under each educational development scheme to assess the requirement of funds was not conducted by the Department.

***Shortfall in coverage under Pre-matric scholarship scheme*** The overall shortfall in coverage of beneficiaries under Pre-matric scholarship scheme during 2002-2007 was 66 per cent.

***Short contribution of State share for construction of hostels*** For construction of hostels for SC and ST students, against the required 50 per cent share of Rs 22.52 crore, the State Government released only Rs 13.57 crore.

*Unutilised hostel buildings* Five hostel buildings constructed for housing 280 SC and ST students at a cost of Rs 4.21 crore remained unutilised resulting in idling of assets.

*The performance of pre-examination coaching centre ranged between zero and nine per cent against the requisite percentage of 33* The performance of pre-examination coaching centre run by Himachal Pradesh University, Shimla was quite unsatisfactory, as against the minimum prescribed success rate of 33 per cent, it ranged between zero and nine per cent during 2002-2007.

## Irrigation and Public Health Department

### Accelerated Rural Water Supply Programme

*Objective* To accelerate the coverage of uncovered habitations in rural areas and to promote sustainability of potable drinking water systems besides revival of traditional water sources.

#### *Major audit findings*

*Identification of habitations for providing safe drinking water delayed* Survey to identify and ascertain the status of habitations regarding availability of safe drinking water in rural areas required to be completed by March 2003 was completed in December 2005. Out of 51,848 habitations identified, 25,756 were fully covered and 19,504 partially covered while 6,588 habitations were not covered.

*Funds allocated under ARWSP diverted for other schemes/sectors* Funds of Rs 3.50 crore allocated under ARWSP were spent by five I&PH divisions on 68 works of water supply schemes not covered under ARWSP.

*Partially covered habitations identified during 1993-1994 for safe drinking water not covered fully* 1,407 partially covered habitations identified during 1993-94 were awaiting full coverage as of March 2007.

## Public Works Department

### National Highways

**Objective** To widen and strengthen the existing national highways to double lane in a phased manner and their maintenance.

#### Major audit findings

**Master Plan for upgradation and maintenance of National Highways not prepared** Master Plan for upgradation and maintenance of NHs has not been prepared by the department.

**Central funds underutilised** During 2004-2005 against the Central allocation of Rs 45 crore for original works, the department could utilise only Rs 39.56 crore. Resultantly, allocation for next year was reduced to Rs 39 crore by the Government of India.

**Expenditure incurred on non-permissible items** The Government of India withheld Rs 16.08 crore while Rs 9.73 crore were disallowed on account of expenditure incurred by the department on non-permissible items.

**Unauthorised expenditure on deployment of labour in excess of prescribed norms** The State Government deployed labour on maintenance of NHs during 2002-2007 in excess of the prescribed norms by the Government of India, which resulted in unauthorised expenditure of Rs 17.97 crore.

### Rural Roads in South Zone

**Objective** To provide road connectivity to all census villages.

#### Major audit findings

**Long term Master Plan to identify and provide connectivity to all census villages not prepared** A core network forming part of a long term Master Plan to identify and provide connectivity to all census villages in a time bound manner had not been formulated by the department.



<i>Annual targets for construction of rural roads not fixed on a realistic basis</i>	Annual targets for construction of rural roads had not been fixed on a realistic basis. Physical and financial progress did not match, as there was substantial gap between the two during 2002-07.
<i>Completion of works delayed</i>	28 rural road works costing Rs 26.11 crore were completed after delays ranging between 10 months and 18 years.
<i>Unfruitful expenditure</i>	Expenditure of Rs 93.23 lakh incurred on construction of suspension bridge over river Satluj near Ramni Jhulla (Kinnaur district) remained unfruitful due to non-construction of road.

### Rural Development Department

### Implementation of Watershed Development Programmes

**Objectives**

Development of waste/degraded lands, restoration of ecological balance by harnessing, conserving natural resources such as land, water and vegetative cover and promoting overall economic development and improving the socio-economic conditions of resource poor and disadvantaged sections of the people inhabiting the project areas.

**Major audit findings**

*Perspective Plan not prepared*

The State Government had not prepared a long term perspective plan for treatment of waste/degraded lands, drought prone and desert areas.

*Shortfall in achievement*

The shortfall in achievement of treatment of area during 2002-2007 in the State under Drought Prone Area Programme, Desert Development Programme and Integrated Wasteland Development Programme ranged between 31 and 52; 50 and 85 and 16 and 53 *per cent* respectively.

*Excess expenditure of Rs 9.97 crore over the permissible limits*

District Rural Development Agencies Kinnaur and Una spent Rs 9.97 crore under Desert Development Programme and Drought Prone Area Programme in excess of the permissible limits due to non-adherence to cost norm for watersheds.

*Evidence of area treated not on record*

Project implementing agencies Dehra, Nagrota Bagwan, Pragpur and Una spent Rs 6.06 crore on treatment of waste/degraded lands under Drought Prone Area Programme (Rs 1.69 crore) and Integrated Watershed Development Programme (Rs 4.37 crore) during 2002-2007 but there was no evidence of area actually developed/treated in the basic records such as measurement books and muster rolls in support of this expenditure. The expenditure of Rs 6.06 crore was thus doubtful.

*Four PIAs paid wages of Rs 1.04 crore to outside labourers thus denying the employment opportunities to the poor disadvantaged sections inhabiting programme areas*

Four Project Implementing Agencies (BDOs of Bamsan, Bhoranj, Nadaun blocks and PD-cum-PIA, Pooh) paid wages aggregating Rs 1.04 crore for 1,22,189 mandays (Desert Development Programme: 1,06,050; Integrated Wasteland Development Programme: 16,139) during 2002-2007 to outside labourers resulting in non-providing of employment opportunities to resource poor and disadvantaged sections inhabiting programme areas.

## Social Justice and Empowerment Department

### Integrated Child Development Services

*Objectives*

To ensure holistic development of children in the age group of 0-6 years, expectant and nursing mothers belonging to most deprived sections of the society.

### *Major audit findings*

*Staff costs/administrative costs increased from 57 to 70 per cent of the total expenditure*

While the staff costs and administrative expenses increased from 57 to 70 per cent of the total expenditure, the expenditure on programme implementation correspondingly decreased during 2002-2005.

*Shortfall in coverage of beneficiaries*

During 2002-07 coverage of identified beneficiaries under supplementary nutrition in five selected districts fell short by 20 to 30 per cent for children and 22 to 30 per cent for expectant and nursing mothers whereas at the State level overall shortfall ranged between 41 to 46 per cent and 26 to 42 per cent respectively during the same period.

*Rupees 1.44 crore provided (2003-2006) out of Sarva Shiksha Abhiyan remained unutilised as of March 2007*

To dovetail the activity of Early Childhood Care and Education, Rs 1.44 crore provided out of *Sarva Shiksha Abhiyan* during 2003-2006 remained unutilised as of March 2007.

*Shortfall in coverage of adolescent girls during 2002-2007 ranged between 33 and 90 per cent*

The intervention of *Kishori Shakti Yojna* was not effectively implemented as 33 to 90 per cent identified adolescent girls (11-18 years of age) remained uncovered during 2002-2007.

*The programme was not effectively monitored*

The programme was not effectively monitored at State level as follow up of implementations was not noticeable at higher level. As against holding of 20 meetings of State level coordination committee during five years, only one meeting was held.

### Finance Department

### Information Technology audit of Online Treasury Information System and e\_Pension Software

#### **Objective**

To exercise control over expenditure and provide computerised pension disbursement system.

#### **Major audit findings**

*Required Manuals not available*

The user Manuals, operation manuals and system manuals were not available in the test-checked treasuries.

*Disaster Recovery Plan not formulated*

Department had not formulated and documented any Disaster Recovery Plan. There were no documented procedures indicating frequency for taking backup of data, its storage and restoration. The Treasury Officers were taking backups as per their convenience in an *ad hoc* manner.

*Absence of validation checks*

Absence of validation checks resulted in DDOs operating heads of accounts for which they are not authorised.

## Industries Department

### Internal Control System

#### *Major audit findings*

*Scheme funds/ departmental receipts not accounted for in the cash book*

The scheme funds of Rs 25.04 crore and departmental receipts amounting to Rs 9.44 crore received by six DDOs during 2002-2007 were remitted directly into the bank/treasuries without accounting for in the cash book.

*Wrong utilisation certificate was furnished by Superintending Engineer, HPSIDC*

Wrong utilisation certificate was furnished by Superintending Engineer, HPSIDC for Rs 4 crore sanctioned for infrastructure development works at Sansarpur Terrace.

## AUDIT OF TRANSACTIONS

### Overpayment/wasteful/unfruitful/infructuous expenditure

*Overpayment to pensioners/family pensioners*

Non-observance of instructions by the Treasury/Sub-Treasury Officers and Banks regarding reduction in family pension after the prescribed period and reducing commuted value of pension, etc., given on the Pension Payment Orders resulted in an overpayment of pensionery benefits of Rs 55.33 lakh.

*Wasteful expenditure on construction of flow irrigation scheme*

Poor planning of the Department in taking up Flow Irrigation Scheme, Kaurik (Lahaul and Spiti district) in danger zone of floods resulted in wasteful expenditure of Rs 65.43 lakh as the scheme was washed away due to increase in discharge of Parachu lake.

*Infructuous expenditure on road works*

Expenditure of Rs 3.98 crore incurred on construction of two roads in Spiti Valley remained infructuous as the roads could not be opened for vehicular traffic due to loose strata and glacier points in the way.

Failure of the department to acquire private/forest land before taking up construction of five roads resulted in infructuous expenditure of Rs 1.70 crore.

*Infructuous expenditure on revival of Lift Irrigation Schemes and construction of Lift Water Supply Schemes*

Expenditure of Rs 78.37 lakh incurred on revival of Lift Irrigation Schemes, Kiani, Rajnagar and Udaipur in Chamba district proved infructuous as these schemes did not function for want of remodelling of the distribution system. Similarly, expenditure of Rs 1.74 crore incurred on execution of two Lift Water Supply Schemes in Shimla district remained infructuous as pumping machinery was not installed.

### **Mismanagement/diversion of funds**

*Mismanagement of funds*

Absence of planning for execution of works and their non-monitoring by the Deputy Commissioner, Kullu had resulted in mismanagement of available funds amounting to Rs 68 lakh.

*Diversion of MPLADS funds*

Funds amounting to Rs 38.30 lakh under Member of Parliament Local Area Development Scheme were diverted by Deputy Commissioner, Shimla in contravention of the provisions of the scheme.

Failure of Deputy Commissioner, Mandi to adhere to the financial provisions and guidelines of MPLADS resulted in injudicious drawal and blocking of Rs 50 lakh for the construction of Bus Stand at Mandi.

*Diversion of calamity relief funds*

Rupees 1.92 crore were irregularly diverted from calamity relief funds by Deputy Commissioners, Chamba, Kinnaur, Shimla and Solan for works not related to natural calamities.

Rupees 43.63 lakh meant for operation and maintenance of works were diverted by the Public Works and Irrigation and Public Health divisions to meet office contingencies during 2005-2007.

## Regulatory issues and other points

*Irregular drawal of funds  
to avoid lapse of budget*

Rupees 19.28 crore were irregularly drawn/booked to final head without award/execution of work by seven Public Works divisions and three Irrigation and Pubic Health divisions.

*Loss in sale of milk*

Sale of milk by the Himachal Pradesh Cooperative Milk Producers Federation Limited below the cost price during 2002-2006 and April-May 2007 resulted in loss of Rs 75.27 lakh.

## AUDIT REPORT (REVENUE RECEIPTS)

The report on Revenue Receipts contains 32 paragraphs including one review involving Rs 82.38 crore. The Government accepted audit observations involving Rs 61.28 crore of which Rs 30.71 crore had been recovered upto July 2007.

The total receipts of the Government for the year 2006-07 were Rs 7,835.22 crore which were 19 *per cent* more than the previous year. The revenue receipts of Rs 2,993.23 crore consisted of Rs 1,656.38 crore from tax and Rs 1,336.85 crore from non tax revenue. The State received Rs 629.16 crore as its share of divisible union taxes and Rs 4,212.83 crore as grants-in-aid from the Government of India. Receipts under taxes on sales, trade etc. (Rs 914.45 crore), state excise (Rs 341.86 crore), taxes on vehicles (Rs 106.35 crore), taxes on goods and passengers (Rs 50.22 crore), stamps and registration fee (Rs 92.47 crore) and taxes and duties on electricity (Rs 30.43 crore) accounted for major portion of the tax receipts. Under non-tax revenue, the main receipts were from power (Rs 910.08 crore), interest receipts (Rs 87.18 crore), forestry and wild life (Rs 45.55 crore) and nonferrous, mining and metallurgical industries (Rs 48.39 crore).

### Results of audit

Test check of the records of sales tax, state excise, taxes on vehicles, goods and passengers, forest receipts and other tax and non tax receipts conducted during the year 2006-07, revealed underassessments/short levy/loss of revenue, revenue foregone amounting to Rs 108.19 crore, in 959 cases.

### **Sales Tax**

In AETC Una, 23 unregistered dealers sold *khair* wood valued as Rs 6.56 crore to a firm, but sales tax of Rs 1.48 crore was not levied. The dealers were not registered though the turnover of each dealer exceeded Rs 4 lakh.

Incorrect determination of taxable turnover and application of incorrect rates of taxes resulted in non/short levy of tax of Rs 69.34 lakh including interest in four AETCs.

### **State Excise and Taxes on Vehicles**

Nine licensees of five districts failed to pay the monthly instalments of license fee, interest and penalty during the year 2005-06 resulting in non/short recovery of Government dues of Rs 86.15 lakh.

Token tax of Rs 1.83 crore was neither paid by 2,992 vehicle owners nor was it demanded by 29 registering and licensing authorities.

In six regional transport authorities, non/short payment of special road tax and non levy of penalty resulted in non-recovery of Government dues of Rs 96 lakh.

In RLA Paonta Sahib, an amount of Rs 41.92 lakh collected on account of registration fee, token tax, license fee, etc. was deposited late. Similarly, out of permit fee of Rs 9.71 lakh collected in Shimla office, Rs 9.60 lakh was deposited late and Rs 11,000 was not deposited at all. The delay in deposit of Government money ranged between 2 and 289 days.

### **Forest Receipts**

In five forest divisions, non-charging of cost of fence posts from the user agencies for compensatory afforestation and catchment area treatment plan in total area of 9,281.9546 hectares of forest land resulted in non-realisation of revenue of Rs 7.63 crore including sales tax.



Non-levy of net present value in seven forest divisions, resulted in non recovery of revenue of Rs 1.29 crore.

Compensation amounting to Rs 21.56 crore for environmental value for diversion of forest land in favour of National Thermal Power Corporation had not been realised in two forest divisions.

In six forest divisions, cost of 7,378 trees of *chil* species was not charged at revised rates resulting in short realisation of Government revenue of Rs 1.98 crore.

#### **Other Tax/Non-Tax Receipts**

A review on “**Mineral Receipts in Himachal Pradesh**” revealed the following:

Delay in acquisition/transfer of surface rights, in favour of a lessee, resulted in postponement of commissioning of the project and consequently depriving the State exchequer of anticipated revenue of Rs 51.47 crore.

Delay in demarcation of *khud* on interstate boundary and illegal extraction of minerals resulted in loss of revenue of about Rs 8.40 crore during April 2003 to March 2006.

Non-implementation of feasibility reports of working in river beds/*khuds* of Hamirpur district resulted in shortfall in revenue to the extent of Rs 6.43 crore during April 2004 to March 2006.

In 22 sub registrars, incorrect determination of market value of property and incorrect preparation of *parta* resulted in short realisation of stamp duty and registration fee of Rs 2.75 crore in 365 cases .

## AUDIT REPORT (COMMERCIAL)

This Report contains an Overview of Government companies and Statutory corporations and Performance Reviews on (i) Felling and Conversion of trees by Himachal Pradesh State Forest Corporation Limited, (ii) Working of Himachal Pradesh Agro Industries Corporation Limited, (iii) Information Technology Review of Computerised Reservation of Hotel Rooms in Himachal Pradesh Tourism Development Corporation Limited, (iv) Tariff, Billing and Collection of revenue in Himachal Pradesh State Electricity Board, (v) Implementation of Accelerated Power Development Reforms Programme by Himachal Pradesh State Electricity Board, and (vi) Information Technology Review of Computerised Booking in Himachal Road Transport Corporation. It also contains 15 paragraphs containing observations on avoidable loss, undue favour to contractor, avoidable payment of interest, undue payment to supplier, avoidable overpayment, avoidable payment of excise duty, loss on sale of surplus land, loss due to injudicious decision, *etc.*

### Highlights:

- As per the latest finalised accounts, 11 working PSUs' (nine Government companies and two Statutory corporations) incurred losses. The accumulated losses of four working Government companies and two working Statutory corporations have exceeded their paid-up capital.
- Two working Government companies had incurred losses for the last five years ended 31 March 2006 and 31 March 2007 respectively leading to negative net worth.
- The Himachal Pradesh State Forest Corporation Limited failed to initiate steps for undertaking work departmentally to eliminate the agency of contractors, prepare annual budget plans in advance of the financial years and to review manpower requirement resulting in payment of salary and wages to surplus staff. There were cases of loss due to delay in receipt of marking lists and taking over and working of lots, submission of incorrect data to the Pricing Committee, fixation of higher royalty rates, etc.
- In Himachal Pradesh Agro Industries Corporation Limited, there was no practice of preparing annual plan well before the start of financial year. The financial position of the Company deteriorated and its accumulated loss had partially eroded the paid-up capital. The Company purchased major portion of food grains for manufacturing cattle feed during off season resulting in incurring of avoidable extra expenditure. The Company also failed to reduce the surplus manpower, which led to payment of salary and wages to idle staff.
- The Himachal Pradesh Tourism Development Corporation Limited did not frame policies for computerization of reservation of hotel rooms. There was delay in adopting various changes in rent/rates in the computerised system. The Company failed to recover the cancellation charges from the customers.
- The Himachal Pradesh State Electricity Board (Board) failed to file tariff petitions annually in time with complete details and justifiable data, restructure high cost debts, reduce transmission and distribution losses, recover share of cost for providing connections to the consumers, bill the consumers in accordance with the laid down procedures/direction of HPERC and to take effective steps to recover the amount of permanent default from the consumers.

- The Board did not prepare Detailed Project Reports for various schemes to be implemented under APDRP keeping in view the requirements of the field units. During execution of projects, the cases of deviation/variation, delay in completion/non-execution of works and payment of avoidable extra expenditure were noticed.
- The Himachal Road Transport Corporation had not formulated any strategic plan for computerization of booking. There were various deficiencies in the system installed at different booking centres of the Corporation.
- In addition to above, test check of records in transaction audit also revealed cases of avoidable loss, undue favour, avoidable payment of interest/excise duty, loss due to injudicious decision, etc.

## Overview of Government companies and Statutory corporations

### *Introduction*

As on 31 March 2007, the State had 21 Public Sector Undertakings (PSUs) comprising 18 Government companies (including two non-working companies) and three Statutory corporations. In addition, there were three companies under the purview of Section 619-B of the Companies Act, 1956 as on 31 March 2007. The total investment in working PSUs increased from Rs 3,743.45 crore as on 31 March 2006 to Rs 3,886.32 crore as on 31 March 2007. The total investment in non-working PSUs decreased from Rs 705.26 crore as on 31 March 2006 to Rs 4.79 crore as on 31 March 2007.

### *Arrears in finalisation of accounts*

Out of 16 working Government companies and all the three working Statutory corporations, the accounts of nine Government companies were in arrear for periods ranging from one to three years as on 30 September 2007.

### *Profit and dividend*

According to the latest finalised accounts of 19 working PSUs (16 Government companies and three Statutory corporations), six Government companies and one Statutory corporation earned aggregate profit of Rs 10.06 crore and Rs 1.88 crore respectively.

Only one company declared a dividend of Rs 35.15 lakh during 2006-07.

***Loss incurring companies and corporations***

Eleven working PSUs (nine Government companies and two Statutory corporations) incurred aggregate loss of Rs 71.62 crore as per their latest finalised accounts. Of the loss incurring working Government companies, four companies had accumulated losses aggregating Rs 141.97 crore, which exceeded their aggregate paid-up capital of Rs 51.75 crore. Two Statutory corporations incurred losses aggregating Rs 45.27 crore. These two loss incurring Statutory corporations had accumulated loss of Rs 540.21 crore, which exceeded their aggregate paid-up capital of Rs 305.68 crore.

**PERFORMANCE REVIEWS**

**Felling and Conversion of trees by Himachal Pradesh State Forest Corporation Limited**

The Himachal Pradesh State Forest Corporation Limited (Company) was incorporated (March 1974) under the Companies Act, 1956, with a view to undertake proper and scientific exploitation of forest resources in the State by nationalising operation of extraction of timber to eliminate the agency of contractors.

***Failure to eliminate the agency of contractors***

The Company failed to initiate steps for undertaking work departmentally to eliminate the agency of contractors in a phased manner thereby defeating the very purpose of formation of the Company.

***Deficient budgetary control***

The Company did not prepare annual budget plans in advance of the financial years. There were delays in preparation and submission of budget by the divisions, its consolidation at Directorate level and finalisation at head office.

***Avoidable excess payment of extension fee and interest***

There was delay in receipt of marking lists, taking over and working of lots resulting in loss of Rs 1.88 crore due to payment of extension fee, interest and less extraction of timber.

***Excess payment of royalty***

Submission of incorrect data to the Pricing Committee resulted in fixation of higher royalty rates and consequent avoidable payment of royalty of Rs 2.36 crore to the Forest Department.

*Loss due to fixation of higher royalty rates* Fixation of higher royalty rates by assuming obtainable yield at a higher rate resulted in a loss of Rs 1.74 crore.

*Surplus manpower* Failure of the Company to review requirement of manpower resulted in payment of salary and wages of Rs 8.75 crore to surplus manpower during the period June 2003 to March 2007.

### **Performance review on the Working of Himachal Pradesh Agro Industries Corporation Limited**

Himachal Pradesh Agro Industries Corporation Limited (Company) was incorporated (September 1970) with a view to promote agro based industries in the State.

*Planning and budgetary control* There was no practice of preparing annual plan well before the commencement of financial year in consultation with the State Government Departments which were the main buyers of the Company's products.

*Financial position* The financial position of the Company deteriorated as its accumulated loss of Rs 4.61 crore (31 March 2003) increased to Rs 9.25 crore (31 March 2007) which had partially eroded the paid-up capital of Rs 11.80 crore as on that date.

*Productions and sales performance of manufacturing units* Out of five production units, three units were incurring losses continuously on account of low capacity utilisation due to lack of adequate demand from the State Government Departments and inability of the Company to market its products in the open market.

*Avoidable extra expenditure* The Company purchased major portion of food grains for manufacturing cattle feed during off season resulting in incurring of avoidable extra expenditure of Rs 54.35 lakh.

*Performance of trading units* Out of 20 trading units and one petrol pump, 10 units were continuously incurring losses and loss suffered by these units during five years up to 2006-07 amounted to Rs 1.59 crore due to inaction of the Management to improve their working.

*Manpower management* The Government/Company failed to reduce the surplus manpower. Salary and wages paid to surplus manpower during the period 2003-2007 amounted to Rs 1.10 crore.

## **Information Technology Review of Computerised Reservation of Hotel Rooms in Himachal Pradesh Tourism Development Corporation Limited**

The Company introduced (1993) software computerised 'Central Hotel Reservation System' (CHORES) for hotel reservation facility only at Central Reservation Office (CRO), Shimla.

*Non-framing of policies for computerisation and other shortcomings in the System*

No policies relating to computerisation have been framed by the Company. There was delay in adopting various changes made by the Company from time to time in the rent rates, etc. in the computerised system resulting in faulty reports. The Company failed to recover cancellation charges of Rs 2.42 crore from the customers who reserved the rooms in the hotels at nil advances due to defect in the System. The Company completed (March 2007) Local Area Network (LAN) in three units at a cost of Rs 10.88 lakh but as the System had no provision to upload the data from the online hotel reservation system; the basic purpose of LAN was defeated.

## **HIMACHAL PRADESH STATE ELECTRICITY BOARD**

### **Tariff, Billing and Collection of revenue**

The Himachal Pradesh State Electricity Board (Board) was incorporated (September 1971) for generation, transmission and distribution of electricity in an efficient and economical manner in the State. Sale of power is regulated with reference to the tariff fixed by the Himachal Pradesh Electricity Regulatory Commission (HPERC) from time to time.

*Non-filing/delay in filing of Aggregate Revenue Requirement*

Failure of the Board to file tariff petitions annually in time with complete details and justifiable data resulted in loss of Rs 154.86 crore and delay in recovery of Rs 533.72 crore.

*Non-restructuring of high cost debts*

The Board failed to restructure its high cost debts resulting in loss of Rs 48.21 crore due to non-adjustment of interest through tariff.

***Excess transmission and distribution losses***

Failure of the Board to reduce transmission and distribution losses as per the targets fixed by HPERC resulted in loss of potential revenue of Rs 79.75 crore.

***Non-recovery of cost share***

Failure of the Board to recover from the consumers share of cost of providing connections resulted in undue favour of Rs 10.48 crore to them.

***Failure to bill the consumers in accordance with the laid down procedure***

The Board failed to bill the consumers in accordance with the laid down procedure/directions of HPERC resulting in non-recovery of revenue of Rs 70.40 crore.

***Inefficiency in collection of revenue***

The amount of permanent default from the consumers increased from Rs 5.70 crore in 2002-03 to Rs 7.02 crore in 2006-07 due to failure of the Board to take effective steps to recover the default amount.

**Implementation of Accelerated Power Development Reforms Programme**

Accelerated Power Development Programme subsequently (2002-03) modified and rechristened as Accelerated Power Development Reforms Programme (APDRP) focuses on up-gradation of sub-transmission and distribution system in densely electrified zones in the urban and industrial areas and improvement in the commercial viability of the State Electricity Boards.

***Non-preparation DPRs keeping in view the requirements of the filed units***

The Board did not prepare Detailed Project Reports for various schemes to be implemented under APDRP keeping in view the requirements of the field units. During execution of projects, the cases of deviation/variation in the execution of projects were noticed.

***Delay in release of funds by the State Government to the Board***

The State Government delayed the release of APDRP funds aggregating Rs 228.46 crore to the Board by 7 to 637 days thereby making itself liable to pay Rs 9.09 crore as penal interest to the GOI. Besides, the Board had to pay Rs 1.01 crore on account of interest at the rate of 12 per cent on loan component of Rs 16.39 crore for the period of delay in release of funds by the State Government.

*Loss of revenue due to delay/non-execution of works*

Delay in completion/non-execution of targeted works resulted in loss of potential revenue of Rs 15.32 crore as envisaged in the APDRP schemes.

*Avoidable extra expenditure*

The Board incurred avoidable extra expenditure of Rs 35.99 crore due to allotment of work at higher rates, failure to purchase the material in bulk, use of conductor of higher size, delay in completion of works, non-receipt of material, etc.

### **Information Technology Review of computerised booking in Himachal Road Transport Corporation**

*Absence of planning and shortcomings in the System*

The Corporation introduced (1995-96) in-house developed software for booking of tickets and loaded it on computers installed at 15 locations under eight Regional Offices at a cost of Rs 15 lakh.

During the last 11 years, the Corporation had not formulated any strategic plan for computerisation. There was neither any password policy nor the system of taking back ups regularly. The System did not contain refund module for computerised cancellation of tickets, the depot codes were not fed correctly and the System accepted advance booking even after issuance of way bills. There was lack of consistency in executable programs working in different booking counters. Resultantly, leakage of revenue could not be ruled out.

### **TRANSACTION AUDIT OBSERVATIONS**

*Avoidable loss*

Non-acceptance of rate by Himachal Pradesh State Forest Corporation Limited offered by a party for bulk purchase of turpentine oil despite known decreasing trend in rates resulted in a loss of Rs 18.04 lakh due to subsequent sale of turpentine oil at lower rates.

*Undue favour to a contractor*

In addition to payment of price variation increase of Rs 42.19 lakh as per the standard price variation formula incorporated in the agreement, the Beas Valley Power Corporation Limited paid further price variation increase of Rs 82.10 lakh to the contractor resulting in undue favour to him.



<b><i>Avoidable payment of interest</i></b>	Failure of the Himachal Pradesh State Electricity Board to exercise the option available for redemption of bonds of Rs 58.44 crore after five years resulted in avoidable payment of interest of Rs 6.89 crore for the period beyond fifth year.
<b><i>Undue favour to supplier</i></b>	The merger of excise duty in the ex-works rates by the Himachal Pradesh State Electricity Board though the supplier was exempted from payment of the same, resulted in extending of an undue favour of Rs 1.29 crore to the supplier on the purchase of conductor.
<b><i>Avoidable overpayment</i></b>	Failure of the Himachal Pradesh State Electricity Board to fix rates for supply of conductors as per instructions contained in the tender document resulted in avoidable overpayment of Rs 78.64 lakh.
<b><i>Avoidable payment of excise duty</i></b>	Failure of the Himachal Pradesh State Electricity Board to obtain documentary evidence of payment of excise duty from the supplier before releasing the payment resulted in avoidable payment of excise duty of Rs 73.48 lakh.
<b><i>Loss on sale of surplus land</i></b>	The Himachal Pradesh State Electricity Board sold its surplus land at Barmana having market value of Rs 1.17 crore to a private party for Rs 47.87 lakh resulting in loss of Rs 69.13 lakh coupled with interest loss of Rs 13.32 lakh due to accepting the total agreed cost after 22 months from the date of agreement.
<b><i>Loss due to injudicious decision and its improper implementation</i></b>	Injudicious decision of Himachal Road Transport Corporation to provide free travelling facility to the cancer/spinal injury patients in its buses and its improper implementation resulted in loss of Rs 49.23 lakh.