

**EPITOME OF THE CAG'S AUDIT
REPORTS FOR THE STATE OF
HIMACHAL PRADESH FOR THE
YEAR ENDED 31 MARCH 2013**

Preface

This brochure presents, at a glance, the important contents of the Reports of the Comptroller and Auditor General of India on State Finances, Social, General and Economic Sectors (Non-Public Sector Undertakings), Revenue Sector and Public Sector Undertakings (Economic Sector) relating to the Government of Himachal Pradesh for the year ended 31 March 2013. 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 Reports on State Finances, Revenue and Receipts and Social, General and Economic Sectors (Non-Public Sector Undertakings), and the Committee on Public Undertakings (COPU) in respect of Report on Public Sector Undertakings (Economic Sector). The Government departments are to submit *suo motu* Action Taken Notes on all Audit Paragraphs and Reviews to the respective Committee, duly vetted by Audit. The Committee selects some of the paragraphs/reviews for detailed examination after which a report containing their observations and recommendations is presented to the Vidhan Sabha.

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

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



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Time Series Data on State Government Finances

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Part-A: Receipts					
1. Revenue Receipts	9,308	10,346	12,711	14,543	15598
(i) Tax Revenue	2,242 (24)	2,574(25)	3,643(29)	4,108 (28)	4626 (30)
Taxes on Sales, Trade, etc.	1,246 (56)	1,487(58)	2,101(58)	2,477 (60)	2728 (59)
State Excise	432 (19)	500(19)	562(15)	707 (17)	810 (18)
Taxes on Vehicles	136 (6)	134(5)	163(4)	176 (4)	196 (4)
Stamps and Registration fees	98 (4)	113(4)	133(4)	155 (4)	173 (4)
Taxes and Duties on electricity	79 (4)	39(2)	302(8)	185 (5)	262 (6)
Land Revenue	20 (1)	15(1)	5(0.1)	18 (11)	24
Taxes on Goods and Passengers	62 (3)	89(3)	93(3)	94 (2)	101 (2)
Other Taxes	169 (7)	197(8)	284(8)	296 (7)	332 (7)
(ii) Non Tax Revenue	1,756(19)	1,784(17)	1,695(13)	1,915 (13)	1377 (9)
(iii) State's share of Union taxes and duties	838 (9)	862 (8)	1,715(13)	1999 (14)	2282(14)
(iv) Grants in aid from Government of India	4,472(48)	5,126(50)	5,658(45)	6,521 (45)	7313 (47)
2. Miscellaneous Capital Receipts	---	--	646	--	-
3. Recoveries of Loans and Advances	21	34	73	25	21
4. Total Revenue and Non debt capital receipts (1+2+3)	9,329	10,380	13,430	14,568	15619
5. Public Debt Receipts	2,249	2,553	2,411	1,984	3371
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,237 (99)	2,484 (97)	2,372 (98)	1,904 (96)	3239 (96)
Net transactions under Ways and Means Advances and Overdrafts	--	--	-	--	-
Loans and Advances from Government of India	12 (1)	69(3)	39	80 (4)	132 (4)
6. Total Receipts in the Consolidated Fund (4+5)	11,578	12,933	15,841	16,552	18990
7. Contingency Fund Receipts	--	--	--	--	-
8. Public Account Receipts	6,760	6,821	8,507	9,237	9146
9. Total Receipts of the State (6+7+8)	18,338	19,754	24,348	25,789	28136
Part-B: Expenditure/disbursement					
10. Revenue Expenditure	9,438	11,151	13,946	13,898	16174
Plan	877 (9)	1,238(11)	1,652(12)	1,701 (12)	2079 (13)
Non Plan	8,561 (91)	9,913 (89)	12,294(88)	12,197(88)	14095 (87)

	2008-09	2009-10	2010-11	2011-12	2012-13
General Services (including interest payments)	3,918 (42)	4,377(39)	5,279(38)	5,690 (41)	6618 (41)
Social Services	3,332 (35)	3,902(35)	4,979(35)	5,147 (37)	6131 (38)
Economic Services	2,184 (23)	2,868 (26)	3,682(26)	3,049 (22)	3418 (21)
Grants-in-aid and contributions	4 (--)	4 (--)	6 (--)	12 (--)	7 (-)
11. Capital Expenditure	2,079	1,943	1,789	1,810	1955
Plan	1,992 (96)	1,895(98)	1,774(99)	1,764 (97)	1859 (95)
Non Plan	87 (4)	48(2)	15(1)	46 (3)	96 (5)
General Services	64 (3)	63(3)	73(4)	73 (4)	74 (4)
Social Services	833 (40)	610(31)	611(34)	372 (21)	436 (22)
Economic Services	1,182 (57)	1,270(65)	1,105(62)	1,365 (75)	1445 (74)
12. Disbursement of Loans and Advances	90	70	227	493	469
13. Total (10+11+12)	11,607	13,164	1,5962	16,201	18598
14. Repayments of Public Debt	885	867	870	1,128	2117
Internal Debt (excluding Ways and Means Advances and Overdrafts)	829	811	808	1,034	2056
Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	-
Loans and Advances from Government of India	56	56	62	94	61
15. Appropriation to Contingency Fund	--	--	--	--	-
16. Total disbursement out of Consolidated Fund (13+14+15)	12,492	14,031	16,832	17,329	20715
17. Contingency Fund disbursements	--	--	--	--	-
18. Public Account disbursements	5,690	6,421	7,162	8,526	8285
19. Total disbursement by the State (16+17+18)	18,182	20,452	23,994	25,855	29000
Part-C: Deficits					
20. Revenue Deficit (-) / Revenue Surplus (+) (1-10)	(-) 130	(-) 805	(-)1235	(+) 645	(-) 576
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 2,278	(-) 2,784	(-)2,532	(-) 1,633	(-) 2979*
22. Primary Deficit (-)/ Surplus (+) (21+23)	(-) 384	(-) 828	(-)582	(+) 497	(-) 609
Part-D: Other data					
23. Interest Payments (included in revenue expenditure)	1,894	1,956	1,950	2,130	2370
24. Financial Assistance to local bodies etc.	582	718	849	981	1203

	2008-09	2009-10	2010-11	2011-12	2012-13
25. Ways and Means Advances / Overdraft availed (days)	--	--	--	--	-
Ways and Means Advances availed (days)	--	--	--	--	-
Overdraft availed (days)	--	--	--	--	-
26. Interest on Ways and Means Advances/ Overdraft	--	--	--	--	-
27. Gross State Domestic Product (GSDP)[¶]	41483 (22.10)	48188 (16.16)	56355 (16.95)	63812 (13.23)	72076 (12.95)
28. Outstanding Fiscal liabilities (year end)	21819	23713	26415	28228	30442
29. Outstanding guarantees (year end) (including interest)	2291	1949	3910	3316	3353
30. Maximum amount guaranteed (year end)	6076	4361	6232	6208	9455
31. Number of incomplete projects	17	29	11	13	12
32. Capital blocked in incomplete projects	96	108	86	930	115
Part-E: Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax revenue/GSDP	0.05	0.05	0.06	0.06	0.06
Own Non-Tax Revenue/GSDP	0.04	0.04	0.03	0.03	0.01
Central Transfers/GSDP	0.02	0.02	0.03	0.03	0.03
II Expenditure Management					
Total Expenditure/GSDP	0.28	0.28	0.28	0.25	0.26
Total Expenditure/Revenue Receipts	1.25	1.27	1.26	1.11	1.19
Revenue Expenditure/Total Expenditure	0.81	0.85	0.87	0.86	0.86
Expenditure on Social Services/Total Expenditure	0.36	0.34	0.35	0.34	0.35
Expenditure on Economic Services/Total Expenditure	0.29	0.31	0.30	0.27	0.26
Capital Expenditure/Total Expenditure	0.18	0.15	0.11	0.11	0.11
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.17	0.14	0.11	0.11	0.10

	2008-09	2009-10	2010-11	2011-12	2012-13
III Management of Fiscal Imbalances (In per cent)					
Revenue deficit (surplus)/GSDP	(-) 0.31	(-) 1.67	(-) 2.19	(+) 1.01	(-) 0.80
Fiscal deficit/GSDP	(-) 5.49	(-) 5.78	(-) 4.49	(-) 2.56	(-) 4.13
Primary Deficit (surplus) /GSDP	(-) 0.93	(-) 1.72	(-) 1.03	(+) 0.78	(-) 0.84
Revenue Deficit/Fiscal Deficit	(-) 5.71	(-) 28.92	(-) 48.78	NA	19.34
Primary Revenue Balance/GSDP (ratio)	(-) 0.049	(-) 0.059	(-) 0.058	(-) 0.024	0.041
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.53	0.50	0.47	0.44	0.42
Fiscal Liabilities/RR	2.34	2.29	2.07	1.94	1.95
Primary deficit vis-à-vis quantum spread	(-) 0.153	(-) 0.823	(-) 0.284	(+) 0.250	(-) 0.44
Debt Redemption (Principal +Interest)/ Total Debt Receipts	0.92	0.94	0.22	0.23	0.26
V Other Fiscal Health Indicators					
Return on Investment	89.58	73.49	64.11	85.65	100.09
Balance from Current Revenue (₹ in crore)	(-) 1423	(-) 2642	(-) 2607	(-) 1529	-3284
Financial Assets/Liabilities	0.68	0.67	0.66	0.70	0.70
Revenue Expenditure: Basic Parameters					
Revenue Expenditure (RE) (₹ in crore)	9438	11151	13946	13898	16174
Rate of Growth (per cent) RE	13.82	18.15	25.06	(-) 0.34	16.38
Non-Plan Revenue Expenditure (NPRE) (₹ in crore)	8561	9913	12294	12197	14095
Rate of Growth (per cent) NPRE	20.75	15.79	24.01	(-) 0.79	15.56
Plan Revenue Expenditure (₹ in crore)	877	1238	1652	1701	2079
Rate of Growth (per cent) PRE	(-) 27.04	41.16	33.44	2.97	22.22
NPRE/GSDP (per cent)	20.64	20.57	21.81	19.11	19.56
RE/TE ² (per cent)	81.95	85.16	88.63	85.78	86.97
NPRE as per cent of TE	73.76	75.30	77.02	75.29	75.79
NPRE as per cent of RR	91.97	95.81	96.72	83.87	90.36
Percentage of NPRE to RE	90.70	88.90	88.15	87.76	87.15
PRE to RE	9.30	11.10	11.85	12.24	12.85
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.63	1.123	1.48	(-) 0.015	1.26
RRs (ratio)	7.59	1.63	1.09	(-) 0.02	2.26
NPRE (ratio)	0.67	1.15	1.04	(-) 0.43	1.05
PRE (ratio)	(-) 0.51	0.44	0.75	(-) 0.12	0.74

Figures in brackets represent percentages (rounded) to total of each sub-heading

* Actual ₹ 2978.41 crore

@ GSDP figures communicated by the Government adopted.

² Total expenditure excludes loan and advances.

AUDIT REPORT ON STATE FINANCES

Based on the audited accounts of the Government of Himachal Pradesh for the year ended 31 March 2013, this Report provides an analytical review of the Annual Accounts on the State Government.

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

FINANCES OF THE STATE GOVERNMENT

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

Summary of Finance Accounts

(₹ in crore)

Receipts	2011-12	2012-13	Disbursements	2011-12	2012-13		
	Total	Total		Total	Non Plan	Plan	Total
Section-A: Revenue							
Tax revenue	4108	4626	General Services	5690	6571	47	6618
Non-tax revenue	1915	1377	Social Services	5147	4853	1278	6131
Share of Union Taxes/ Duties	1999	2282	Economic Services	3049	2664	754	3418
Grants from Government of India	6521	7313	Grants-in-aid and Contributions	12	7	--	7
Revenue receipts	14543	15598	Revenue expenditure	13898	14095	2079	16174

Section-B: Capital and others							
Misc. Capital Receipts	--	--	Capital outlay	1810	96	1859	1955
Recoveries of Loans and Advances	25	21	Loans and advances disbursed	493			469
Public Debt receipts	1984	3371	Repayment of public debt	1128	--	2117	2117
Contingency Fund	--	--	Contingency Fund	--	--	--	--
Public account receipts	9237	9146	Public account disbursements	8526			8285
Opening cash balance	635	569	Closing cash balance	569			(-) 295
Total	26424	28705	Total	26424			28705

Fiscal correction path

The State had revenue surplus of ₹645 crore in 2011-12 which turned into revenue deficit of ₹576 crore during the current year 2012-13. The fiscal deficit increased from ₹1633 crore in 2011-12 to ₹2979 crore in 2012-13 and was 4.13 *per cent* of Gross State Domestic Product (GSDP), which was above the Fiscal Responsibility and Budget Management (FRBM) target of three *per cent*. The revenue expenditure increased by ₹2276 crore (16 *per cent*) and revenue receipts increased by ₹1055 crore but non-tax revenue fell sharply by ₹538 crore (28 *per cent*) during 2012-13 over the previous year. During 2012-13, the State had achieved the target of 44.4 *per cent*, 40.10 *per cent* and 41.03 *per cent* in respect of ratio of total outstanding debt of the government to GSDP as set out in FRBM Act, budget and Medium Term Fiscal Plan Statement (MTFPS), respectively. The

Increase in fiscal liabilities

State, however, could not achieve the targets of revenue deficit as set out in FRBM and fiscal deficit as set out in FRBM and MTFPs.

Fiscal liabilities of the State increased from ₹ 21819 crore in 2008-09 to ₹ 30442 crore in 2012-13. The rate of growth of fiscal liabilities was eight *per cent* during 2012-13. The ratio of fiscal liabilities to GSDP consistently decreased to 42.24 *per cent* in 2012-13 from 52.60 *per cent* in 2008-09.

Oversight of funds transferred directly to the State implementing agencies

During 2012-13, Government of India (GOI) directly transferred ₹1202 crore to various State implementing agencies without routing through the State budget. There is no single agency in the State to monitor the funds directly transferred by the GOI to the implementing agencies and no data readily available as to how much money has actually been spent in a particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies and funded directly by the GOI.

System to ensure proper accounting of funds

A system has to be put in place to ensure proper accounting of funds transferred directly by the GOI and the updated information should be validated by the State government as well as Accountant General (A&E).

Dependency on central transfers

Central tax transfers and grants-in-aid (₹9595 crore) from GOI constituted 61.51 *per cent* of the total revenue receipts of the State Government during 2012-13.

Non-developmental expenditure and interest payments

Expenditure on General Services (including interest payments), which is considered as non-developmental expenditure, was 41 *per cent* of the revenue expenditure during the year 2012-13.

Review of government investments

The interest payments increased by 25 *per cent* from ₹ 1894 crore in 2008-09 to ₹ 2370 crore in 2012-13 and increased by ₹ 240 crore during the current year. The major source of borrowings is market loans at interest rates varying from five to 13.99 *per cent*. Interest payments exceeded the Th FC projections (₹ 2039 crore) and MTFPS (₹ 2,250 crore) projections for the current year.

The average return on investment by the government in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was 3.18 *per cent* while the government paid an average interest of 8.28 *per cent* during 2008-13 on its borrowings from Central government/financial institutions. The government may consider taking appropriate measure to ensure better value for money in investments.

Unbundling of Himachal Pradesh State Electricity Board

The Government of Himachal Pradesh notified the Himachal Pradesh Power Sector Reforms Transfer Scheme 2010 to transfer the assets amongst the three companies. The unbundling in true spirit as envisaged in Electricity Act, 2003 has not been achieved as Himachal Pradesh State Electricity Board Limited (HPSEBL) is still managing / operating all existing generating and transmission network except 13 transmission lines alongwith distribution activities. As regards HPSEBL, against the investment of ₹1021.78 crore made by the Government, the company had accumulated losses of ₹885.59 crore as per the latest finalised accounts for the year 2010-11.

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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

Summary of Appropriation Accounts

(₹ in crore)

Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted					
Revenue	15137.16	677.38	15814.54	15635.58	(-) 178.96
Capital	2009.44	122.09	2131.53	2027.53	(-) 104.00
Loans and Advances	367.17	16.22	383.39	468.58	(+) 85.19
Total Voted	17513.77	815.69	18329.46	18131.69	(-) 197.77
Charged					
Revenue	2287.26	50.44	2337.70	2410.57	(+) 72.87
Capital	--	4.03	4.03	4.03	--
Public Debt-Repayment	1937.30	--	1937.30	2116.96	(+) 179.66
Total Charged	4224.56	54.47	4279.03	4531.56	(+) 252.53
Appropriation to Contingency Fund (if any)					
	--	--	--	--	--
Grand Total	21738.33	870.16	22608.49	22663.25	(+) 54.76

Savings/ Excess

The overall excess expenditure of ₹54.76 crore registered under Grants/ Appropriation during the year 2012-13 was the result of excess of ₹703.08 crore in six Grants and

three Appropriations under Revenue Section and six Grants and one Appropriation under Capital Section, offset by saving of ₹648.32 crore in 26 Grants and four Appropriations under Revenue Section and 22 Grants and one Appropriation under Capital Section.

Excess expenditure not regularised

Expenditure amounting to ₹3877.95 crore incurred by the Government during the years 2009-12 in excess of the amount sanctioned by the legislature was yet to be regularised. Besides, during 2012-13, excess expenditure was incurred in 12 Grants and four appropriations aggregating ₹703.08 crore over the Grant/ appropriation authorised by the Legislature. The excess expenditure requires regularisation under Article 205 of the Constitution of India.

Supplementary grants

Supplementary grant aggregating ₹185.38 crore obtained in seven cases, exceeding ₹50 lakh in each case, proved unnecessary as the expenditure did not come up to the level of original provision during the year. Supplementary provision of ₹95.31 crore obtained in three cases (more than ₹ one crore in each case) proved insufficient leaving an aggregate uncovered excess expenditure of ₹81.21 crore.

Injudicious re-appropriation

Injudicious re-appropriation proved excessive or insufficient and resulted in savings/ excess of over ₹10 lakh in 146 sub-heads. Of these, excess/ savings of more than ₹ two crore occurred in 43 sub-heads. Further, there was an excess expenditure of ₹184.75 crore under Grant No. 29-Finance under the head 6003-109-11 (Other Non-Subsidiary Loan Register Borrowings/ Infrastructure Development Board)

where the re-appropriation of ₹1.23 crore proved to be insufficient.

**Outstanding Detailed
Countersigned
Contingency bills**

Thirty one Drawing and Disbursing Officers (DDOs) withdrew an amount of ₹46.04 crore through Abstract Contingency bills during 2008-13. Against this, Detailed Countersigned Contingency bills for ₹27.92 crore were pending from them as of July 2013.

FINANCIAL REPORTING

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

**Delay in furnishing
utilisation Certificates**

Utilisation certificates (UCs) for ₹1339.06 crore due in respect of grants and loans remained to be sent to the Accountant General as of March 2013 from various Departments which included 54 UCs involving ₹14.82 crore lying pending for more than three years.

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

Of 52 cases, involving ₹82.77 lakh during a span of one year to 25 years and above, departmental proceedings and criminal investigations were awaited in 19 cases involving ₹23.23 lakh (28 per cent).

AUDIT REPORT ON REVENUE SECTOR

Introduction

To promote excellence in the quality of governance, constitution provides a framework of accountability of the executive to the Legislature through the institution of the Comptroller and Auditor General of India (CAG).

The audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This volume is based on the Comptroller and Auditor General of India's Audit Report for the year 2012-13 - Government of Himachal Pradesh on Revenue Sector.

The Report contains one performance audit and other important audit findings on the working of various departments on non / short levy of taxes, duty and interest penalty, etc., involving financial effect of ₹ 781.44 crore. The Departments/ Government had accepted audit observations involving ₹ 252.96 crore, out of which ₹ 241.07 crore had been recovered.

Trend of Revenue Receipts

The total receipts of the Government for the year 2012-13 were ₹ 15,598.14 crore. The revenue raised by the Government through its own sources during the year was ₹ 6,003.05 crore accounted for 38 *per cent* of total revenue. The remaining 62 *per cent* i.e. ₹ 9,595.09 crore was from the Government of India as Grants-in-aid and State's share of net proceeds of indivisible union taxes and duties.

Audit findings

Excise and Taxation Department

Performance audit on "Levy and Collection of Passenger and Goods Tax"

Deficiencies / lacunae in the Acts led to lack of co-ordination between RLAs / RTOs and AETCs

There was no provision in the Motor Vehicles Tax Act regarding sharing of information of registration of a new vehicle, cancellation of registration certificates, issue/ renewal of fitness certificate and grant of no objection certificate in

case of transfers by the Registering and Licensing Authorities/ Regional Transport Officers (RLAs/ RTOs) with the concerned Assistant Excise and Taxation Commissioner (AETC) which led to non-registration of commercial vehicles under the Himachal Pradesh Passengers and Goods Taxation (HPPGT) Act.

Non-registration of Goods and passenger vehicles with Excise and Taxation Authorities

Lack of co-ordination between the concerned RLAs/ RTOs and AETCs ensuring registration of all commercial vehicles with both of them resulted in non-registration of 13,314 vehicles and non-realisation of Passenger and Goods Tax (PGT) amounting to ₹14.53 crore.

Non-realisation of Goods and passenger tax

The owners of 5485 vehicles, had not deposited the Goods and passengers tax of ₹6.77 crore. Neither certificates of registration were deposited by them with the registering authorities nor the AETCs/ Excise and Taxation Officer issued demand notices to them.

Non / delayed authorization / registration of firms for levy and collection of Additional Goods Tax (AGT)

- (i) No provision had been made in the Act to register assesseees for Additional Goods Tax (AGT) under HPPGT Act similar to that of registration of dealers for Sales Tax/ Value Added Tax (VAT). Thus, eight firms under AETC Solan though authorized (September 2011) to collect AGT, had not been registered as such till February 2013.
- (ii) The ETO Nalagarh had identified 13 firms, selling/ transporting goods which were duly registered under Sales Tax/ VAT but had not been brought under the purview of AGT.

- (iii) Neither a database regarding number of firms, companies, contractors/ lessees dealing with the transportation of goods included in Schedule II of the Act, had been maintained nor any system devised to bring these firms under the purview of HPPGT Act for levy and realisation of AGT.

Non-levy of AGT on contractors

AGT of ₹33.60 lakh was neither paid by two private contractors nor demanded by the Department for transportation of shale whereas the Government contractor had paid the AGT for such supply.

Undue benefit to limestone mine lessees

As per records of the Mining Officer, 38 lessees extracted 50,95,231.45 metric tonnes (MT) of limestone and 1,694.71 MT of barytes on which AGT of ₹14.53 crore was leviable. Some lessees were selling limestone to the units set up adjacent to the mining areas or just before the excise barrier. AGT of ₹7.76 crore was charged on the limestone and barytes transported through the barriers but the balance amount of ₹6.77 crore had been evaded where barriers were not existing on the way.

Non-maintenance of demand and collection register (DCR)/ daily collection of tax register

DCR had not been maintained by the ETO, Nalagarh in respect of 415 vehicles transferred for realisation of goods tax by the AETC, Baddi and no notices had been issued to the owners of vehicles to deposit the tax. In the absence of DCR, recoverable goods tax of ₹78.24 lakh whether paid or not, could not be verified.

Eight AETCs had not maintained the daily collection registers, in the absence of that revenue realised could not be verified. Besides, AETCs Baddi, Solan and Shimla had not obtained the copies of treasury challans of tax deposited by the owners of vehicles which resulted in non updating of accounts of these tax payers.

Non-payment of tax

The owners of 244 goods and passenger vehicles registered with Excise and Taxation Department had not paid even a single installment of goods / passenger tax from the date of registration. Besides, the owners of 170 vehicles had paid only one installment of tax at the time of registration and did not turn up thereafter. The department had neither issued any demand notice nor owners of these vehicles turned up to pay the tax of ₹91.93 lakh.

Non-recovery of goods tax from contractor

A contractor, who was executing a project work, had a fleet of 37 goods vehicles registered with ETO, Kinnour. The AAs had neither assessed/ demanded the accrued goods tax of ₹13.61 lakh nor was it ever paid by the contractor.

Non-monitoring of arrears

Out of 478 cases of state carriages, 75 cases involving ₹2.07 crore of passenger tax were referred to the Collectors to recover under Arrear of Land Revenue (ALR). In remaining 403 cases the arrears of ₹6.49 crore pending for recovery since 1969-70 were neither recovered by the Department nor referred to the Collectors as ALR nor transferred to concerned Regional Transport Authorities (RTA) of the State for recovery.

Non-submissions of returns

The in-charges of barriers/ check-posts had neither sent any return of passenger and goods tax deposited with them to the AETCs with whom the vehicles were registered nor concerned AETCs had taken up the matter with them to furnish such return.

Recommendations**The Government may consider:**

- creating a dynamic master database with the Excise and Taxation Commissioner (ETC), based on information received from the Transport Department, to be used for monitoring the expected and actual revenue flows from the AETCs in respect of goods and passenger tax;
- prescribing suitable returns to be filed periodically by the AETCs with the ETC showing the consolidated status of all commercial vehicles with respect to revenue collection indicating details of defaulters;
- ensuring close monitoring of preparation of daily collection register and demand and collection registers by the Drawing and Disbursing Officers (DDOs) and higher officers;
- erecting sufficient number of check-posts/ barriers at all the entry points at borders and mining areas within the State to plug evasion of PGT/ AGT on inter or intra transportation of goods and passengers; and
- making registration of commercial vehicles compulsory with the concerned

AETCs simultaneously with their registration with the RTOs/ RLAs.

Thematic audit on “Allowance of Tax”

Excess allowance of ITC

Assessing Authorities (AAs) had incorrectly allowed the Input Tax Credit (ITC) of ₹1.41 crore on closing stock by applying different methods which had deferred the tax liability in respect of 119 assessees which otherwise was recoverable for the tax periods on the date of assessment. This resulted in excess allowance of ITC of ₹2.13 crore including interest of ₹72.30 lakh.

Allowance of ITC without list of purchases

Fifty three returns for the tax period 2006-07 to 2010-11 were accepted by four AETCs without list of purchases and allowed ITC on such incomplete returns which resulted in irregular allowance of ₹4.01 crore.

Allowance of ITC without tax invoices

AA had allowed ITC for the period 2006-07 to 2007-08 without original tax invoices and mandatory Indemnity Bond, resulting in irregular allowance of ITC of ₹3.19 crore including interest.

Non-maintenance of the database regarding input tax credit

No database regarding ITC was maintained either at the ETC level or at district levels. Thus, it was impossible to check fraudulent / false claims ITC.

Thematic audit on “Non / Short recovery of State Excise Duty and License Fee”

Non-levy of excise duty due to non-invoking of provisions of bond

Two distilleries and one brewery were failed to furnish 89 certificates in form L-38 on arrival of exported Indian Made Foreign Liquor/ Beer/ Extra Neutral Alcohol at destination within a time limit. Non-invoking of provisions of bonds till March 2013 resulted in loss of excise duty of ₹99.24 lakh.

Low yield of spirit from molasses	Low yield of 2,48,114.16 proof liters of spirit from molasses in one distillery resulted in short collection of excise duty of ₹24.81 lakh.
Non-levy of interest on belated payment of license fee/ additional license fee	Twenty three licensees had deposited license fee of ₹11.51 crore with a delay ranged between three to 180 days on which they were liable to pay interest of ₹9.19 lakh but AETCs did not levy the same. Another licensee had paid additional license fee of ₹3.09 lakh instead of ₹4.96 lakh which resulted in short recovery of ₹1.87 lakh.
Non-recovery of salaries of excise establishment posted at distillery/ bonded ware houses	In five AETCs, salaries of ₹1.53 crore of excise establishment posted in three distilleries and 10 bonded warehouses were neither demanded by the department nor paid by the licensees for the period 2008-09 and 2011-12 which resulted in non-recovery of dues to that extent.

Results of Transaction Audit

(A) Excise and Taxation Department

Taxes/ VAT on Sale, Trade etc.

Incorrect deduction of cost of material	In three AETCs, a deduction of ₹28.53 crore from the Gross Turn Over (GTO) was allowed on account of material supplied by the Departments to contractors for the execution of the works in contravention of the provisions of the Act/ decision of the Hon'ble Supreme Court, resulting in underassessment of the tax of ₹2.25 crore including interest.
Application of incorrect rate of tax	In two AETCs, the intra state sales of ₹16.69 crore in respect of 10 dealers was assessed at the rate of four or five <i>per cent</i> instead of 12.50 <i>per cent</i> which resulted in short

Wrong allowance of concessional rate of tax

finalisation of tax of ₹2.48 crore including interest.

Two AETCs had incorrectly applied concessional rate of tax of one *per cent* instead of two to four *per cent* on inter-state sale of ₹279.40 crore during assessment for the years 2005-06 to 2009-10 in respect of 10 industrial units who had not employed mandatory 80 *per cent* bonafide *Himachalis* in their units as per notification of Excise and Taxation Department Government of Himachal Pradesh which resulted in underassessment of the tax of ₹11.50 crore including interest.

Non-levy of tax on entry of goods

One assessee had brought heavy machineries valuing ₹25.73 crore in Himachal Pradesh on 'F'-forms from Madhya Pradesh for execution of Hydro Electric Project. The department, however, had not levied entry tax of ₹1.29 crore leviable on the value of goods.

Evasion of tax due to acceptance of invalid, duplicate and defective 'C' and 'F' forms

Acceptance of defective/ incomplete/ duplicates statutory forms 'C' and 'F' by the five assessing authorities and allowing exemption/ concessional rate of tax to 23 dealers resulted in short levy of tax of ₹1.95 crore including interest.

Incorrect determination of turnover

AAs while finalising the assessments of five dealers, the GTO was assessed at ₹71.10 crore as against ₹89.27 crore, after ignoring gross receipts/ turnover determined lesser by assesses or assessed on lower side compared to the certified receipts. Thus, short assessment of GTO by ₹18.18 crore resulted in short levy of tax of ₹1.44 crore including interest.

(B) Revenue Department

Incorrect preparation of valuation report by Patwaris and incorrect determination of market value of properties

In 22 sub registrars, incorrect preparation of valuation reports and incorrect determination of the market value of properties by *Patwaris* in 355 cases resulted in short realisation of stamp duty and registration fee of ₹2.56 crore.

Non-valuation of property by Collector/ District Valuation Committee

In two sub registrars, non-valuation of property by the Collector/ District Valuation Committee and due to change of classification of land, 20 cases were registered at ₹2.26 crore instead of ₹6.46 crore which resulted in short realisation of stamp duty and registration fee of ₹24.12 lakh.

(C) Transport Department

Short/ non-recovery of Special road tax/ penalty from the Himachal Road Transport Corporation and Private Stage Carriages

The Special Road Tax (SRT) aggregating ₹14.88 crore was neither demanded by the RTOs nor deposited by the HRTC/ Private Stage Carriages.

Non-realisation of taxes

The token tax and entry tax of ₹1.76 crore was neither deposited nor any action to recover these taxes from the 4,040 vehicle owners, had been taken by the taxation authorities.

(D) Forest Department

Illicit felling of trees

In four forest divisions, laxity in timely detection of illicit felling of trees, on the part of the field staff resulted in short seizure 333.497 cubic meter (cu.m) standing volume of timber and loss of revenue of ₹94.69 lakh.

Blocking of revenue due to non-disposal of

In eight forest Ranges, the Department had seized timber measuring 276.687cu.m valuing

seized timber

₹1.42 crore including VAT of ₹17.14 lakh at market rates of 2011-12 but no efforts were made to dispose off seized timber which not only resulted in blocking of revenue to that extent, but also incurrence of expenditure on watch and ward and further deterioration of timber.

Non-realisation of revenue due to illegal construction of roads on forest land

In two forest divisions, six roads were constructed without prior approval of Ministry of Environment and Forests (MoEF)/ GOI on 14.57 *hectare* of forest land, which was not detected by the field functionaries of the department and resulted in enormous environmental loss, breakage of forest land besides, destruction of plantation and loss of revenue of ₹1.23 crore on account of Net Present Value and departmental charges which were otherwise payable to the department.

(E) Other Tax and Non-Tax Receipts

(a) MPP and Power Department

Non-deposit of electricity duty into Government account

Non-deposit of electricity duty of ₹493.40 crore by the Himachal Pradesh State Electricity Board resulted in non-recovery of revenue to that extent. Had the Board made payments on due dates the minimum interest liability of ₹34.06 crore on loans raised by the Government, could have been saved.

(b) Public Works Department

Non-credit of lapsed deposits to the government revenue account

Non-credit of lapsed deposits to the Government revenue account of ₹1.08 crore by eight, Buildings and Roads, divisions resulted in understatement of revenue to that extent.

AUDIT REPORT ON PUBLIC SECTOR UNDERTAKINGS (ECONOMIC SECTOR)

This Report contains a general overview about the State Public Sector Undertakings, two Performance audit on “Beas Valley Power Corporation Limited” and “Power Purchase Agreements”, executed by Himachal Pradesh State Electricity Board Limited.

This Report also contains 12 paragraphs based on a test check of the records of Government companies.

1. About the State Public Sector Undertakings

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of the State Government Companies are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by the CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2013, the State of Himachal Pradesh had 19 working PSUs (17 companies and two Statutory corporations) and two non-working companies, which employed 34,191 employees.

Investment in PSUs

As on 31 March 2013, the investment (capital and long-term loans) in 21 PSUs was ₹ 7,193.64 crore. The total investment in State PSUs, 98.90 *per cent* was in working PSUs and the remaining 1.10 *per cent* in non-working PSUs. The total investment consisted of 45.33 *per cent* as capital and 54.67 *per cent* as long-term loans. The equity has increased from ₹ 1,414.80 crore in 2008-09 to ₹ 3,260.73 crore in 2012-13. Power sector accounted for over 83.73 *per cent* of the total investment in 2012-13. The Government contributed ₹1,018.60 crore towards equity, loans and Grants/ subsidies during 2012-13.

Performance of Public Sector Undertakings

Out of 19 working PSUs for which the accounts were received upto September 2013, nine PSUs earned profit of ₹ 20.93 crore and six PSUs incurred loss of ₹ 425.16 crore. Three working

Government companies have not prepared their profit and loss accounts while in case of one working PSU, excess of expenditure over income was reimbursable by the State Government. Further, as per dividend policy of the State Government, all PSUs are required to pay a minimum return of three *per cent* on the paid up share capital contributed by the State Government. Out of nine PSUs earned an aggregate profit of ₹ 20.93 crore, only Himachal Pradesh State Civil Supplies Corporation Limited declared a dividend of ₹ 0.35 crore, which was 10 *per cent* of its paid up share capital.

Arrears in finalisation of accounts

Twelve working PSUs had arrears of 20 accounts as of September 2013. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remains outside the scrutiny of the State Legislature.

2. Performance audit relating to Government Companies

Performance Audit relating to "Beas Valley Power Corporation Limited" and "Power Purchase Agreements" were conducted. Important audit findings are as under:

2.1 Beas Valley Power Corporation Limited

The Government of Himachal Pradesh decided (February 1999) to take up the execution of the Uhl Hydro Electric Project Stage-III through a Special Purpose Vehicle (SPV) namely Himachal Pradesh Jal Vidyut Vikas Nigam Limited, which was subsequently renamed (November 2006) as Beas Valley Power Corporation Limited (Company).

Completion of project and interest-subsidy incentive

The project initially estimated to cost ₹ 431.56 crore for commissioning (March 2007) during 10th Plan is now anticipated to be completed at a

cost of ₹ 940.84 crore by September 2014 involving cost overrun of ₹ 509.28 crore. This has resulted in increase in *per MW* cost from ₹ 4.32 crore envisaged in the DPR to ₹ 9.41 crore *per MW* and *per unit* cost of ₹ 2.35 to ₹ 3.94. The delay in commissioning the project has caused surrendering (October 2007) interest subsidy incentive of ₹ 5.63 crore.

Irregular booking of unrelated cost

The project cost of Uhl Stage-III HEP was irregularly increased by ₹ 4.00 crore by charging the proportionate cost of 10 MW Ghanvi Stage-II HEP and assets created by HPSEBL which have no relation with this project.

Deviation from standard guidelines and procedures

The Company did not observe standard procedure as laid down in CPWD manual, guidelines issued by the Central Vigilance Commission and non adoption of uniform criteria while finalising the bidding documents / contract agreements.

Execution of civil works

The Company incurred avoidable extra expenditure of ₹ 19.18 crore due to non compliance of various contractual and statutory provisions besides blocking of funds of ₹ 67.93 lakh on abandoned works.

Extra expenditure due to delay in handling over the sites

The Company did not hand over the sites duly developed to the contractors in time resulted in extra expenditure of ₹ 38.61 crore on account of entry tax, overrun charges, insurance premium, hiring of mobile crane and price escalation.

2.2 Power Purchase Agreements

As per Hydro Power Policy notified (December 2006) by the State Government, the developer was permitted to establish, own, operate and maintain the Hydro Electric Project up to 40 years. Thereafter, the projects are to be transferred to the State Government.

Status of Power Purchase Agreements (PPAs) executed by the Company

To accelerate the development of small hydro projects a target of capacity addition of 409.94 Mega Watt (MW) was fixed during the period

2008-13, against which only 208.80 MW could be achieved.

Non-insertion of clause for recovery

In case of Neogal Hydro Project (15 MW), suitable clause for the recovery of survey and investigation expenditure was not inserted in the Implementation Agreement (IA); in absence of which the Company would not be able to recover survey and investigation expenditure of ₹ 4.81 crore.

Incorrect provision of rates for free power

The Company inserted a clause regarding provision of free power at 12 *per cent* in the PPA of Neogal Hydel Project instead of at 15/20 *per cent* as was envisaged in the Supplementary Implementation Agreement. This would result in total loss of free power to the State Government ₹ 41.20 crore during the entire operation life of the project.

Non-recovery of survey and investigation (S&I) charges

The HPSEBL failed to recover survey and investigation charges of ₹ 3.24 crore from three private parties as per the terms and conditions of the PPA.

Non-levy of liquidated damages

Though 28 hydro projects were commissioned after delays, no action to recover liquidated damages (LD) amounting to ₹ 3.71 crore was initiated by the HPSEBL as per provisions of PPAs.

Operation and Maintenance (O&M) charges for inter connection

At the end of March 2013, an amount of ₹ 1.23 crore (including penalty of ₹ 6.93 lakh) on account of operation and maintenance (O&M) was recoverable from 11 power producers.

Failure to initiate action against higher tariff

The Company has not initiated any action on the directions of the Appellate Tribunal of Electricity issued in September 2009 for fixation of tariff based on project specific cost and capacity utilisation factor (CUF) actually achieved resulting in an extra payment of ₹ 52.50 crore.

3. Audit of Transactions

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

Implementation of power tariff	Himachal Pradesh State Electricity Board Limited failed to recover energy charges from consumers in accordance with applicable tariffs/ laid down procedures and statutory provisions resulted in non/ short recovery of ₹ 33.08 crore.
Extra expenditure due to purchase of soya refined oil at higher rates	Himachal Pradesh State Civil Supplies Corporation Limited incurred an extra expenditure of ₹ 1.25 crore due to non placement of supply orders for imported oil and purchasing material at higher rates from a private party.
Loss of interest due to delay in recovery of mobilisation advance	Himachal Pradesh Power Corporation Limited failed to recover mobilisation advance in a time bound manner which resulted in avoidable interest loss of ₹ 9.40 crore.
Excess EPF contribution	Himachal Pradesh Tourism Development Corporation Limited, Himachal Pradesh State Civil Supplies Corporation Limited and Himachal Pradesh State General Industries Corporation Limited failed to limit employer's contribution towards Employees' Provident Fund as prescribed in the Employees' Provident Funds Scheme, 1952 which resulted in excess contribution of ₹ 15.32 crore.

AUDIT REPORT ON SOCIAL, GENERAL AND ECONOMIC SECTORS (NON-PUBLIC SECTOR UNDERTAKINGS)

This Report is structured in three chapters. Chapter-I of the Report covers profile of audited entities, authority for audit, planning and conduct of audit, responses of the departments to Audit, etc. The other two chapters deal with the findings of performance audits on Himachal Pradesh State Compensatory Afforestation Fund Management and Planning Authority, Medical Education and Research and Working of Public Works Department and 22 compliance audit paragraphs involving ₹ 1258.95 crore relating to excess/ wasteful/ unfruitful/ infructuous/ avoidable unproductive expenditure, undue favour to contractors, idle investment, blocking of funds, diversion of funds, etc. Some of the major audit findings are as followed:

PERFORMANCE AUDITS

FOREST DEPARTMENT

Himachal Pradesh State Compensatory Afforestation Fund Management and Planning Authority (CAMPA)

Pursuant to orders (July 2009) of the Hon'ble Supreme Court and receipt of guidelines from the Government of India, the state government constituted (August 2009) State CAMPA to accelerate the activities for compensatory afforestation, management and protection of forests and wildlife, development of infrastructure and allied works.

A performance audit of Himachal Pradesh State Compensatory Afforestation Fund Management and Planning Authority was conducted with the objective to assess whether the annual planning process for collection of user charges from user agencies and implementation of schemes for conservation and protection of protected forests was efficient, financial management of the funds received from *Ad hoc* CAMPA were allocated and utilised economically, efficiently and effectively as per Annual Plan of Operations, etc.

Major audit findings

Assessment, realisation and remittance of receipts

An unspent amount of ₹ 21.51 crore in respect of catchment area treatment Plans of hydro electric projects pertaining to 2002-06 was not credited into *Ad hoc* CAMPA and remained with the state government as of May 2013.

Non-assessment, realisation and non-realisation of Net Present Value

In 142 cases of diversion of forest land (between October 2002 and April 2008), the Department did not realise the net present value (NPV) of ₹ 25.85 crore.

Financial Management

Against total available funds of ₹ 188.38 crore received from *Ad hoc* CAMPA during 2009-13, the State CAMPA could utilise ₹ 127.09 crore only and year-wise percentage utilisation during the above period ranged between four and 48.

Non-execution of compensatory afforestation

As against required Compensatory Afforestation for an area of 8160.46 hectares during 2006-12, 2789.51 hectares was covered during the above period, resulting in shortfall of 66 *per cent*.

Escalation in cost due to plantation through outside agency

The allotment of *rim* plantation of Kol Dam Hydro Electric Project (HEP) and plantation work under Catchment Area Treatment (CAT) Plan of Larji HEP to an outside agency led to cost escalation of ₹ 18.63 crore (Kol Dam: ₹ 12.22 crore and Larji: ₹ 6.41 crore).

Monitoring and Evaluation

Monitoring mechanism was ineffective as the specified inspections of CAMPA works were not carried out by the functionaries at the field and State level. Besides, the prescribed system of concurrent monitoring and evaluation had not been evolved as of May 2013.

HEALTH AND FAMILY WELFARE DEPARTMENT

Medical Education and Research

The Department of Medical Education and Research is responsible for producing skilled medical and paramedical personnel and providing better medical education system, training to medical, paramedical and nursing personnel and to monitor and co-ordinate the activities of medical and dental services in the State.

A performance audit on Medical Education and Research was conducted with the main objectives to assess whether the planning for medical education, health infrastructure, training, research, specialised health care was good,

financial management was efficient and effective, etc.

Major audit findings

Budget allotment and expenditure

The overall expenditure of the Department exceeded the approved outlay by over ₹ 55 crore during 2008-13. In Government Medical Colleges except for 2008-09 and 2012-13 there were excesses ranging from ₹ 8.77 crore to ₹ 30.08 crore during 2009-12.

Building Infrastructure

Against funds of ₹ 21 crore released to Public Works Department for execution of four works during 2004-12, an amount of ₹ seven crore was diverted in one work for objectives other than the ones sanctioned.

Implementation of Centrally Sponsored Schemes by the Government Medical Colleges

Non-utilisation of central assistance of ₹ 8.14 crore by the medical institutions against the total receipt of ₹ 14.03 crore during 2008-13 resulted in non-creation of infrastructure, etc., besides, non-receipt of further central assistance of ₹ 11.27 crore.

Machinery and equipment

Machinery and equipment costing ₹ 3.52 crore were lying unutilised in the Government Medical Colleges and hospitals attached to them for want of repairs and non-renewal of annual maintenance contracts.

Teaching staff, availability of teaching supporting and non-teaching staff

The shortage in cadres of teaching and teaching supporting staff was 11 to 71 and 12 to 52 *per cent* respectively as of March 2013.

Monitoring mechanism and Internal control

Prescribed monitoring mechanism and internal audit arrangements for effective implementation of various schemes and activities of the Department were non-existent.

PUBLIC WORKS DEPARTMENT

Working of Public Works Department

The State Public Works Department (PWD) is responsible for planning, construction and maintenance of roads, bridges and buildings in the State.

A performance audit of working of the Department was conducted with the main objectives to assess whether effective planning and programme management in terms of delivery of goals of schemes/ programmes existed, efficient financial administration with reference to allocated priorities existed in the Department and resources were optimally utilised, adequate provisions for monitoring including suitable internal control mechanisms were in place, etc.

Major audit findings

Formulation of Plans	No comprehensive road policy was in place. The Department had not formulated any long term plan for providing a time-bound connectivity to all census villages in the state.
Resource and application of funds	Budget Estimates were prepared on a completely unrealistic basis, as against the provisions, there was excess expenditure of ₹ 1084.14 crore during 2008-13 (2008-09: ₹ 134.66 crore; 2009-10: ₹ 224.30 crore; 2010-11: ₹ 242.55 crore; 2011-12: ₹ 232.99 crore and 2012-13: ₹ 249.64 crore).
Irregular drawal and utilisation of funds	Withdrawal of funds of ₹ 15.21 crore from treasury merely to avoid lapse of budget, by charging the expenditure to works, thus showing their utilisation without actual execution and keeping the funds in Deposit head for utilisation in the subsequent financial years was against the canons of financial propriety.
Execution of works of roads and bridges	Of 914 works taken up for execution during 2008-13, construction of 823 works having an estimated cost of ₹ 521.92 crore were stipulated to be completed by March 2013. Against this, only 183 works were completed after incurring an expenditure of ₹ 152.74 crore and 640 works

Undue favour to contractors due to non-levy of compensation

on which ₹ 126.50 crore had been spent, were lying incomplete as of March 2013.

Against the compensation of ₹ 10.43 crore in 171 cases, the Department had levied compensation of ₹ 2.86 crore in 36 cases only, which also had not been recovered as of May 2013.

Internal control and monitoring mechanism

Quality control measures were virtually non-existent due to shortages of technical staff at the material testing laboratories and lack of monitoring/ follow up of inspection notes of works issued to the field functionaries. Internal controls and a suitable monitoring mechanism, both regarded as a *sine qua non* for satisfactory delivery of results in such departments, were found completely missing.

COMPLIANCE AUDITS

Higher Education Department

Working of Himachal Pradesh University, Shimla

Annual accounts have not been prepared in accordance with provisions of the Act. The Director International Centre for Distance Education and Open Learning (ICDEOL) irregularly transferred ₹ 13.65 crore from the student fund to the corpus fund (₹ 3.39 crore) and main account (₹ 10.26 crore) of the University. Contingent advances of ₹ 2.04 crore granted to officers/ officials of the University during 2010-13 remained unadjusted as of April 2013. The grants of ₹ 2.50 crore received by the University during March 2009 to January 2011 for creation of infrastructural facilities, remained unutilised. The University also incurred a loss of ₹ 1.49 crore on uneconomical running and maintenance of buses.

Horticulture Department

**Financial Management
in Dr. Y.S. Parmar
University of
Horticulture and
Forestry, Nauni (Solan)**

Annual accounts have not been prepared in accordance with provisions of the Act. The University had furnished inflated certificates of utilisation of grant of ₹ 5.71 crore to the Indian Council of Agricultural Research (ICAR) during 2010-13. Contingent advances of ₹ 18.41 crore granted to officers/ officials of the University during 1997-2012 remained unadjusted as of June 2013. Construction of five works sanctioned for ₹ 2.50 crore during April 2008 and March 2011 remained incomplete as of June 2013 after incurring an expenditure of ₹ 1.69 crore.

Irrigation and Public Health Department

**Execution of Lift
Irrigation Schemes**

The expenditure of ₹ 8.14 crore incurred on construction and maintenance of six Lift Irrigation Schemes proved infructuous/ unproductive/ idle due to inherent deficiencies in planning process for their implementation and execution. In respect of seven lift irrigation schemes, the expenditure had exceeded the estimated cost by ₹ 2.86 crore due to delay in their completion ranging between 20 and 62 months.

**Unfruitful expenditure
on execution of flow
irrigation scheme**

Department's failure to initiate timely action against defaulting contractors for non-completion of works by the stipulated dates resulted in unfruitful expenditure of ₹ 1.11 crore and non-availability of irrigation facility to the villagers for more than two years.

**Unproductive
expenditure on
construction of
tubewells**

An amount of ₹ 60.99 lakh spent on two tubewells for irrigation purpose proved unproductive due to less discharge and Department's inability to utilise them alternatively for providing drinking water facility.

Unproductive investment on improvement and augmentation of Lift Water Supply Scheme

Faulty planning of the Department for execution of improvement and augmentation works of Lift Water Supply Scheme Nagwain, Jhiri, Panarsa and Aut, resulted in unproductive investment of ₹ 2.84 crore.

Planning Department

Implementation of Vidhayak Kshetra Vikas Nidhi Yojana

During 2010-13 the Deputy Commissioners of test-checked districts had sanctioned 1362 works costing ₹ 14.62 crore without obtaining prior technical sanctions. Contrary to the scheme guidelines, the DCs had also sanctioned ₹ 3.84 crore for execution of 296 inadmissible works. Out of 1610 works sanctioned for ₹ 18.10 crore during 2010-13, 378 works were completed and the remaining 1232 works were lying incomplete as of May 2013.

Public Works Department

Land acquisition for implementation of Pradhan Mantri Gram Sadak Yojana

During 2006-10, a total number of 38 roads (length: 282.605 kms) sanctioned by the Government of India for ₹ 87.67 crore could not be executed due to absence of encumbrance free land for the entire stretch of road alignments. In nine divisions, 55 road works having length of 440.070 kms and approved for ₹ 103.93 crore were abandoned after partially executing for a length of 240.885 kms and incurring an expenditure of ₹ 41.13 crore.

Wasteful expenditure on construction of road

Failure of the Department to ensure technical viability of road alignment resulted in wasteful expenditure of ₹ 55.99 lakh on incomplete road.

Idle investment due to non-utilisation of completed bridge for want of road connectivity

Failure of the Department to synchronise the construction of road and bridge works led to idle investment of ₹ 2.47 crore on a bridge for more than two and half years.

Unproductive expenditure on incomplete bridge

Expenditure of ₹ 68.18 lakh incurred on construction of sub-structure of a bridge and 1.775 kms long portion of road in Kullu district

Unproductive expenditure on incomplete community hospital building

remained unproductive because of faulty planning of the Department.

Failure of the Department to ensure timely completion of community hospital building for more than four years resulted in unproductive expenditure of ₹ 1.12 crore.

Rural Development Department

Total Sanitation Campaign (TSC)

In the test checked districts, against the total availability of funds of ₹ 16.04 crore during 2010-13, the concerned District Rural Development Agencies could utilise only ₹ 9.20 crore leaving ₹ 6.84 crore unutilised with them as of March 2013. The shortfall in achievement of physical targets during 2010-13 ranged from 11 to 84 *per cent*. As against the target of 1043 school toilets, 383 anganwadi toilets and 392 community sanitary complexes, the achievement was 657, 228 and 63 respectively.

Unproductive investment on implementation of a project

Failure of the Department to assess the project viability in Hamirpur district correctly resulted in non-achievement of the target to the extent of ₹ 12.34 crore during 2008-13 on the investment of ₹ 8.94 crore.

Transport Department

Internal Control System in the Himachal Pradesh Bus Stands Management and Development Authority

Functional and accounting manuals and other basic records were not maintained by the Authority since its inception. There was inadequate control to ensure economical, efficient and effective operations and safeguarding of resources of the Authority against pilferages/ losses as assets valuing ₹ 1.15 crore were being used by Himachal Road Transport Corporation (HRTC) but no agreement for their utilisation and levy of rental charges existed between the authority and HRTC.

Women and Child Development Department

Infrastructure development and service delivery in Anganwadi Centres

There were delays in construction of anganwadi buildings. Of 1016 anganwadi centres buildings sanctioned for ₹ 24.31 crore during 2007-12, construction of 191 buildings involving ₹ 4.68 crore were not taken up for execution and 333 works on which an expenditure of ₹ 4.56 crore was incurred, had not been completed as of June 2013. Against the requirement of ₹ 237.54 crore for providing Supplementary Nutrition to 19.01 lakh identified beneficiaries during 2009-12, the Department made provision of only ₹ 224.77 crore, resulting in short provisioning of funds of ₹ 12.77 crore.



