

Overview

This Report of the Comptroller and Auditor General of India on Economic Sector (Non-PSUs), Government of Uttar Pradesh for the year ended 31 March 2015 includes two Performance Audits, two long paragraphs and four paragraphs dealing with the results of performance audit as well as audit of the financial transactions of the Government Departments/Autonomous Bodies. A summary of the important audit findings is given below:

1. Performance Audit

Performance Audit is undertaken to ensure whether the Government departments/autonomous bodies have achieved the desired objectives at the minimum cost and given the intended benefits.

1.1 Performance Audit of Lucknow Development Authority

Lucknow Development Authority (Authority) was set up in September 1974 under Uttar Pradesh Urban Planning and Development Act, 1973. The Performance Audit of the Authority was carried out covering the period of five years up to 2014-15.

Audit findings pertaining to various sections of the Authority are discussed below:

Irregular expenditure from Infrastructure Development Fund

The Authority incurred an expenditure of ₹ 4.29 crore from Infrastructure Development Fund on works not covered under infrastructure development.

(Paragraph 2.1.6.5)

Avoidable expenditure due to violation of codal provisions

The Authority suffered a loss of ₹ 30.88 crore due to initiating land acquisition proceedings for deposit works of State Government without ensuring availability of funds.

{Paragraph 2.1.7.3(i)}

Loss due to short/non-recovery of fee/charges

The Authority suffered a loss of ₹ 30.16 crore due to short/non-recovery of fees/charges such as Floor Area Ratio (FAR) fee, Purchasable FAR fee, City Development Charges, External Development Charges, Land Use Conversion Charges and Stacking & Supervision charges in accordance with Building Bye-laws and GoUP orders.

(Paragraph 2.1.8.3)

Non-levy of labour cess on sanction of maps

The Authority failed to put in place a mechanism to assess and collect labour cess on the estimated cost of construction of buildings/houses (wherever estimated cost exceeded ₹ 10 lakh) which led to non-collection of labour cess amounting to ₹ 35.52 crore.

(Paragraph 2.1.8.4)

Avoidable expenditure on execution of group housing project

The Authority awarded the work of construction of Group Housing scheme in contravention to the Central Vigilance Commission guidelines and incurred avoidable expenditure of ₹ 18.28 crore.

(Paragraph 2.1.9.1)

Under charge towards the cost of land

Application of incorrect rate of land in costing of flats resulted in loss of ₹ 28.59 crore to the Authority.

(Paragraph 2.1.9.1)

Undue favour to the developers

The Authority failed to levy land use conversion charges amounting to ₹ 7.25 crore and administrative charges amounting to ₹ 6.65 crore in acquisition of land.

{Paragraphs 2.1.10.1 & 2.1.10.2 (i)}

Allotment of residential properties in contravention to the GoUP Policy

The Authority, in contravention to GoUP policy (1992), allotted more than one property to 167 applicants. It also failed to cancel the allotment of properties and recover the equivalent value of properties from these allottees amounting to ₹ 24.41 crore.

(Paragraph 2.1.11.1)

Failure to take action against unauthorised constructions

The Authority failed to take any action against the 3,822 unauthorised constructions.

(Paragraph 2.1.12.2)

1.2 Performance Audit of Development of Industrial Areas by Infrastructure and Industrial Development Department

Infrastructure and Industrial Development Department (Department), functions as a government arm to formulate and implement industrial and infrastructure development policies of the Government of Uttar Pradesh. Performance Audit of Department, two Authorities (Gorakhpur Industrial Development Authority and Lucknow Industrial Development Authority) and U. P. State Industrial Development Corporation Limited (UPSIDC) was conducted during 27 July 2015 to 1 October 2015 covering the period from 2012-13 to 2014-15.

Audit findings pertaining to Department, UPSIDC and Authorities are discussed below:

Infrastructure and Industrial Development Department

No direction for time bound acquisition of land

The Department did not prescribe guidelines for time bound acquisition of land for industrial use in pursuance of the Infrastructure and Industrial Investment Policy 2012. This has resulted in delay in acquisition of land by the authorities.

(Paragraph 2.2.5.4)

Non-approval of regulations framed under Act-1976

The Department failed to approve the regulations prepared by the Authorities in pursuance of the Uttar Pradesh Industrial Area Development Act, 1976 (Act-1976) as of 31 March 2015.

(Paragraph 2.2.5.5)

Non-monitoring of the Authorities/UPSIDC

The Department failed to put in place a monitoring mechanism in pursuance of the Act-1976. It neither prescribed any periodical Reports>Returns/Accounts to be submitted by the Authorities nor ensured proper implementation of the Master plan/Development plan by the Authorities/ UPSIDC.

(Paragraph 2.2.5.6)

U. P. State Industrial Development Corporation Limited***Acquisition of land***

UPSIDC failed to make proper assessment of feasibility of land acquisition, arrangement of funds and persuasions with the farmers leading to dropping of many land acquisition proposals resulting in loss on account of deduction of acquisition charges by SLAO amounting to ₹ 10.11 crore and blockage of funds of ₹ 38.24 crore.

(Paragraph 2.2.6.5)

Development of land

UPSIDC incurred expenditure of ₹ 27.93 crore during 2012-13 to 2014-15 on maintenance and up-gradation work in the industrial areas which was not permissible as per Operating Manual.

(Paragraph 2.2.6.6)

Allotment of land

UPSIDC failed to achieve its target of allotment of developed land. Moreover, 1,092.65 acre of developed land valuing ₹ 814.41 crore remained unallotted and 1,846.13 acre of allotted land valuing ₹ 1,098.16 crore remained unutilised due to allottee units being sick/closed as of 31 March 2015.

(Paragraphs 2.2.6.7 & 2.2.6.7.5)

Gorakhpur Industrial Development Authority***Planning***

GIDA did not prepare the Plan Regulations for development of notified areas as per the Act-1976.

(Paragraph 2.2.7.4)

Acquisition, Development and Allotment of land

GIDA did not fix any target for acquisition of land, its development and allotment during last three years. Further, due to improper persuasion of land acquisition proceedings, an amount of ₹ 25.64 crore remained blocked with SLAO.

(Paragraphs 2.2.7.5 to 2.2.7.7)

Lucknow Industrial Development Authority

Planning

LIDA could not finalise its Master Plan for development of notified areas even after lapse of ten years of its constitution.

(Paragraph 2.2.8.4)

Acquisition and Development of land

- LIDA did not acquire any land during last three years and incurred loss in land acquisition besides blockage of funds.
- It did not develop any land and incurred infructuous expenditure on taking up the development works on disputed land.

(Paragraphs 2.2.8.5 & 2.2.8.6)

1.3 Long Paragraph on Implementation of Off-Grid Renewable Energy Projects by Uttar Pradesh New and Renewable Energy Development Agency

Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA) is working as a nodal agency for the State in the field of Renewable Energy (RE) Sector. The audit of UPNEDA was carried out covering various aspects relating to implementation of off-grid Renewable Energy projects.

Audit findings pertaining on implementations of various off-grid RE projects are discussed below:

- In contravention to canons of financial propriety, UPNEDA incurred extra expenditure of ₹ 12.92 crore in installation of Solar Street Lights and Solar Power Packs. It also did not develop any mechanism to maintain the installed solar equipments after expiry of AMC period.

(Paragraphs 2.3.10.1 & 2.3.10.2)

- Out of 460 test checked sanctioned Solar Power Plants (SPPs) only 399 SPPs (87 *per cent*) could be installed of which 182 plants (46 *per cent*) valuing ₹ 5.70 crore were non-functional due to non-completion of work by vendors, improper survey of scope of work by UPNEDA and faulty design of the projects by UPNEDA.

(Paragraph 2.3.10.3)

- UPNEDA did not monitor the status of disposal of complaints lodged through online complaint system.

(Paragraph 2.3.10.4)

- The training centre constructed at a cost of ₹ 1.76 crore at Mau was not being utilised for intended purposes since 1993.

(Paragraph 2.3.12)

1.4 Long Paragraph on Implementation of New Coal Distribution Policy in the State

With a view to supply coal to Micro, Small and Medium Enterprises (MSMEs) in Uttar Pradesh as per provisions of New Coal Distribution Policy

(NCDP), the Department of Micro, Small and Medium Enterprises and Export Promotion (Department) nominated Uttar Pradesh Small Industries Corporation Limited (UPSIC) as procurement and distribution agency for coal and made Directorate of Industries (DI) responsible for evaluation and monitoring of distributed coal. Audit of these three agencies was carried out to ascertain the compliance of NCDP.

Audit findings on implementation of NCDP in the State by above three agencies are discussed below:-

- The process of the assessment of genuine requirement of coal of Micro, Small and Medium Enterprises (MSMEs), as envisaged in New Coal Distribution Policy (NCDP), was deficient as neither complete and reliable data of registered coal user MSMEs was available nor the functioning of the Committees was proper.

(Paragraph 2.4.6)

- Due to delay in execution of Fuel Supply Agreements and non-submission of coal lifting programme to coal companies, Uttar Pradesh Small Industries Corporation Limited (UPSIC) failed to lift 37.58 per cent of contracted quantity of coal under Fuel Supply Agreements

(Paragraph 2.4.7)

- In contravention to provisions of NCDP, UPSIC distributed coal to MSMEs in excess of prescribed norms and recovered inadmissible incidental charges of ₹ 13.35 crore from MSMEs.

(Paragraphs 2.4.8.1 & 2.4.8.4)

- The compliance of the prescribed process of verification and monitoring of distributed coal in the Department and Directorate of Industries to prevent misuse of coal as envisaged in NCDP was deficient.

(Paragraph 2.4.9)

2. Compliance Audit

- The Ghaziabad Development Authority extended undue favour to the builders by not levying the purchasable FAR charges in accordance with the State Government's order resulting in loss of ₹ 6.29 crore.

(Paragraph 3.1)

- The Meerut Development Authority suffered a loss of ₹ 1.10 crore on auction of commercial plots due to incorrect fixation of land rate.

(Paragraph 3.2)

- The Gorakhpur Development Authority extended undue benefit of ₹ 3.10 crore to defaulter allottees due to non-cancellation of allotments.

(Paragraph 3.3)

- The Forest Department suffered a loss of ₹ 5.83 crore due to charging of lease rent at old rates on provisional basis.

(Paragraph 3.4)