Overview

OVERVIEW

This Report contains two performance audits *viz.* on (i) Rejuvenation of River Ganga, and (ii) National Rural Drinking Water Programme, and 24 compliance audit paragraphs including one follow-up audit with financial implications of ₹ 877.65 crore.

The total expenditure of the State increased from ₹ 17,775 crore to ₹ 30,391 crore during 2012-13 to 2016-17. The revenue expenditure of the State Government increased by 81 *per cent* from ₹ 13,960 crore in 2012-13 to ₹ 25,272 crore in 2016-17.

The revenue expenditure constituted 79 to 84 *per cent* of the total expenditure during the year 2012-13 to 2016-17 whereas the capital expenditure in the same period was 15 to 20 *per cent.* During this period, revenue expenditure increased at an annual average rate of 15 *per cent* whereas revenue receipts grew at an annual average rate of 13 *per cent* during 2012-13 to 2016-17.

The total revenue receipts of the State Government for the year 2016-17 were ₹ 24,889 crore as compared to ₹ 21,234 crore during the year 2015-16. Out of this, 49 *per cent* was raised through tax revenue (₹ 10,897.31 crore) and non-tax revenue (₹ 1,345.82 crore). The balance 51 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 6,411.57 crore) and Grants-in-aid (₹ 6,234.27 crore). There was an increase in revenue receipts over the previous year by ₹ 3,655 crore.

As on 31 March 2017, there were 26 State Public Sector Undertakings (PSUs) and statutory corporations (including four non-working PSUs). The working PSUs registered a turnover of ₹ 7,323.64 crore as per their latest finalised accounts as on 30 September 2017. The PSUs had an investment of (paid up capital, free reserves and long-term loans) of ₹ 10,854.32 crore. This investment consisted of 51.95 *per cent* towards paid up capital, 12.05 *per cent* towards free reserves and 36 *per cent* in long-term loans. The share capital outgo has decreased from ₹ 171.96 crore in 2014-15 to ₹ 93.50 crore in 2016-17. The Government contributed ₹ 192.57 crore towards share capital, loans and Grants/ Subsidies during 2016-17. As per the latest finalised accounts of 22 working State PSUs received up to September 2017, nine PSUs earned a profit of ₹ 211.41 crore and 13 PSUs incurred a loss of ₹ 446.62 crore.

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

CHAPTER-I

PERFORMANCE AUDIT

Rejuvenation of River Ganga

The Ganga Action Plan (GAP) for cleaning of the River Ganga was initiated by Government of India (GoI) in 1985. Subsequently, GoI had set up (2009) the 'National Ganga River Basin Authority' (NGRBA) as an empowered planning, financing, monitoring and coordinating authority for the River Ganga, to ensure effective measures for prevention, control and abatement of pollution in Ganga and rejuvenating the river to its natural and pristine condition. As a comprehensive approach to rejuvenating the River Ganga and all its tributaries, GoI approved (13 May 2015) the *Namami Gange* programme. A performance audit on rejuvenation of River Ganga brought out weaknesses in planning, implementation and monitoring mechanism of the programme. Some of the significant findings are given below:

Highlights

The total plan size approved in the Annual Plan of Operation for Forestry Interventions for Ganga was a meagre 4.66 *per cent* of the area planned for the year 2016-17 in the Detailed Project Report.

[Paragraph 1.2.6.5 (i)]

Funds ranging from 25.46 to 58.71 *per cent* were lying unspent during the period 2012-13 to 2016-17 due to their non-utilisation by Executing Agencies.

[Paragraph 1.2.7.1]

The claim of the department in making all the 265 villages in 132 Gram Panchayats of seven districts open defecation free was found to be incorrect as 41 Individual House Hold Latrines out of 1,143 physically verified by audit were not constructed and 34 were still under construction. Further, no significant progress was made by the State in the construction of Community Sanitation Complexes and Solid and Liquid Waste Management structures.

[Paragraph 1.2.8.1]

Municipal garbage was being indiscriminately dumped on the slopes of the hills.

[Paragraph 1.2.8.2]

The Sewage Treatment Plants at Devprayag and Rishikesh were under utilised due to deficient planning and lack of coordination between the Executing agencies.

[Paragraph 1.2.8.3 (a)]

65 out of 112 *Nallas* identified in the priority towns were still to be tapped resulting in discharge of 26.292 million litre per day of untreated sewage into River Ganga or its tributaries.

[Paragraph 1.2.8.4 (a)]

The capacity of the Sewage Treatment Plants at Haridwar and Rishikesh was inadequate for handling the waste discharge of the town resulting in untreated sewage being discharged into the River.

[Paragraph 1.2.8.4 (b)]

The Forest Department failed to achieve the goals set for the year 2016-17 in three out of four interventions by a margin ranging from 3.50 *per cent* in case of advanced soil work to 87 *per cent* in case of urban landscaping.

[Paragraph 1.2.8.7]

Water quality monitoring stations were established at only three towns out of sampled ten towns.

[Paragraph 1.2.10.1]

National Rural Drinking Water Programme

The Government of India (GoI) launched the National Rural Drinking Water Programme (NRDWP) in April 2009 for ensuring sustainability of water availability in terms of potability, adequacy, convenience, affordability and equity while also adopting decentralised approach involving Panchayati Raj Institutions (PRIs) and community organisations. Department of Drinking Water (Peyjal) and Sanitation is the implementing agency. A performance audit of the implementation of the programme in the State of Uttarakhand brought out weaknesses in planning, institutional mechanism, implementation, financial management and monitoring of the programme. Some of the significant findings were as below:

Highlights

Village and District Water Security plans comprising demographic, physical features, water sources, available drinking water infrastructure, *etc*. were not prepared. Further, Comprehensive water security plan for providing definite direction to the programme was not formulated.

[Paragraphs 1.3.6.1 (a) & (b)]

Necessary institutional mechanism was found deficient in the State as State Water and Sanitation Mission was not set up as a Registered Society, important committees such as Village Water and Sanitation Committees and Source Finding Committee were not formed.

[Paragraphs 1.3.6.2 (a) to (e)]

In the year 2012-13 and 2013-14, the State Government did not release its matching share amounting to ₹ 62.84 crore and ₹ 57.85 crore respectively. The overall fund management was also found deficient as during the period 2012-13 to 2016-17, the allocation of funds for different components of the programme was not in consonance with the norms of the programme.

[Paragraph 1.3.7.2]

There was shortfall in achievement of targets of providing piped water supply and household connections by the year 2017. The State was able to provide 55 litres per capita per day water to only 14.71 *per cent* habitation against the goal of 50 *per cent*.

[Paragraph 1.3.8.2]

Piped water supply schemes suffered from poor rate of completion and there were delays ranging from 5 to 12 years in completion of 20 schemes costing ₹ 185.45 crore.

[Paragraph 1.3.8.3]

The Uttarakhand Jal Nigam failed to furnish justification for inadequate allotment/expenditure of funds for sustainability component. The expenditure on the sustainability component was not done as per the norms, as in the district Tehri, an expenditure amounting to ₹ 42.01 lakh was incurred out of Sustainability component on construction of small water schemes and water tanks which were not in consonance with the programme guidelines.

[Paragraph 1.3.8.5]

Monitoring mechanism was found deficient as this function was carried out by the executing agencies instead of the State Water and Sanitation Mission, which was the designated agency for implementation of the programme. Further, the Integrated Management Information System data lacked reliability in absence of requisite checks and verification.

[Paragraphs 1.3.9.3 to 1.3.9.5]

COMPLIANCE AUDIT

Construction of toilets under Swachh Bharat Mission (Gramin)

The planning and implementation of Swachh Bharat Mission (Gramin) by the State was found inadequate as against the target of 546 Community Sanitary Complexes and 4,485 Solid and Liquid Waste Management structures only 63 and 50 respectively were constructed upto March 2017. The declaration of State as Open Defecation Free in May 2017 was incorrect. Failure to update beneficiary data on Government of India portal resulted in non-inclusion of more than one lakh beneficiaries. The financial management was also found inadequate as the State did not release its share of ₹ 10.58 crore during the year 2016-17.

[Paragraph 1.4]

Suspected embezzlement on hiring of vehicles

Payment made without determining authenticity of the claims resulted in suspected embezzlement of ₹ 1.25 crore on hiring of vehicles by the Medical, Health & Family Welfare Department.

[Paragraph 1.6]

Unjustified expenditure of ₹1.69 crore

Award of works at higher rates in disregard of financial norms resulted in excess expenditure of ₹ 1.69 crore by the Superintending Engineer, Public Works Department, Rudraprayag.

[Paragraph 1.7]

Unauthorised excess expenditure

The Executive Engineer, Provincial Division, Public Works Department, Pauri unauthorisedly incurred an excess expenditure of ₹ 0.59 crore in violation of financial rules as well as conditions stated in the Chief Engineer's letter of approval.

[Paragraph 1.8]

Unfruitful Expenditure of ₹0.70 crore

The Executive Engineer, Construction Division, Public Works Department, Pauri awarded work of strengthening of a road at a cost of ₹ 2.83 crore despite issue of notice by National Green Tribunal for violation of Forest (Conservation) Act, 1980. Consequently work had to be subsequently halted after incurring expenditure of ₹ 0.70 crore. As a result, this expenditure was rendered unfruitful.

[Paragraph 1.9]

Unjustified excess expenditure

Unjustified excess expenditure of ₹ 0.80 crore was incurred by the Executive Engineer, Provincial Division, Public Works Department, Champawat due to use of costlier material (Bituminous Macadam) in place of Water Bound Macadam.

[Paragraph 1.10]

Non-achievement of objectives

Due to delay in construction of a bridge, the objectives of social and economic development of the unconnected villages could not be achieved even after a lapse of nine years from the date of initial sanction. An expenditure of ₹ 1.09 crore had already been incurred by the Executive Engineer, Provincial Division, Public Works Department, Ranikhet on the work so far.

[Paragraph 1.11]

Unfruitful expenditure

Due to faulty alignment, the Drinking Water Scheme failed to supply drinking water to the targeted populace resulting in unfruitful expenditure of ₹ 1.42 crore by the Executive Engineer, Construction Division, Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam, Uttarkashi. Further an additional expenditure of ₹ 6.50 lakh was incurred on construction of a Tubewell for providing water to the targeted populace.

[Paragraph 1.12]

Solid Waste Management in Nagar Nigams of Dehradun and Haridwar

Nagar Nigams (NNs), Dehradun and Haridwar did not have any action plan outlining the intended actions, deliverables and time frames for ensuring effective implementation of the programme. The meagre amount spent on infrastructure was largely responsible for non-achievement of intended Solid Waste Management targets in both the NNs. Nine vehicles costing ₹ 1.21 crore, were lying idle in NN Haridwar since June 2013. Plant capacity within the municipal limits of NN Dehradun, was fixed at 200 MT per day whereas 257 MT waste was actually being generated per day. Both the NNs had failed to establish processing units even after 16 years of implementation of Municipal Solid Waste (Management and Handling) Rules 2000. As a result, collection, segregation, storage, transportation, processing and disposal of municipal solid wastes were not carried out as per the prescribed norms. Shortages in equipment, vehicles, dustbins and manpower in both NN's coupled with poor monitoring mechanism contributed to poor management of solid waste.

[Paragraph 1.13]

CHAPTER-II

COMPLIANCE AUDIT

Non imposition of penalty

The Commercial Tax Department did not impose penalty amounting to ₹ 1.21 crore under Section 10-A of the Central Sales Tax Act as the assessees had purchased such goods on concessional form, for which they were not registered.

[Paragraph 2.2]

Unauthorised utilisation of Form-11

Unauthorised use of Declaration Form-11 for purchase of goods, at concessional rates, resulted in loss of revenue amounting to ₹ 26.61 lakh due to short levy of tax. In addition, penalty of ₹ 94.95 lakh was also leviable by the Commercial Tax Department.

[Paragraph 2.3]

Short levy of tax

Short levy of tax due to incorrect application of tax rates by the Commercial Tax Department resulted in loss of revenue of ₹ 89.52 lakh.

[Paragraph 2.4]

Non-imposition of penalty

The Commercial Tax Department did not impose penalty amounting to ₹ 15.96 lakh for delayed deposition of tax by dealers.

[Paragraph 2.5]

Non-levy of tax and penalty

Non-levy of tax due to non-compliance of the provisions laid down in the Uttarakhand Value Added Tax Act, 2005 and suppression of the actual acquisition value of goods resulted in loss of revenue of ₹ 29.59 lakh. In addition, penalty of ₹ 12.57 lakh was also leviable by the Commercial Tax Department.

[Paragraph 2.6]

Working of Distilleries in the State

The Department did not impose fines amounting to ₹ 346.53 crore due to non-adherence of environmental norms by the distilleries which led to manufacturing of alcohol during rainy season and production over and above the daily installed capacity. Not achieving norms of minimum production, fermentation and distillation efficiency prescribed in the rules and loss of Total Reducing Sugar and molasses during transit resulted in loss of excise revenue of ₹ 2.67 crore. The Department also failed to impose duty amounting to ₹ 2.46 crore on higher content of alcohol than prescribed. The incorrect allowance of wastage on re-distillation and adjustment of license fee of Bonded Warehouse Foreign Liquor are other factors which led to loss of excise revenue.

[Paragraph 2.7]

Short levy of stamp duty

Short levy of stamp duty due to non-application of correct rates by the Stamp and Registration Department resulted in loss of revenue of ₹ 14.05 lakh.

[Paragraph 2.8]

Short levy of Penalty

Application of incorrect rates in compounding offences of illegal mining /transport of minerals by the Mining Department resulted in short levy of penalty of ₹ 29.75 lakh.

[Paragraph 2.9]

Short/non-levy of Royalty

Non-application of revised rates on mining licenses and non-detection of brick kilns led to short/non-levy of royalty of ₹ 39.23 lakh by the Mining Department.

[Paragraph 2.10]

CHAPTER-III

COMPLIANCE AUDIT

Award of work without verifying credentials of agency

Uttarakhand Forest Development Corporation could not obtain Forest Stewardship certification after incurring an expenditure of ₹ 22.29 lakh.

[Paragraph 3.2]

Irregular contribution of Employees Provident Fund

Uttarakhand Forest Development Corporation incurred an extra expenditure of ₹ 18.79 lakh by compensating employees for their mandatory EPF contribution of 12 *per cent* which was to be borne by the employees as per the Act.

[Paragraph 3.3]

Cost overrun due to delay in completion of project within the scheduled time frame

Uttarakhand Jal Vidyut Nigam Limited failed to execute the project in a planned manner resulting in cost overrun of ₹ 38.10 crore which could not be reckoned by the Uttarakhand Electricity Regulatory Commission towards fixation of tariff as it was attributed to controllable factors. The Nigam also had to forgo an additional component of project cost of ₹ 34.53 crore further reducing its claim for tariff determination.

[Paragraph 3.4]

Loss due to failure to take an appropriate insurance policy

Uttarakhand Jal Vidyut Nigam Limited could not claim loss of ₹ 2.18 crore as it failed to take Industrial All Risk Policy.

[Paragraph 3.5]

Bill Generation and Revenue collection by Uttarakhand Power Corporation Limited

Uttarakhand Electricity Regulatory Commission levied a penalty on Uttarakhand Power Corporation Limited (UPCL) amounting to ₹ 6.52 crore due to its failure to release new connections in time. The distribution loss of UPCL was ₹ 240.91 crore in six divisions. The Vigilance team of UPCL carried out checks only to the extent of 0.18 *per cent* to 0.54 *per cent* of consumers in 14 divisions. Additional security amounting to ₹ 58.60 crore, initial security amounting to ₹ 2.87 crore and delayed payment surcharge amounting to ₹ 132.58 crore could not be recovered by UPCL.

[Paragraph 3.6]