INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), HIMACHAL PRADESH, SHIMLA-171003

PRESS RELEASE

On

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE PERIOD ENDED MARCH 2022- GOVERNMENT OF HIMACHAL PRADESH (COMPOSITE AUDIT REPORT-II)

This Report of the Comptroller and Auditor General of India on Performance and Compliance Audit of Departments of Social, General and Economic Sectors (except Departments of Planning, Finance and Economics and Statistics) for the period ended March 2022- Government of Himachal Pradesh [Report No. 03 of 2025 (COMPOSITE AUDIT REPORT-II)] has been prepared in accordance with the provisions of Article 151 of the Constitution of India. The Report was forwarded to the Government of Himachal Pradesh on 12.11.2025. The Report has been laid on the table of the Himachal Pradesh Vidhan Sabha on _____________.

This Report covers matters arising out of the Compliance Audit and Performance Audit of the Departments of Labour and Employment; Food, Civil Supplies and Consumer Affairs (FCS&CA); Technical Education, Vocational and Industrial Training (TEVIT); Tourism and Civil Aviation; Agriculture; Public Works and one State Public Sector Undertaking i.e., Himachal Pradesh State Electricity Board Limited (HPSEBL). The Report contains one Performance Audit, three Subject Specific Compliance Audits (SSCAs) and four individual Compliance Audit observations.

Key findings:

Department of Labour and Employment (Himachal Pradesh Building and Other Construction Workers' Welfare Board)

Performance Audit on Welfare of Building and Other Construction Workers

Building and other construction workers in India are among the most vulnerable segments of the unorganised labour force facing inherent risks to life and limb of the workers, casual nature of employment, uncertain working hours and inadequate welfare facilities. To address these issues, the Government of India enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and established a cess on construction costs to fund social security and welfare schemes through the Building and Other Construction Workers' Welfare Cess Act, 1996. In line with this, Himachal Pradesh implemented the Himachal Pradesh Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2008 and created the Himachal Pradesh

Building and Other Construction Workers' Welfare Board in 2009, leading to the establishment of the Himachal Pradesh Building and Other Construction Workers' Welfare Fund.

The Audit covered a period of five years from 2017-18 to 2021-22. However, where inconsistency in rules was observed and updated data beyond audit period was available, the same has been added in the Report, wherever required.

The rule formulated on financial assistance for marriage lacked clarity as it failed to specify how many members can apply and who from the family is eligible to claim the assistance.-This led to situations where the assistance for the same marriage is received by more than one family member. Furthermore, the health check-up framework was deficient in supervision and record-keeping by the Board. Additionally, the minimum registration period of 10 years, recommended under the Model Welfare Scheme formulated by the Ministry of Labour and Employment, Government of India, was not adopted by the Board. It adopted minimum registration period of three years without assessing long-term liability of pension.

The State Government has not developed any mechanism to monitor construction activities in the State. The process of registration of establishments had issues of not obtaining commencement/completion notice from the employers, delay in registration and non-registration of eligible establishments. The process of registration of workers was flawed as monthly returns from the employers were not being obtained, issues of non-registration of eligible workers, duplicate/triplicate registrations, bogus registrations and registration without obtaining documents of workers were noticed.

Also, there was a shortfall in organisation of camps and registration of workers and it was not ensured that details of work done are entered in the identity cards of the workers by the employers to ensure validity of work period. The mismatch in figures of the Board and LOs/LI of registered workers and camps organised, points towards the ineffective reporting mechanism.

The Assessing Officers-cum-LOs failed to obtain Form-I from all employers as required by the Cess Rules and only issued six assessment orders amounting to ₹ 12.91 lakh while cess amounting to ₹ 407.61 crore was deposited without any assessment during 2017-22. The Board did not coordinate with Local Bodies to share information on approved building plans and construction projects. Additionally, establishment-wise data of cess collected was not maintained and non-reconciliation of cess led to difference of ₹ 226.52 crore in cess figures of the Board and the LOs. The Board or the Department did not provide a uniform format for transferring cess to the fund, resulting in cess of ₹ 112.39 crore being kept in the suspense account, ₹ 13.24 crore deposited in the fund without information about the jurisdiction of LO and collection charges not remitted to the Government Treasury. Furthermore, instances of short realisation of cess of ₹ 4.20 crore due to dishonoured cheques/bank drafts not being corrected or revalidated in time and non-remittance of cess of ₹ 8.26 lakh was noticed.

The test checked LOs/LI did not inspect sites where accidents had occurred before or after the accidents and did not conduct investigation/inquiry after the accidents. A Joint Physical Inspection also found that construction sites lacked essential safety measures, including first-aid kits, safety equipment, on-site fire safety equipment, and basic amenities like water, toilets, and shelter.

The State Government had not revised the inspection targets after September 2011, indicating a lack of analysis of ongoing construction activities with respect to available manpower. Significant shortfall in inspections ranging from 62 to 76 per cent was noticed during 2017-22. LOs/LIs did not maintain Inspection Notes or Registers to monitor compliance with safety deficiencies noted in previous inspections. The inspection mechanism lacked risk-based assessments according to size of construction sites and system to inspect large construction projects approved by the Local Authorities.

Administrative irregularities included shortfall of 77 per cent in holding the Board meetings and delay in constitution of State Advisory Committee and not holding any of its meetings. Annual accounts were submitted for audit after taking upto 19 months from the end of the financial year. Annual Report was approved with delay of upto 33 months and submitted to the State Government with delay of upto 31 months. Annual Budget was approved with delay ranging from three to 15 months.

Staff shortage of 35 per cent observed. Key posts being held on additional charge and filling of 75 per cent posts on outsourced basis hindered the implementation of welfare Acts.

Financially, ₹ 703.15 crore were accumulated in the fund, administrative expenditure limit of five per cent was breached twice in 2017-18 and 2018-19, and ₹ 15.89 crore was spent irregularly on donations, construction and advertising. The Board had accrued income tax liability of ₹ 191.01 crore due to erroneous registration under Income Tax Act.

Implementation of welfare schemes faced inconsistent rules, non-coverage of beneficiaries, non-distribution of material and improper payments. Inaction by Labour Officers/Labour Inspectors on rectifying rejected claims and delays in disbursement of welfare benefits was also observed. The Board did not establish an effective system for social audits of benefits.

The internal control and monitoring mechanism was nearly non-existent, as the Board and LOs/LIs did not maintain control registers or records. Of 243 workers surveyed, only seven (three per cent) were actually engaged in construction work, raising doubts about whether welfare benefits were being provided to the intended construction workers. Unregistered workers were unaware of the welfare benefits, indicating ineffective publicity by the Board.

Department of Food, Civil Supplies and Consumer Affairs

Subject Specific Compliance Audit on Quality Management in Procurement, Storage and Distribution of Food Items

The State Government has entrusted the Department and the Himachal Pradesh State Civil Supplies Corporation Limited (Corporation) with the responsibility of procuring and distributing various food items under TPDS, its monitoring and quality control at various levels with the help of field functionaries.

Audit observed that the Department did not revise the inspection targets in line with TPDS (Control) Order, 2015 and hence fell short in fixing the same. Further, even the targets fixed for inspections by the Department were not met. Shortfall in sample collection for testing the quality of food items was observed. Due to delays in disseminating the test report to the field units, substandard food items were distributed in the State. Lackadaisical approach in upgradation and modernisation of Departmental FTL resulted in lapse of allocated Budget, non-accreditation and non-upgradation of the laboratory. Thus, the Departmental action for ensuring the quality of food items through Joint Physical Inspection and lab testing as required under the applicable Act/order was found insufficient by Audit.

The Department was found lacking in ensuring proper monitoring and supervision at all levels. The Vigilance Committees required to be formed at every Block and FPS level had not been constituted in many of the Blocks and FPSs. Further, non-holding of periodical meetings of the Vigilance Committees up to the prescribed extent undermined the transparency and accountability of TPDS system in the State. The Department was lagging behind in utilising the allotted Budget for consumer sensitisation activities, which limited the beneficiary's capacity to be a participant in the quality control process.

During physical verification of the wholesale godowns, various quality related shortcomings were noticed. Beneficiaries have also reported below average quality of food items during Beneficiary Survey. Further, most of the beneficiaries did not have the knowledge of the Department's toll-free number and were not aware of the complaint mechanism. Thus, Audit concludes that monitoring systems and consumer awareness measures undertaken by the Department were inadequate and leaves scope for improvement.

Independent qualitative analysis of food items conducted by Audit revealed that none of the samples of fortified rice and fortified wheat flour conformed to the prescribed level of micronutrients. In addition, some fortified salt samples also did not conform to the prescribed level of micronutrients.

Technical Education, Vocational and Industrial Training Department

Subject Specific Compliance Audit on Role of Himachal Pradesh Kaushal Vikas Nigam (HPKVN) in Skill Development

Skills and knowledge are the driving forces of economic growth and social development for any country. The HPKVN is responsible for skilling of youth of the State through short term courses for self-employment and employment in private sector. Programme implementation has not been given due attention by two State/Departmental Level Monitoring Committees. There was absence of effective planning in the HPKVN, as Annual Plans of HPKVN were not prepared. Efforts to converge skill development programmes implemented by various Departments under one umbrella were not effective. Trainings in Agriculture and Horticulture Sectors were not adequate. Utilisation of funds was low during 2017-22 due to delay in empanelment of TSPs, delay in start of trainings, low progress on civil works, etc. Performance Security was not obtained from the TSPs. Exemption from GST Council towards payment of GST on training conducted by the TSPs has not been obtained. There was shortfall in providing wage employment to both female and PwD candidates. Records relating to adherence to the various provisions of the PMKVY guidelines such as biometric attendance, insurance of candidates, organising Kaushal Melas, training linked to captive placements, etc., have either not been maintained or the provisions have not been complied with Monitoring, inspection and internal control mechanism was also not effective. The performance of consulting firms engaged for implementation of HPSDP was also not satisfactory. Surveyed candidates expressed dissatisfaction towards non- conduct of job fairs and non-providing of placements by the TSPs after their certification.

Tourism and Civil Aviation Department

Subject Specific Compliance Audit on Integrated Development of Theme Based Tourist Circuit in Himachal Pradesh through Swadesh Darshan Scheme

The objectives outlined in the DPR of Integrated Development of Himalayan Circuit (Circuit) relating to boosting local economy through employment to local youth, enhancing income by tourism activity were not achieved.

Circuit under the scheme was not clearly defined as projects were identified and proposed at isolated places without identifying entry/ exit points in the DPR. Hence, the tourist circuit proposed was unable to motivate the tourists to visit most or next destinations of the circuit.

Consultants for preparation of DPRs of individual components were engaged without following the tender process. Considerable time was taken in preparation and finalisation of Detailed Project Report of Circuit as a whole. The consultants had not prepared DPRs of the individual components within the stipulated time.

Due to non-availability of land and necessary clearance/ no objection certificates of different Departments/agencies, two components were dropped midway, and others remained unexecuted for long and resulted in unfruitful/wasteful expenditure.

No expenditure was incurred for IEC activities. Liquidated damages were not imposed in two cases despite inordinate delay in completion of the components.

The diversion of the IDSD funds observed in the SDS component Convention Center at Kiarighat was against the SDS guidelines.

The Department had handed over operation and maintenance of one completed component without signing a memorandum of understanding with the concerned Agency and another completed component was not handed over to the operation and maintenance Agency.

On Joint Physical Inspection by Audit, it was observed that some of the sub-components of the sanctioned components were either not constructed or constructed in variance of the approval, making the expenditure incurred unfruitful.

Performance Security of ₹ 1.57 crore from the successful bidder was not obtained, resulting in extension of undue favour to the contractor.

Individual Audit Observations

Department of Agriculture

Excess payment of subsidy to farmers on purchase of tractors under Sub-Mission on Agricultural Mechanisation

Non-adherence to the pattern of assistance under Centrally Sponsored Scheme "Sub-Mission on Agricultural Mechanisation (SMAM)" resulted in excess payment of financial assistance of ₹ 4.61 crore to 1,005 beneficiaries in the test-checked Districts.

Himachal Pradesh Public Works Department

Unfruitful and avoidable expenditure on construction of bridge

Construction of Bhoothnath bridge in Kullu district with improper design, coupled with inaction against the defaulters/ contractor and lack of investigation as well as lackadaisical attitude of the Department towards execution of rehabilitation work of the damaged bridge resulted in unfruitful expenditure of ₹ 10.60 crore. Further, it also involved an avoidable expenditure of ₹ 4.15 crore on rehabilitation and strengthening of the damaged bridge (₹ 2.15 crore) and construction of alternate multi-span Bailey bridge (₹ two crore), resultantly defeating the objective of providing relief to the commuters.

Undue financial benefits/ favour to contractor and unfruitful expenditure on construction of road

Failure of the Department to expedite the execution of the work within stipulated period resulted in extension of undue financial benefits/ favour of ₹ 1.69 crore to the contractor, besides rendering the expenditure of ₹ 4.86 crore on the work unfruitful due to the work not completed on time.

Himachal Pradesh State Electricity Board Limited (HPSEBL)

Unfruitful expenditure on the construction of Transmission Lines

Poor/faulty planning for construction of (i) 400 KV Single Circuit transmission line without the provision of equivalent voltage sub-station and (ii) two 33 KV lines without required bays resulted in unfruitful expenditure of ₹ 76.26 crore. This also resulted in non-achievement of the related objectives of these works.