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 2023-GOVERNMENT OF HIMACHAL PRADESH

(COMPLIANCE AUDIT REPORT)

This Report of the Comptroller and Auditor General of India on Compliance Audit of the Departments of Industry, Jal Shakti, Revenue and Himachal Pradesh University for the period ended March 2023 - Government of Himachal Pradesh [Report No. 04 of 2025 (COMPLIANCE AUDIT REPORT)] 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 05.02.2026. The Report has been laid on the table of the Himachal Pradesh Vidhan Sabha on 30.03.2026.

This Report covers matters arising out of the Compliance Audit of the Departments of Industry, Jal Shakti, Revenue and Himachal Pradesh University. The Report contains four Subject Specific Compliance Audits (SSCAs) and one individual Compliance Audit observation.

Key findings:

Himachal Pradesh University

Subject Specific Compliance Audit on Institutional Gaps and Academic Shortfalls at Himachal Pradesh University

Audit of "Institutional Gaps and Academic Shortfalls at Himachal Pradesh University" for the period from 2020-21 to 2022-23, was conducted to assess whether: the availability of faculty, process of curriculum and faculty development were as stipulated under the norms; the infrastructure for imparting higher education was in place according to the prescribed norms; and the research activities were according to the Research Policy of the HPU.

Himachal Pradesh University (HPU) faced a 27-37 *per cent* faculty shortage during 2020-23, increasing workloads and limiting student mentorship. The issue of shortage of faculty was also highlighted in the Audit Report of the Comptroller & Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2013. During discussion in PAC (July 2020), the Department stated that recruitment process for filling for faculties had been initiated. However, the shortage continued to remain significant during 2020-23.

HPU violated UGC regulations by appointing an unqualified Assistant Professor and a guest faculty. Further, HPU had not carried out verification of EWS certificates, educational qualifications, and other supporting documents from the concerned issuing authorities for the 186 appointments made during 2020–23, as no records of such verification were provided to Audit (December 2023). Only 8-16 *per cent* of full-time teachers in the selected Units / Departments attended Professional Development Programmes during 2020-21 to 2022-23, hindering skill enhancement.

HPU's infrastructure was inadequate, with only six Departments (out of 20) had 100 *per cent* ICT-enabled classrooms, only 51 *per cent* of classrooms ICT-enabled and 50 *per cent* student satisfaction with smart classrooms. Science labs in Chemistry, Microbiology, and Biosciences had 36-79 *per cent* equipment shortages, while three Physics instruments (Scanning Electron Microscope, Atomic Absorption Spectrophotometer and Vibrating Sample Magnetometer) purchased at the total cost of ₹1.99 crore remained non-functional due to poor maintenance, since 2015, 2017 and 2021 respectively. The ERP system, costing ₹11.19 crore, had 30 out of 37 modules non-functional as they remained unutilised and needed changes/modifications as of September 2023, disrupting academic and administrative processes.

In PG courses, 20 *per cent* Boards of Studies were pending for reconstitution, with delay ranging from two to 26 months and in UG courses, one Board of Studies was pending for reconstitution even after delay of 24 months, as of March 2023. Further, 64 *per cent* Boards of Studies constituted in PG courses and 85 *per cent* in UG courses were formed without adequate representation of the Professors, Associate Professors, Assistant Professors and Principal. In one course (Post Graduate Diploma in Clinical Psychology) out of total 86 courses, syllabus was not revised since commencement of the course, while in 13 courses, syllabus had been revised with delays ranging from one to 19 years. Among 30 selected Units/Departments where revision was required, 22 had carried out the revision. However, in 21 of these 22 Units/Departments, the revision was undertaken without obtaining feedback from students or teachers unlike in other Universities, such as Jawaharlal Nehru University, Delhi; Kurukshetra University, Kurukshetra; and Maharshi Dayanand University, Rohtak.

Across the selected departments, only 21 research projects were undertaken by an average of 214 faculty members during 2020-23, reflecting a low research engagement rate of approximately 0.1 project per teacher, which was below the standard of two prescribed by NAAC to obtain maximum score. Further, the research activities at the university level remained confined to minor research works as 15 completed projects (71.42 *per cent*) were Minor Research Projects. In addition, only 20 patents were awarded in test-checked departments involving HPU faculty members.

Eleven out of 16 UGC Chairs remained non-functional even after lapse of one to 25 years from their notification, and four out of five functional Chairs, which were made functional from June 2011 to December 2012, exceeded their tenure, limiting research advancement, and the university's contribution to academic discourse and public policy. Only five out of 24 MoUs (Memorandum of Understanding) with industries during 2020-23 were functional, restricting student placements and collaborative opportunities.

These challenges in faculty resources, infrastructure, academic reforms, research and governance mechanisms significantly impacted HPU's educational quality, requiring urgent action to achieve the institution's stated goals in higher education as well as to meet UGC and NAAC standards.

Department of Industries

Subject Specific Compliance Audit on Regulation of Mines and Minerals in Himachal Pradesh (including PMKKKY)

The audit of Regulation of Mines and Minerals in Himachal Pradesh for the period from 2018-19 to 2022-23 was conducted to assess whether: management of minor minerals was economical, efficient & environment-friendly; the process for granting, renewing, closing and surrendering concessions was in accordance with the relevant Acts/Rules; effective steps were taken to prevent illegal mining & ensuring effective enforcement; revenue from mineral concessions was properly realised; and the Pradhan Mantri Khanij Kshetra Kalyan Yojana was implemented effectively and District Mineral Foundation Trusts were functioning efficiently.

The audit found that over the five-year period from 2018-19 to 2022-23, Himachal Pradesh's mining sector contributed a steady, though fluctuating, share of the State's non-tax revenues, rising from ₹221.04 crore (7.81 *per cent* of non-tax receipts) in 2018-19 to ₹ 286.34 crore (9.97 *per cent*) in 2022-23, for a total of ₹1,236.66 crore over the period.

In examining whether mineral extraction was carried out economically, efficiently and with due environmental safeguards, the audit noted that the Department had not prepared the Annual Action Plans prescribed by its Office Manual for any of the five years 2018-19 to 2022-23. Without these year-wise roadmaps, statutory inspections, royalty assessments and project milestones under PMKKKY could not be systematically tracked. Similarly, no comprehensive, scientifically derived inventory of the State's mineral reserves was ever compiled in four sampled districts as required under national and State policy, undermining evidence-based planning for mineral exploration, environmental safeguards, and revenue mobilisation.

Audit scrutiny in the selected districts showed delays in processing mineral concession applications. Of the 73 applications disposed of during the review period, 14 were decided late - between 71 and 1,184 days after the allowed period of three years from the date of receipt.

On the ground, enforcement mechanisms proved inadequate. Despite statutory requirements and National Green Tribunal directives, there was no functioning Central Flying Squad, no GPS based tracking of mineral transport, District-Level Task Forces were not constituted, Mining Surveillance System was not operational for minor minerals and key posts remained chronically vacant. As a result, over 40,000 cases of illegal or unauthorized mining were detected between 2018-19 and 2022-23, more than 8,000 in 2022-23 alone with the Police Department. A review of enforcement records for 2023-24 in four selected districts indicated pervasive weaknesses in the State's control framework for minor-mineral regulation. There was also a persistent and sizeable gap between inspection targets and achievements during 2018-23. In Bilaspur and Una districts, inspections fell short of the prescribed schedule by 19 to 94 *per cent* across all levels, while in Shimla and Solan the respective Mining Officers did not furnish any inspection data.

Audit reviewed geo-spatial outputs for 10 leases obtained from the Aryabhata Geo-Informatics & Space Application Centre and conducted joint physical inspections of 26 mines across four districts. It was observed that permanent boundary demarcation was absent in seven of the 10 geo-spatially examined sites and in 21 of the 26 inspected sites. In leases located on hill slopes, operators had not provided the mandatory buffer strip, and excavation was found to be reaching or extending beyond the lease boundaries. Further, six leases were extracting material outside their sanctioned coordinates.

Revenue controls were weak, too. By reconciling electricity-based production data with royalty receipts in 71 of the 131 active leases in three districts during 2018-23, audit discovered a shortfall of ₹1.81 crore across 27 leases. In addition, dead rent and interest amounting to ₹74.81 lakh (four leases) and surface rent of ₹7.27 lakh (14 leases) remained unrealised due to delayed demands and poor follow-up. Besides this, even DMFT fund registers were not maintained in one district.

Funds held by District Mineral Foundation Trusts likewise saw low absorption and governance gaps.

Out of ₹239.21 crore received for DMFTs in the four test-checked districts, only ₹86.56 crore (36.18 *per cent*) was sanctioned for projects, and merely ₹47.03 crore (19.66 *per cent*) was released to implementing agencies.

As per the Himachal Pradesh DMFT Rules, 2016, each DMFT is required to compile and maintain an up-to-date register of both geographical areas and population affected by mining activities. However, in Solan and Una districts, no exercise had been undertaken to identify either affected areas or affected persons up to July 2024. In Bilaspur and Shimla, mapping of affected areas was carried out only in 2021-22, after delays of 62 and 59 months, respectively and yet enumeration of affected persons was still pending.

Of the 281 sanctioned DMFT works amounting to ₹86.56 crore, 20 were cancelled, leaving 261 projects that should have progressed to implementation. However, progress remained inadequate: only 51 works (20 *per cent*) were completed, while 210 works (80 *per cent*) remained unfinished as of July 2024. Additionally, 14 works costing ₹4.59 crore, sanctioned in four sampled districts, were taken up outside the eligible high-priority and other-priority categories prescribed under the amended HPDMFT Rules.

Further, audit scrutiny in four districts (Bilaspur, Shimla, Solan and Una) revealed non-compliance with the requirement of allocating 60 *per cent* of development funds to high-priority sectors and 40 *per cent* to other-priority sectors, as mandated by the 2020 amendment to the HP DMFT Rules, 2016. Of 218 works amounting to ₹64.81 crore sanctioned between October 2020 and March 2023, only 59 projects valued at ₹26.48 crore (41 *per cent*) were allocated to High-Priority Areas. In contrast, 159 projects worth ₹38.33 crore (59 *per cent*) were sanctioned under Other-Priority Areas, significantly exceeding the statutory ceiling of 40 *per cent* and consequently reducing High-Priority allocations well below the mandated 60 *per cent*.

More than 68 *per cent* of project proposals in two districts (Shimla and Solan) were rejected without clear rationale. Duplicate funding was observed for an identical piped water supply scheme for *Gram Panchayat* Solag Jurasi. None of the trusts had their statutory websites, or had prepared annual budgets and annual accounts.

A survey of 1,082 beneficiaries was conducted in the selected DMFTs to assess the impact of assets created under the DMFT. Results of the survey indicated that 96 *per cent* beneficiaries were unaware of the scheme and DMFT trust, 99 *per cent* beneficiaries were not aware that their village is in the list of "affected village" and "affected persons" under this scheme. Seventy eight *per cent* mentioned that they were not consulted by any representative regarding requirement of basic services. On the other hand, 85 *per cent* beneficiaries were satisfied with availability of schools, 68 *per cent* with hospitals, 63 *per cent* with water supply schemes, 75 *per cent* with skill development facilities, and 91 *per cent* with electricity.

Taken together, these findings point to systemic deficiencies in planning, lease management, enforcement, revenue collection and fund utilisation. Unless the Department adopts annual action plans, strengthens its field level controls (including technology enabled surveillance), automates revenue reconciliations, and brings DMFT operations into full compliance with transparency and governance norms, both the State's fiscal interests and its environmental stewardship will remain at risk.

Jal Shakti Vibhag

Subject Specific Compliance Audit on Execution of Minor Irrigation Schemes in Himachal Pradesh

Audit of Execution of Minor Irrigation Schemes in Himachal Pradesh for the period 2019-23 was conducted to assess whether: execution and maintenance of the works under the schemes/projects was done in accordance with Detailed Project Reports; Institutional mechanism for monitoring and evaluation of schemes was in place and functioning as per the guidelines of the schemes; and financial management of the schemes was as per the guidelines of the schemes.

The audit of minor irrigation schemes under the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) and State Schemes in Himachal Pradesh revealed significant lapses in planning, execution, and maintenance, as highlighted below.

District Irrigation Plans (DIPs) and State Irrigation Plans (SIPs) were prepared, with a total PMKSY plan of ₹7,602.95 crore for 2016-20, including ₹4,512.16 crore for Har Khet Ko Pani (HKKP) component covering 6,478 schemes. However, only 129 schemes worth ₹804.51 crore were sanctioned during 2017-22, with no sanctions in 2019-21. Detailed Project Reports (DPRs) for 24 test-checked schemes lacked essential surveys (topographical in 20, geological in all, and hydrological in 22), leading to incomplete schemes, damages to the scheme works, and inadequate water supply.

Benefit Cost Ratio (BCR) for economic feasibility was included in DPRs in eight test-checked divisions but was not evaluated post-completion due to lack of data on cropping patterns and productivity, rendering the exercise ineffective.

Despite a planned allocation of ₹ 210.24 crore for convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) for the period 2016-20, no such integration occurred in test-checked divisions, resulting in missed opportunities for sustainable water management.

Water User Associations/Kisan Vikas Sanghs (WUAs/KVSs) were formed in 14 out of 24 test-checked schemes but were functional in only seven, with no framework for water management or asset handover to PRIs in eight test-checked divisions, indicating a lack of participatory approach.

Significant disparities were noted in approval of projects under PMKSY, with Mandi district receiving disproportionate funds (60.04 *per cent* of HKKP funds) and Cultivable Command Area (CCA) approvals (131.79 *per cent* of planned CCA) compared to other districts during 2017-22.

Despite sanctioning 723 HIMCAD (State scheme) schemes worth ₹488.12 crore, micro irrigation works were not executed by the Agriculture Department due to non-allocation of funds as of July 2023, contrary to State Water Policy and State Technical Advisory Committee (STAC) recommendations.

Of 163 schemes in test-checked divisions, 72 were completed, which included 31 schemes with delays of 9-45 months and 18 schemes with cost overrun of ₹8.83 crore. Of 86 ongoing schemes, 10 remained incomplete despite delay of 3-46 months, mainly due to land dispute (two schemes), non-receipt of forest clearance (two schemes), and not providing power supply (one scheme). Besides, three schemes incurred cost overrun of ₹1.03 crore. The works for the remaining five schemes sanctioned for ₹6.94 crore were not started even after a lapse of 11 to 64 months from the month of sanction.

Irregularities included splitting of works in 18 schemes amounting to ₹ 48.25 crore across the eight test-checked divisions, to keep the tender value below ₹ five lakh and thereby to avoid e-tendering process, delay of 11 to 66 months in award of works for 13 test-checked schemes (out of 24) sanctioned for ₹ 92.85 crore, resulting in a time overrun of 12 to 48 months in 12 schemes and cost overrun of ₹ 6.62 crore in seven schemes, non-recovery of compensation of ₹4.41 crore from contractors for delays in works. Fund diversions (₹2.34 crore) and avoidable demand charges (₹0.94 crore) for non-functional schemes were noted. Suspected material pilferage (cement and steel worth ₹6.30 lakh) was also observed.

Joint inspections of the 24 minor irrigation schemes in test-checked divisions revealed non-functional or incomplete schemes due to poor site selection, lack of surveys, unavailability of forest clearance and issues like floods, land disputes, and power supply failures, leading to unfruitful expenditure of ₹10.12 crore in Kullu district. Beneficiary surveys showed low satisfaction (45 *per cent* with water quantity, 12 *per cent* with KVS management) and minimal impact on economic status or cropping patterns.

The Inter Departmental Working Group (IDWG), responsible for day-to-day coordination and management of the scheme activities within the State, did not meet regularly, social audits of the minor irrigation schemes were not conducted, and asset inventories were not maintained. *Abiana* charges are notified by the State Government at the prescribed rate per acre per crop separately for lift irrigation schemes and flow irrigation schemes. These were significantly under-collected (₹0.37 crore raised against ₹9.79 crore potential), with only ₹6.39 lakh collected in test-checked divisions against ₹14.53 lakh, due to staffing shortages.

Department of Revenue

Subject Specific Compliance Audit on Utilisation of State Disaster Response Fund/National Disaster Response Fund

The Audit of 'Utilisation of State Disaster Response Fund/National Disaster Response Fund' for the period from 2019-20 to 2022-23, was conducted to ascertain whether expenditure from SDRF/NDRF was incurred as per SDRF/NDRF guidelines and timely assistance was provided for quick response, relief and restoration of immediate nature of damaged infrastructure as per norms.

In 2019-20, the Central Government withheld ₹61.07 crore out of ₹258.30 crore due to persistent misutilisation of State Disaster Response Fund (SDRF) by Himachal Pradesh. Audit noted that the trend of misutilisation continued during 2019-23, despite the issue being repeatedly highlighted in various Audit Reports of the CAG of India on the Social, General and Economic Sectors (Non-PSUs) of the GoHP for the years ended March 2016 to March 2019. During 2020-22, ₹254.73 crore sanctioned under National Disaster Response Fund (NDRF) was not released due to high SDRF opening balances (₹745.91 crore in 2020, ₹752.79 crore in 2021) caused by non-clearance of OB-suspense head. This delayed the relief assistance from the NDRF by one to two years. Further, MHA, GoI deducted assistance of ₹61.02 crore based on inaccurate notional SDRF balances, with no follow-up by the State for the release of the balance funds.

Against SDRF guidelines, ₹122.27 crore was kept in saving bank accounts instead of being invested in permitted instruments, resulting in a loss of interest. The State did not recoup this loss from its own resources.

In test-checked Districts, utilisation of SDRF/NDRF funds ranged between 69 and 92 *per cent* during 2019-23. In Blocks, utilisation was lower ranging between 34 and 43 *per cent*. Funds were sanctioned in excess of approved norms for road restoration (₹11.66 crore), drinking water/irrigation schemes (₹0.74 crore), and miscellaneous assistance (₹39.20 lakh). Inadmissible works, including routine repairs and new constructions, worth ₹11.76 crore were executed, diverting funds from disaster relief.

Sanction of funds for relief by the DCs was delayed by 11 to 33 months in 90 cases due to non-submission of the requisite documents by the concerned authorities/beneficiaries and poor fund management.

The State Disaster Management Plan (SDMP) was not annually updated, and District Disaster Management Plans (DDMPs) lacked State Executive Committee approval. Community plans and Village Disaster Management Teams (VDMTs) were not established in test-checked areas. The State Disaster Response Force was understaffed, with only 193 of 326 sanctioned posts filled and no technical staff appointed. District Emergency Operation Centres (DEOCs) remained under-equipped due to unutilised funds (18.18 lakh) and inadequate infrastructure. Training targets for youth volunteers (shortfall: 8,566; 51.77 *per cent*) and masons (shortfall: 5,307; 96.22 *per cent*) were not met during 2019-23 and ₹2.37 crore remained unutilised as of October 2023. No training was conducted for carpenters/bar benders.

DDMAs in the test-checked districts received ₹6.07 crore (March 2023) from the State Disaster Management Cell for conducting training programmes and procuring equipment. However, the DDMAs neither initiated the required training activities nor purchased the search and rescue equipment, resulting in ₹6.07 crore remaining unutilised.

The State's Management Information System portal was not updated for 9,449 works (₹172.47 crore) sanctioned during 2019-23 and a large backlog of Utilisation Certificates limits the ability to track fund usage in real time.

Individual Audit Observation

Himachal Pradesh Forest Department

Scrutiny of the records of the Nodal Officer (FCA), Shimla revealed that 314 number of cases got in-principle and final approval by the Regional Office, MoEF&CC up to December 2021. However, in three cases under the Chamba Circle, discrepancies were observed between the eco-classification of the forests mentioned by the Department and the Net Present Value (NPV) rates applied. In another case, saplings present in the forest land were not accounted for while calculating forest density. As a result, the possibility of under-assessment and consequent short realisation of Compensatory Afforestation Fund Management and Planning Authority (CAMPA) funds amounting to ₹1.33 crore cannot be ruled out.