

Press Brief

Report of the Comptroller and Auditor General of India on Compliance Audit for year ended 31 March 2021 for Government of Himachal Pradesh

Report no. 04 of the year 2022 of the Comptroller and Auditor General of India on Compliance Audit for the year ended 31 March 2021 for Government of Himachal Pradesh has been prepared under provision of Article 151 of the Constitution of India. The Report has been laid before the State Legislature on 05 April 2023.

This Report covers matters arising out of the Compliance Audit of the Departments of the State Government and their Public Sector Undertakings. The Report contains three Subject Specific Compliance Audits and 17 individual compliance audit observations having monetary implication of ₹ 124.43 crore. The Report has been organised into six chapters as under:

Transitional Credit under GST

State Taxes and Excise Department

There were instances of excess carry forward of input tax credit than the last legacy returns and excess claims of transitional credits due to mismatch between Annual and Quarterly returns. It was noticed that transitional credits were allowed without filing of requisite returns. Further, transitional credit on goods in stock was allowed without duty paid documents and excess carry forward of Input tax credit on capital goods was allowed. All these deviations resulted in loss of revenue to the State Government.

Processing of refund claims under GST

State Taxes and Excise Department

There was significant delay in issue of acknowledgements as well as in sanction of refunds. In several cases, there were deviations from the provisions of Acts and Rules which resulted in irregular refunds. The Department failed to adhere to the provisions for post-audit of refunds. The Department also failed to ensure the collection of all documentary evidence before sanctioning refunds, and refund registers were not maintained in prescribed formats.

Preparedness of Department of Fire Services

Home Department

The Department had not conducted vulnerability analysis of fire vulnerable buildings as also not prepared database of hazardous industries. The Department had no database of high-rise buildings in the State despite the PAC's recommendation for identification of such buildings. The Himachal Pradesh Fire Fighting Services Act, 1984, empowers the Department to enter/examine premises for compliance with fire safety norms but are weak as they do not contain provisions to enforce compliance and penal provisions for non-adherence to norms. 23 test-checked fire control centres did not have adequate and reliable source of water. Against approved fleet strength of 115 fire fighting vehicles in the State, only 85 were available. At the

same time, Department surrendered budget of ₹ 6.22 crore under 'Motor Vehicle' during 2018-21. Against required 5,055 personal protection equipment (PPE) for firefighters, only 728 were available. The unique toll-free number (101) assigned to attend first information about fire incidents had not been made available in any of the fire posts in the State which could result in delay in receipt of information and response time. Against sanctioned strength of 938 post of operational staff, 257 (28 per cent) posts were lying vacant, adversely impacting the capacity of fire control centres. The Department did not conduct any physical assessment test of firefighters during 2018-21 to ascertain their fitness for the job. In 22 test-checked fire control centres, there was delayed response to fire incidents.

Individual Audit Observations

State Taxes and Excise Department:

Inadmissible allowance of Input Tax Credit (ITC) on branch transfer

Failure of Assessing Authorities to disallow ITC on branch transfer resulted in inadmissible allowance of ITC of ₹ 1.40 crore. Besides, interest was also leviable.

Non-levy of penalty and additional penalty on short lifting of Minimum Guaranteed Quota (MGQ)

The Department did not levy penalty of ₹ 37.46 crore or additional penalty of ₹ 1.58 crore for short lifting of Minimum Guarantee Quota of Country Liquor and Indian Made Foreign Liquor against benchmarks of 100 per cent and 85 per cent respectively

Non-levy of interest on delayed payment of Retail Excise Duty and Bottling Fee

Interest amounting to ₹ 41.16 lakh on delayed payment of license fee and ₹ 26.30 lakh on delayed payment of bottling fee was not demanded by the Department from the licensees of 69 vends & five manufacturers respectively, resulting in non-levy of interest to the extent of ₹ 67.46 lakh.

Non-realisation of bottling license fee

In two distilleries/bottling plants, Deputy Commissioners of State Taxes and Excise recovered bottling license fee of ₹ 34.96 lakh against the recoverable amount of ₹ 71.86 lakh resulting in non-realization of ₹ 36.91 lakh. In addition, interest was also leviable.

Suspected Pilferage of Country Liquor

Mismatch between the quantity sold by the wholesaler and lifted by the retailers resulted in suspected pilferage of 8293.105 proof litres of liquor involving retail excise duty of ₹ 24.05 lakh.

Revenue Department

Short determination of market value of properties

Incorrect valuation on the basis of incorrect circle rates and false affidavits regarding distance of the land from road resulted in short realisation of Stamp Duty and Registration Fee of ₹ 3.74 crore.

Short realization of Stamp Duty and Registration Fees on Lease Deeds

Market rates were not used to calculate stamp duty and registration fees due on lease deeds resulting in short recovery of ₹ 0.43 crore.

Himachal Pradesh Public Works Department

Short realization of dues for laying of optical fibre cable

Failure of the Department to apply correct rates for restoration of road after the laying of optical fibre cable reflects negligence in safeguarding public resources resulting into short recovery of ₹ 0.55 crore and compromising the ability of the department to restore the road to the desired quality standards.

Unfruitful expenditure and undue favour in construction of road work

Unfruitful expenditure of ₹ 3.34 crore on incomplete road work including undue favour of ₹ 0.38 crore due to manipulated/collusive bidding, besides making payment for fictitious entries in measurement books.

Undue favour to contractor on work of strengthening/widening of road

Undue favour was granted to contractor for road work by making unauthorized/ irregular advance payments of ₹ 6.15 crore and not adjusting/recovering the same, not levying liquidated damages of ₹ 0.82 crore for delay and granting inadmissible price escalations of ₹ 0.62 crore; besides, NABARD loan funds for other scheme(s) were diverted for making advance payments to the contractor thereby incurring interest liability.

Jal Shakti Vibhag

Infructuous and unfruitful/ ineffective expenditure on construction of tube wells

Not conducting scientific feasibility assessment of discharge at proposed sites for tube well schemes before commencement of work led to infructuous expenditure of ₹ 0.92 crore on abandoned schemes, and inefficient expenditure on marginally functional schemes, besides other schemes remaining incomplete even after lapse of seven years since approval, resulting in denial of irrigation facilities to beneficiaries.

Infructuous and unfruitful expenditure on execution of sewerage scheme

Deficient planning and non-ensuring availability of land led to inordinate delay of 12 years in execution of sewerage scheme for Theog town rendering expenditure of ₹ 5.12 crore unfruitful.

Rural Development Department

Improper implementation of projects under State Rural Livelihood Mission

State Rural Livelihood Mission (SRLM) asked for lesser performance guarantee by ₹ 2.06 crore from Programme Implementing Agencies (PIAs) and failed to enforce contractual recovery of ₹ 0.74 crore from the defaulter for poor performance. Besides, failing to expedite execution of projects through PIAs, leading to training of only 5,262 (47 *per cent*) candidates against a target of 11,100 and placement of 36 *per cent* candidates against the stipulation of 70 *per cent* of the trained. The SRLM had to terminate three projects without completion, due to

poor performance and expenditure of ₹ 2.05 crore incurred thereon did not serve the intended objective.

Transport Department

Contradiction in provisions resulting in unjust collection of Adda Fees by the Concessionaires of Bus Stands

Unjust enrichment of Concessionaires by ₹ 2.76 crore by allowing them to collect *Adda fees* from the date of signing of Agreement instead of date of completion.

Individual Audit Observations on SPSEs

Himachal Pradesh Power Transmission Corporation Limited (HPPTCL):-

Non-insertion of suitable clause in the bid resulting in avoidable payment of test charges

Failure of the Company in inserting suitable clause in the bid resulted in avoidable payment of testing charges of ₹ 10 crore.

Himachal Pradesh State Electricity Board Limited (HPSEBL):-

Audit of contracts relating to System strengthening under Integrated Power Development Scheme (IPDS) in Himachal Pradesh State Electricity Board Limited

Company awarded (2018-19) contracts relating to solar plants at ₹ 5.14 crore higher than the rates approved by HIMURJA. It approved extension of time on unjustified grounds without levy of liquidated damages (LD), resulting in non-levy of LD amounting to ₹ 57.60 lakh.

GST payment on solar plants was made (January 2019 to December 2019) at 18 *per cent* without any documentary proof against the applicable rate of five *per cent* resulting in extra payment of ₹ 21.03 lakh.

Shimla Jal Prabandhan Nigam Limited (SJPNL):

Avoidable expenditure due to non-revision of Contract Demand and Standard Voltage Supply

Failure of Shimla Jal Prabandhan Nigam Limited (SJPNL) to revise Contract Demand as per actual maximum recorded demand in three Lift Water Supply Schemes led to avoidable expenditure/ liability of Demand Charges of ₹ 5.67 crore. Wrongly imposed Contract Demand Violation Charges of ₹ 0.23 crore was paid by SJPNL. Further, the SJPNL availed energy supply at a voltage lower than the Standard Supply Voltage, resulting in avoidable expenditure of ₹ 5.14 crore on account of Low Voltage Supply Surcharge.