

Chapter I Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programmes and activities and compliance audit of economic sector departments.

Compliance audit refers to examination of the transactions relating to expenditure of the audited entities. This is to ascertain whether the provisions of the Constitution of India, applicable laws, rules and regulations, various orders and instructions issued by the competent authorities are being complied with. Performance audit examines whether the objectives of the programme or activity are achieved economically, efficiently and effectively.

The primary purpose of the Report is to bring important results of audit to the notice to the State Legislature. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective measures. This would provide them inputs to frame policies and directives to improve financial management of the organisations for better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies noticed in Performance and Compliance Audit. Chapter II of this Report contains findings arising out of performance audit on Role of Rajasthan State Pollution Control Board (RSPCB) in controlling air pollution in the State. Chapter III contains observations arising out of compliance audit of the Government Departments.

1.2 Profile of Audited Entities

The Accountant General (Economic and Revenue Sector Audit), Rajasthan, Jaipur conducts Audit of the expenditure of nine economic sector departments. These Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Commissioners/Deputy Secretaries and subordinate officers.

The comparative position of expenditure incurred by the Government of Rajasthan during 2014-15 to 2016-17 is given in **Table 1** as follows:

Table 1: Comparative position of expenditure

(₹ in crore)

Particulars	2014-15	2015-16	2016-17
Revenue expenditure			
General services	27,868	31,016	39,203
Social services	37,754	43,349	49,372
Economic services	28,920	31,874	38,565
Grants-in-aid and Contribution	-*	-**	-***
Total	94,542	1,06,239	1,27,140
Capital and other expenditure			
Capital Outlay	16,103	21,985	16,980
Loans and Advances disbursed	701	36,602	12,965
Payment of Public Debt	4,960	4,959	5,015
Contingency Fund	300	-	-
Public Accounts disbursement	1,22,061	1,40,432	1,48,886
Total	1,44,125	2,03,978	1,83,846
Grand Total	2,38,667	3,10,217	3,10,986

Source: Audit Reports on State Finances of the respective years

* ₹ 9 lakh only, ** ₹ 10 lakh only, *** ₹ 6 lakh only

1.3 Authority for Audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971.

The Accountant General (Economic and Revenue Sector Audit), Rajasthan, Jaipur conducts audit of expenditure of Economic Sector Departments, including Public Sector Undertakings and Autonomous Bodies of the Government of Rajasthan under the provisions of the CAG's DPC Act, 1971 and the C&AG's Regulations on Audit and Accounts, 2007 issued there under. The principles and methodology for the performance and compliance audit are prescribed in the guidelines and manual issued by the CAG.

1.4 Organisational Structure of the Office of the Accountant General (Economic and Revenue Sector Audit), Rajasthan



Under the directions of the CAG, the office of the Accountant General (Economic and Revenue Sector Audit), Rajasthan, Jaipur conducts audit of Revenue and Economic Sector Departments, including Public Sector

Undertakings and Autonomous Bodies of the Government of Rajasthan through three groups.

1.5 Planning and conduct of audit

Audit process starts with the assessment of risk exposure of various Government departments/organisations/autonomous bodies and schemes/projects, *etc.* Risk assessments are based on expenditure, criticality of activities, assessment of overall internal controls and the concerns of stakeholders. Previous audit findings are also considered in this exercise.

After completion of audit of each unit, an Inspection Report containing audit findings is issued to the head of the unit. The units are requested to furnish replies to the audit findings within one month of receipt of the Inspection Report. Whenever replies are received, audit findings are either settled or further compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports.

1.6 Significant audit observations

During the last few years, Audit has reported several significant deficiencies relating to implementation of various programmes/activities as well as the quality of internal controls through performance audits. The deficiencies noticed during compliance audit of the Government departments/organisations were also reported.

The present report contains one Performance Audit on Role of RSPCB in controlling air pollution in the State, three Compliance Audits covering themes on Adherence to Environmental Issues on Mining Activities in Rajasthan, Development of Water Catchment through Greening of Rajasthan and Implementation of Rajasthan Road Sector Modernization Project and eight individual paragraphs. The highlights are given in the following paragraphs.

1.6.1 Performance Audit of programmes/activities

Chapter II of this Report contains the Performance Audit on Role of Rajasthan State Pollution Control Board in controlling air pollution in the State. The salient features of the performance audit are discussed below:

Role of Rajasthan State Pollution Control Board in controlling air pollution in the State

RSPCB was entrusted with the responsibility of prevention, control and abatement of air pollution under the provisions of Air (Prevention and Control of Pollution) Act, 1981.

The five cities of Rajasthan *i.e.* Alwar, Jaipur, Jodhpur, Kota and Udaipur are in the list of top 100 polluted cities in the world declared by World Health Organisation. These are also considered as ‘non-attainment’ cities by Central Pollution Control Board (CPCB). These cities have not met the National Ambient Air Quality Standards consecutively over three years’ period. Audit

observed that the source apportionment studies were not carried out in these cities to identify and quantify the sources of pollution. In absence of which RSPCB was not in a position to prepare comprehensive programmes for prevention, control or abatement of air pollution.

In the case of National Capital Region (NCR) area or non-attainment cities of the State, no action plans for abatement and control of pollution were submitted by the concerned department/authority to RSPCB. As a result directions issued by CPCB could not be monitored by RSPCB, hence, most of the actions given in the direction could not be initiated.

As of March 2017, only 32 Ambient Air Quality Monitoring Stations and two Continuous Ambient Air Quality Monitoring Stations were operating in six districts while 27 districts having 47.03 million population and 74.50 lakh vehicles were still out of the purview of air quality monitoring. It was also seen that RSPCB and Environment Department did not have meaningful data of the sources of pollution in rural areas also in absence of which planning to mitigate pollution could not be undertaken. The samplers were installed at unapproved locations. The instruments for measuring air quality at monitoring stations were installed in violation of the guidelines. This has the risk of generating inaccurate and non-representative results.

The annual mean value of Respirable Suspended Particulate Matter (PM₁₀) was very high and ranged between 87µg/m³ and 295µg/m³ against the prescribed limit (60.00µg/m³) in test checked 21 Ambient Air Quality Monitoring Stations. There was no follow up action to reduce the pollution levels. Periodic survey to identify the sources of air pollution and the adverse impact on eco-system as well as human health was neither done by RSPCB nor were any action plan prepared with clear timelines to reduce the air pollution.

Information on type and number of vehicles and meteorological data with respect to temperature, relative humidity, wind speed and its directions was neither collected by the RSPCB nor maintained at the 27 Ambient Air Quality Monitoring Stations test checked as required under National Air Quality Monitoring Programme guidelines.

RSPCB does not have consolidated data of category wise number of industrial units covered under consent mechanism in the State. It had neither conducted any survey nor coordinated with other departments to effectively discharge its regulatory functions to cover all industrial units under its consent mechanism.

The RSPCB did not evolve any mechanism to watch the renewal of consent to operate after expiry of the validity period of consent issued earlier. There was inordinate delay in issuing consents and consents were also issued with retrospective effect in some cases. Test check of 573 cases of the selected Regional Offices revealed that 74 industries had run without consent to operate for periods ranging from 14 to 3038 days. During joint inspection, 12 units were found operating though their Consent to Operates had expired.

Number of detection and death cases due to silicosis showed continuous increase. Detection and death cases were 304 and one respectively in 2012-13, which increased to 4931 and 449 respectively in 2016-17.

In compliance with the recommendation of the Rajasthan Human Rights commission, RSPCB had committed to carry out Ambient Air Quality Monitoring periodically near clusters of mines/quarries. However, audit observed that the details of clusters of mines were not provided by the Director Mines and Geology to the RSPCB. In absence of this, the RSPCB had neither prepared any plan for frequency of inspection nor had started ambient air monitoring nearby mining clusters.

All units of Kota Super Thermal Power station (KSTPS) and Chhabra Thermal Power Plant (CTPP) were operating without obtaining consent to operate/renewal of consent to operate which was the violation of provision of the Air Act.

It was also seen that in Jaipur though 33 brick kilns had not even applied for Consent to Establish/Consent to Operates, no concrete steps were taken by RSPCB against these units. Further, three brick kilns were found operating without consent to operate during inspections carried out by the respective ROs despite the fact that closure notices were issued to them about six years ago.

The Transport Department also failed to prepare an action plan to phase out 15-year-old vehicles. No action was taken to ensure that the Pollution Under Control Certificate centres were functioning as per prescribed norms. The Transport Department neither conducted any survey to identify the places with heavy traffic nor was pollution load assessed in major cities of the State. There were only 22 Pollution Flying Squads (PFS) covering 10 out of 12 regions for monitoring of polluting vehicles. Two region comprising six districts had no PFS. Further, Transport Department did not have data of number of vehicles which were found emitting excess pollutants during inspections by the flying squads.

During joint inspection of Pollution Under Control (PUC) centres, it was observed that Transport Department had issued licences without verifying the site and equipment of PUC centres as 20 licensees had not installed equipment but they had the requisite licenses from the Transport Department. In 10 instances, PUC certificates were issued by the operator of PUC centres without testing of vehicles. In Udaipur, one centre was generating computerised certificates on plain paper from computer while these should have been issued on stationery allotted from Rajasthan Petroleum Dealers Association.

There was shortfall in conducting inspection of highly polluting industrial units during 2012-17 to the extent of 48 to 60 *per cent*.

Number of stack samples analysed by Central Laboratory reduced by 50 *per cent* in 2016-17 when compared to the year 2012-13 indicating decreased testing.

(Paragraph 2.1)

1.6.2 Significant audit observations arising out of Compliance Audit

Adherence to Environmental Issues on Mining Activities in Rajasthan

Mineral extraction activities in the State are regulated under the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 and rules/policies made thereunder. Mining leases/quarry licences are granted by the Mines and Geology Department, Government of Rajasthan. The applicant has to obtain approvals before the grant of mining lease/quarry licence for diversion of forest land for non-forest purposes and Environmental Clearance (EC) from Ministry of Environment and Forest, Government of India or State Level Environment Impact Assessment Authority as the case may be along with Consent to Establish and Consent to Operate from Rajasthan State Pollution Control Board (RSPCB). After the grant of Mining Licence, the lessee is required to furnish reports on production of minerals and the measures for environmental protection to the Mines Department and RSPCB.

We observed that Mines were operated without renewing the Consent to Operate. Mineral production was enhanced without obtaining the Environmental Clearance and there was excess excavation of minerals by the lease holders in violation of conditions attached with Consent to Operate.

Illegal mining activity was prevalent in the State. There were inadequacies in preventive measures as well as in follow up of the illegal mining cases detected. There was slackness in implementation of the policy measures enunciated in 2011 for curbing illegal mining. Also, there was lack of deterrence due to delay in issue of notices for raising demand and recovery of the penal amount from illegal miners.

We also noticed violations of the orders of the Hon'ble Supreme Court of India as mining leases falling in Aravalli mountain range were granted, renewed and extended. Besides, the Ministry of Environment and Forest also granted Environmental Clearance for mining lease despite the area falling under the Aravalli hill range.

We also observed that environmental issues related to mining activities were not accorded due attention by the Department and RSPCB. The Department had not prescribed any periodical return requiring the lease holders to furnish information regarding the observance of conditions related with environmental protection as prescribed in Mining Plan, Environment Clearance and Consent to Operate. The inspection reports of the Department also did not focus on the environmental issues. Out of 136 leases under selected Mining Engineers/Assistant Mining Engineers offices, the RSPCB had conducted inspections in 38 leases only during 2010-17. Further, 106 lease holders had not submitted any reports and 118 lease holders had not submitted the Annual Environment Statement during the operative period of the Consent to Operate. Further, the inspection reports were incomplete, incorrect and unreliable as was confirmed through comparison of the findings of joint physical inspection conducted by us *vis-a-vis* the RSPCB inspection reports. The site inspections pointed out serious deficiencies and neglect towards fulfilment of environmental conditions relating to top soil, overburden dumps, plantation, construction of garland drain, air pollution control measures, noise pollution

control measures, reclamation and rehabilitation measures and mining in benches.

The State Government levied Environment and Health Cess in 2008 on selected major minerals. The proceeds of which were to be utilised for protection of environment and health and maintenance of ecological balance especially in the mining areas of the State, but the funds were sanctioned for activities which did not meet the objectives for which the cess was collected. The Department also collected (₹ 295.03 crore) under the 'Environment Management Fund' for environment protection works which was not utilised in absence of any guidelines.

(Paragraph 3.1)

Development of Water Catchment through Greening of Rajasthan

A project 'Development of Water Catchment through Greening of Rajasthan' for rehabilitation of degraded forest was planned by the State Government. It was planned to treat about 52,750 hectares of degraded land during the period 2012-13 to 2016-17. The project was carried out in selected 17 districts¹ out of total 33 districts.

It was noticed that at the time of preparation of micro plans due importance was not given to the base line work which resulted in various shortcomings and discrepancies besides non-review of micro plans even after lapse of prescribed two years' period. The categorization of degraded forest land was not done during the planning stage in absence of which correctness and authenticity of categorization of the same could not be ascertained.

Instances of non-adherence to technical parameters such as distribution of sub-standard/un-certified seeds, execution of plantation works without obtaining technical sanctions, plantation of immature plants were noticed. In case of construction of soil and water conservation structures, there were cases of deviation from micro plans and required permission from state level committee was not obtained before construction of the same.

In case of execution of Joint Forest Management Activities, there were blockage of funds at Village forest protection/management committee (VFPMC) level, lack of sufficient representation of women and lack of adherence of instructions regarding prescribed number of general meetings and inspection of VFPMCs. It was also noticed that an entire package of the project viz. Convergence through Mahatma Gandhi National Rural Employment Guarantee Scheme were not implemented. The norms for monitoring and evaluation by internal as well as external agencies were not fulfilled.

(Paragraph 3.2)

Implementation of Rajasthan Road Sector Modernization Project

The State Government decided (2012-13) to connect all the villages having population between 250 and 499 (Census 2001) with all-weather bituminous

¹ Ajmer, Alwar, Baran, Bundi, Bharatpur, Chittorgarh, Dausa, Dholpur, Jhalawar, Karauli, Kota, Pratapgarh, Rajasamand, Sawai Madhopur, Sirohi, Tonk and Udaipur.

roads in a phased manner in the areas of the state not covered by *Pradhan Mantri Gram Sadak Yojana*. To achieve this, the Rajasthan Road Sector Modernization Project was launched by Government of Rajasthan in 2013-14. The project envisaged improvement in rural connectivity, strengthening of road sector management and enhancement in road safety.

The department did not provide the information whether all villages having population between 250-499 were taken into account in the plan for providing connectivity with all-weather bituminous roads. A few civil works are yet to be completed pending resolution of disputes on land availability. Norms related to quality control as maintenance of Part-II of quality control register were not fulfilled by some of the selected divisions and required number of inspection at different stages of civil work were also not conducted by State Quality Monitor officers. Works in key areas related to second component *i.e.* road sector modernization and performance enhancement for rural road sector modernization plan were delayed. Similarly, work related to safe corridor demonstration programme related to third component was also delayed.

(Paragraph 3.3)

Non-compliance with provisions of *Pradhan Mantri Gram Sadak Yojana* guidelines and awarding of work without making proper arrangement of funds resulted in non-completion of roads after incurring an expenditure of ₹ 2.61 crore and the objective of providing all-weather road connectivity to the targeted habitations was defeated.

(Paragraph 3.4)

As curing compound was not used by the contractors and curing was done by using water, the payment of ₹ 83.55 lakh by Public Works Department, was irregular and resulted in undue benefit to the contractors.

(Paragraph 3.5)

Work order for construction of bypass road on National Highway-112 (Bar-Bilara-Jodhpur Section) was awarded without ensuring the availability of land and non-shifting of high tension lines in time. Therefore, road connectivity could not be provided to the habitations even after incurring an expenditure of ₹ 9.50 crore.

(Paragraph 3.6)

While making payment to contractors on account of price escalation for labour, steel, cement, bitumen, POL, plant and machinery and other material components, the date of opening of technical bid was considered for calculating the payment of price escalation by Public Works Department instead of the date of opening of financial bid. This resulted in an excess payment of price escalation of ₹ 1.02 crore.

(Paragraph 3.7)

Avoidable expenditure of ₹ 4.19 crore was incurred due to wrong inclusion of items of excavation of earth, construction of granular sub-base and laying of compacted graded stone aggregate in the estimates of construction of cement concrete roads under *Gramin Gaurav Path* Scheme.

(Paragraph 3.8)

Against the rule of financial propriety, irregular expenditure of ₹ 80.28 lakh was incurred on two roads under *Gramin Gaurav Path* Scheme which were already constructed under other scheme.

(Paragraph 3.9)

Due to non-awarding of work of Canal and Dam simultaneously, there was blocking of expenditure of ₹ 9.21 crore on construction of Dam and the farmers were deprived of the irrigation facilities for more than six years. Besides, ₹ 93.24 lakh under clause 3 of the agreement was not recovered from contractor by Water Resources Department.

(Paragraph 3.10)

Failure to obtain of clearance of forest land before start of the work resulted in blocking of funds of ₹ 39.87 crore on construction of canal in parts by Water Resources Department. It also resulted in deferment of benefits of irrigation facilities to be provided to the farmers.

(Paragraph 3.11)

1.7 Response of the Departments to Performance Audit/Compliance Audit Paragraphs

The draft paragraphs are forwarded to the Additional Chief Secretary/Principal Secretary/Secretary of the departments concerned, drawing their attention to the audit findings and seeking their response on these findings. It is brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before State Legislature, it would be desirable to include their comments. They are also advised to have meetings with the Accountant General to discuss the performance audit/draft paragraphs proposed for inclusion in the Audit Report. Accordingly, the performance audit/draft paragraphs proposed for inclusion in this Report are forwarded to the Additional Chief Secretary/Principal Secretary/Secretary concerned.

All the replies to draft paragraphs and performance audit furnished by the State Government have been appropriately incorporated in the Report.

1.8 Follow-up on Audit Reports

The Finance Department of the State Government decided (December 1996) that Action Taken Notes on all paragraphs/performance audits that have appeared in Audit Reports be submitted to the Public Accounts Committee, duly vetted by Audit, within three months from the date of laying of the Reports in the State Legislature. A review of the outstanding Action Taken Notes on paragraphs/performance audits included in the Reports of the Comptroller and Auditor General of India pertaining to various Economic Sector Departments as of December 2017 revealed that three Action Taken Notes were pending from the concerned Departments.

