PART–II

Economic Sector
(Other than PSUs)

CHAPTER–III

Functioning of Departments and Entities (other than Public Sector Undertakings) under Economic Sector

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Introduction

3.1 This chapter presents the profile of audited entities, trends of expenditure under the Economic Sector, response of the Government to Audit, action taken on earlier Audit Reports, status of placement of Separate Audit Reports of entities (other than PSUs) under Economic Sector in the State Assembly and position of their arrears of accounts.

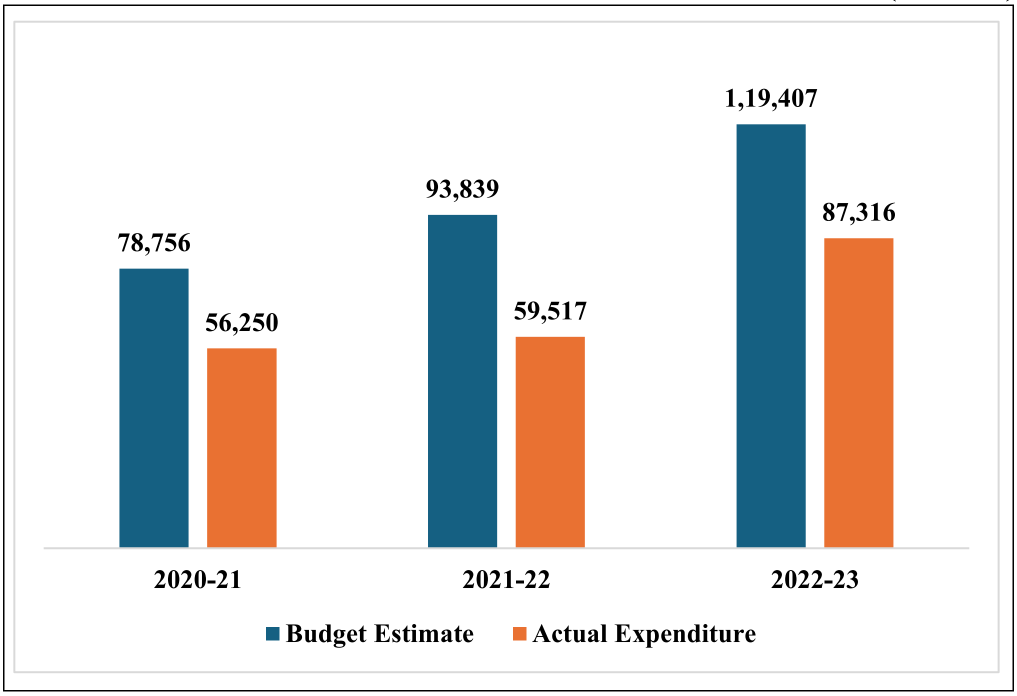
Profile of Departments and Authorities

3.2 Fourteen Departments of the Government of Uttar Pradesh and Thirteen entities fall under Economic Sector of office of the Accountant General (Audit-II), Uttar Pradesh. These Departments are headed by Additional Chief Secretaries/Principal Secretaries, who are assisted by Secretary/Additional Secretary/Commissioners/Directors and subordinate officers under them.

Trends of budget estimate and actual expenditure in respect of fourteen departments of the State Government during 2020-21 to 2022-23 are as detailed in **Chart 3.1**.

Chart 3.1: Budget estimate and actual expenditure of the State Government during 2020-21 to 2022-23

(₹ in crore)



Source: Koshvani web- A gateway to finance activities in UP State

The trend of expenditure of Five major Departments under office of the Accountant General (Audit-II), Uttar Pradesh other than Revenue Department during 2020-21 to 2022-23 is given in **Table 3.1**.

Table 3.1: Trend of expenditure of major Departments under Economic Sector

(₹ in crore)

Department	2020-21	2021-22	2022-23
Energy Department	22,663.87	33,697.32	42,021.55
Infrastructure and Industrial Development Department	6,002.30	8,746.20	16,087.64
Public Works Department	22,632.57	12,934.83	20,975.75
Environment, Forest and Climate Change Department	1,243.86	1,512.19	1,853.21
Civil Aviation Department	1,816.88	181.00	2,089.93

Source: Koshvani web- A gateway to finance activities in Uttar Pradesh

Audit Coverage

3.3 During the year 2022-23, office of the Accountant General (Audit-II), Uttar Pradesh conducted the compliance audit of 133 out of the total 658 auditable units under 14 Departments pertaining to the Departments and Autonomous Bodies except Departments covered under Introductory Chapter of Revenue Department.

Response of Government to Audit

3.4 Audit provides opportunity at four stages to the audited units/departments to elicit their views on audit observations, *viz*.

- **Audit Memos**: Issued to the head of the audited unit during the field audit to be replied during the audit itself.
- **Inspection Reports (IRs):** Issued within a month of completion of audit to be replied by the head of the audited unit within four weeks.
- **Draft Paragraphs:** Issued to the heads of the departments under whom the audited units function for submission of departmental views within a period of six weeks for consideration prior to their being included in the Audit Report.
- **Exit Conference:** Opportunity is given to the head of departments and State Government to elicit departmental/Government views on the audit observations prior to finalisation of the Audit Report.

At all these stages, Audit strives to provide full scope to the audited units/head of departments/State Government to provide rebuttals and clarifications and only when the departmental replies are not received or are not convincing, the audit observations are processed for inclusion in the Inspection Report or Audit Report, as the case may be. However, in most of the cases, the audited units/departments do not submit timely and satisfactory replies as indicated below:

Inspection Reports (IRs)

3.4.1 A detailed review of IRs issued up to March 2023 to 648 Drawing and Disbursing Officers (DDOs) pertaining to 14 departments revealed that 14,152 paragraphs contained in 2,960 IRs were outstanding for settlement for want of convincing replies as on 31 March 2023. Of these, the DDOs submitted initial replies against 2,326 paragraphs contained in 400 IRs, while in respect of 11,826 paragraphs contained in 2,560 IRs, there was no response from the DDOs.

The status of outstanding IRs is given in **Table 3.2**.

Table 3.2: Status of outstanding IRs and Paragraphs as on 31 March 2023

Sl. No.	Period	No. of outstanding IRs (*per cent*)	No. of outstanding Paras (*per cent*)
1	2022-23	116 (4)	1073 (8)
2	1 year to 3 years	161 (5)	1520 (11)
3	3 years to 5 years	282 (10)	2025 (14)
4	More than 5 years	2401 (81)	9534 (67)
Total		**2960**	**14152**

Source: Information compiled by Audit

During 2022-23, no Audit Committee Meeting was held with the departmental officers.

Compliance Audits

3.4.2 For the present Audit Report 2022-23, one Subject Specific Compliance Audit Report has been issued (October 2024) to the Administrative Secretary of Department of Tourism to elicit their views on the audit observations. Reply of the GoUP is awaited. In addition, one draft audit paragraph was also forwarded to the Administrative Secretary of Public Works Department and its reply has been suitably incorporated in the Draft Report.

Follow up action taken on earlier Audit Reports

Replies outstanding

3.5.1 The Report of the Comptroller and Auditor General of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that it elicit appropriate and timely response from the Executive. The Finance Department, Government of Uttar Pradesh issued (June 1987) instructions to all the administrative departments to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of two to three months of their presentation to the State Legislature. The position of explanatory notes not received is given in **Table 3.3**.

Table 3.3: Explanatory notes not received (as on 30 June 2024)

Year of the Audit Report (Economic Sector/Non-PSU)	Date of placement ofAudit Report in the State Legislature	Total Performance Audit (PAs) and Compliance Audit (CAs) Paragraphs in the Audit Report		Number of PAs/CAs Paragraphs for which explanatory notes were not received[1]	
		PAs	CAs	PAs	CAs
2012-13	1 July 2014	2	6	2	-
2013-14	17 August 2015	2	5	1	1
2014-15	8 March 2016	4	4	4	2
2015-16	18 May 2017	2	4	2	4
2016-17	19 July 2019	-	4	-	1
2017-18	21 August 2020	-	10	-	9
2018-19	19 August 2021	-	9	-	6
2019-20	17 December 2021	1[2]	-	-	-
	21 September 2022	-	3	-	2
2020-21	22 February 2023	-	10	-	8
Total		**11**	**55**	**7**	**332**

Source: Information compiled by Audit

[1] Pertaining to Environment, Forest and Climate Change Department; Public Works Department; Department of Micro, Small and Medium Enterprises and Niryat Protsahan; Energy Department, Housing and Urban Planning Department; Infrastructure and Industrial Development Department; Department of Additional Sources of Energy and Department of Information Technology and Electronics.

[2] Standalone Performance Audit Report on 'Land Acquisition and Allotment of Properties in NOIDA' in Uttar Pradesh.

Discussion of Audit Reports by the Public Accounts Committee

3.5.2 During the years 2012-13 to 2020-21, 11 Performance Audits and 55 Compliance Audit Paragraphs were reported in the Audit Reports on Economic Sector. Of these, the Public Accounts Committee (PAC) had taken up 23 paragraphs (PAs/CAs) for discussion. The status of PAC discussion as on 30 June 2024 is detailed in **Table 3.4**.

Table 3.4: Status of discussion of the Audit Reports by PAC

Status	Audit Report on Economic Sector/Non-PSUs for the years 2012-13 to 2020-21
Total Number of audit Paras	66 (11 PAs[3] + 55 CAs)
Taken up by PAC for submission of written reply	23 (7 PAs + 16 CAs)
Recommendation made by PAC	Nil
ATN received	Nil
Action taken by the Department	-

Source: Information compiled by Audit

Status of Audit of Accounts of Entities

3.6 In respect of entities of the State Government audit of which are entrusted to the Comptroller and Auditor General of India as per the Governing Acts of these entities/Government orders/provisions of the Constitution of India, Separate Audit Reports on the accounts of these entities are to be prepared by the Comptroller and Auditor General of India and laid in the State Legislature by the Government.

Arrears in finalisation and submission of Accounts of Entities

3.6.1 As on 31 March 2023, audit of annual accounts of 11 entities under Office of the Accountant General (Audit-II), Uttar Pradesh had been entrusted to the Comptroller and Auditor General of India. Out of these 11 entities, 01 entity *viz.* UP Khadi & Village Industries Board has Nil arrear[4] of accounts. The remaining 10 entities have arrears of 90 accounts up to September 2023. Out of these 10 entities, accounts of 03 entities were in arrears for 18 years, accounts of 01 entity was in arrears for 16 years and accounts of 5 entities were in arrear for 02 to 06 years as detailed in **Table 3.5**.

Table 3.5: Arrears of accounts of various Entities falling under office of the Accountant General (Audit-II), Uttar Pradesh

Sl. No.	Name of Entity	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	2020-21 to 2022-23	03
2	Uttar Pradesh Electricity Regulatory Commission (UPERC)	2022-23	01
3	Uttar Pradesh Khadi & Village Industries Board	Nil	0
4	New Okhla Industrial Development Authority	2018-19 to 2022-23	05
5	Greater Noida Industrial Development Authority	2020-21 to 2022-23	03

[3] Included Standalone Performance Audit Report on 'Land Acquisition and Allotment of Properties in NOIDA' in Uttar Pradesh.

[4] Uttar Pradesh Khadi & Village Industries Board submitted their accounts up to 2018-19 as per their entrustment for accounts audit upto 2018-19. Therefore, their arrear of account is Nil.

Sl. No.	Name of Entity	Year(s) for which Accounts are in arrears	Number of accounts in arrears
6	Yamuna Expressway Industrial Development Authority	2021-22 to 2022-23	02
7	Uttar Pradesh Expressway Industrial Development Authority	2017-18 to 2022-23	06
8	Satharia Industrial Development Authority	2005-06 to 2022-23	18
9	Gorakhpur Industrial Development Authority	2005-06 to 2022-23	18
10	Uttar Pradesh State Industrial Development Authority	2005-06 to 2022-23	18
11	Lucknow Industrial Development Authority[5]	2005-06 to 2020-21	16
Total			90

Source: Information compiled by Audit

Status of laying of Annual Reports/Accounts along with Separate Audit Reports of Entities in the State Legislature

3.6.2 Details of Annual Report/Accounts along with Separate Audit Reports (SARs) of seven entities which are yet to be laid in the State Legislature up to 30 September 2023 are depicted in **Table 3.6**.

Table 3.6: Statement showing details of Annual Reports/Accounts along with Separate Audit Reports yet to be laid in the State Legislature

Sl. No.	Name of Entity	Year up to which Annual Reports/ Accounts along with SAR laid in the State Legislature	Position of Annual Reports/Accounts along with SARs not laid in the State Legislature	
			Year of Annual Report/Account along with SAR	Date of issue of Report to Government
1	UPERC	Nil	2003-04	19 October 2006
			2004-05	5 October 2007
			2005-06	5 October 2007
			2006-07	3 October 2008
			2007-08	17 August 2009
			2008-09	15 August 2010
			2009-10	26 May 2011
			2010-11	8 June 2012
			2011-12	24 September 2014
			2012-13	20 February 2015
			2013-14	22 June 2015
			2014-15	28 December 2015
			2015-16	18 May 2017
			2016-17	8 March 2019
			2017-18	15 May 2020
			2018-19	18 December 2020
			2019-20	20 April 2023
2	CAMPA	Nil	2010-11	2 May 2019
			2011-12	1 October 2019
			2012-13	1 October 2019
			2013-14	6 April 2022
			2014-15	18 May 2023
			2015-16	20 June 2023
			2016-17	4 July 2023
			2017-18	21 July 2023
			2018-19	4 August 2023
			2019-20	31 August 2023

[5] The Lucknow Industrial Development Authority has been merged with Uttar Pradesh State Industrial Development Authority *w.e.f.* 04 March 2021.

Sl. No.	Name of Entity	Year up to which Annual Reports/ Accounts along with SAR laid in the State Legislature	Position of Annual Reports/Accounts along with SARs not laid in the State Legislature	
			Year of Annual Report/Account along with SAR	Date of issue of Report to Government
3	Uttar Pradesh Expressway Industrial Development Authority	Nil	2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17	3 July 2019 10 June 2020 18 December 2020 10 August 2021 29 March 2022 12 April 2022 27 April 2022 26 May 2022 20 June 2022 10 August 2022
4	Uttar Pradesh Khadi & Village Industries Board	Nil	2014-15 2015-16 2016-17 2017-18 2018-19	9 September 2022 9 September 2022 12 December 2022 27 January 2023 27 January 2023
5	New Okhla Industrial Development Authority	Nil	2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15	24 January 2023 24 January 2023 17 April 2023 10 May 2023 1 June 2023 16 June 2023 14 August 2023 14 August 2023 14 August 2023 12 September 2023
6	Greater Noida Industrial Development Authority	Nil	2005-06 2006-07 2007-08 2008-09 2009-10 2010-11	3 March 2023 3 March 2023 21 April 2023 28 June 2023 1 August 2023 28 August 2023
7	Yamuna Expressway Industrial Development Authority	Nil	2005-06 2006-07	4 July 2023 4 July 2023

Recoveries at the instance of Audit

3.7 During the course of audit, recoveries of ₹ 27.68 crore were pointed out in 21 cases in various departments/entities. Against this, recoveries of ₹ 21.01 crore in 13 cases were accepted but in one case only ₹ 0.75 crore was recovered during April 2022 to March 2023 as details given in **Table 3.7**.

Table 3.7: Recoveries pointed out by audit and accepted/recovered by the departments/entities

(₹ in crore)

Name of Department	Particulars of recoveries	Recoveries pointed out in Audit during Period FY 2022-23		Recoveries accepted by the Department during Period FY 2022-23		Recoveries effected during Period FY 2022-23	
		Number of cases	Amount involved	Number of cases	Amount involved	Number of cases	Amount involved
Public Works Department	Excess payment of GST to contractors	7[6]	8.25	5	6.32	1	0.75
	Additional/Irregular payment of labour cess to two contractors	2	3.21	2	3.21	-	-
	Excess payment to two contractors in price escalation	2	1.25	0	0	-	-
	Non recovery of interest on mobilization advance	1	1.37	0	0	-	-
	Non recovery of temporary advance	1	0.98	0	0	-	-
	Loss of interest to Govt. due to irregular release of advance	1	0.17	1	0.17	-	-
Environment, Forest and Climate Change Department	Non recovery of centage charges	2	2.29	1	2.23	-	-
	Non recovery of lease premium and lease rent from IOC Mathura	2	9.06	2	9.06	-	-
	Non/short deposit of security amount by officers/officials	2	0.02	2	0.02	-	-
	Short recovery of Net Present Value (NPV)	1	1.08	0	0	-	-
	Total	**21**	**27.68**	**13**	**21.01**	**01**	**0.75**

Source: Information compiled by Audit

[6] Out of seven cases, one case amounting to ₹ 1.06 crore pertains to the year 2018-19. Against which, recovery of ₹ 0.75 crore has been made during the year 2022-23.