



सत्यमेव जयते

**Handbook on Report of the
Comptroller and Auditor General of India
(Economic Sector) Government of Uttar Pradesh
for the year ended 31 March 2016**



**Office of the Accountant General
(Economic and Revenue Sector Audit),
Uttar Pradesh**

Report No. 1 of the year 2017




Government of Uttar Pradesh

Preface

The handbook presents abridged contents of the Report of the Comptroller and Auditor General of India (Economic Sector), Government of Uttar Pradesh for the year ended 31 March 2016 which has been prepared for submission to the Governor of Uttar Pradesh under Article 151 of the Constitution of India.

The Report contains significant results of one performance audit, one audit and four paragraphs on compliance audit of the Departments of the Government of Uttar Pradesh under the Economic Sector.

The complete Report is available on our website www.cag.gov.in.



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Note: While every effort has been made to ensure conformity of the contents of the publication with the related Audit Report, in case of any discrepancy the facts and figures as stated in Audit Report are to be as final or and to that effect.

Introduction

About this Report

This Report of the Comptroller and Auditor General of India relates to matters arising from performance audit and compliance audit of the Government Departments and Autonomous Bodies falling under the Economic Sector of the State. This Report contains one Performance Audit on ‘Implementation of Environmental Rules and Laws by Uttar Pradesh Pollution Control Board’; Audit on ‘Up-gradation and Extension of Facilities in the State Tourism Circuits’ and four paragraphs based on Compliance Audit.

There are 18 Departments and 86 Autonomous Bodies in the Economic Sector of the State which are under audit jurisdiction of Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh, Lucknow.

Application of Resources of the State Government

As against the total outlay of the budget of ₹ 2,81,703.43 crore, total expenditure was ₹ 2,86,276.58 crore. The total expenditure of the State increased from ₹ 2,26,197.23 crore (2014-15) to ₹ 2,86,276.58 crore (26.56 *per cent*) in 2015-16. The revenue expenditure also increased from ₹ 1,71,027.32 crore (2014-15) to ₹ 2,12,735.95 crore in 2015-16 (24.38 *per cent*).



Planning and conduct of audit

During 2015-16, Compliance audit of all 178 planned units pertaining to 18 Departments and 86 Autonomous Bodies was conducted by the office of the Accountant General (E&RSA) including one Performance Audit and one thematic audit.

Audit of Development Authorities

This office has the clear mandate to conduct the audit of development authorities in Uttar Pradesh under section 14 (2) of the CAG (DPC) Act, 1971. Hence audit of development authorities were regularly conducted by this office till May 2016. Moreover, a performance audit of Ghaziabad Development Authority (GDA) was also undertaken for this Audit Report. However, the Principal Secretary, Housing and Urban Planning Department denied (June 2016) the audit of all development authorities by this office. Hence, the performance audit of GDA was suspended and audit of other 11 development authorities, planned for audit during 2016-17, could not be undertaken.



Performance Audit on ‘Implementation of Environmental Rules and Laws by Uttar Pradesh Pollution Control Board’

Uttar Pradesh Pollution Control Board (UPPCB) is the nodal agency of the State Government for planning, coordination, prevention and control of pollution and also protection of environment in accordance with environmental regulations. UPPCB was set up by the Government of Uttar Pradesh (GoUP) in the year 1975 under the Water (Prevention & Control of Pollution) Act, 1974. The Performance Audit of the UPPCB was carried out covering the period of five years up to 2015-16.

Audit findings

Contrast in pollution level in Varanasi and Lucknow

Audit studied the pollution levels in two important cities of the State i.e. Varanasi and Lucknow in regard to water, air and municipal solid waste during 2011 to 2015. Studies revealed that though population density in Varanasi was more than that of Lucknow, the pollution levels in Varanasi compared favourably against that of Lucknow (with regard to water, air and municipal solid waste) as compared on next page:

<i>Varanasi</i>	<i>Lucknow</i>
<p>Water pollution</p> <p>Water quality of the river Ganga at Varanasi has improved as detailed below:</p> <ul style="list-style-type: none"> • DO level increased from 7.14 mg/l in 2011 to 7.40 mg/l in 2015; • BOD level decreased from 6.22 mg/l in 2011 to 5.09 mg/l in 2015; • Total Coliform content decreased from 48,000 MPN/100 ml in 2011 to 44,000 MPN/100 ml in 2015. 	<p>Water Pollution</p> <p>The water quality of river Gomti worsened as detailed below:</p> <ul style="list-style-type: none"> • DO level decreased from 3.1 mg/l in 2011 to 0.88 mg/l in 2015; • BOD level increased from 7.9 mg/l in 2011 to 12.96 mg/l in 2015; • Total Coliform content increased from 102666 MPN/100 ml in 2011 to 136667 MPN/100 ml in 2015.
<p>Air Pollution:</p> <p>The yearly average value of PM₁₀ was 125.55 mcg/cum to 147.90 mcg/cum during 2011-2015.</p>	<p>Air Pollution:</p> <p>The yearly average value of PM₁₀ was 163.91 mcg/cum to 191.36 mcg/cum during 2011-2015.</p>
<p>MSW Treatment Facility:</p> <p>Total MSW generation in the city was 928.84 MT/day against which 600 MT/day is being treated in treatment plant.</p>	<p>MSW Treatment Facility:</p> <p>Total MSW generation in the city was 1670 MT/day against which a treatment plant of 1300 MT/day is still under trial run.</p>

(Paragraph 2.1.9.4)

Water Pollution

UPPCB monitors the level of

pollution in the 12 major rivers and six water bodies of the State at 53 places by collecting sample once a month. Audit obtained and analysed the test reports (2013-15)



of the water samples of 12 major rivers and six water bodies.

Inadequate analysis of water

UPPCB did not monitor six out of nine core parameters for assessment of quality of water due to insufficient testing facilities in the laboratories.

(Paragraph 2.1.9.1)

High pollution in rivers/water bodies in the State

The water quality of all 12 major rivers including Ganga and Gomti and six water bodies, being monitored in the State, was not as per prescribed standard. The main reason was the inadequate sewage/industrial effluent

treatment facilities and malfunctioning of existing treatment facilities.

As on March 2016, as against total sewage generation of 20,380 million litre per day (MLD), total capacity of the installed, commissioned and operational Sewage Treatment Plants (STPs) was 2,187.59 MLD only (11 *per cent*). Thus, the remaining

18,192.41

MLD (89

per cent)

sewage was

being

discharged

untreated

into rivers/

streams/

lakes/open

lands,

thereby

causing

extreme

pollution.

UPPCB

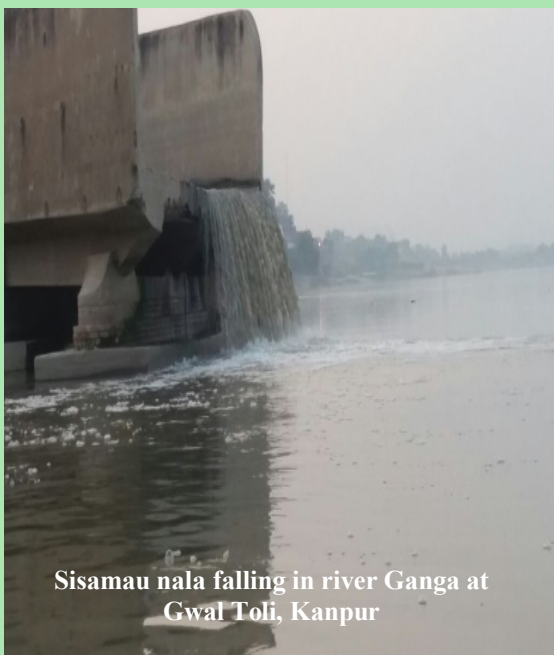
failed to

take

appropriate

action against the defaulters i.e. municipal authorities and

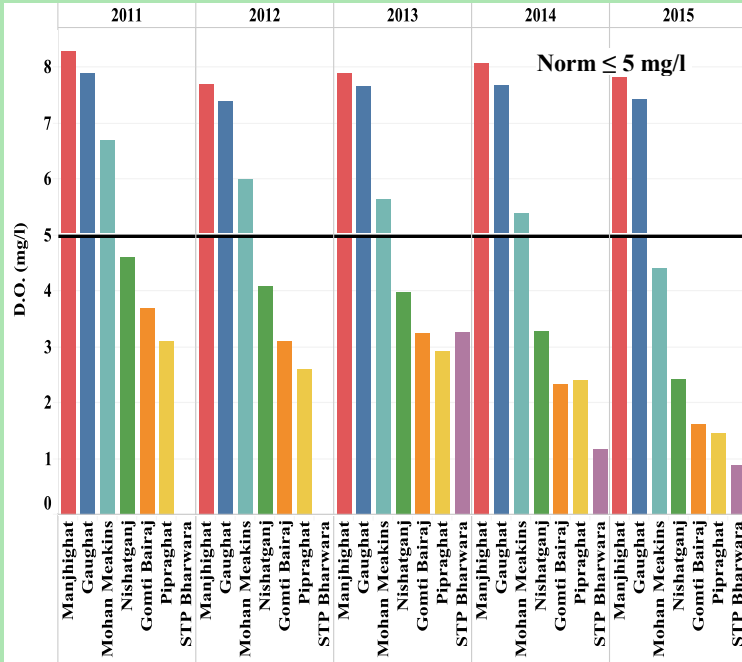
industries.



Sisamau nala falling in river Ganga at Gwal Toli, Kanpur

(Paragraph 2.1.9.1)

DO level in River Gomti at Lucknow



Recommendation

UPPCB should make a plan to improve the quality of water and maintain an up to date data base of untreated sewage discharged into the river. Penalties on defaulting agencies should be levied for strict enforcement of laws.

Air Pollution

Inadequate monitoring of air pollutants

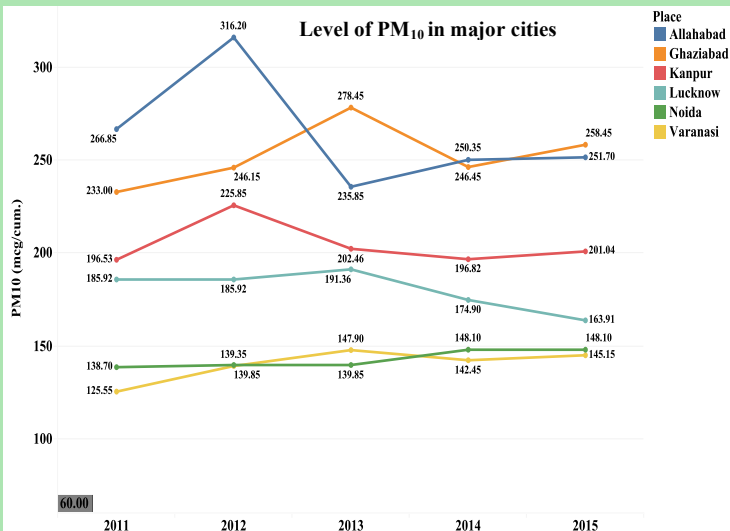
UPPCB was monitoring only three parameters of the air quality against prescribed 12 parameters notified by Central Pollution Control Board due to insufficient testing facilities.

(Paragraph 2.1.9.2)

Emission of Particulate Matter in excess of standard

Annual average level of PM₁₀ in six major cities i.e. Allahabad, Ghaziabad, Kanpur, Lucknow, NOIDA and Varanasi was generally very high ranging from 87 to 347 microgram per cubic metre as compared to the standard of 60 microgram per cubic metre. UPPCB failed to take adequate measures in this regard.

(Paragraph 2.1.9.2)



Failure to install Continuous Ambient Air Quality Monitoring Stations

UPPCB failed to install ‘Continuous Ambient Air Quality Monitoring Stations’ in critically polluted areas as per directions of Central Pollution Control Board (CPCB). It also failed to ensure

installation of ‘Online continuous emission and effluent monitoring mechanism’ by highly polluting industries.

(Paragraph 2.1.9.2)

Short utilisation of fly ash generated by thermal power plants

It could not monitor and ensure 100 *per cent* utilisation of fly ash generated by Thermal Power Plants at Aligarh, Raibareilly and Sonbhadra. It did not record any reason for not monitoring the same.

(Paragraph 2.1.9.2)



Fly-ash dump of NTPC Power Plant, Sonbhadra

Recommendation

UPPCB should take necessary measures to improve the quality of the air, ensure installation of Continuous Ambient Air Quality Monitoring Stations, continuous emission and effluent monitoring mechanism and monitor full utilisation of fly ash as directed by CPCB/MoEF.

Municipal Solid Waste Management

Inadequate facilities for treatment of Municipal Solid Waste (MSW)

Out of 636 municipal authorities, 620 did not have MSW treatment facility. Out of 15,403 MT of MSW only 1,521 MT was treated per day. UPPCB failed to take any action against defaulters under Environment (Protection) Act, 1986.

(Paragraph 2.1.9.3)



Recommendation

UPPCB should issue necessary directions to the municipal bodies and other establishments and also take action against defaulters under the provisions of Environment Protection Act.

Bio-medical waste management

Inadequate facility of bio-medical waste (BMW) treatment

There were 8,366 Health Care Establishments (HCEs) out of which 3,362 HCEs were operating without authorisation.

Total BMW generated in the State was 37,498 kg/day out of

which only 35,816 kg/day was treated and disposed off. BMW of 1,682 kg/day was being disposed off untreated due to inadequate treatment facility. Moreover, BMW generated by veterinary institutions and animal houses were not monitored. However, UPPCB failed to monitor unauthorised operation and untreated disposal of BMW and did not take any action against the defaulters.



BMW kept without segregation near Chak Ganjaria at Lucknow

(Paragraph 2.1.9.5)

Recommendation

UPPCB should issue directions to the health care establishments for compliance of the BMW Rules regarding handling and management of Bio-Medical Waste and also take action against defaulters under the provisions of EP Act.

Hazardous Wastes

Out of 1,830 hazardous waste generating industries, 327 were being operated without authorisation.

Illegal dump sites of Hazardous Waste

There were five illegal dump sites (four at Kanpur and one at Deva Road, Barabanki) in the State where hazardous waste of approx 1,41,432 MT had been found dumped since many years but no effective action has been taken by UPPCB so far, resulting in contamination of ground water and air quality.

(Paragraph 2.1.9.6)



Illegal hazardous waste (chemical industries waste) dump at Khanpur, Kanpur

E-waste

Out of 27 E-waste recycling/collection/generation units in the State (total capacity of 89,886 Metric Tonne per Annum), 11 units (42,840 MTA

comprising 48 *per cent* of total capacity) were operating without authorisation. However, UPPCB did not initiate any action against them.

(Paragraph 2.1.9.7)

Recommendation

UPPCB should issue directions to the concerned establishments for compliance of the rules regarding handling and management of Hazardous/E-waste and also take action against defaulters under the provisions of EP Act.

Planning

- UPPCB did not have complete and comprehensive inventory of polluting sources.
- UPPCB failed to establish and upgrade its labs as per action plan.
- UPPCB failed to equip its labs with facilities of analysing hazardous waste and sediments.
- UPPCB failed to establish system for linking regional lab with central lab for online monitoring the air pollution by grossly polluting industries.
- None of the labs of UPPCB was accredited.

(Paragraphs 2.1.7.1 & 2.1.7.3)

Recommendation

UPPCB should prepare complete and comprehensive inventory of polluting sources. It should ensure to achieve the targets of its action plan and upgrade its laboratories to have latest testing equipment and facilities for proper monitoring and get it accredited.

Financial Management

One of the major sources of UPPCB's income is its share of water cess collected from industries/municipal bodies under Water Cess Act, 1977. Water cess is collected by the UPPCB and deposited with the Government of India (GoI). Eighty *per cent* of the amount realised and deposited by UPPCB is reimbursed back to it by the GoI.

Arrears of water cess

UPPCB failed to assess and raise water cess bills of the municipal authorities on a regular basis and even failed to realise an amount of ₹ 146.43 crore being the amount of bills raised during 2005-2014. Moreover, unrecovered Water Cess from industries also increased from ₹ 384.75 crore as on March 2012 to ₹ 1,050.13 crore as on March 2016. UPPCB could not receive its share of water cess from Government of India amounting to ₹ 193.32 crore as it failed to utilise the water cess received earlier.

(Paragraph 2.1.8.4)

UPPCB did not prepare its Annual Account since 2008-09 and did not get it audited since 1992-93. Despite availability of funds, it incurred only 9 to 21 *per cent* of the budgeted expenditure on pollution control measure during 2011-12 to 2015-16.

(Paragraphs 2.1.8.2 & 2.1.8.5)

Recommendation

UPPCB should ensure proper assessment of water cess and its recovery from industries/local bodies, prepare the financial statement up to date

and get it audited and utilisation of funds for pollution control measures as per plan.

Beneficiary Survey

Audit also conducted beneficiary survey in five cities to get the views of public about the pollution and role of UPPCB. The written opinion of a total 256 people was taken through a questionnaire regarding pollution of Water, Air, Municipal Solid Waste, Bio-Medical Waste and E-waste. Majority of persons were of the opinion that steps taken by UPPCB/GoUP for control of pollution were insufficient.

Monitoring

Audit noticed following deficiencies:

- UPPCB did not follow any norm for fixation of target for inspection of industrial units for compliance of environmental laws and rules.
- There was shortfall in finalisation of targets of inspection of industrial units and its achievement.
- UPPCB did not conduct internal audit.

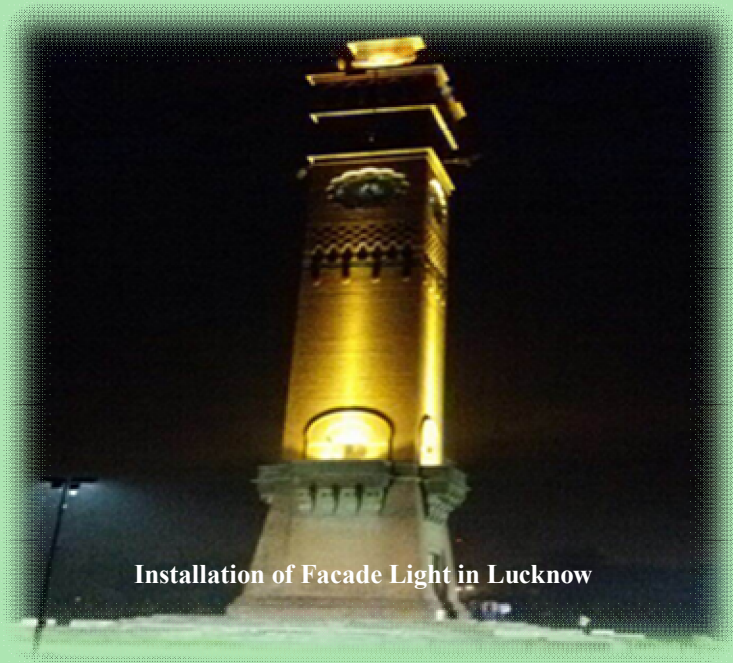
(Paragraphs 2.1.10.2 & 2.1.10.3)

Recommendation

UPPCB should regularly inspect the industries as per norms and penal action should be initiated against defaulting industries and it should have a separate internal audit wing which is liable to report directly to the top management.

Up-gradation and Extension of Facilities in the State Tourism Circuits

Department of Tourism (Department), Government of Uttar Pradesh (GoUP) is primarily responsible for development of tourism in the State. The Department works through Directorate of Tourism (Directorate) which was created by the GoUP in 1972. Audit test checked all 27 schemes with a sanctioned cost of ₹ five crore and above (100 *per cent*) and 27 schemes (50 *per cent*) with sanctioned cost between ₹ two crore and ₹ five crore.



Audit findings

Planning

Integrated/Master plan not prepared

Despite lapse of 18 years after framing of the Tourism Policy 1998, Directorate did not prepare any circuit wise master plan and integrated plan for balanced and justified development of tourism circuits. Moreover, Department did not fix any quantifiable target of the schemes for augmenting tourist arrivals in the State.

(Paragraph 2.2.2.1 & 2.2.2.3)

Financial Management

During 2011-12 to 2015-16, the State Government provided only ₹ 583.33 crore for capital budget of tourism which represented only 0.19 *per cent* of total budget of the State. Moreover, only ₹ 339.51 crore (58.20 *per cent*) could be spent due to delay in completion of works.

(Paragraph 2.2.3)

Cash book and vouchers not prepared

Directorate was operating one current bank account which was not authorised by the Government. Moreover, it did not maintain any voucher and cash book for transactions made from this bank account.

(Paragraph 2.2.3.3)

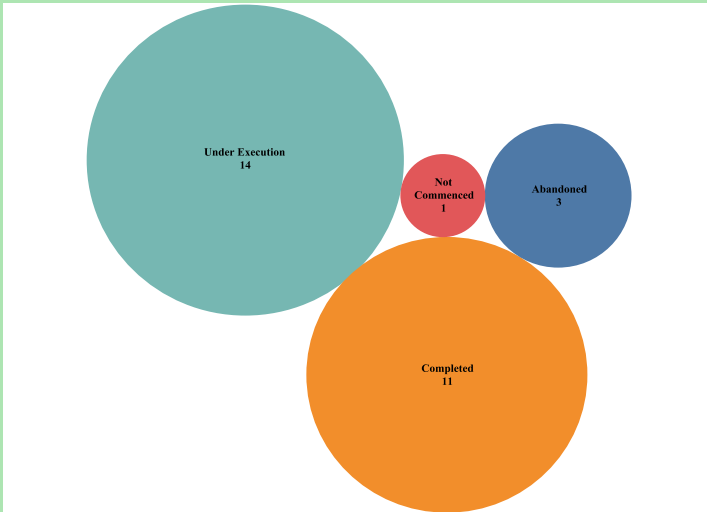
Execution of schemes

Delay in completion and handing over of the schemes

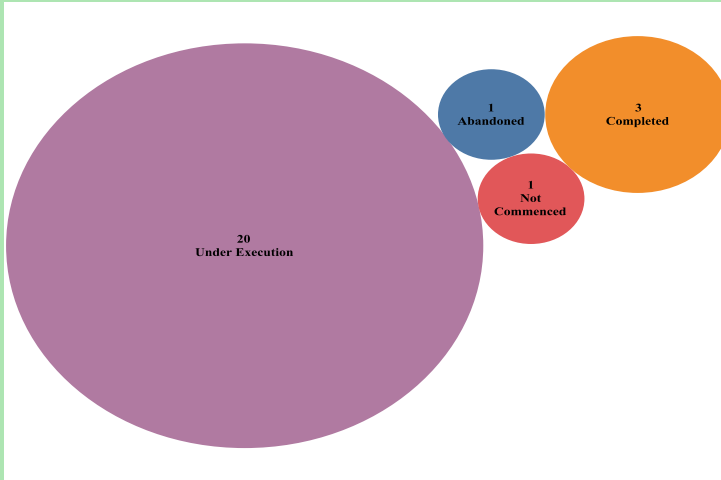
Out of 54 checked schemes, only 14 schemes were completed with delays ranging from six months to over seven years. Remaining schemes were under various stage of execution. Moreover, six completed schemes were lying pending for handing over for more than 12 months to 49 months since their date of completion to March 2016. The reasons for delay in execution of the schemes, as analysed by Audit, were not fixing any timeline to executing agencies (EAs), failure in arrangement of land, delay in commencement of work by EAs and deficient monitoring.

(Paragraphs 2.2.4.1, 2.2.4.2, 2.2.4.3 & 2.2.5.2)

Physical status of 29 sampled Central Government funded schemes



Physical status of 25 sampled State Government funded schemes



Lapse of Central Financial Assistance due to delayed execution of work

Due to failure in executing the schemes within time frame fixed by the Ministry of Tourism, Government of India (GoI), Central Finance Assistance amounting to ₹ 31.25 crore was lapsed.

(Paragraph 2.2.4.2)

Delay in execution of schemes

Directorate failed to ensure timely commencement of the works which resulted in blockade of funds of ₹ 47.98 crore with executing agencies and loss of interest of ₹ 1.84 crore.

(Paragraph 2.2.4.2&2.2.4.3)

Other Deficiencies in execution of schemes

In 10 schemes (sanctioned cost ₹ 110.30 crore), the Department irregularly appointed executing agencies in violation of the GoUP orders.

(Paragraph 2.2.4.4)

Monitoring

Deficient Internal Audit

During 2011-12 to 2015-16 internal audit of only two Regional Tourist Offices (RTOs) against 10 RTOs was conducted. No internal audit of Directorate was conducted.

(Paragraph 2.2.5.1)

Failure in formation of monitoring committee

In violation of GoI orders, no monitoring committee was formed for monitoring physical and financial progress of schemes funded by GoI.

(Paragraph 2.2.5.2)

Absence of Quality Control Mechanism

There was no quality control mechanism to ensure the quality of work done.

(Paragraph 2.2.5.3)

Recommendations

Directorate should comply with Tourism Policy of GoUP and should prepare master plan and integrated plan. The Department should fix quantifiable targets of the schemes.

Directorate should ensure execution of schemes in a timely and effective manner. It should form the committee to monitor the physical and financial progress and also put in place a mechanism for ensuring the quality of the works executed. It should also get the internal audit done.

Compliance Audit Observations

Housing and Urban Planning Department

Hapur-Pilakhua Development Authority failed to levy surcharge amounting to ₹ 3.67 crore on sale of 102 plots, which was meant for the infrastructure development fund.

(Paragraph 3.1)

Agra Development Authority suffered a loss of ₹ 3.13 crore due to short levy of City Development Charges (CDC) and not levying of interest on short realised CDC.

(Paragraph 3.2)

Varanasi Development Authority made avoidable payment of interest of ₹ 0.75 crore due to delayed refund of unutilised loan amount of ₹ eight crore.

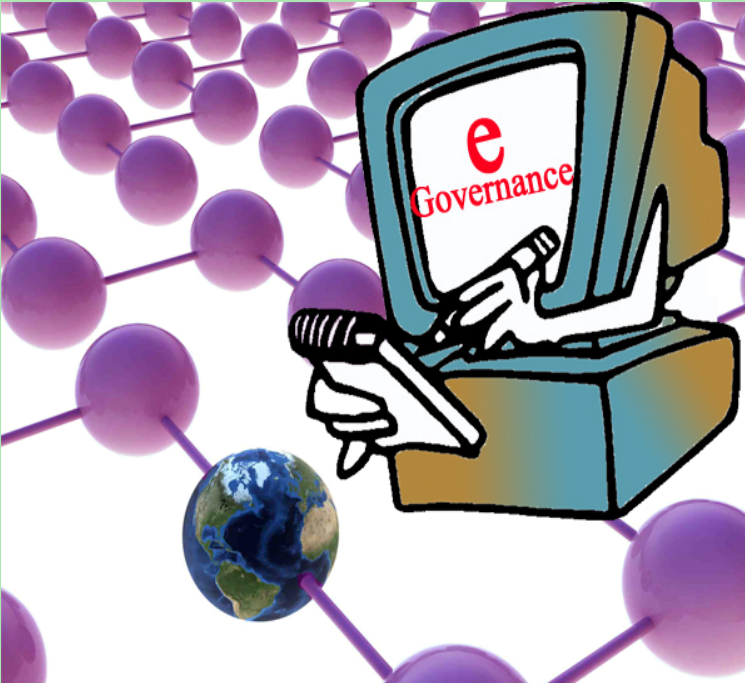
(Paragraph 3.3)



Information Technology and Electronics Department

Information Technology and Electronics Department failed to issue guidelines for transfer of user charges obtained under e-governance to respective Government Departments. Funds were kept in current account of the bank (carrying no interest). Hence, Government of Uttar Pradesh suffered loss of interest of ₹ 2.84 crore during April 2013 to January 2016.

(Paragraph 3.4)



Notes

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