

Chapter-1

General

Chapter 1: General

1.1 Introduction

This Report covers matters arising out of the Compliance Audit of the Departments of the State Government and their Public Sector Undertakings. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. Findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus contributing to better governance.

The Report has been organised in six chapters as under:

- **Chapter 1** contains a brief profile of the State Government with the receipt and expenditure for the year 2020-21, the authority for audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports, individual observations/ paragraphs and follow up action on Audit Reports.
- **Chapter 2** contains observations of the Subject Specific Compliance Audit on Transitional Credit under GST.
- **Chapter 3** contains observations of the Subject Specific Compliance Audit on Processing of refund claims under GST.
- **Chapter 4** contains observations of the Subject Specific Compliance Audit on Preparedness of Department of Fire Services.
- **Chapter 5** contains individual observations relating to Compliance Audit.
- **Chapter 6** contains individual observations relating to Compliance Audit of Public Sector Undertakings of the State Government.

1.2 Receipts and Expenditure

Himachal Pradesh is a Special Category State (SCS); accordingly, it is entitled to financial assistance from Government of India (GOI) in the ratio of 90 *per cent* grant and 10 *per cent* loan. **Table-1.1** provides the details of actual financial results *vis-à-vis* budget estimates for the year 2020-21:

Table-1.1: Actual Financial Results vis-à-vis Budget Estimates

(₹ in crore)

Sr. No.	Components	2020-21 (Budget Estimates)	2020-21 (Actuals)
1.	Own Tax Revenue	9,090	8,083
2.	Non-Tax Revenue	2,410	2,188
3.	Share of Union taxes/duties	6,266	4,754
4.	Grants-in-aid and Contributions	20,673	18,413
5.	Revenue Receipts (1+2+3+4)	38,439	33,438
6.	Recovery of Loans and Advances	26	23
7.	Other Receipts	0	3
8.	Borrowings and other Liabilities ^(a)	5,460	5,700*
9.	Capital Receipts (6+7+8)	5,486	5,726*
10.	Total Receipts (5+9)	43,925	39,164*
11.	Revenue Expenditure Of which,	39,123	33,535
12.	Interest payments	4,932	4,472
13.	Capital Expenditure	6,614	5,629
14.	Capital outlay	6,255	5,309
15.	Disbursement of Loans and advances	359	320
16.	Total Expenditure (11+13)	45,737	39,164

Source: Finance Account and State's budget documents.

(a) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

* Includes ₹ 1,717 crore as back-to-back loans to State from GOI in lieu of GST compensation shortfall.

The tax and non-tax revenue raised by the Government of Himachal Pradesh during the year 2020-21, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-Aid received from the Government of India during the year and the corresponding figures for the preceding four years are depicted in **Table-1.2**.

Table-1.2: Trend of revenue receipts

(₹ in crore)

Sr. No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Revenue raised by the State Government					
	Tax revenue of which	7,039.05	7,107.67	7,575.61	7,626.78	8,083.32¹
	VAT on sales and trade	4,381.91	2,525.87	1,185.43	1,169.53	1,630.11
	State Goods and Service Tax	-	1,833.16	3,342.68	3,550.34	3,466.58
	State Excise	1,307.87	1,311.25	1,481.63	1,660.02	1,599.74
	Motor vehicles tax	279.58	367.16	408.01	465.52	380.20
	Stamp Duty	209.16	229.18	250.55	259.58	253.36
	Taxes and Duties on electricity	371.67	360.79	487.08	100.86	401.76
	Others	488.86	480.26	420.23	420.93	351.57 ²

¹ This includes amount of ₹ 3,466.58 crore received under Major Receipt Head '0006-State Goods and Services Tax'.

² Other Receipts-Land Revenue: ₹ 6.95 crore, Taxes on Goods and Passengers: ₹ 83.55 crore and Other Taxes and Duties on Commodities and Services: ₹ 261.07 crore (excluding share of net proceeds of divisible Union taxes and duties).

Sr. No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
	Non-tax revenue of which	1,717.24	2,363.85	2,830.04	2,501.50	2,188.45
	Power	650.93	687.61	1,134.34	1,021.68	749.12
	Interest receipts	145.56	340.54	385.88	245.36	306.43
	Non-ferrous, Mining and Metallurgical Industries	176.22	441.46	221.05	246.30	252.16
	Forestry and Wildlife	18.50	46.87	76.32	83.61	49.56
	Public works	54.60	55.87	69.92	53.51	58.28
	Other administrative services	42.63	40.45	51.34	49.65	37.05
	Police	50.50	63.33	72.89	55.28	59.77
	Other Non-tax revenue ³	578.30	687.72	818.30	746.11	676.08
	Total	8,756.29	9,471.52	10,405.65	10,128.28	10,271.77
2.	Receipts from the Government of India					
	Share of net proceeds of divisible Union taxes and duties	4,343.70	4,801.31	5,426.97	4,677.56	4,753.92 ⁴
	Grants-in-Aid	13,164.35	13,094.23	15,117.66	15,939.52	18,412.58 ⁵
	Total	17,508.05	17,895.54	20,544.63	20,617.08	23,166.50
3.	Total revenue receipts of the State Government (1 and 2)	26,264.34	27,367.06	30,950.28	30,745.36	33,438.27
4.	State's own revenue as a per cent of total revenue	33.34	34.61	33.62	32.94	30.72

Source: Finance Accounts.

During the year 2020 - 21, 69.28 per cent of the receipts was from the Government of India, as share of net proceeds of divisible union taxes and Grants-in-Aid. The percentage of revenue receipts of the State Government, from its own resources to total revenue receipts, showed increasing trend from 33.34 per cent in 2016-17 to 34.61 per cent in 2017-18 and showed declining trend thereafter coming down to 30.72 per cent during 2020-21. The tax revenue increased by ₹ 1,044.27 crore (14.84 per cent) during the years 2016-17 to 2020-21 with an average rate of growth of 3.71 per cent.

There are 50 departments, 29 State Public Sector Enterprises and 53 autonomous bodies in the State. The status of budget estimates and actual expenditure by the State Government, during 2016-21, is given in **Table-1.3**:

³ The details of Other Non-tax revenue are given in **Appendix-1.1**.

⁴ The details are as shown in **Appendix-1.2**.

⁵ This includes amount of ₹ 1,763.53 crore received from Government of India as compensation of loss due to implementation of Goods and Services Tax. This does not include the amount of ₹ 1,717.00 crore received by the State as back-to-back loan under debt receipts of the State Government with no repayment liability.

Table-1.3: Budget and Expenditure of the State Government during 2016-21

(₹ in crore)

Particulars	2016-17		2017-18		2018-19		2019-20		2020-21	
	Budget Estimates	Actuals								
Revenue Expenditure										
General Services	10,135	9,728	11,230	11,009	13,331	11,438	14,351	12,335	15,528	13,454
Social Services	11,388	9,610	11,884	10,337	13,488	11,482	13,895	12,047	15,220	12,844
Economic Services	7,314	5,996	7,734	5,697	9,082	6,512	7,832	6,338	8,364	7,227
Others	5	10	9	10	11	10	11	10	11	9
Total (1)	28,842	25,344	30,857	27,053	35,912	29,442	36,089	30,730	39,123	33,535
Capital Expenditure										
Capital Outlay	3,241	3,499	3,531	3,756	4,298	4,583	4,580	5,174	6,255	5,309
Loans and advances disbursed	428	3,290	448	503	448	468	457	458	359	320
Total (2)	3,669	6,789	3,979	4,259	4,746	5,051	5,037	5,632	6,614	5,629
Grand Total	32,511	32,133	34,836	31,312	40,658	34,493	41,126	36,362	45,737	39,164

Source: Annual Financial Statements and Finance Accounts of State Government.

Revenue expenditure increased by 32 per cent from ₹ 25,344 crore to ₹ 33,535 crore and capital outlay increased by 52 per cent from ₹ 3,499 crore to ₹ 5,309 crore from 2016-17 to 2020-21.

1.3 Authority for audit

Authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers & Conditions of Service) Act, 1971 (DPC Act). CAG conducts audit of expenditure of State Government Departments under Section⁶ 13 of the CAG's DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section⁷ 14 of DPC Act. Section 16 of the CAG's DPC Act authorises CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each state and of each Union territory having a legislative assembly and to satisfy himself that the rules and procedures are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed. Principles and methodologies for various audits are prescribed in the Regulations on Audit & Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit & Accounts Department.

1.4 Planning and conduct of Audit

In Civil Compliance audit, the audit process commences with a risk assessment of various Departments, Autonomous Bodies, schemes/ projects, considering the

⁶ Audit of (i) all expenditure from the Consolidated Fund of State, (ii) all transactions relating to Contingency Funds and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets & other subsidiary accounts.

⁷ Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, etc., and substantially financed by the Government, are audited under Section 14.

criticality/ complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the scope of audit is decided and an Annual Audit Plan is formulated.

In revenue sector, the auditable entities under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. There are a total of 542 auditable units in the State of Himachal Pradesh, of which 184 units⁸ were planned and audited during 2020-21. The units were selected on the basis of risk analysis. Audit of 184 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, and Goods and Passengers Tax were conducted during the year 2020-21 through test check of records. The total revenue loss on account of the deficiencies highlighted by Audit through IRs during 2020-21 amounted to ₹ 360.75⁹ crore in 975 cases. During the year 2020-21, the Departments concerned accepted and recovered an amount of ₹ 13.83 crore in 235 cases¹⁰ pertaining to audit findings of previous years.

During 2020-21, Compliance Audit of 32 departments in General, Social and Economic sector was conducted by the Office of the Principal Accountant General (Audit), Himachal Pradesh under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Against recovery of ₹ 33.28 crore pointed out in 4,902 cases, the DDOs concerned had accepted recovery of ₹ 32.75 crore in 4,888 cases. Recovery of ₹ 30.08 crore in 1,941 cases was effected during 2020-21.

1.5 Lack of response of Government to Audit

The Principal Accountant General (Audit), Himachal Pradesh (PAG), conducts periodic inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action.

The heads of the offices are required to comply with the observations contained in the IRs within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the Heads of the Department and the Government. Draft audit paragraphs proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India are forwarded by the PAG to the Principal Secretaries/Secretaries of the Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks.

⁸ These units comprise subordinate offices of three departments - Excise, Transport and Revenue Department, Shimla.

⁹ Taxes/VAT on sales and Trade: amount: ₹ 207.31 crore: cases: 215; State Excise: amount: ₹ 77.84 crore: cases: 109; Stamp Duty: amount: ₹ 17.29 crore: cases: 425; Land Revenue: amount ₹ 3.98 crore: cases 83; Taxes on vehicles, Passenger and Goods: amount: ₹ 54.32 crore cases: 143.

¹⁰ Stamp Duty and Registration fee ₹ 83.62 lakh, cases 166; MVT ₹ 1245.8 lakh, cases 31; Land Revenue ₹ 0.15 lakh, cases 02 and VAT ₹ 53.10 lakh, cases 36.

In revenue sector, 7,765 audit observations involving ₹ 2,002.52 crore relating to 2,272 Inspection Reports issued up to March 2021 remained outstanding as on 30 June 2021. Audit did not receive even the first reply¹¹ from the respective Heads of Offices within the stipulated time of four weeks in respect of all the 184 IRs issued during the year 2020-21. Similarly, in General, Social and Economic sectors, 53,047 audit observations contained in 11,525 IRs were outstanding as on 31 March 2021.

The purpose of audit is to check whether prescribed rules, laws and procedures are being adhered to, and to highlight cases of non-compliance, systemic weaknesses, and failures. The large number of pending IRs and audit observations pending settlement indicate inadequate response to audit observations. The lack of action on these audit observations weakens accountability and raises the risk of loss of revenue. Increasing pendency of audit paragraphs merits urgent attention of the Government for addressing the issues consistently raised by Audit. The departmental officers failed to take action on observations contained in IRs within the prescribed time frame, resulting in erosion of accountability. It is recommended that the Government should ensure prompt and proper response to audit observations.

1.5.1 Departmental audit committee meetings

The Government had set up audit committees under the Chairmanship of the Secretary of the Department concerned to monitor and expedite the settlement of audit observations included in the IRs.

In 2020-21, out of 4,841 outstanding audit observations as of June 2020, 131 observations involving an amount of ₹ 12.52 crore were settled in two Audit Committee meetings held for Departments of Revenue and Transport.

No audit committee meetings were held in Compliance audit of Departments in Social, General and Economic sectors.

The Government may ensure holding meetings of the Audit Committee at regular intervals for all the Departments.

1.6 Response of Departments to Draft Audit Paragraphs and Detailed Compliance Audit Paragraphs

Regulations on Audit & Accounts (Amendments), 2020 stipulate that the responses to Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India should be sent within six weeks.

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments adversely impacting the success of programmes and functioning of the departments. The focus was on auditing specific programmes/

¹¹ The officer in charge of an auditable entity is supposed to send the reply to an audit note or inspection report within four weeks of its receipt.

schemes in order to offer suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/ Secretaries of the Department concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

1.7 Follow-up on Audit Reports

The follow-up on Audit Reports have been found to be inadequate as given below:

1.7.1 Non-submission of Action Taken Notes

According to the Rules and Procedure for the Public Accounts Committee, all administrative departments are to initiate *suo moto* action on all Compliance Audit paragraphs and Performance Audits featuring in the Audit Reports of the Comptroller and Auditor General of India, regardless of whether these are taken up for examination by the Public Accounts Committee or not. They are also to furnish detailed notes, duly vetted by audit, indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the State Legislature.

Despite these provisions, the action taken notes on audit paragraphs of the Reports were inordinately delayed. A total of 119 paragraphs (including Performance Audits) included in the Audit Reports on Revenue Sector of the Comptroller and Auditor General of India of the Government of Himachal Pradesh for the years ended 31 March 2014, 2015, 2016, 2017, 2018, 2019 and 2020 were placed before the State Legislative Assembly between 10 April 2015 and 15 December 2021. Action taken notes on these paragraphs were, however, received very late from the Departments as depicted in **Table-1.4:**

Table-1.4: Delay in Receipt of ATNs

Sr. No.	Report of CAG on Revenue Sector for the Year ended	Date of laying of Audit Report in legislature	ATNs received during the period	Delay in Receipt of ATN
1.	2014	10 April 2015	2015 to 2018	1 to 37 Months
2.	2015	07 April 2016	2016 to 2018	2 to 24 Months
3.	2016	31 March 2017	2017 to 2018	5 to 15 Months
4.	2017	05 April 2018	2018 to 2019	0 to 14 Months
5.	2018	14 December 2019	2020 to 2021	6 to 13 Months
6.	2019	13 August 2021	Yet to be received	
7.	2020	15 December 2021	Yet to be received	

The PAC had discussed one paragraph pertaining to the Audit Report (2008-09) on Revenue Sector during the year 2020-21.

In Social, General and Economic sectors, the status regarding non-receipt of Action Taken Notes (ATNs) on the paragraphs included in the previous Audit Reports is given in **Table-1.5:**

Table-1.5: Status regarding non-receipt of ATNs on the paras included in the Audit Reports

C&AG Audit Report	Year	Department(s)	Date of presentation of Audit Report in the State Legislature	Due date for receipt of ATNs	ATNs pending as of 31 st March 2022
Social, General and Economic Sectors (Non-PSUs)	2012-13	Tribal Development	21.02.2014	20.05.2014	01
	2013-14	Health and Family Welfare	10.04.2015	09.07.2015	01
		Tribal Development			01
		Medical Education and Research			01
	2014-15	SC, OBC and Minority Affairs	07.04.2016	06.07.2016	01
	2015-16	Home	31.03.2017	30.06.2017	02
		IPH			03
		Fisheries			01
	2016-17	Information Technology	05.04.2018	04.07.2018	01
		Horticulture			01
		Home			01
	2017-18	Revenue	14.12.2019	13.03.2020	02
	2018-19	Horticulture	13.08.2021	12.11.2021	02
		Urban Development			01
		Education			03
		General Administration			01
		Industries			01
Labour and Employment		01			
Planning		02			
Public Work Department		01			
Revenue		01			
Technical Education	01				

1.7.2 Delays in submission of Accounts/ Separate Audit Reports of Autonomous Bodies/ Authorities

Several autonomous bodies have been set up by the State Government in the fields of Education, Welfare, Law and Justice, Health, etc. Audit of accounts in respect of autonomous bodies/authorities in the State has been entrusted to the Comptroller and Auditor General of India as detailed in **Appendix-1.3**. Detail of bodies/authorities whose accounts are in arrears is given in **Table-1.6**:

Table-1.6: Arrears of accounts of Bodies or Authorities

Sr. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to 2020-21
1.	Himachal Pradesh Building and Other Construction Workers Welfare Board, Shimla	2019-20	01
2.	HP Khadi and Village Industries Board	2013-14	07
3.	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	2015-16	05
4.	HP City Transport and Bus Stand Management and Development Authority	2019-20	01

Delay in finalisation of accounts carries the risk of financial irregularities going undetected and therefore, the accounts need to be finalised and submitted to Audit at the earliest.

1.8 Equity holding and Loans in SPSEs

The sector wise Total Equity, Equity Contribution by State Government and Long Term Loans including the loans given by the State Government to 26 working SPSEs as on 31 March 2021 is given in **Table-1.7**:

Table-1.7: Sector-wise investment in SPSEs as on 31 March 2021

Name of Sector	Investment ¹² (₹ in crore)				
	Total Equity	State Government Equity	Total Long Term Loans	State Government Loans	Total Equity and Long Term Loans
Power	3,814.19	2,087.57	11,636.20	7,223.06	15,450.39
Finance	144.99	138.30	171.30	84.68	316.29
Industries and Infrastructure	62.99	62.87	2.97	2.97	65.96
Agriculture and Allied	69.33	59.80	72.05	71.65	141.38
Service	949.64	933.44	42.61	0.05	992.25
Total	5,041.14	3,281.98	11,925.13	7,382.41	16,966.27

Source: Information provided by the SPSEs.

The thrust of SPSEs investment was mainly on power sector. This sector had received 91.07 per cent (₹ 15,450.39 crore) of total investment of ₹ 16,966.27 crore.

1.8.1 Budgetary Support by Government of Himachal Pradesh to SPSEs

The Government of Himachal Pradesh (GoHP) provides financial support to State Public Sector Enterprises (SPSEs) in various forms through annual budget from time to time. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity in respect of SPSEs during the last three years ending 31 March 2021 are given in **Table-1.8** below:

Table-1.8: Details of budgetary support to all SPSEs

Particulars ¹³	2018-19		2019-20		2020-21	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Equity Capital	6	312.85	7	335.89	7	263.25
Loans given	2	369.10	2	571.26	2	268.83
Grants/Subsidies provided	11	440.36	9	691.15	9	983.68
Total Outgo	-	1,122.31	-	1,598.30	-	1,515.76
Loan repayment/ written off	-	-	-	-	2	4.18 ¹⁴
Loans converted into equity	-	-	-	-	-	-
Guarantees issued during the year	5	115.60	7	673.60	8	491.44
Guarantee Commitment/ outstanding	1	0.60	8	1,447.15	4	93.74

Source: Compiled based on information received from SPSEs.

¹² Investment includes equity and long-term loans.

¹³ Amount represents outgo from State Budget only.

¹⁴ Repayment of ₹ 1.93 crore and ₹ 2.25 crore was made by Himachal Pradesh State Electronics Development Corporation Limited and Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited respectively.

Equity was mainly infused by the State Government during 2020-21 in three Power Sector SPSEs¹⁵ (₹ 196.98 crore) and one 'Other Than Power Sector SPSE' (Himachal Road Transport Corporation: ₹ 62.02 crore). The State Government has also provided loans to one Power Sector SPSE (Himachal Pradesh Power Transmission Corporation Limited: ₹ 266.00 crore). Major portion of grants/subsidies was provided by the State Government to Himachal Road Transport Corporation (₹ 529.20 crore¹⁶) and to Shimla Jal Prabandhan Nigam Limited (₹ 195.24 crore¹⁷).

1.9 Submission of accounts by State SPSEs

1.9.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and is placed as soon as may be after such preparation before the legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of States.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including Directors of the Company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013. The annual accounts of various SPSEs were pending as on 30 November 2021.

1.9.2 Timeliness in preparation of accounts by Government Companies and Government Controlled Other Companies

As of 31 March 2021, there were 26 Companies (22 Government Companies and four¹⁸ Government Controlled Other Companies -excluding Himachal Worsted Mills Limited which is under liquidation since 2000-01) under the purview of CAG's audit. Of these, three¹⁹ Companies submitted accounts for the year 2020-21 and remaining 23 SPSEs submitted accounts for the year 2019-20 or prior years. Twenty-three²⁰ annual accounts of 18 SPSEs²¹ were submitted for audit and finalised by CAG on or before

¹⁵ Himachal Pradesh State Electricity Board Limited (₹ 50.77 crore), Himachal Pradesh Power Corporation Limited (₹ 62.21 crore) and Himachal Pradesh Power Transmission Corporation Limited (₹ 84.00 crore).

¹⁶ Grant for reimbursement of cost of free/concessional travel allowed to various categories of population in the Himachal Pradesh.

¹⁷ For meeting out operational and administrative expenses.

¹⁸ Himachal Consultancy Organisation Limited, Himachal Pradesh Power Corporation Limited, Dharamshala Smart City Limited and Shimla Jal Prabandhan Nigam Limited.

¹⁹ Himachal Pradesh State Electricity Board Limited, Beas Valley Power Corporation Limited and Shimla Jal Prabandhan Nigam Limited.

²⁰ Himachal Pradesh State Electricity Board Limited: Three; Beas valley Power Corporation Limited, Shimla Jal Prabandhan Nigam Limited and Himachal Pradesh Minorities and Finance Development Corporation: two each and from other 14 SPSEs: one each.

²¹ Government Companies: 14 and Government Controlled Other Companies: four.

30th November 2021²². The value addition made by Supplementary Audit of financial statements of these SPSEs for the accounts audited was on the net financial impact (₹189.67²³ crore on profitability and ₹2,081.07 crore on assets/ liabilities). 62 annual accounts of 23 SPSEs (excluding statutory corporations) were in arrears for various reasons as of 30 November 2021. Details of annual accounts which are in arrears in respect of 23 SPSEs (Government Companies: 20 and Government Controlled Other Companies: 3) are given in **Table-1.9**:

Table-1.9: Showing the detail of number of Companies, accounts finalised and accounts in arrear as of 30 November 2021

Particulars	Government Companies	Government Controlled Other Companies	Total
Total number of Companies under the purview of CAG's audit as on 31 March 2021	22	04	26
Number of accounts in arrears as on 1 January 2021	52	07	59
Number of Companies, accounts of which became due on for the year 2020-21	22	04	26
Total number of accounts due for Supplementary Audit	74	11	85
Number of companies which presented the accounts for CAG's audit from 1 January 2021 to 30 November 2021	14	04	18
Number of accounts finalised	18	05	23
Number of accounts in arrears as on 30 November 2021	56	06	62
Age-wise analysis of arrears of accounts	Number of SPSEs (accounts in arrears of SPSEs as on 30 November 2021)		
One year	7 (7)	1(1)	8 (8)
Two years and Three years	7(16)	2(5)	9 (21)
More than Three years	6(33)	-	6(33) ²⁴
Total	20 (56)	3 (6)	23 (62)

The matter of arrears of accounts has been taken up (September 2021) with the Additional Chief Secretary (Finance) of Government of Himachal Pradesh and respective Administrative Department/Head of Companies. However, there were still six Companies whose accounts were in arrears for more than three years as of 30 November 2021.

²² Date of holding AGM of Companies for the financial year 2020-21 was extended up to 30 November 2021 by Registrar of Companies, Punjab and Chandigarh in accordance with Government of India, Ministry of Corporate Affairs order dated 23 September 2021.

²³ Overstatement: {Profit (₹ 17.36 crore) and Loss (₹ 47.88 crore)} and understatement: {Loss (₹ 124.20 crore) and Profit (₹ 0.23 crore)}.

²⁴ Himachal Backward Classes Finance and Development Corporation: seven; Himachal Pradesh Mahila Vikas Nigam: five; Himachal Pradesh Minorities Finance and Development Corporation: five; Agro Industrial Packaging India Limited: seven; Himachal Pradesh Tourism Development Corporation Limited: five and Himachal Pradesh Beverages Limited: four.

1.9.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of Statutory Corporations is governed by their respective legislations. Out of the two Statutory Corporations²⁵, CAG is the sole auditor for Himachal Road Transport Corporation (HRTC). In respect of Himachal Pradesh Financial Corporation (HPFC), the audit is conducted by Chartered Accountants and supplementary audit is conducted by CAG. Four accounts of these two Statutory Corporations (HPFC: three and HRTC: one) were pending for audit as on 30 November 2021.

²⁵ Himachal Road Transport Corporation and Himachal Pradesh Financial Corporation.