Chapter-3
Compliance Audit

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Compliance Audit

AGRICULTURE DEPARTMENT

3.1 Non-functional Pesticide Residue Testing Laboratory

The Department failed to make the Pesticide Residue Testing Laboratory, constructed at a cost of ₹ 2.84 crore, functional even after lapse of four years from its completion.

Adoption of rice-wheat monoculture and loss of biodiversity has led to emergence of new pests and diseases of crops and consequently increased use of pesticides for their control. To monitor pesticides residues in food items, the Agriculture Department proposed (2007-08) to set up a Pesticide Residue Testing Laboratory at Jalandhar (PRTL). The proposal was approved (January 2008) by the State Level Sanctioning Committee (SLSC) under the Rashtriya Krishi Vikas Yojana (RKVY) at a cost of ₹ 5.70 crore (₹ 1.75 crore cost of construction and ₹ 3.95 crore for equipment).

Audit scrutiny of records (February-March 2010) of the Director Agriculture, Punjab and information collected subsequently (January-April 2015) showed that out of ₹ 43.76 crore released to Agriculture Department by the State treasury on 27 March 2009 under RKVY, ₹ four crore were allocated (2009-10) for PRTL. The construction work of PRTL was entrusted[1] (September 2009) to Punjab Mandi Board (PMB), which was completed at a cost of ₹ 2.84 crore and the building was handed over to Chief Agriculture Officer, Jalandhar in December 2011.

Audit observed that proposals for posting of requisite staff and purchase of necessary equipment were moved after a gap of three years only in September and November 2014 respectively, indicating that no steps were taken in these regards at the time of allotment of work. Consequently, the PRTL had still not become operational (January 2016) even after more than four years of the completion of the building. On being asked (December 2014–January 2016) the Director stated that neither the staff had been posted nor equipment have been procured as of February 2016.

Thus, due to delay in positioning the required staff and purchasing equipment by the Department, the Pesticide Residue Testing Laboratory could not be made functional even after lapse of four years from its completion, thereby resulting into idle investment of ₹ 2.84 crore.

The matter was referred to Government in April 2015; reply was awaited (January 2016).

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[1] Without preparation of Detailed Project Report.

3.2 Excess payment due to incorrect categorization of electricity connection

Acceptance of electricity connection at Non-Residential Supply tariff by Punjab Agricultural University despite being eligible for Domestic Supply tariff resulted into excess payment of ₹ 77.29 lakh during April 2009 to March 2015.

As per schedule SVI 1.2 of Electricity Supply Instructions Manual, supply of electricity to all the Government/Government aided Universities shall be classified under Domestic Supply (DS) category.

Examination of records (November 2014) of the Comptroller, Punjab Agricultural University, Ludhiana, (University) showed that Executive Engineer (Electrical) of the University (EE) took up (June 2007) the matter with the then Punjab State Electricity Board[2] (PSEB) to provide 'Hotline'[3] on University's feeder to speed up its Research, Extension and Teaching work. PSEB agreed (November 2008) to release the connection under the category 'Non-Residential Supply' (NRS) after clubbing the load of all the 88 existing connections of the University, which was agreed to by the EE without insistence on application of Domestic Supply (DS) tariff for which the University was eligible. Accordingly, PSEB provided a single connection[4] under NRS category with effect from 24 February 2009. Since then billing of electricity consumption on that connection was being done under NRS tariff.

Thus, acceptance of electricity connection at NRS tariff by the University authorities despite being eligible for DS tariff resulted into excess payment of ₹ 77.29 lakh on account of difference in rates of NRS and DS tariff, besides other incidental charges viz. octroi, electricity duty, etc. during April 2009 to March 2015. This excess payment would accumulate until the matter is resolved with PSPCL.

The Executive Engineer (Electrical) of the University stated (May 2015) that in order to settle the matter, Chief Engineer (Commercial), PSPCL had been requested (February-October 2015) to clarify about the category (NRS/DS) on which the consumption of the University be billed. Subsequent action of the University/PSPCL was awaited (January 2016).

The matter was referred to Government in May 2015; reply was awaited (January 2016).

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2 Now Punjab State Power Corporation Limited (PSPCL).
3 Single point metering connection (11KV independent feeder).
4 Having account No. W51-CS01-00323.

EDUCATION DEPARTMENT

3.3 Follow-up Audit on Education Department (Secondary Education)

Out of 19 recommendations of Public Accounts Committee on the Performance Audit, two recommendations have been fully implemented; substantial progress was made in 12 cases; and in 5 cases, the Department had not taken significant steps.

3.3.1 Introduction

A Performance Audit on Secondary Education featured in the Audit Report (Civil) Government of Punjab for the year ended 31 March 2010 (Paragraph 2.2) and was presented in the State Legislature on 11 March 2011. The Public Accounts Committee (PAC) reviewed all paragraphs of the Performance Audit of "Secondary Education" in its 183 Report (2012-13) and in other proceedings during July 2012 to November 2015. The Performance Audit highlighted issues relating to financial management, denial of benefit to SC girl students for pursuing 10+2 education, manpower management, non-disbursement of stipend to the students, incorrect deployment of lecturers, etc.

3.3.2 Follow-up Audit

In order to examine the corrective actions taken by the department as per recommendations of the PAC on the issues raised in the Performance Audit on "Secondary Education", a follow up audit was conducted between July and August 2015.

There were 19 observations and PAC gave its recommendations in all 19 paragraphs. The replies to the follow-up audit/PAC recommendations were kept in view while finalizing this Follow up Report. The status of action taken by the Department on recommendations has been categorised as follows:

- Insignificant/no progress.
- Substantial implementation/progress.
- Full progress in all intended areas and in system improvement.

3.3.3 Status of Recommendations

Audit observed from the records of Director Public Instructions (DPI)/Director General of School Education (DGSE) (Secondary Education) (SE)and their replies that the PAC gave its recommendations against all 19 paragraphs of which the department had fully implemented two recommendations of PAC relating to incorrect deployment of lecturers and performance of students in test-checked schools. Substantial progress was noticed in 12 cases while in five cases, insignificant progress was noticed, as detailed in the following paragraphs:

3.3.3.1 Insignificant/no progress

Recommendations

(i) The Finance Department should improve its system of financial management so that grants provided for Central/State schemes are released in time and there is ample time for Department to utilize the grants for the prescribed purposes, and settled the paragraph.

Financial Management (Paragraph 2.2.6)

The paragraph pointed out gross under utilization of budget provisions during 2005-10. As against the budget provisions of ₹ 1177.43 crore, ₹ 544.65 crore were released, out of which, only ₹ 313.68 crore (58 *per cent*) were utilized.

During follow up audit (July-August 2015), it was observed that the budget allotments under the State Plan schemes/Centrally sponsored schemes/Shared schemes continued to be inconsistent during the years 2013-14 and 2014-15. As against the allocation of ₹ 1177.61 crore, an expenditure of ₹ 669.93 crore (57 *per cent*) was incurred, leaving funds of ₹ 507.68 crore (43 *per cent*) unutilized during 2013-15 under the plan schemes mainly due to non-release of funds by Centre/State Government/treasury as intimated by the Department. Reply of the Finance Department was awaited (December 2015).

(ii) The *Government may fill vacant posts and strengthen the department.*

Non-posting of Chowkidars in the schools (Paragraph 2.2.9)

The paragraph pointed out that out of 1040 High and Senior Secondary schools, 533 (51 *per cent*) schools did not have *Chowkidars* in the six test checked districts.

During follow up audit, it was observed that proposal for filling up 2360 vacant posts of *Chowkidars* was sent to Government (May 2015) approval of which was awaited (December 2015). At present against 4689 sanctioned posts of *Chowkidars,* 2711 (58 *per cent*) posts are vacant as of July 2015.

(iii) Since the paragraph related to the Department of Welfare of Scheduled Castes and Backward Classes, Education Department requested to delete it from the list of Education Department. The Committee was not satisfied with the reply of the Education Department.

Denial of benefit to SC Girl students for pursuing 10+2 education (Paragraph 2.2.17)

The paragraph pointed out that in order to check the high drop out rate, to encourage higher education and increase literacy among Scheduled Caste girl students at the senior secondary level, a scheme for providing encouragement award to the SC girls students who take admission in Class 11 was framed (2007-08) by Government of Punjab, Department of Welfare of Scheduled Castes and Backward Classes. However, against the approved outlay of

₹ 3 crore during 2007-10, an amount of ₹ 1.50 crore was released during 2008-10, out of which ₹ 0.38 crore was utilized during 2008-09 by giving ₹ 1500 instead of ₹ 3000 per student, resulting in denial of the balance benefit of ₹ 1500 to each student.

During follow up audit, it was observed that the funds of ₹ 6 crore were allotted during 2014-15 for disbursement of stipend to the 19863 beneficiaries but bills were not cleared by the treasury denying benefit to the SC girl students despite allocation of funds by the planning department. Finance Department's reply was awaited (December 2015).

(iv) Since the paragraph related to the Department of Welfare of Scheduled Castes and Backward Classes, Education Department requested to delete it from the list of Education Department. The Committee was not satisfied with the reply of the Education Department.

Denial of benefits of free text books (Paragraph 2.2.18)

The paragraph pointed out that under the scheme of free text books launched in 2003-04, free text books were to be given to the SC girl students in classes 11 and 12 and belonging to the below poverty line category so as to relieve the parents/guardians of these students from the financial burden. However, against the approved outlay of ₹ 3.20 crore during 2005-10, an amount of ₹ 69.03 lakh was released during 2007-2009. Out of this, ₹ 4.29 lakh only were utilized during 2007-08 thereby depriving SC girl students of the facility of free text books and defeating the very purpose of the scheme.

During follow up audit, it was observed that the matter was taken up (July and December 2015) with the Director, Welfare of Scheduled Castes & Backward Classes Punjab. In reply (January 2016) it was stated that token provision of ₹ 0.01 lakh was made in each year during 2013-14 and 2014-15 but no funds released by the GOP.

(v) The stipend be disbursed immediately and to fix the responsibility of the delinquent officers.

Non-disbursement of stipend to the students (Paragraph 2.2.16)

Against the total demand of ₹ 60.29 crore during 2008-10, only ₹ 25.02 crore (41 *per cent)* were allotted, of which, the DPI (SE) could utilize ₹ 23.53 crore. In case of four schemes,[5] the coverage of students during 2008-09 was very low ranging from 7.17 to 19.33 *per cent* only resulting in denial of incentives to the needy students in spite of availability of funds.

During follow up audit, it was observed that there was slight improvement in the disbursement of stipend in respect of only two schemes[6] where stipend amounting to ₹ 11.20 lakh was disbursed (August 2015) to 7712 beneficiaries. There was no improvement in coverage of beneficiaries in other schemes.

[5] (i) Special grant to SC; (ii) SC Brilliant students Post Matric exam fee; (iii) Post matric stipend Scheme OBC; and (iv) Stipend to denotified castes.

[6] (i) Special grant to SC; and (ii) Raj Vidyak Bhalai scheme.

Finance department did not release funds during previous years. Further, it was also intimated that even if the department again requests the Government for allocation of funds, it would not be feasible for the department to disburse the funds to those students who had passed out from schools. However, efforts would be made in future for timely release of funds from the Finance Department.

3.3.3.2 Substantial implementation/progress

(vi) The cases pending for promotion be examined and if there was any delay on the part of department that may immediately be removed. PAC settled the paragraph.

Manpower Management (Paragraph 2.2.7)

Against 74198 sanctioned posts of teachers, 17366 posts (23.40 *per cent*) were vacant. Further, in the six test checked districts against 16010 sanctioned posts of Masters, 2246 posts were vacant and against 3656 posts of lecturers, 1250 posts were vacant.

During follow up audit, it was observed that against 78360 sanctioned posts of teachers, 10897 posts were vacant as of September 2014 in the department. The shortfall had come down to 13.91 *per cent* as compared to 23.40 *per cent* in 2009-10. Further, against 19781 sanctioned posts of Masters, 1364 (6.90 *per cent*) posts were vacant and against 4474 sanctioned posts of lecturers 970 (21.68 *per cent*) posts were vacant in test checked districts which shows improvement in vacancy position. The action taken with regard to the cases pending for promotion has been called for from the department. Further outcome of the same is awaited (February 2016).

(vii) The Education Department replied that efforts had been made to increase the pass percentage, especially of the students belonging to the SC category. The committee considered the reply of the department and settled the paragraph.

Performance of students at the State level (Paragraph 2.2.10)

The paragraph pointed out that the pass percentage of students of class 10 increased from 60.30 *per cent* (2005-06) to 81.33 *per cent* (2009-10). The pass percentage of the class 12 was stagnant around 72 *per cent* during the period 2005-10 implying scope for improvement in performance. The pass percentage of SC boys and girls of class 12 increased from 49.20 to 53.74 *per cent* and 61.23 to 66.26 *per cent*, respectively during the period 2006-10.

During follow up audit, the Department intimated that the pass percentage of class 10 had decreased by 15.56 *per cent* and class 12 increased by 4.14 *per cent* during the year 2014-15 in comparison to 2009-10. Further, the pass percentage of SC students had also increased to the extent of 14.35 and 11.90 *per cent* in respect of boys and girls respectively during 2014-15 in comparison to year 2009-10.

(viii) The committee directed the department to make more efforts and take necessary steps for increasing enrolment of students in Government

Schools. The committee decided to consider the paragraph for settlement.

Enrolment of students in the test checked schools (Paragraph 2.2.12)

The paragraph pointed out a decrease in enrolment of students of classes 6 to 12, which ranged between 16.02 to 25.48 *per cent* during 2005-10 in 54 out of 148 test checked schools.

During follow up audit, it was observed that there was an increase in enrolment to the extent of 10.79 to 36.18 *per cent* in 49 schools[7] out of 54 schools and decrease in enrolment to the extent of 7.70 *per cent* in 5 schools[8] in one district in 2014-15 in comparison to the year 2009-10. The Department assured (July 2015) of further improvement in enrolment of students.

(ix) The world class education environment may be provided for removing shortage of infrastructure on priority basis.

Infrastructure (Paragraph 2.2.13)

In the six test checked districts there was a shortage of infrastructure (desks: 226 schools; class rooms : 276 schools; play grounds: 154 schools; and no/or improper toilets :118 schools).

During follow up audit, it was observed that as of August 2015 there was shortage of class rooms in 137 schools, furniture in 104 schools and playgrounds in 22 schools in the six test checked districts. Further, out of 148 test checked schools in six districts, there was still shortage of infrastructure (desks: 40 schools, class rooms: 24 schools and additional rooms for unsafe buildings: 12 schools).

(x) The repair of unsafe building be done on priority basis or the schools be shifted to other buildings.

Functioning of schools in unsafe buildings (Paragraph 2.2.14)

The paragraph pointed out that 150 school buildings were declared unsafe by the PWD authorities but schools/classes continued to run in these buildings.

During follow up audit, it was observed that out of 150 unsafe buildings of schools, 113 schools had been provided with additional rooms whereas in 37 schools, infrastructural facilities would be provided in a phased manner.

(xi) There was some shortcomings in Government School system due to which the students preferred to enroll in vocational trades with private institutions in spite of high cost of education and PAC recommended to find out the reasons for the same.

[7] Amritsar:6; Fatehgarh Sahib: 12; Gurdaspur: 18; Ludhiana: 12; and Mansa: 1.
[8] Ropar: 5.

Non-achievement of targets of vocational education (Paragraph 2.2.15)

The paragraph pointed out that against the target of 453993 students to be trained in vocational trades during 2005-10, only 90705 students were trained resulting in 80 *per cent* shortfall.

During follow up audit, it was observed that against the total 329361 students enrolled (in Government Schools) at Secondary (11 and 12) level classes during 2014-15, 82340 students (25 *per cent*) were to be trained in vocational trades. However, only 26027 students were trained resulting in 68 *per cent* shortfall. The Department attributed (July 2015) the reasons for the above shortfall to shortage of raw material/machinery/funds for the schools where vocational trades were being run and stated that efforts would be made to get the funds from the Government during 2016-17.

(xii) The *Committee was not satisfied with the reply submitted by the department that the grant of ₹7.47 crore for appointment of 1168 Hindi teachers were utilized for appointment of 730 teachers which indicated that the funds for the rest of teachers were diverted and recommended that independent enquiry be made.*

Non-utilization of grant due to non-appointment of Hindi and Urdu teachers (Paragraph 2.2.19)

It was pointed out that GOI sanctioned (November 2009) ₹ 7.47 crore for appointment of 1168 Hindi teachers and ₹ 10.38 lakh for appointment of 42 Urdu teachers in the State. The amount was drawn by the DGSE, Punjab during February and March 2010 and kept in the bank but was not utilized (July 2010).

During follow up audit, it was noticed that against the recruitment of 730 teachers only 677 teachers had joined duty and the funds of ₹ 7.47 crore were utilized on account of payment of salary during 2010-12 which was released by the Government of India for 1168 Hindi Teachers under the Centrally Sponsored Scheme of Appointment of Language Teachers. The grant which was to be utilized by 31 March 2010, was actually utilized after March 2010. The above scheme was shifted under the control of DPI(SE), Punjab from 2012 onwards. So far as Financial Assistance to Government of Punjab for appointment of 42 Urdu Teachers under the Centrally Sponsored Scheme of Financial Assistance for Appointment of Language Teachers was concerned, it was stated that the Scheme was being managed separately.

(xiii) Responsibility of the delinquent officers/officials be fixed for withdrawing excess money from Government account and also to recover the amount of interest on the amount retained outside the Government account.

Keeping of Government Money outside the Government account (Paragraph 2.2.20)

The paragraph pointed out that an amount of ₹ 84.46 lakh was released to the Land Acquisition Officer (LAO) in April 2005 for the payment of land acquired for school at Putlighar, Amritsar. Of this, an amount of ₹ 34.74 lakh was returned by the LAO (December 2005) to the District Education Officer(SE), Amritsar which was kept in the shape of a demand draft in contravention of financial rules.

During follow up audit, it was observed that funds of ₹ 34.74 lakh were deposited in the treasury in July 2012 by the DPI (SE), Punjab. So for as disciplinary action against the delinquent officer was concerned, it was stated by the department that concerned employee had retired before finalisation of audit para. The reply did not justify depositing of funds into Government Accounts after more than six years of its drawal.

(xiv) The Department replied that the unserviceable articles had been disposed of and the amount deposited into the Government account. The committee settled the paragraph.

Non-disposal of unserviceable store articles (Paragarph 2.2.21)

The paragraph pointed out that unserviceable store articles valuing ₹ 6.10 lakh were awaiting disposal since 1988 in 23[9] out of the 148 test-checked schools in the six districts.

During follow up audit, it was observed that unserviceable items lying in six schools valuing to ₹ 1.77 lakh were disposed of and proceeds of ₹ 0.89 lakh were deposited in the Government Account (May 2012-August 2015). However, disposal of remaining unserviceable articles of 17 schools valuing to ₹ 4.33 lakh was still pending.

(xv) Guidelines framed on the basis of audit observations be strictly adhered to in toto and physical verification of store/stock be ensured on yearly basis. PAC settled the paragraph.

Failure to conduct physical verification of store/stock (Paragraph 2.2.22)

The paragraph pointed out that in 60[10] out of the 148 test-checked schools in six districts, physical verification of store/stock was not conducted since 1998.

During follow up audit, it was observed that 18 out of the 60 schools had not yet conducted physical verification of store/stock (August 2015).

(xvi) The committee recommended that the monthly reconciliation of receipt and withdrawal be ensured in all the schools. *PAC settled the paragraph.*

Non-reconciliation of deposits and withdrawals (Paragraph 2.2.23)

The paragraph pointed out that no reconciliation of deposits of ₹ 70.67 lakh was done by 71 schools during 2005-10. Similarly, reconciliation of withdrawals of ₹ 291.84 crore by 88 schools in the six test checked districts was not carried out since 2005-06.

During follow up audit, it was observed that the reconciliation of deposits for the period 2005-10 had been carried out by 22 out of 71 schools, whereas

9 Amritsar:3; Fatehgarh Sahib:3; Gurdaspur: 5; Ludhiana: 7; Mansa :1; and Ropar:4.
10 Amritsar:8; Fatehgarh Sahib: 1; Gurdaspur:20; Ludhiana: 14; Mansa:6; and Ropar: 11.

reconciliation of withdrawals had been carried out since 2005-06 by 30 schools out of 88 schools.

(xvii) The reply of the department that Jan Sampark Abhiyan was started in 2004 was considered by PAC and asked that the programme be monitored by the Administrative Secretary.

Monitoring and Evaluation (Paragraph 2.2.24)

The paragraph pointed out that no Jan Sampark Abhiyan was held by the department during 2005-10 for on the spot evaluation of existing facilities, redressal of students/teachers problems and to meet community leaders for their assessment of school education and suggestions.

During follow up audit, it was observed that as per information received (July 2015) from the department, a team of officials had been constituted by the department for visiting the schools, parent-teacher meetings were being held to address the issues relating to academic growth and to assess infrastructure, etc. during the current year (2014-15) for monitoring and evaluation. The matter was taken up with DGSE (July2015), Punjab for supply of copies of comprehensive report on the outcome of "Jan Samparak Abhiyan" but no such report had been prepared till date (August 2015).

3.3.3.3 Full progress in all intended areas and in system improvement

(xviii) PAC found the system of the department defective and recommended that it needs to be stream lined and settled the paragraph.

Incorrect deployment of lecturers (Paragraph 2.2.8)

The paragraph pointed out that in four[11] out of six test-checked districts, 15 lecturers were deployed in the streams of commerce and mathematics in 11 schools in which there was no student in these streams during 2005-06 to 2008-09.

During follow up audit, it was noticed (August 2015) that DPI (SE), through the process of rationalisation of staff during 2009 to 2012, shifted all the lecturers to such schools where there was a shortage.

(xix) All out efforts be made by the department to increase the pass percentage of students. PAC settled the paragraph.

Performance of Students in the test checked schools (Paragagarph 2.2.11)

The paragraph pointed out that in 48 out of 148 test checked schools in the six districts, pass percentage was less than 40 *per cent* in one or more years in classes 8, 10 and 12 during the years 2005-09.

[11] (i) Amritsar:6; (ii) Gurdaspur: 1; (iii) Ludhiana: 1; and (iv) Mansa: 7.

During follow up audit, it was observed that the pass percentage during 2014-15 improved in the test checked schools and it ranged between 45 and 100 *per cent,* showing overall improvement in the result.

The follow up shows that the Government and department did not initiate concrete action on the recommendations/observations of PAC in a time bound manner. The progress in accepted cases was very slow and even after lapse of five years, compliance of 17 audit observations/findings included in the earlier review were still pending.

Thus, it is evident that while the Department had taken remedial action in some areas, concrete actions is still to be taken in other areas. The Department should, therefore, develop a well formulated plan for taking prompt action on the audit observations for further improving its performance.

The matter was referred to Government in August 2015; reply was awaited (January 2016).

FINANCE DEPARTMENT

3.4 Optimization of grants under Thirteenth Finance Commission

Funds amounting to ₹719.50 crore (21 per cent) were not availed of under eight selected grants due to delayed submission of utilisation certificates to GOI and non-fulfilment of the prescribed conditions under TFC. The State Government did not release ₹255.96 crore to the Administrative Departments/implementing agencies. In order to avail subsequent grants under TFC, the State Government submitted inflated UCs to GOI. Relief amounting to ₹10.43 crore was provided for the items/works not covered under the prevailing norms.

In order to define financial relations between the Centre and State Governments and to make recommendations for the period 2010-15, Thirteenth Finance Commission (TFC) of India was constituted in November 2007. The TFC submitted its report on 29 December 2009 recommending release of ₹ 5510.27 crore under 22 grants[12] for various schemes/purposes in the State of Punjab.

With a view to assess the optimization of grants under TFC received by Government of Punjab (GOP) during 2010-15, an audit was conducted

[12] 1) Border Areas; 2) Development of *kandi* areas; 3) Heritage; 4) Measures to improve adverse sex ratio; 5) Police training; 6) Problem of water logging; 7) Upgradation of irrigation infrastructure; 8) Capacity building; 9) Disaster relief; 10) District Innovation Fund; 11) Elementary education; 12) Employees and pension database; 13) Improvement in justice delivery; 14) Improvement of statistical system; 15) Incentive for issuing UIDs; 16) Urban Local Bodies; 17) Maintenance of roads and bridges; 18) Panchayati Raj Institutions; 19) Protection of forests; 20) Reduction in infant mortality rate; 21) Renewable energy; and 22) Water Sector Management.

(May-August 2015) by test checking the records of the Finance Department and the concerned Administrative Departments in respect of eight[13] (out of 22) grants (36 *per cent*) under TFC, which were selected by adopting probability proportional to size method of statistical sampling.

Audit findings

3.4.1 Non-availing of TFC grants

Against the total allocation of ₹ 5510.27 crore under 22 grants recommended by TFC, GOP could avail only ₹ 4886.95 crore (89 *per cent*) during 2010-15. As regards selected eight grants, against the allocation of ₹ 3466.80 crore recommended by TFC, GOP availed only ₹ 2747.30 crore during 2010-15 and 21 *per cent* grant (₹ 719.50 crore) could not be availed of due to delayed utilization of funds and submission of utilization certificates (UC) to Government of India (GOI); and non-fulfillment of prescribed conditions for availing subsequent grants under TFC, as detailed in ***Appendix 3.1.***

Due to non-availment of full proportion of TFC grants, the objectives under the respective schemes could not be achieved fully.

3.4.2. Shortcomings in utilisation of TFC grants

Test-check of records of selected eight grants showed that out of ₹ 2747.30 crore received from GOI, the State Government utilized ₹ 2217.92 crore[14]. Shortcomings noticed with regard to utilisation of five TFC grants during 2010-15 are discussed as under:

Home Affairs and Justice Department

3.4.2.1 Police training

Examination of records (July 2015) of the Director General of Police (DGP) showed that:

(i) The first instalment of ₹ 50.00 crore released (December 2011) by GOI was further released by the State Government to Punjab Police Housing Corporation (PPHC) – an executing agency of the Police Department. The amount was released for executing various works in piecemeal between December 2012 and September 2014 i.e. after a delay of more than one year, which delayed the utilization of funds. Further, out of the third instalment of ₹ 50.00 crore received from GOI in February 2015, ₹ 35.00 crore were released (February-March 2015) to PPHC leaving ₹ 15.00 crore unreleased, which adversely affected the works for upgrading training facilities for police personnel. The DGP attributed (July 2015) the reasons for delayed/non-release of funds to non-clearance of bills by treasury.

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[13] 1) Police training; 2) Development of *kandi* areas; 3) Measures to improve adverse sex ratio; 4) Elementary education; 5) Water Sector Management; 6) Urban Local Bodies; 7) Maintenance of roads and bridges; and 8) Disaster relief.

[14] Inclusive of expenditure of ₹ 604.25 crore incurred out of the accumulation under SDRF in the ratio of 75:25 between GOI and GOP.

(ii) In order to get fourth instalment released from GOI, the State Government submitted (September 2014-March 2015) inflated UC of ₹ 135.00 crore to GOI, whereas only ₹ 50.24 crore[15] were actually utilized as of July 2015. The DGP stated (September 2015) that once the work plans were prepared and approved, the funds were considered to be utilized. The reply was contrary to the TFC guidelines requiring submission of UC for the money actually utilized as per General Financial Rules.

Planning Department

3.4.2.2 Development of *kandi* areas

Test-check of records of the Planning Department showed that out of total funds of ₹ 187.50 crore received from GOI during 2011-15, the Department depicted an inflated expenditure of ₹ 182.02 crore, leaving unspent balance of ₹ 5.48 crore as of June 2015. Whereas, examination of records (July-August 2015) of 36 (out of 79) units[16] of five districts showed that against the receipt of ₹ 129.51 crore (out of ₹ 187.50 crore), ₹ 21.90 crore were still lying unspent with them. The test checked units stated (July-August 2015) that the balance funds would be utilized shortly.

Local Government Department

3.4.2.3 Urban Local Bodies

Examination of records of the Director, Local Government (Director) showed the following shortcomings in utilisation of grants under TFC:

(i) Submission of UCs before utilisation of grants

Test-check of records of 33 selected ULBs showed that eight[17] ULBs submitted (March 2011-December 2014) the utilisation certificates (UC) of ₹ 15.53 crore before actually utilizing the grants between March 2011 and July 2015, on the basis of which GOP submitted (March 2011-December 2014) the consolidated UCs to GOI. Of this, an amount of ₹ 1.67 crore[18] was lying unspent with Municipal Corporation, Jalandhar as of 31 July 2015, for which UC had already been submitted to GOI.

The Secretary, Local Government stated (December 2015) that due to

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15 ₹ 40.72 crore (2013-15); and ₹ 9.52 crore (2014-15).

16 Five divisions of Public Works Department (Building and Roads), Drainage Division Hoshiarpur, Punjab Mandi Board division, Pathankot, 20 Block Development and Panchayat Officers, five Panchayati Raj Divisions, three Civil Surgeons and Punjab Health Systems Corporation.

17 (i) Jalandhar; (ii) Patiala; (iii) Ludhiana; (iv) Gobindgarh; (v) Dhuri; (vi) Barnala; (vii) Longowal; and (viii) Malout.

18 Unspent balance included ₹ 0.15 crore of 1st instalment and ₹ 1.52 crore of 2nd instalment of general basic grants of 2010-11.

involvement of different ULBs having different local conditions and circumstances, a considerable time was required for submission of UCs. Non-submission of full UC would have deprived the State from accessing the further release of grants from GOI. The reply was not acceptable as submission of UC without actual utilization of funds was not in line with TFC guidelines.

(ii) Avoidable payment of interest on non/delayed release of grants

As per guidelines (para 4.2), the grants received from GOI were required to be transferred to ULBs within five days of its receipt in case of States with easily accessible banking infrastructure and ten days in case of States with inaccessible banking infrastructure. Any delay would require the State Government to release the instalment with interest at the bank rate of RBI for the delayed number of days.

(a) Non-release of grant

Out of ₹ 38.71 crore received by GOP on 24 March 2015 as forfeited share of non-performing States for the year 2013-14, an amount of ₹ 11.74 crore due to be released by 29 March 2015, was not released to ULBs. Non-release of grant to ULBs rendered GOP liable to pay interest amounting to ₹ 0.50 crore[19] as of September 2015. The Secretary, Local Government stated (December 2015) that the matter to release ₹ 11.74 crore to ULBs had been taken up with the Finance Department and proposal for sanction of interest amount on delayed release of grant would be submitted as soon as the grant was released to ULBs.

(b) Delayed release of grant

GOP released grants to the ULBs during 2010-14 with a delay ranging between 4 and 208 days while it was released within the stipulated time during 2014-15. Delayed release of grant attracted payment of interest to ULBs. Against the interest of ₹ 6.62 crore becoming due to be paid to the ULBs, GOP paid ₹ 5.94 crore only as on 24 September 2014 and that too with a delay ranging between 89 and 443 days. This resulted into short payment of interest of ₹ 0.68 crore.

The Secretary, Local Government stated (December 2015) that the period of five days to release the grants to ULBs was indicative and was not mandatory; and GOI too had never pressed the State for the release of interest beyond five days. The reply was not acceptable as Punjab State having accessible banking infrastructure was required to release the grants to ULBs within five days from their receipt from GOI as per the guidelines *ibid,* as was done during 2014-15.

[19] Calculated on ₹ 11.74 crore at the rate of 8.50 *per cent* for the period 30 March 2015 to 1 June 2015; 8.25 *per cent* from 2 June 2015 to 28 September 2015; and 7.75 *per cent* from 29 to 30 September 2015.

Public Works Department (Buildings & Roads)

3.4.2.4 Maintenance of roads and bridges

Examination of records (June-July 2015) of the Chief Engineer, PWD (B&R), Punjab (CE) and four[20] (out of 20) circles of PWD (B&R) to whom the TFC grant was released showed that out of total grant of ₹ 1225.81 crore (GOI share: ₹ 612.00 crore and State Share: ₹ 613.81 crore), only ₹ 994.58 crore (GOI share: ₹ 444.00 crore and State Share: ₹ 550.58 crore) were released by the State Government (Finance Department) to PWD during 2011-15, which was utilized by the Department. Audit observed the following shortcomings in utilisation of grants under TFC:

(i) GOI share of ₹ 444 crore was released to PWD with a delay ranging between 42 and 175 days and the same was utilized for periodical renewal[21] of roads, in contravention of the guidelines, which provided for the grant to be utilized only for ordinary repairs[22]. The CE stated (December 2015) that the roads were maintained by periodical or ordinary renewal as per the site condition after getting approval of work programme from the competent authority. The reply of CE was not acceptable as had the grant been utilized only for ordinary repairs, as required under the guidelines, more reparable roads could have been restored.

(ii) The PWD made a provision of ₹ 332.86 crore (GOI share: ₹ 168.00 crore and State share: ₹ 164.86 crore) for maintenance of roads during 2014-15 covering 38 *per cent* of the roads due for periodical renewal. However, GOP did not release funds amounting to ₹ 229.22 crore (GOI share: ₹ 168.00 crore and State share: ₹ 61.22 crore) thereby restricting the allocation for the work plan to State share of ₹ 103.64 crore only.

The Department attributed (June and December 2015) the reasons for non-release of funds to financial constraints in the State and non-passing of bills by the treasuries. The reply was not acceptable as funds under TFC were meant for specific purpose i.e. for repair of roads which were already suffering due to shortage of finances as was evident from the coverage of only 38 *per cent* of roads due for repair during 2014-15 and non-release of funds (₹ 229.22 crore) by the State Government further reduced the coverage of reparable roads to 12 *per cent*.

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[20] PWD (B&R) Circles (i) Amritsar; (ii) Chandigarh; (iii) Ludhiana; and (iv) Pathankot.

[21] Periodical renewal involves provision of renewal coat to the wearing surface at a predetermined frequency in continuous stretch to at least 5 to 10 kms.

[22] Ordinary repairs involve maintenance of culverts, patch repairs, crack sealing, roadside drainage, repairing of shoulders, painting of highway signs, replacement of damaged retro reflective signs, km stones, etc.; and Bridges: attendance to bearings, joints, wearing coat, railings, minor repairs to sub-structure, super structure, etc. (*As per report of the Committee on norms for maintenance of roads in India issued by Ministry of Road Transport & Highways*).

Revenue, Rehabilitation and Disaster Management Department

3.4.2.5 Disaster Relief

As per recommendations of TFC and instructions of Government of India (GOI), Ministry of Home Affairs (September 2010), a State Disaster Response Fund (SDRF) was constituted at State level for providing immediate relief to the victims of natural calamities[23]. The GOI and the State Government were to contribute to SDRF in the ratio of 75:25 of the total annual allocation recommended by TFC in the form of non-plan grants in two instalments (June and December) each year. Examination of records (June-July 2015) of the Financial Commissioner, Revenue, Rehabilitation and Disaster Management Department (FCR) showed the following irregularities in utilization from SDRF:

(i) Non-investment of State Disaster Response Fund

Audit noticed that funds ranging between ₹ 3140.95 crore and ₹ 4113.61 crore were at balance in SDRF during 2012-15, but the same were not invested in any of the prescribed instruments[24], as required under the SDRF guidelines (September 2010) and in spite of being pointed out in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 (Paragraph 3.1.3.2). Rather, the State Government credited interest of ₹ 940.01 crore to SDRF during 2012-15 on Overdraft Regulations Guidelines of Reserve Bank of India (RBI) by way of book adjustment, as per SDRF guidelines. The FCR stated (August 2015) that as and when the funds were placed at the disposal of the Department by the Finance Department, these would be invested in conformity with the guidelines.

(ii) Loss of interest to SDRF

Audit observed that due to late submission of the requisite certificates/ reports[25], as required under the SDRF guidelines (September 2010), GOP could not get the GOI's share released on due dates during 2012-15, in spite of being pointed out in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 (Paragraph 3.1.3.1). Resultantly, SDRF was credited with GOI and GOP share after delays ranging between 11 and 130 days, thereby causing loss of interest of ₹ 9.38 crore to SDRF during 2012-15.

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[23] Cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloudburst and pest attack.

[24] (a) Central Government dated Securities; (b) Auctioned Treasury Bills; and (c) Interest earning deposits and certificates of deposits with Scheduled Commercial Banks.

[25] (i) Certificate in April and October indicating that the amount received earlier had been credited to SDRF along with State's share accompanied by a statement giving up-to-date expenditure and balance amount available in the SDRF; and (ii) An annual report on natural calamities faced in the previous year, by September of every year.

The FCR stated (September 2015) that delay in submission of reports to GOI was due to late receipt of information from DCs. The reply of FCR was not acceptable as the Department should have made strict mechanism to obtain requisite UCs/information timely from DCs for onward submission to GOI within the prescribed time.

(iii) Unauthorized expenditure

(a) As per guidelines (July 2009) prescribing norms for assistance from SDRF, the input subsidy to farmers was to be provided at the rate of ₹ 4000 per hectare (₹1600 per acre), if crop loss was 50 *per cent* and above for areas under assured irrigation.

Audit of records (July 2015) in the office of FCR showed that against the admissible amount of ₹ 5.60 crore[26] under the norms, an amount of ₹ 7.97 crore was disbursed from SDRF to the farmers of districts Tarn Taran and Sangrur, whose crops got damaged exceeding 50 *per cent* due to heavy rains and flood in July 2010, thereby making excess payment of ₹ 2.37 crore from SDRF.

(b) The CRF (now SDRF) guidelines (July 2009) prescribe the items and norms for assistance to be provided to the victims of natural calamities from SDRF. Audit, however, noticed that an expenditure of ₹ 8.06 crore[27] was incurred from SDRF during 2010-12 for the purposes not covered under the norms for providing relief from SDRF.

The FCR referred the audit observation to the respective DCs for obtaining their replies. The reply of the FCR was awaited (December 2015).

(iv) Denial of relief from SDRF

DC, Tarn Taran demanded a relief of ₹ 8.67 crore on 12 August 2010 for restoration of roads and drains damaged due to heavy rains on 22 to 24 July 2010. The details of damaged roads and drains could only be provided by the DC on 12 November 2010 despite it being sought twice by FCR on 15 October 2010 and 3 November 2010. Since the complete proposal was furnished after 110 days (against the norms of 45 days for undertaking the work) from the date of the calamity, the Finance Department declined to sanction (28 December 2010) the relief.

Thus, non-submission of complete proposal by the DC, Tarn Taran denied the relief amounting to ₹ 8.67 crore from SDRF to restore damaged roads and

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[26] Sangrur: 33048 acre x ₹ 1600 = ₹ 5.29 crore; and Tarn Taran: 1923 acre x ₹ 1600 = ₹ 0.31 crore.

[27] ₹ 0.03 crore on recharging of rainwater through bore wells by DC Sangrur (September 2010); ₹ 7.75 crore on strengthening/premix carpet on roads by DC Ferozepur (November 2011); and ₹ 0.28 crore for purchase of fogging machine by Director Health and Family Welfare (December 2011).

drains despite availability of funds.

The FCR referred the matter to the concerned DC for obtaining reply. The reply of the FCR was awaited (December 2015).

Thus, Government did not optimize the grants under TFC to the fullest extent, as in the eight selected grants, an amount of ₹ 719.50 crore (21 *per cent*) was not availed of due to delayed submission of utilisation certificate to GOI and non-fulfilment of the prescribed conditions under TFC. The State Government did not release ₹ 255.96 crore to the administrative departments/implementing agencies. In order to avail subsequent grants under TFC, the State Government submitted inflated UCs to GOI. The State Government had to pay interest of ₹ 5.94 crore on account of delayed release of grants to ULBs. Available funds ranging between ₹ 3140.95 crore and ₹ 4113.61 crore in SDRF during 2012-15 were not invested in any of the prescribed instruments. Rather, the State Government credited interest of ₹ 940.01 crore on Overdraft Regulations Guidelines of RBI to SDRF during this period. Late credit of funds to SDRF caused loss of interest of ₹ 9.38 crore. Relief amounting to ₹ 10.43 crore was provided for the items/works not covered under the prevailing norms.

The matter was referred to Government in September 2015; reply (except for Urban Local Bodies portion) was awaited (January 2016).

GOVERNANCE REFORMS AND FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENTS

3.5 Non-availing of central assistance

Delay in initiating project led to abandonment of project on 'e-Governance in FCSD and even the available central assistance of ₹ 1.16 crore was not availed of while implementing another project on Grain Management System in PUNGRAIN, thus, blocking the grant-in-aid for about seven years.

The Ministry of Communication and Information Technology, Government of India (GOI) accorded (April 2006) administrative approval of ₹ 2.32 crore to a project proposal on 'e-Governance in Food and Civil Supplies Department in the pilot district Ludhiana' submitted (February 2006) by the Department of Information Technology, Punjab (DIT), to be implemented over a period of eleven months. The objective of the project was to computerize the activities of the Food, Civil Supplies and Consumer Affairs Department (FCSD) so as to improve effectiveness and to bring transparency in its operations and services. The first instalment of grant-in-aid (GIA) of ₹ 1.16 crore received (August 2006) by FCSD from GOI was transferred (November 2006) to Punjab State e-Governance Society (PSeGS) for implementing the project.

Examination of records (January 2015) of PSeGS showed that the matter regarding selection of a consultant for implementation of the project remained under consideration till February 2009, when after about three years DIT, on behalf of FCSD, requested GOI for closure of the said project and forwarded a new project proposal on the Grain Management System (GMS) for procurement, storage and management of wheat in one of the State procurement agencies - Punjab State Grains Procurement Corporation, (PUNGRAIN) - on pilot basis at a total cost of ₹ 2.35 crore. DIT also sought transfer of available funds of ₹ 1.16 crore (out of earlier approved project cost of ₹ 2.32 crore) to PUNGRAIN for its utilization towards GMS project. GOI could not consider (March 2009) the request of the State Government due to imposition of model code of conduct by Election Commission of India at that time.

In February 2010, GOI requested DIT to make a presentation on GMS project before considering it for approval and for transferring the funds of ₹ 1.16 crore from PSeGS to GMS. Since DIT/FCSD did not respond for over three years, GOI asked (May 2013) PSeGS either to submit UC or refund the unutilized amount. Accordingly, PSeGS refunded (June 2013) ₹ 1.86 crore (including interest of ₹ 0.70 crore earned between November 2006 and May 2013) without incurring any expenditure.

The FCSD attributed the reasons for non-finalization of the earlier project to lack of clarity on procedure, technicalities and legalities; and stated (October 2015) that in the meantime, the Department had developed an in-house portal for food grains management which was working satisfactorily. The reply of the Department was not acceptable as delay in initiating project led to abandonment of the first project on e-Governance in FCSD. Even the available central assistance of ₹ 1.16 crore was not availed of while implementing the project on GMS in PUNGRAIN from its own sources[28], thus, blocking the GIA for about seven years.

The matter was referred to Government in May 2015; reply was awaited (January 2016).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6 Implementation of centrally sponsored schemes relating to strengthening of AYUSH infrastructure

Due to non-release of second instalment of ₹6.05 crore by GOI owing to non-submission of utilization certificate for the entire first instalment of grant by the State Government, 67 speciality clinics could not be constructed/established. Clinics constructed/established and machinery and equipment purchased at a cost of ₹1.80 crore could not be made fully functional or utilized for want of requisite staff.

The main objectives of the Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) were the upgradation of AYUSH

[28] An expenditure of ₹ 10.89 crore was borne by PUNGRAIN on the maintenance of in-house portal on GMS developed by FCSD during 2009-13.

educational standards, quality control and standardization of drugs, improving the far outreach health care through preventive and curative intervention, affordable and efficacious services, etc. and for this purpose five[29] schemes were implemented in the State of Punjab. At State level, Principal Secretary, Health and Family Welfare Department is the administrative head of the Department assisted by Commissioner AYUSH, Director Ayurveda and Director Homoeopathy.

With a view to assess the efficiency and effectiveness in strengthening the AYUSH infrastructure, an audit of four (out of five) 100 *per cent* centrally sponsored schemes[30] covering the period 2012-15 was conducted (October 2014-March 2015) by test-checking the records of Director Ayurveda; Director Homoeopathy; Managing Director (MD), National Rural Health Mission (NRHM); MD, Punjab Health System Corporation (PHSC) along with six district[31] level offices of Ayurveda and Homoeopathy.

Audit findings

3.6.1 Financial management

3.6.1.1 Funding pattern

Against the allocation of ₹ 17.37 crore (August 2006-October 2009) under four selected CSSs, ₹ 11.32 crore were released by GOI. Of this, the Department utilized ₹ 9.45 crore as of March 2015 and ₹ 0.87 crore were refunded (March-August 2013) to GOI owing to savings under the components viz. machinery and equipment and civil work of the respective schemes. However, the unspent amount of ₹ 1.00 crore was neither utilized even after the lapse of period ranging between four and eight years nor were refunded to GOI.

The Homeopathy Department attributed the reasons for non-utilisation of funds of ₹ 0.23 crore[32] to non-clearance/sanction of the scheme/funds by the Administrative/Finance Department. The reasons for non-utilization of funds of ₹ 0.77 crore[33] have been discussed in paragraphs 3.6.1.3 and 3.6.2.1.

[29] (i) Establishment of speciality clinics of Ayurveda in 121 Primary Health Centres; (ii) Establishment of 12 speciality clinics in Community Health Centre/Sub District Hospital; (iii) Establishment of seven ISM Wings in District Allopathic Hospitals; (iv) Establishment of four ISM&H Wings and one Specialized Therapy Centre (Homoeopathy); and (v) Upgradation of five AYUSH hospitals.

[30] (i) Establishment of speciality clinics of Ayurveda in 121 Primary Health Centres; (ii) Establishment of 12 speciality clinics in Community Health Centre/Sub District Hospital; (iii) Establishment of seven ISM Wings in District Allopathic Hospitals; and (iv) Establishment of four ISM&H Wings and one Specialized Therapy Centre (Homoeopathy) sanctioned between August 2006 and October 2009.

[31] (i) Gurdaspur; (ii) Jalandhar; (iii) Ludhiana; (iv) Patiala; (v) Ropar; and (vi) Sangrur.

[32] Establishment of four ESM&H wings and one Specialized Therapy Centre (Homeopathy).

[33] (i)Establishment of 12 speciality clinics in CHC/SDH (₹ 0.56 crore); and (ii)Establishment of Speciality Clinics of Ayurveda in 121 PHCs (₹ 0.21 crore).

3.6.1.2 Non-availment of second instalment for establishment of speciality clinics in Ayurveda in 121 PHCs

The Government of India, Ministry of Health and Family Welfare, Department of AYUSH (GOI), against the allocation of ₹ 12.10 crore[34], released (October 2009) ₹ 6.05 crore as first instalment to the State Government for establishment of speciality clinics of Ayurveda in 121 PHCs. The second instalment was to be released on receipt of Utilisation Certificate (UC) to be submitted within 12 months of the closure of the financial year. However, the Department submitted UC for ₹ 5.58 crore to GOI in November 2014 though it utilized ₹ 5.61 crore up to March 2015. Due to non-submission of UC of the entire grant (₹ 6.05 crore) even after four years of its becoming due i.e. by March 2011, the second instalment of ₹ 6.05 crore was not released by GOI, which adversely affected the implementation of the Scheme, as discussed in paragraph 3.6.2.1.

In reply, Director Ayurveda stated (June 2015) that efforts were being made to utilize the balance funds.

3.6.1.3 Lapsed budget provisions

With a view to promote Panchkarma, Ksharshutra, Yoga and Naturopathy, GOI released (August 2006) ₹ 1.20 crore for establishment of speciality clinics in 12 allopathic hospitals[35]. It was only after a lapse of seven years that the Department of Health and Family Welfare (DHFW) Punjab, with the concurrence of Department of Finance, released (June 2013) funds of ₹ 1.20 crore to the Director Ayurveda, who utilized only ₹ 0.64 crore[36] during 2013-14 and allowed ₹ 0.56 crore to lapse. The funds of ₹ 0.56 crore meant for minor works and office expenses (i.e. purchase of examination table, instrument trolleys, ENT diagnostic kits, foetal doppler, etc.) sanctioned in January 2015 were not spent and lapsed again during 2014-15, thereby denying intended benefits to the masses.

The Director Ayurveda stated (June 2015) that due to lengthy process of procurement and receipt of funds at the end of financial years, the funds remained unutilized. However, efforts were being made to get the funds sanctioned during the current year (2015-16).

Programme implementation

3.6.2 Civil works

3.6.2.1 Incomplete construction work of Ayurveda speciality clinics in 121 PHCs

Out of the funds of ₹ 6.05 crore[37] (50 *per cent* of the total allocation of

34 ₹ 10 lakh each for 121 PHCs.

35 (i) Batala; (ii) Dasuya; (iii) Garhshankar; (iv) Kartarpur; (v) Khanna; (vi) Maur Mandi; (vii) Nakodar; (viii) Pathankot; (ix) Rama Mandi; (x) Ropar; (xi) Shahkot; and (xii) Tarn Taran at a cost of ₹ 10 lakh each.

36 Civil works (₹ 0.27 crore); Machinery & Equipment (₹ 0.01 crore); and Medicines (₹ 0.36 crore).

37 Civil Work (₹ 181.50 lakh); Machinery and Equipment (₹ 181.50 lakh); Medicines (₹ 181.50 lakh); and Contingency (₹ 60.50 lakh).

₹ 12.10 crore) released (October 2009) by GOI for establishment of speciality clinics of Ayurveda in 121 PHCs, the Director Ayurveda transferred (April 2010) ₹ 1.82 crore to Punjab Health System Corporation (PHSC) as first instalment for construction of these clinics at the rate of ₹ three lakh per clinic.

Audit of records of PHSC showed that 54 (out of 121) Ayurvedic speciality clinics were constructed at a cost of ₹ 1.57 crore between September 2010 and February 2012. Due to non-utlisation of balance funds ₹ 0.25 crore and non-availment of second instalment of ₹ 6.05 crore (inclusive of ₹ 1.82 crore for civil works), as discussed in paragraph 3.6.1.2, remaining 67 speciality clinics had not been constructed/established under the Scheme (May 2015). In reply, PHSC stated (January 2015) that due to revision of premium it was not possible to complete the said work with ₹ three lakh per PHC. The reply was not acceptable as PHSC failed to execute the work timely as 54 works executed between September 2010 and February 2012 were completed within ₹ three lakh per PHC.

In six test-checked districts, 16 (out of 50) Ayurvedic speciality clinics had been constructed between November 2010 and February 2012. Of these, four[38] speciality clinics constructed at a cost of ₹ 0.12 crore were not functional for want of posting of Ayurvedic Medical Officer (AMO) despite an undertaking given by the Commissioner AYUSH to GOI to provide requisite staff. In reply, the Director Ayurveda stated (June 2015) that proposals for providing required manpower had been sent to NRHM Punjab, the approval to which was still awaited.

Thus, the Scheme launched more than five years ago could not be implemented extensively, thereby depriving the public of the intended benefits.

3.6.2.2 Non-functional ISM Wings in allopathic hospitals

The GOI released (August 2006) ₹ 2.45 crore to the State Government for establishment of seven Indian System of Medicine (ISM) Wings (Ayurveda) in District Allopathic Hospitals[39] at the cost of ₹ 0.35 crore[40] each.

Examination of records of Director Ayurveda showed that out of seven ISM Wings, the work of construction of ISM Wing in District Hospital, Amritsar was completed at a cost of ₹ 0.06 crore and was handed over to the District Ayurveda and Unani Officer Amritsar in July 2010. After about three years, the Deputy Medical Commissioner, PPHC ordered (May 2013) the vacation of this space on the ground that the Mother and Child Care Hospital was to be constructed on the same site. The ISM Wing was temporarily shifted to Civil Hospital, Verka (Amritsar), where only Outdoor Patient Department (OPD) was functional and Indoor Patient Department (IPD) was not functional due to

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38 PHCs (i) Dhianpur; (ii) Kala Afgana; (iii) Kanjala; and (iv) Manvi.

39 (i) Amritsar; (ii) Bathinda; (iii) Gurdaspur; (iv) Hoshiarpur; (v) Jalandhar; (vi) Ludhiana; and (vii)Sangrur.

40 Civil Work (₹ 10.00 lakh); Machinery and Equipment (₹ 15.00 lakh); Medicines (₹ 7.00 lakh); Contingency (₹ 2.00 lakh); and Training (₹ 1.00 lakh).

shortage of space and staff. It was further noticed that despite the fact that MCH building had been completed and functioning since January 2015, the ISM Wing had not been shifted back to MCH building as of September 2015, thereby denying the intended benefits to the masses under the Scheme as the ISM Wing at Amritsar had been functioning partially for more than two years.

The Director Ayurveda stated (April 2015) that the matter had been taken up with the Civil Surgeon, Amritsar to provide space for ISM Wing in the hospital premises so that intended benefits could be provided to the public.

3.6.2.3 Ungainful expenditure on ISM&H Wing

The GOI released (August 2006 and September 2007) ₹ 1.62 crore for establishment of Indian System of Medicine and Homoeopathy (ISM&H) Wings in the District Allopathic Hospitals at Amritsar, Faridkot, Kapurthala and Moga at the rate of ₹ 0.35 crore[41] each and a Specialised Therapy Centre at Sangrur at a cost of ₹ 0.22 crore[42] with the objective of establishing an Indoor Patient Department (IPD) (10 bedded) to provide hospitalization facilities to the patients.

Audit noticed that while submitting the proposal (June 2006) to GOI, the Director Homoeopathy, without the concurrence of the Finance Department, had given an undertaking to GOI that they would depute the required staff to make the ISM&H Wings functional. Although Director Homoeopathy incurred an expenditure of ₹ 1.39 crore (out of ₹ 1.62 crore) on various components[43] as of March 2015, yet the indoor facilities to the patients were not provided even after lapse of more than seven years of receipt of funds from GOI due to non-provision of requisite medical staff.

The Director Homoeopathy stated (June and September 2015) that the matter was under consideration with the State Government for creation/sanction of required staff. The reply was not acceptable as the ISM&H Wings and Specialized Therapy Centre could not be made functional even after eight years from the inception of the Scheme, thereby resulting into ungainful expenditure of ₹ 1.39 crore, besides denial of intended benefits to the public.

3.6.3 Machinery and equipment

3.6.3.1 Purchase of computers and printers for 121 PHCs

The funds of ₹ 6.05 crore (against the allocation of ₹ 12.10 crore) released by GOI for establishment of Ayurvedic speciality clinics in 121 PHCs included an amount of ₹ 1.82 crore (₹ 1.50 lakh per PHC) for procurement of machinery and equipment.

[41] Minor Work (₹ 10.00 lakh); Machinery and Equipment (₹ 15.00 lakh); Medicines (₹ 7.00 lakh); Office Expenses (₹ 2.00 lakh); and Training (₹ 1.00 lakh).

[42] Minor Work (₹ 5.00 lakh); Machinery and Equipment (₹ 10.00 lakh); Medicines (₹ 5.00 lakh); Office Expenses (₹ 1.50 lakh); and Training (₹ 0.50 lakh).

[43] Minor Works (₹ 0.45 crore); Machinery & Equipment: (₹ 0.50 crore); Material Supply (₹ 0.33 crore); Training (₹ 0.04 crore); and Office expenses (₹ 0.07 crore).

Audit noticed that Director Ayurveda procured (August 2013) 121 computers and printers at a cost of ₹ 0.50 crore and all the supplies were shown to have been made to 121 PHCs between August and December 2013, whereas only 54 speciality clinics had actually been constructed as of March 2015, as discussed in paragraph 3.6.2.1.

In six test-checked districts (February-March 2015), examination of records showed that 48 computers and printers amounting to ₹ 0.20 crore were received by the District Ayurvedic and Unani Officers (DAUO) in 48 PHCs under their jurisdiction, whereas only 16 speciality clinics had actually been built. Out of 48, 13 computers and printers were retained in the District/Head office and remaining 35 computers and printers amounting to ₹ 0.14 crore issued to 35 PHCs (including 11 PHCs constructed under the Scheme where computers and printers were provided) were lying idle due to lack of space, non-receipt of proper instructions/guidelines from Head Office, shortage of staff, etc.

The Director Ayurveda stated (June 2015) that the computers and printers were supplied on the basis of demand raised by DAUOs and as regards shortage of staff, it was stated (September 2015) that Ayurvedic Medical Officers (AMO) in remaining 51 PHCs would be posted shortly. The fact remained that computers/printers were lying idle in 35 PHCs of the test-checked districts for the reasons discussed above.

3.6.3.2 Idle equipment in ISM Wings

The funds of ₹ 2.45 crore released (August 2006) by GOI for establishment of seven ISM Wings in District Hospitals included an amount of ₹ 1.05 crore (₹ 15 lakh per ISM Wing) for procurement of machinery and equipment.

Audit observed in three test-checked districts[44] that although the construction work of ISM was completed (November 2009-September 2010), yet the machinery and equipment for panchkarma therapy valuing ₹ 15.48 lakh (₹ 5.16 lakh each) received through the Director Ayurveda during January-March 2013 was lying unutilized due to proper staff not being appointed in the ISM Wing. Moreover, the buildings of ISM Wing of Gurdaspur and Sangrur had not been constructed as per norms[45] fixed by GOI under the Scheme, which would also create obstacles in proper utilization of equipment. The PHSC, Patiala stated (February 2015) that the construction was made as per availability of land in the hospital premises.

The Director Ayurveda stated (September 2015) that the staff for IPD in ISM wings had not been sanctioned by the Government. The fact remains that due to non-provision of requisite staff, the machinery and equipment valuing ₹ 15.48 lakh have been lying unutilized for more than two years.

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44 (i) Gurdaspur; (ii) Jalandhar; and (iii) Sangrur.

45 ISM wing was constructed in 1271 square feet (Gurdaspur) and 1080 square feet (Sangrur) as against 2400 square feet.

Thus, due to non-release of second instalment of ₹ 6.05 crore by GOI in respect of Ayurveda speciality clinics in 121 PHCs owing to non-submission of UC for the entire first instalment of the grant by the State Government, 67 speciality clinics could not be constructed/established. Clinics constructed/ established and machinery and equipment procured at a cost of ₹ 1.80 crore could not be made fully functional or utilized for want of requisite staff.

The matter was referred to Government in May 2015; reply was awaited (January 2016).

3.7 Targeted Interventions under National AIDS Control Programme

Against the target of 40 per cent reduction for new infections, reduction was only one per cent in the State under the National AIDS Control Programme (NACP). Daily client load (Injecting Drug Users) on Opioid Substitution Therapy (OST) centres remained up to 63 per cent over and above the maximum load of 200 clients. IDUs ranging between 41 and 48 per cent could not be retained in 17 OST centres thereby compromising the efficacy of their treatment. Shortfall in referral cases to detoxification/de-addiction centres by OST centres ranged between 41 and 100 per cent in the selected districts. There was shortfall up to 100 per cent in achievement of targets by NGOs under NACP during 2012-15.

In order to combat HIV/AIDS[46] and for its prevention and control in India, Government of India (GOI) launched (1992) a 100 *per cent* centrally sponsored National AIDS Control Programme[47] (NACP) and constituted a National AIDS Control Organisation to implement the programme. At State level, Punjab State AIDS Control Society (PSACS) was constituted in 1998 for effective implementation and monitoring of NACP in the State. The Principal Secretary, Health and Family Welfare (H&FW) is the Chairman; and Secretary, H&FW is the Project Director of the PSACS.

With a view to assess the efficiency and effectiveness in delivering quality HIV preventive interventions amongst the High Risk Groups[48] (HRG), implementation of one (out of 10[49]) component 'Targeted Intervention' (TI) under NACP for the period 2012-15[50] was reviewed in audit by test-checking the records of PSACS and Opioid Substitution Therapy (OST) Centres in six[51] (out of 22) districts.

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[46] Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome.

[47] (i) NACP-I (1992-1999); (ii) NACP-II (1999-2006); (iii) NACP-III (2007-12) extended up to March 2014; and NACP-IV (2012-17) with effect from April 2014.

[48] HRGs consisting of Female sex workers (FSWs); Men who have sex with men (MSM) and transgenders; and Injecting drug users (IDUs).

[49] (i) Targeted Intervention; (ii) Sexually transmitted infection/reproductive tract infection services; (iii) Blood safety; (iv) Information, education and communication and mainstreaming; (v) Link Worker Scheme; (vi) Integrated testing and counselling centres; (vii) Lab services; (viii) Care, support and treatment; (ix) Institutional strengthening and project management; and (x) Strategic Information Management System.

[50] Relevant records pertaining to period prior to 2012-15 were also examined, wherever required.

[51] (i) Amritsar; (ii) Fatehgarh Sahib; (iii) Jalandhar: (iv) Ludhiana; (v) Muktsar; and (vi) Patiala.

Audit findings

3.7.1 Financial management

Out of total funds ranging between ₹ 10.93 crore and ₹ 15.51 crore available under the 'Targeted Intervention' (TI) component during 2012-15, funds ranging between ₹ 2.21 crore (14 *per cent*) and ₹ 3.10 crore (28 *per cent*) remained unutilized, which adversely affected the performance of activities under NACO, as discussed in paragraph 3.7.2.4.

The Deputy Director, PSACS while attributing the reasons for unspent balance to the circumstances beyond the control of TIs, ensured (October 2015) that necessary efforts would be made to ensure optimal utilisation of available funds for implementation of TI and OST programmes in the State of Punjab.

3.7.2 Programme implementation

3.7.2.1 Non-establishment of Community Based Organisations

Para 2.3.1 of operational guidelines of Targeted Interventions (TI) under NACP-III aimed to implement TIs through NGOs and Community Based Organisations (CBOs). As per Para 5.1.1, steps were to be taken for transitioning an NGO-led TI to a CBO-led TI as CBOs were found to be more effective in scaling up HIV prevention programmes. The NGOs that had been implementing TIs for at least three years and having community members as peer educators were initially to be shortlisted.

Test-check of records of PSACS showed that though 44 NGOs having community members as peer educators had been implementing TIs for more than three years but no efforts were made by PSACS to convert those NGO-led TIs to CBO-led TIs, despite availability of criteria/process for transitioning of NGO to CBO under the guidelines *ibid*.

The Deputy Director, PSACS stated (October 2015) that TI implementing NGOs had been asked to initiate the process to mobilise the community at TI level. Once the community group was formed, they would be facilitated to register themselves as a community based organisation. The reply was not convincing as establishment of CBO-led TIs was necessitated in the State considering the shortfall up to 100 *per cent* in achievement of targets by NGOs in most of the activities in test-checked districts, as discussed in paragraph 3.7.2.4.

3.7.2.2 Non-achievement of targets for reduction of new infections

As per guidelines under NACP-III (2007-12, extended up to 2014), a target of 40 *per cent* reduction of new infections as estimated in the first year of the programme in the vulnerable states was set so as to stabilize the epidemic.

Audit, however, observed that during the implementation period of NACP-III, the number of new infections reduced by only one *per cent* against the target of 40 *per cent* during 2007-14. In two test-checked districts, the new infections reduced by 51 and 29 *per cent* in Amritsar and Jalandhar districts, respectively, while in the remaining four[52] districts, instead of reduction, new infections increased between 27 and 148 *per cent* during the implementation period of NACP-III i.e. up to 2013-14.

PSACS attributed (June 2015) the reasons for non-achievement of target to increased testing of general clients and ante-natal cases; wider coverage of HRGs; and duplicity of tests by positive individuals. The reply was not convincing as the targets were fixed for reduction of new infections and had no relation with the testing of clients. Further, non-identification of duplicate cases showed the weak monitoring system in PSACS.

3.7.2.3 Functioning of Opioid Substitution Therapy centre (OST)

As per Para 4.4 of the guidelines under NACP-III, the main objective of Opioid Substitution Therapy (OST) centre was to improve the quality of life of injecting drug users (IDU) by stabilising them and transit them from the injecting mode of drug administration to non-injecting thereby preventing HIV and other blood-borne viruses. OST clinics were to be easily accessed from points where drug users congregated, as the drugs were to be administered daily. Further, at least 20 *per cent* population of IDUs were to be on OST.

(i) Non-establishment of OST centres

(a) As per guidelines, OST clinics could be established in teaching hospitals, district hospitals, primary/community health centres, etc.

Audit observed that despite presence of IDUs ranging between 100 and 600 in four[53] districts (inclusive of two selected districts) during 2012-15, no OST centre was established by PSACS. Information obtained (April 2015) from one NGO at Ajnala showed that out of 300 IDUs with this NGO, only 6 IDUs (two *per cent*) were registered with OST centre, Amritsar. The reasons for the same were attributed to establishment of OST centre, Amritsar at a distant place making it very difficult for IDUs to approach OST centre, Amritsar daily. In remaining four[54] selected districts, more than 20 *per cent* population of IDUs were on OST.

The Deputy Director, PSACS stated (October 2015) that establishment of OST centre in a district was decided by NACO on various factors viz. IDU population size, HIV prevalence among IDUs, etc. However, efforts would be made in consultation with NACO to link IDUs of the project areas (Ajnala and Nawanshahr) with OST centre. Thus, the fact remains that due to absence of OST centres in these districts, IDUs present in these areas could not be brought under the intervention strategy.

(b) Para 4.4.4 of the operational guidelines under NACP-III provides for a maximum case load of 200 clients daily per clinic.

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[52] (i) Fatehgarh Sahib (33 *per cent*); (ii) Ludhiana (148 *per cent*); (iii) Muktsar (132 *per cent*); and (iv) Patiala (27 *per cent*).

[53] (i) Fatehgarh Sahib; (ii) Faridkot; (iii) Muktsar; and (iv) Nawanshahr.

[54] (i) Amritsar; (ii) Jalandhar; (iii) Ludhiana; and (iv) Patiala.

Examination of records of PSACS showed that the daily IDUs load on OST centres during 2012-13 was within the permissible limit. However, during 2013-15 daily client (IDUs) load on nine (out of 17) OST centres remained up to 63 *per cent* above the maximum daily load of 200 clients. Due to overload of IDUs, chances of hindrance in the work of administering drug in OST clinics by way of Directly Observed Treatment (DOT) to ensure that the drug was not taken away by the clinic patients could not be ruled out, as during visit (April 2015) to OST centre, Amritsar, Audit found six IDUs taking drugs away instead of consuming the same at OST centre. Coordinator of OST centre, Amritsar also attributed the reasons for this to excess burden.

The Deputy Director, PSACS stated (October 2015) that in order to decongest the centre having client load of more than 300 clients, additional centres had been started in Amritsar, Batala, Moga and Tarn Taran districts. The reply of PSACS was not convincing as the client load in these centres was more than 200, which could have adverse impact on the quality of treatment and care. Thus, there was an urgent need for augmenting the total capacity of OST centres in the State in accordance with the guidelines *ibid*.

(ii) Retention of clients

As per clinical practice guidelines for treatment with buprenorphine under NACP, long duration of retention[55] in continuous treatment is essential for a good outcome. Audit, however, observed that the clients ranging between 41 and 48 *per cent* could not be retained in 17 OST centres of the State during 2012-15. Whereas, in test-checked districts, drop-out of clients remained between 26 and 62 *per cent* during 2012-15. As a result of which, the efficacy of treatment in respect of IDUs not completing their therapy was compromised.

The Deputy Director, PSACS stated (October 2015) that retention of clients on OST depended on various factors, some of which were not in the control of OST centre. However, efforts were being made to ensure that majority of IDUs started on OST were retained on treatment in order to achieve expected outcome of the treatment.

(iii) Referral for detoxification by OST centres

Performance indicators under NACP III for IDUs provided that 5-10 *per cent* of total IDUs should be referred to detoxification/de-addiction centres with the objective to facilitate the patient's transition to a "drug free" state.

Audit observed that only four *per cent* IDUs were referred for detoxification during 2012-13 in the State though the referral cases increased to six and five *per cent* during 2013-14 and 2014-15, respectively. However, the shortfall in referral cases for detoxification by five (out of seven) OST centres[56] of the selected districts ranged between 41 and 100 *per cent* during 2012-15. This

[55] Retention means clients receiving at least one dose during the month till completion of treatment.

[56] (i) Amritsar; (ii) Jalandhar; (iii) Khanna; (iv) Nakodar; and (v) Phillaur.

indicated that only a miniscule number of drug users were targeted for complete detoxification.

The Deputy Director, PSACS stated (October 2015) that the patients who had completed treatment on OST were referred to de-addiction as decided by the Medical Officer. However, TIs and OST centres had been asked to strengthen the referral to detoxification services.

3.7.2.4 Non-achievement of targets by NGOs

Non-Governmental Organizations (NGO) implement TIs in their respective project areas and achieve objectives laid out in the project plan by NACO and report to PSACS. Audit, however, observed shortfall up to *100 per cent* in achievement of targets by 31 NGOs in test-checked districts under NACP during 2012-15 (***Appendix 3.2***).

The reasons attributed by PSACS for non-achievement of targets, as mentioned in ***Appendix 3.2***, *viz.* non-availability of sufficient funds and HIV/STI kits, etc. were not convincing as PSACS being the implementing and monitoring agency in the State was to initiate requisite steps at appropriate levels to overcome all the problems to ensure achievement of targets by NGOs under NACP. The Deputy Director, PSACS stated (October 2015) that the efforts were being made to ensure that TIs achieved the programme target as per requirement.

Thus, the objective under NACP-III to deliver quality HIV preventive interventions amongst HRGs was not achieved in a substantial measure, as in spite of various activities being done under NACP, there was reduction in new infections by one *per cent* only in the State against the target of 40 *per cent*. Adequate number of OST centres to provide quality treatment and care to IDUs, which were more vulnerable to HIV infections, were not set up. Shortfall in referral cases for detoxification by OST centres denied IDUs of the opportunity to transit them to a drug-free state. There was shortfall up to 100 *per cent* in achievement of targets by NGOs under NACP.

The matter was referred to Government in June 2015; reply was awaited (January 2016).

3.8 Misappropriation of user charges

Failure to observe codal provisions by the Drawing and Disbursing Officer and resultant compromise of the internal control mechanism, facilitated misappropriation of user charges amounting to ₹19.88 lakh in Civil Hospital, Mansa.

Rules 98 (1) of Punjab Treasury Rules provides that the head of an office or the person so authorised, before signing the receipt and initialling the counterfoil, shall satisfy himself that the amount has been properly entered in the cash book. Rule 2.4 of Punjab Financial Rules (Volume-I) stipulates that at the close of the day while signing the cash book, the head of the office should see that the departmental receipts collected during the day are credited into the Government account on the same day or on the morning of the next day.

Government of Punjab allowed (February 1997) Punjab Health System Corporation (PHSC) to retain user charges collected from the patients at the point of collection and use the same for meeting non-salary recurrent costs to bring improvement in the working of medical institutions. PHSC reiterated (February 2013) that user charges collected by the field offices should be deposited on daily basis in a separate savings bank account. No expenditure should be made out of the cash collections and the expenditure should be incurred after depositing the collections in the bank.

Test-check of records in the office of Civil Hospital, Mansa (CH) under the jurisdiction of PHSC showed (September 2014) that out of the user charges collected by a pharmacist from the patients in CH between 2 April 2012 and 24 July 2014, an amount of ₹ 19.88 lakh which was entered in Daily Collection Register (DCR) was neither found accounted for in the cash book nor deposited in the bank account of CH. The Senior Medical Officer (SMO) holding the charge of Drawing and Disbursing Officer (DDO), while signing the cash book, did not ensure that all the user charges collected and entered in DCR had been accounted for in the cash book and remitted into the bank account of CH.

On this being pointed out in audit (2 September 2014), the Civil Surgeon, Mansa constituted a committee to investigate (12-19 September 2014) the matter, which reported that user charges amounting to ₹ 19.88 lakh pertaining to the period 2 April 2012 to 24 July 2014 had not been deposited in the bank by the pharmacist. As recommended by the committee, the Civil Surgeon, Mansa proposed to the Managing Director, PHSC that an enquiry/special audit be conducted to take further action in the matter.

The SMO stated (March 2015) that the user charges of ₹ 19.88 lakh had since been deposited (9 September 2014–12 January 2015) by the concerned official from his personal savings. However, further action of the Department to conduct detailed enquiry/special audit and to fix responsibility of the erring officials/officers was awaited as of January 2016.

Thus, failure by the DDO to observe codal provisions compromised the internal control mechanism and facilitated misappropriation of user charges amounting to ₹ 19.88 lakh.

The matter was referred to Government in April 2015; reply was awaited (January 2016).

HOME AFFAIRS AND JUSTICE DEPARTMENT

3.9 Setting up of Community Policing Resource Centres (*Saanjh Kendras*)

Facilitation charges amounting to ₹20.04 crore were retained by the Department outside Government account, of which, ₹12.03 crore were utilized in contravention of the Constitutional provisions. Service tax amounting to ₹0.59 crore had not been deposited. 37 per cent of the Saanjh Kendras had not been established even after five years of the recommendations of the Commission. An expenditure of ₹0.33 crore on construction of additional PSOCs was avoidable. Staff to Saanjh Kendras was provided on temporary basis by diverting personnel from the existing police force. A service provider for maintenance of software for central server was selected in a non-transparent manner and paid an amount of ₹1.59 crore.

In an endeavour to improve responsiveness of the police and to provide a host of people-friendly services at a single point of public interface, Government of Punjab (GOP) initiated (January 2003) setting up of Community Policing Resource Centres at police district level. Subsequently, on the recommendations (May and December 2009) of Punjab Governance Reforms Commission (Commission), GOP launched a Community Policing Project - "SAANJH" in October 2011. The project aimed at engaging community in handling complaints, disputes and issues concerning the society thereby improving police image and providing basic police services through a single window system for the convenience of public.

Under the project, *Saanjh Kendras* viz. 27 Community Police Resource Centres (CPRC) at district level; 114 Community Policing *Suvidha* Centres (CPSC) at sub-division level; and 363 Police Station Outreach Centres (PSOC) at police station level were to be set up to work as registered societies. At State level, the Principal Secretary, Department of Home Affairs and Justice (PSH) is the administrative head. Community Affairs Division (CAD) functions under the control of the Additional Director General of Police (ADGP, now DGP) (Community Policing) (DGP-CP).

With a view to assess the efficiency and effectiveness in setting up of *Saanjh Kendras* in the State of Punjab, an audit covering the period 2010-15 was conducted (October 2014-June 2015) by test-checking the records of PSH, DGP-CP, and nine (out of 27) police districts[57].

Audit findings

3.9.1 Planning

3.9.1.1 Formation of committees

The Commission, while recommending Community Policing Project,

[57] (i) Amritsar (Rural); (ii) Bathinda; (iii) Jalandhar (Rural); (iv) Khanna; (v) Mansa; (vi) Muktsar; (vii) SBS Nagar; (viii) Patiala; and (ix) Pathankot.

endorsed (December 2009) that the CAD would function in consultation and conjunction with a State Level Steering Committee (SLSC) and District Committees.

Audit, however, observed that:

- SLSC which was to be responsible for providing policy guidelines, supporting capacity building and strengthening the system of co-ordination was not formed. The DGP-CP stated that he was not aware of this. Thus, non-formation of SLSC hampered the planning of the Department which adversely affected the functioning of CAD in establishing and running of *Saanjh Kendra*s, as discussed in paragraphs 3.9.2.2(ii), 3.9.2.2(iii), 3.9.3.1 and 3.9.3.4.

3.9.2 Financial management

3.9.2.1 Budget and expenditure

Against the allocation of ₹ 77.00 crore for setting up of *Saanjh Kendras* during 2010-15, the State Government released funds of ₹ 47.10 crore (61 *per cent*) during 2010-14 and no funds were released by the Government during 2014-15. Out of ₹ 47.10 crore, the Department incurred an expenditure of ₹ 37.85 crore during 2010-14.

DGP-CP attributed the reasons for savings of ₹ 9.25 crore during 2010-14 to non-transfer of identified land in the name of Police Department for construction of *Saanjh Kendras* in some districts.

3.9.2.2 Facilitation charges

The Department of Home Affairs and Justice, Punjab (Department) notified (August 2012) rates for collection of facilitation charges in respect of the services being delivered to the public and utilizing the same towards recurring expenditure of the *Saanjh Kendras*.

(i) Irregular retention and appropriation of facilitation charges

(a) Article 266 (1) of the Constitution of India provides that all revenues received by the State Government, all loans raised by the Government by the issue of treasury bills, loans or ways and means advances and all moneys received by the Government in repayment of loans shall form one Consolidated Fund to be entitled "the Consolidated Fund of the State". Further, Punjab Treasury Rule 8(1) also provides that all moneys received by the Government shall, without undue delay be deposited in full into Consolidated Fund of the State and it shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Consolidated Fund of the State.

Test-check of records (October 2014) of DGP-CP showed that the Department proposed (July 2011) to collect facilitation charges on the services being rendered to the public and its direct appropriation by *Saanjh Kendras*. The Council of Ministers accorded (July 2012) their approval to the said proposal and the Home Department notified the decision of the Council of Ministers in

August 2012. Accordingly, facilitation charges amounting to ₹ 20.04 crore were collected and retained by the *Saanjh Kendras* outside Government account during the period September 2012 to March 2015, of which, ₹ 12.03 crore were utilized for running of *Saanjh Kendras* in contravention of the provisions *ibid*.

The DGP-CP stated (November 2014) that the facilitation charges were being collected and utilized in compliance to the notification of August 2012. The reply of the Department was not acceptable as the decision/action of the State Government was not in line with the provisions *ibid*.

(b) As per notification (August 2012), the facilitation charges collected in respect of the services being delivered to the public were to be utilized towards recurring expenditure of the *Saanjh Kendras*. Audit, however, noticed in the *Saanjh Kendra* of test-checked police districts[58] that out of the facilitation charges meant for recurring expenditure, an amount of ₹ 58.12 lakh[59] was irregularly incurred on the items of capital nature (purchase of furniture/air-conditioners, construction of shed, construction of CPRC hut, etc.) and items not related to *Saanjh Kendras* (items purchased for SSP office and donations).

On this being pointed out in audit (December 2014-March 2015), District Policing Community Officer (DPCO) Jalandhar attributed the expenditure on construction of hut to non-availability of CPRC building, whereas, DPCO Bathinda stated that expenditure had been incurred out of the facilitation charges collected prior to issuance of notification of August 2012. Five DPCOs[60] assured to take up the matter with higher authorities. The reply of none of the DPCOs was acceptable as the prevalent provisions of the notification were not adhered to. As regards DPCO Bathinda, Audit verified that the expenditure was incurred after the issuance of notification, and hence, was irregular.

(ii) Non-receipt of facilitation charges from Deputy Commissioners

As per notification (August 2012), facilitation charges for according permission to use loud speaker were to be collected by concerned Deputy Commissioner (DC) for its later transfer to concerned PSOC. Audit, however, observed that an amount of ₹ 0.31 crore collected on this account was not transferred by DCs[61] to the *Saanjh Kendras* as of January 2016.

(iii) Non-deposit of service tax

Rule 68 of Service Tax Act, 1994 provides that every person providing taxable

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58 (i) Amritsar (Rural); (ii) Bathinda; (iii) Jalandhar (Rural); (iv) Khanna; (v) Mansa; (vi) SBS Nagar; (vii) Patiala; and (viii) Community Affairs Division.

59 Purchase of furniture, air-conditioners, construction of shed, construction of CPRC hut, etc. (₹ 43.20 lakh); installation of CCTV cameras and items purchased for SSP office (₹ 3.54 lakh); and donations (₹ 11.38 lakh).

60 (i) Amritsar; (ii) Khanna; (iii) Mansa; (iv) SBS Nagar; and (v) Patiala.

61 (i) Amritsar Rural(₹ 8.07 lakh); (ii) Kapurthala(₹ 1.66 lakh); (iii) Khanna(₹ 0.93 lakh); (iv) Ludhiana Rural(₹ 6.77 lakh); (v) Mansa(₹ 6.18 lakh); (vi) Pathankot(₹ 1.62 lakh); and (vii) Tarn Taran (₹ 6.09 lakh).

service to any person shall pay service tax at the rate specified in section 66 of the Act in such manner and within such period as may be prescribed. As per notification (August 2012), the facilitation charges also included service tax, which would be deposited by the collecting agency.

Audit of records of *Saanjh Kendras* of nine test-checked police districts showed that during 2012-15, facilitation charges amounting to ₹ 6.72 crore were collected, which included service tax of ₹ 0.74 crore. Out of 94 *Saanjh Kendras* falling in the test-checked districts, only 14 *Saanjh Kendras* had deposited the service tax of ₹ 0.15 crore. This resulted into non-deposit of service tax amounting to ₹ 0.59 crore with the department concerned.

The DGP-CP stated (June 2015) that each *Saanjh Kendra* was registered as a separate society under the Societies Registration Act, 1860 and also added that as per legal provisions, only the *Saanjh Kendras* with income of more than ₹ 10 lakh per annum from facilitation charges were liable to pay service tax. The interpretation of DGP-CP with regard to the provisions for exemption of service tax was not correct as Para 2(vii) of the notification for exemption of service tax provided that where a taxable service provider delivered one or more taxable services from one or more premises, the exemption under this notification would apply to aggregate value of all such taxable services and from all such premises and not separately for each premises or each service. Thus, the applicability of exemption of service tax was to be measured after clubbing income of all the *Saanjh Kendras*.

3.9.3 Programme implementation

3.9.3.1 Establishment of *Saanjh Kendras*

(i) In order to make each CPRC a separate entity and people-friendly, Punjab Governance Reforms Commission, in its status report (May 2009), recommended for a separate building for each CPRC, away from the police establishment. Accordingly, 27 CPRCs, 114 CPSCs and 363 PSOCs at district/sub-division/police station levels, respectively were to be constructed. The position of construction of *Saanjh Kendras* in separate buildings in the State of Punjab as of January 2016 is given in **Table 3.1.**

Table 3.1: Position of construction of *Saanjh Kendras* in separate buildings as of January 2016

Saanjh Kendra	Requirement as per recommendations of the Commission	Constructed	Balance	Reply/Reasons for non-construction
CPRC (at district level)	27	0	27	Operating either from District Police offices or from temporary huts. Land for separate CPRC was yet not identified.
CPSC (at Sub-division level)	114	94	20	16 – Not required to be constructed as these were running in PSOCs buildings. 4 – Under construction
PSOC (at police station level)	363	160	203	85 - Not required to be constructed as CPSC buildings were constructed in or near Police Station. 75 - Land identified but not transferred in the name of police department. 22 - Land yet not identified 11 – Under construction 10 - Land available, but funds were not available.

Source: Departmental information

The replies/reasons furnished (January 2016) by DGP-CP regarding non-construction of *Saanjh Kendras* were not convincing as even after more than five years of the recommendations of the Commission, 149 (out of 403) *Saanjh Kendras* (27 CPRCs, 4 CPSCs and 118 PSOCs) (37 *per cent*) though required were still not constructed in the State (January 2016).

(ii) As per Standing Orders (January 2003) and recommendations of the Commission (December 2009), each CPRC was required to be equipped with Grievance Redress Centre, Victim Relief Centre and Child Protection Unit. Audit, however, observed that though all 27 CPRCs had been functioning since 2003, but none of the CPRC was having any such Centre, thereby depriving the public of the services under the project.

(iii) Audit observed that at four locations[62], both CPSCs and PSOCs were functioning from the same premises. Since both types of *Saanjh Kendras* were providing same services, the construction of additional *Saanjh Kendras* (PSOCs) in the same premises at a capital cost of ₹ 32.77 lakh was avoidable and the staff deployed at these PSOCs could have been optimally utilized elsewhere.

The DGP-CP stated (June 2015) that the purpose and working of CPSCs was different from PSOCs, as PSOCs were only service delivery centre, whereas CPSCs in addition to service delivery had been designated as Dispute Redressal Centres by the Department. The reply of DGP-CP was not acceptable as it was observed from the information supplied (March 2015) by the Department that CPSCs were also delivering same services as PSOCs. Thus, the establishment of four PSOCs in the same premises could have been avoided.

(iv) To run the *Saanjh Kendras* in the State, DGP authorised 3085 posts[63] in November 2013 by diverting from the existing police strength. However, in the *Saanjh Kendra* of test-checked police districts, against the authorised strength of 987 posts[64], 658 posts[65] were filled and 33 *per cent* posts were lying vacant as of June 2015. Further, the diversion of staff which was originally meant to be a temporary measure but continues as of June 2015, at the cost of maintaining law and order from the exiting force which was already short by 5.59 *per cent,* further increased the shortage to 9.40 *per cent* in the test-checked police districts.

The DGP stated (June 2015) that formation of separate cadre for *Saanjh Kendras* was still under consideration.

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62 (i) Dera Baba Nanak (Batala); (ii) Nihal Singh Wala (Moga); (iii) City Moga (Moga); and (iv) Sadar Hoshiarpur (Hoshiarpur).

63 14 Superintendents of Police, 14 Deputy Superintendents of Police, 143 Inspectors, 515 Sub Inspectors/Assistant Sub Inspectors, 2399 Head Constables/Constables.

64 3 Superintendents of Police, 6 Deputy Superintendents of Police 46 Inspectors, 167 Sub-Inspectors/Assistant Sub-Inspectors, 765 Head Constables/Constables

65 3 Superintendents of Police, 3 Deputy Superintendents of Police 13 Inspectors, 98 Sub-Inspectors/Assistant Sub-Inspectors, 541 Head Constables/Constables

(v) Punjab Police Rules 3.9 provides that where expert supervision is needed, works should be executed from Public Works Department (PWD) and technical sanction of the competent authority should be obtained. In the State, Punjab Police Housing Corporation (PPHC) was also established (1989) to construct police buildings. Audit, however, observed that 22 *Saanjh Kendras* (PSOCs) in selected police districts[66] were got constructed by SSPs at a cost of ₹ 2.19 crore without obtaining technical sanction. The PSOCs were constructed by engaging local contractors instead of from PWD or PPHC having specialization in construction, as required under the Rules *ibid*.

The DGP-CP stated (June 2015) that the *Saanjh Kendras* (PSOCs) were constructed under the supervision of concerned district SSPs as per decision taken (September 2013) in the meeting chaired by the Deputy Chief Minister, Punjab. The reply was not acceptable as the prevalent codal provisions for execution of work were not adhered to.

3.9.3.3 Setting up of central server

Rule 15.2 (b) of the Punjab Financial Rules (PFR), Volume-I provides that when stores are purchased from the open market, the system of open competitive tender should, as far as possible, be adopted as prescribed in Appendix 8 of PFR, Volume-II (Appendix). Further, Department of Information Technology (DIT) formulated (February 2003) a policy for acquisition and disposal of Information Technology resources, which *inter alia* prohibited the departments from acting without the technical sanction of DIT prior to proceeding with the acquisition process.

Audit of records (October 2014) of DGP-CP showed that for installation and maintenance of software for central server under *Saanjh* Project, the Department selected a service provider without calling tenders/competitive rates and sent (August 2011) a draft agreement to Director (DIT) for obtaining technical sanction. The DIT did not accord this sanction on the grounds that the same was required to be sought at the time of technical study along with relevant documents before tendering. However, DIT requested DGP-CP to provide technical details/documents including the detailed IT plan for examination by DIT. The DGP-CP, instead of providing the requisites to DIT, started taking services of the service provider with effect from October 2011, though the agreement for the purpose was executed only in October 2014. The Department had paid ₹ 1.59 crore (₹ 5.38 lakh per month) to the service provider for the period from October 2012 to March 2015, as the service provider delivered free services for the period from 17 October 2011 to 16 October 2012. However, the basis on which monthly remuneration of ₹ 5.38 lakh was arrived at was neither available on records nor were disclosed to Audit.

The DGP-CP, while admitting (November 2014) the fact of non-obtaining of technical sanction, stated (March 2015) that service provider was hired without floating tenders as it had been working with police department in one

[66] (i) Jalandhar-Rural (6); (ii) Khanna (1); (iii) Mansa (9); (iv) Pathankot (1); and (v) SBS Nagar (5).

form or the other and had good knowledge of police processes and profile. The reply was not acceptable as hiring the services of a service provider in a non-transparent manner without calling tenders and without obtaining requisite sanction from DIT violated the provisions of PFR and the policy guidelines of DIT, thereby rendering the expenditure of ₹ 1.59 crore as irregular.

3.9.3.4 Non-delivery of services at CPSC and PSOC levels

With the ultimate goal of bringing community policing services to the level of a police station, various services recommended (May 2012) to be provided to public at CPRC/CPSC/PSOC levels (*Saanjh Kendras*) also included services with regard to 'Police Clearance Certificate' and 'Character Verification'. The Home Department had also notified rates (August 2012) of facilitation charges to be collected from public for providing these services.

Audit observed in the *Saanjh Kendras* of the selected police districts that though applications along with facilitation charges in respect of 'Police Clearance Certificate' and 'Character Verification', were collected at the concerned CPRC/CPSC/PSOC levels, the certificates/reports thereof were delivered only at CPRC level in the selected districts, except for district Khanna where the certificates/reports in respect of these two services were being delivered at CPRC/CPSC/PSOC levels, where the applications were received. The delivery in respect of other services was being provided to the public at the respective levels.

The DGP-CP attributed (June 2015) the reasons for this to SP/ADCP(HQ) being the signing authorities in these cases. The reply of the DGP-CP was not convincing as after signing the documents at district level, the same could be handed over to the concerned CPSC/PSOC for delivering the certificates/ reports to the concerned applicants as was being done in district Khanna. Thus, the procedure being adopted in these delivery services was in departure of the spirit of setting up the *Saanjh Kendras,* as the services were to be delivered to the citizens at the nearest possible place.

Thus, non-formation of State Level Steering Committee since the inception of the project led to unguided setting up and running of *Saanjh Kendras*. As a result, despite recommendations of Punjab Governance Reforms Commission five years ago, 37 *per cent* of the *Saanjh Kendras* had not been constructed; and Grievance Redressal Centres, Victim Relief Centres and Child Protection Units were not set up in CPRCs. There was still no dedicated staff for *Saanjh Kendras*, which were being manned by personnel diverted from the existing force, which was already stretched due to shortage. Besides, cases of retention of facilitation charges outside Government account, non-deposit of service tax and irregular/avoidable expenditure were also noticed. Thus, the objective of providing basic police services through a single window system for the convenience of public was not achieved in full measure.

The matter was referred to Government in July 2015; reply was awaited (January 2016).

3.10 Programme implementation in Home Guards and Civil Defence Department

The Department could not utilise 46 per cent of the central assistance available under two centrally sponsored schemes due to non-passing of bills by treasury and release of funds at the end of the financial years. An amount of ₹1.34 crore was diverted to another work not covered under the Scheme; and rescue equipment valuing ₹0.53 crore were lying unutilized for want of multi-purpose hall and Instructors. Pilot project in disaster management and internal security was not initiated at all in Amritsar and Gurdaspur. Against the target of 4555, only 2474 civil defence volunteers were imparted training.

Punjab Home Guards and Civil Defence Department (Department) was established (1960) in the State as a volunteer institution mainly to serve as an auxiliary to the police to assist in maintaining internal security and helping community in emergency, fire, flood, epidemic etc., besides, helping the administration in protecting weaker sections of the society and participating in socio-economic and welfare activities. The Principal Secretary, Department of Home Affairs and Justice (PSH) is the administrative head and the Director General of Police-cum-Commandant General (DGP-CG) is the departmental head.

With a view to assess the efficiency and effectiveness in programme implementation in the Department, an audit of two Centrally Sponsored Schemes[67] covering the period 2012-15 was conducted (January 2015 – April 2015) by test-check of the records of PSH, DGP-CG, Combined Training Institute (CTI), three Divisional Commandants, five[68] (out of 14) District Commanders and two[69] (out of six) Battalion Commanders. The audit findings were discussed in a meeting held with the Department on 23 September 2015 and the replies of the Department were suitably incorporated in the paragraph.

Audit findings

During test-check of records of the Department, shortcomings noticed in implementation of two CSSs are discussed as under:

3.10.1 Modernization of State Police Forces (Home Guards)

GOI brought (October 2003) Modernization of Home Guards also under the ambit of "Modernization of State Police Force scheme" with effect from 2003-04. The expenditure under the scheme was to be shared between GOI and State Government in the ratio of 75:25. Against the demand of ₹ 13.01 crore (GOI: ₹ 8.51 crore and State: ₹ 4.50 crore) for modernization of

[67] (i) Modernization of State Police Forces (Home Guards); and (ii) Revamping of civil defence set-up.

[68] (i) Amritsar; (ii) Fatehgarh Sahib; (iii) Jalandhar; (iv) Kapurthala; and (v) Ludhiana.

[69] (i) Amritsar; and (ii) Patti.

Home Guards, funds of ₹ one crore (GOI: ₹ 0.72 crore and State: ₹ 0.28 crore) only were released in August and December 2014, but no expenditure was incurred as of March 2015. The Department attributed (September 2015) the reasons for this to non-passing of bills by the treasury. Thus, due to non-availability of funds, the intended purpose of providing logistics[70] under the scheme remained unachieved.

3.10.2. Revamping of civil defence set up

In order to strengthen the civil defence set up to meet the challenges of internal security and disaster management effectively, GOI launched (2009) a 100 *per cent*[71] centrally sponsored scheme (CSS) - "Revamping of civil defence set up". Funds amounting to ₹ 7.28 crore were released under seven components of the scheme during 2010-13. The component-wise detail of funds received and expenditure incurred during 2010-15 is given in **Table 3.2.**

Table 3.2: Component-wise details of funds received and expenditure incurred during 2010-15

(₹ in lakh)

S.No.	Component of the Scheme	Released by GOI	GOI funds released by State	Expenditure	Balance
1.	Strengthening and upgradation of existing training institute	106.00	106.00	99.79	6.21
2.	Strengthening and upgradation of civil defence set up in the multi hazard prone districts	495.00	495.00	312.89	182.11
3.	Implementation of pilot project for involving civil defence in disaster management and handling internal security	18.00	18.00	3.02	14.98
4.	Generation of publicity and awareness regarding civil defence corps	14.00	14.00	1.80	12.20
5.	Reorientation of civil defence from town centric to district centric	44.00	44.00	0.00	44.00
6.	Conduct of training camps/exercise demonstrations	50.00	50.00	25.34	24.66
7.	Hiring of transport	0.60	0.00	0.00	0.60
Total		**727.60**	**727.00**	**442.84**	**284.76***

Source: Departmental data
**** ₹0.20 crore and ₹0.40 crore were lying unutilized with Punjab Police Housing Corporation and CTI, respectively.***

During test-check of records, shortcomings noticed in six (out of seven) components of the Scheme are discussed as under:

[70] Arms, vehicles, EPBAX, pre-fabricated huts, solar water heating system and conference hall at CTI.

[71] One component of the scheme i.e. 'Conduct of training camps/exercise demonstrations' was on 50:50 sharing basis between GOI and State.

3.10.2.1 Non-creation of civil defence set up in multi hazard prone districts

The component of the scheme envisaged strengthening of civil defence set up in 11 identified multi hazard prone districts[72] (MHD) of the State with the funds of ₹ 4.95 crore[73] provided for the purpose.

Audit observed that:

(i) The Department transferred (March 2012-April 2013) ₹ 1.54 crore[74] to Punjab Police Housing Corporation (PPHC) for construction of multi-purpose hall and store at 11 MHDs without ensuring availability of land. Subsequently, after allotment of space in two districts[75], the Department requested (November 2014) PPHC to initiate construction of multi-purpose hall and store, but PPHC expressed its inability to do so due to shortage of funds, as it had adjusted/utilised the funds of ₹ 1.34 crore for construction work of CTI which was not covered under the scheme, leaving ₹ 0.20 crore unspent with it.

The Department stated (September 2015) that the funds were diverted by PPHC to make payment for construction of CTI building as per orders of the Court. It was also added that now the funds had been provided by the State Government and as soon as the funds were received from treasury and space made available by the concerned DCs, civil defence set up in the multi hazard prone districts would be created.

(ii) Against the provision of ₹ 2.20 crore (₹ 20.00 lakh per MHD), the Department procured (January–March 2011) and supplied (April 2011) rescue equipment valuing ₹ 0.53 crore to 11 MHDs. Audit noticed in the test-checked MHDs[76] that the equipment was lying unutilized in the District Commanders' offices since its procurement. The Department attributed the reasons for this to non-availability of multi-purpose hall and non-appointment of Instructors. It was further stated (September 2015) that as soon as the funds were released by treasury and space made available by the concerned DCs, the equipment would be utilized.

(iii) Against the provision of ₹ 1.21 crore (₹ 0.11 crore per MHD) for procurement of one light utility vehicle with boat trailer (₹ seven lakh), one quick reaction vehicle (₹ 3.50 lakh) and one motor cycle (₹ 0.50 lakh) for each MHD, the Department procured two Bolero jeeps (₹ 10 lakh) and one motor cycle (₹ 0.50 lakh) for each of 11 MHDs in April 2013 at a total cost of ₹ 1.17 crore without procuring boat trailer required under the Scheme.

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72 (i) Amritsar; (ii) Bathinda; (iii) Faridkot; (iv) Ferozepur; (v)Gurdaspur; (vi) Hoshiarpur; (vii) Jalandhar; (viii)Ludhiana; (ix) Patiala; (x) Ropar; and (xi) Sangrur.

73 Each MHD had provisions for equipment (₹ 20 lakh); transport such as light utility vehicle with boat trailer for training/operation (₹ 7 lakh), quick reaction vehicle (₹ 3.50 lakh) and motor cycle (₹ 0.5 lakh); and construction of a multi-purpose hall (₹ 10 lakh) for carrying out table top exercise, conducting lectures/trainings and briefing/meeting of CD volunteers and a store room (₹ 4 lakh).

74 ₹ 122 lakh in March 2012 and ₹ 32 lakh in April 2013 @ ₹ 14 lakh per MHD (₹ 10 lakh for multi-purpose hall and ₹ 4.00 lakh for store room.

75 (i) Patiala and (ii) Ropar.

76 (i)Amritsar; (ii) Jalandhar; and (iii) Ludhiana.

The Department stated (September 2015) that GOI had promised to provide funds for boats under different scheme but the same were not provided, therefore, in the absence of boats, the boat trailers were not procured. The reply was not acceptable as the Department should have pursued the matter with GOI/State Government to provide boats from other sources for rescue operations in case of an emergent situation and the boat trailers were to be procured with the available funds under the scheme.

3.10.2.2 Implementation of pilot project in disaster management and internal security

Under the component "Pilot project for involving Civil Defence in disaster management and handling internal security", GOI selected (2009) Amritsar, Gurdaspur and Ludhiana considering these three towns vulnerable from defence, internal security and communal point of view. This activity envisaged training of about 15 master trainers in disaster management and internal security matters at National Civil Defence College, Nagpur. These 15 master trainers were to train 300 Civil Defence (CD) volunteers (20 by each trained master) to assist the police in internal security and conducting awareness programs. GOI released (May 2009 and August 2010) funds of ₹ 18.00 lakh for the purpose.

Audit observed that no one from any of the selected three towns was trained as master trainer even after more than 4-5 years of receipt of funds. However, in Ludhiana, 60 CD volunteers were imparted training by guest faculties in March 2011. The CD volunteers so trained at Ludhiana conducted 625 awareness programmes between January 2012 and February 2014 with an expenditure of ₹ 3.02 lakh. The pilot project under the scheme was not initiated at all in Amritsar and Gurdaspur and the balance funds of ₹ 14.98 lakh were lying unutilized with CTI, thereby not achieving the objective under the scheme at large.

The Department stated (September 2015) that some CD volunteers were trained at National Civil Defence College, but it did not supply details thereof.

3.10.2.3 Training to Civil Defence volunteers

Consequent upon broadening (October 2009) the role of civil defence by including disaster management and internal security, organization of combined training camp/exercise/demonstration as part of community training and creating public awareness/education was envisaged under the scheme. The expenditure on training was to be shared equally between GOI and the State Government.

Audit observed that GOI released funds of ₹ 50 lakh[77] for the purpose during June and December 2011. The Department, after drawing (April 2013) ₹ 50 lakh (GOI share) transferred (July 2013) the same to CTI for imparting training to CD volunteers. However, against the target of 4555, only 2474 CD volunteers (54 *per cent*) were imparted training at CTI between

[77] ₹ 12 lakh (June 2011); and ₹ 38 lakh (December 2011).

September 2013 to October 2014 with an expenditure of ₹ 25.34 lakh. The State share of ₹ 38 lakh released during 2012-13 and ₹ 50 lakh each during 2013-14 and 2014-15 was not utilized and the funds lapsed during the respective years.

The Department stated (May and September 2015) that only 2474 trainees turned up for training in spite of making full efforts by all the units and now the system of spreading awareness among public had been introduced through newly recruited Platoon Commanders.

3.10.2.4 Shortfall in other components of the Scheme

Audit noticed the following inconsistencies in other components of the Scheme as under:

- To generate and sustain public interest in the Civil Defence organization, publicity and awareness campaigns were envisaged through various activities[78], with the funds of ₹ 14 lakh provided under the Scheme. However, except for printing and distribution of calendars at an expenditure of ₹ 1.80 lakh in January 2011, no activity envisaged under the Scheme was conducted by the Department.

- The component of "Re-orientation of Civil Defence from town centric to district centric" required CD teams to spread to other parts of the districts for enrolling volunteers in a campaign mode, who, thereafter, were to be imparted training in Civil Defence matters. Audit, however, noticed that despite availability of funds of ₹ 44 lakh since June 2011, the Department did not form teams to enroll CD volunteers from different parts of the districts and no expenditure was incurred (March 2015).

- GOI provided (January 2011) funds of ₹ 0.60 lakh under 'Hiring of transport' component of the Scheme, but the State Government did not release the funds to the Administrative Department (March 2015).

Thus, the Department could not utilize 46 *per cent* of the central assistance available under two centrally sponsored schemes due to non-passing of bills by treasury and release of funds at the end of the financial years. An amount of ₹ 1.34 crore was diverted to another work not covered under the scheme; and rescue equipment valuing ₹ 0.53 crore were lying unutilized for want of multi-purpose hall and Instructors. Pilot project in disaster management and internal security was not initiated at all in Amritsar and Gurdaspur. Against the target of 4555, only 2474 civil defence volunteers were imparted training. Thus, the two CSSs could not be implemented in the Department even after more than 1-5 years.

The matter was referred to Government in July 2015; reply was awaited (January 2016).

[78] (i) Organizing publicity at all levels; (ii) developing good relationships with the local media; (iii) erecting hoardings, holding awareness workshops and organizing TV debates; and (iv) involving the organization in local events, *melas*, marathons, pulse polio, campaigns, etc.

3.11 Reimbursement of expenditure from FCI and banks

An amount of ₹19 crore on account of deployment of Home Guard Volunteers for the period 2010-15 was not recovered from Food Corporation of India and banks.

The Compendium of Instructions of Home Guards (2007) provides that the expenditure involved would be borne by the agency calling up Home Guards Volunteers (HGVs) for duty. As per agreement executed (June 2010) between Food Corporation of India (FCI) and the Department, duty allowance (including rest days), washing allowance and administrative charges in respect of the HGVs deployed for security of food storage depots/points located in Punjab were to be reimbursed by FCI by 20th of each month on being claimed by the Department by 5th of the month. Further, the Department also deployed HGVs at the disposal of banks with effect from April 2013 against the expenditure to be reimbursed by the banks each month after being claimed by the Department.

Audit of records of Home Guards and Civil Defence Department showed that though the Department had claimed the reimbursement of expenditure, the recoveries amounting to ₹ 16.67 crore[79] and ₹ 2.33 crore[80] pertaining to the period 2010-15 were awaited from FCI and banks, respectively (September 2015). Reasons for non-reimbursement of claims from FCI were attributed to increased rates of wages awaiting acceptance by FCI and pending claims raised at a later stage.

The Department stated (July and September 2015) that the efforts were being made to get the reimbursement from FCI/banks. Thus, the fact remains that in spite of difficult financial position of the State, ₹ 19 crore were yet to be recovered by the Department as of September 2015.

The matter was referred to Government in July 2015; reply was awaited (January 2016).

HORTICULTURE DEPARTMENT

3.12 National Horticulture Mission

Perspective/strategic plan and baseline survey/feasibility studies were not prepared/conducted. Centralized database, HORTNET was not implemented. Instances of short release of funds, non-percolation of benefits to SCs, excess payment of financial assistance of ₹ 8.47 crore, payment of ₹ 3.76 crore to ineligible persons were noticed. No monitoring mechanism was put in place.

With a view to enhance the horticulture production and improve nutritional security and income support to farm households, the Government of India (GOI) launched National Horticulture Mission (NHM), as a Centrally

79 2012-13 (₹ 1.88 crore); 2013-14 (₹ 3.84 crore); 2014-15 (₹ 7.93 crore); and 2010-15 (₹ 3.02 crore on account of rest days).

80 2013-14 (₹ 1.30 crore); and 2014-15 (₹ 1.03 crore).

Sponsored Scheme in 2005-06. The programme consisting of six components[81], each divided into several sub-components and activities, was being implemented (2005-06) in Punjab by the State Horticulture Mission Society (SHMS) headed by the Director Horticulture-*cum*-Mission Director, State Horticulture Mission Punjab (Mission Director) through the respective District Horticulture Mission Societies (DHMS). National Horticulture Mission has been subsumed in 'Mission for Integrated Development of Horticulture' (MIDH) with effect from April 2014.

Three sub-components[82] of the component 'Plantation Infrastructure Development' were selected to assess the efficient and effective implementation of NHM. Further, nine[83] out of 18 implementing agencies which had incurred expenditure during 2012-15 were selected for test check.

Audit findings

3.12.1 Planning

3.12.1.1 Deficient planning

From the records of the SHMS and the selected DHMS, Audit observed that:

(i) The State Government neither prepared the perspective/strategic plan which was to constitute State Horticulture Mission Document nor conducted any baseline survey/feasibility studies in contravention of Para 5.1 read with Para 4.8(a & b) of NHM guidelines. The Mission Document was to be the basis for preparing Annual Action Plans (AAPs). In the absence of these documents and any other data/records either at the State or district level, it could not be ascertained as to how AAPs were being formulated.

The Mission Director stated (December 2015) that the data of horticultural crops prepared by the statistical wing of the department was fixed as base for preparation of AAPs and in subsequent years, AAPs were prepared based on the achievement of previous years. The reply confirms non-preparation of perspective/strategic plan and non-conducting of any baseline survey/feasibility study.

(ii) On analysis of the provisions made in AAPs and achievement there-against during 2012-15, Audit observed significant mismatches viz. non-execution of 35 activities despite provision of ₹ 25.60 crore, expenditure of ₹ 4.79 crore on activities having no provision, less expenditure of ₹ 59.12 crore (54.49 *per cent)* under 43 activities and excess expenditure of ₹ 56.04 crore (111 *per cent*) in 21 activities. This reflected inadequate preparation of the AAPs. The three DHMSs stated (April 2015) that AAPs

[81] (i) Research, (ii) Plantation Infrastructure Development, (iii) Integrated Post Harvest Management, (iv) Establishment of Marketing Infrastructure for Horticultural Produce, (v) Special Interventions and (vi) Mission Management.

[82] (i) Establishment of new gardens (ii) Creation of water resources and (iii) Protected cultivation.

[83] DHMSs (i) Fazilka, (ii) Patiala, (iii) Bathinda, (iv) Faridkot, (v) Muktsar, (vi) Gurdaspur, (vii), Hoshiarpur, (viii) Ludhiana and (ix) SAS Nagar.

were prepared on the basis of information provided by Horticulture Development Officers but did not furnish any such record/data. Reply from the remaining test checked DHMSs and Mission Director was awaited (January 2016)**.**

(**iii**) Though the AAPs incorporate SWOC[84] analysis defining weak areas of horticulture scenario in Punjab but no strategy was evolved to overcome the weaknesses[85] identified in 2009-10 which were still persisting. The Mission Director did not furnish reply (January 2016)**.**

3.12.1.2 Monopolistic implementation structure in the State

(i) Para 4.9 of the guidelines envisaged setting up of a District Mission Committee (DMC) for project formulation, implementation and monitoring at District Level. However, the DMC was formed only in five[86] (including two test checked districts) out of eighteen districts (covered under NHM). In the test checked districts, the DMC was functional only in Ludhiana where five meetings were held since launch of NHM. In Gurdaspur, though one meeting was claimed to have been held but no record thereof was shown to Audit. Thus, the DMCs remained virtually non-functional. The Mission Director stated (December 2015) that DMC had been constituted as per instructions of GOI and instruction had been issued to hold DMC meetings in time.

(ii) Audit observed that the SHMS failed to involve the Panchayati Raj Institutions (PRIs) of the State in active implementation of various aspects[87] of NHM in violation of the guidelines (Para 4.6) and GOI instructions (August 2013). The Mission Director stated (December 2015) that the instructions received from GOI regarding involvement of PRIs were circulated to respective districts for follow up. The reply does not explain reason for not involving the PRIs.

Thus, keeping the stakeholders away from the project formulation to monitoring the progress of NHM resulted in making the entire implementation structure a monopoly of the Horticulture Department.

3.12.1.3 Absence of system/procedure for registration of beneficiaries

As per Paras 4.6 to 4.8 of the guidelines, the SHMS was responsible for planning, implementation and monitoring of NHM in the State. Audit observed that SHMS had not prescribed any procedure for registration of

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[84] Strengths, Weaknesses, Opportunities and Challenges.

[85] (i) Weak linkage between farmers and R&D institutions; (ii) Marketing channels are not well developed; (iii) Non-establishment of wholesale/terminal markets due to non-amendment of Agriculture Produce Marketing Commodity Act, (iv) Post harvest management facilities are not in practice for crops other than potato; (v) Erratic supply of electricity is a major problem for protected cultivation as well as for irrigation.

[86] Amritsar, Gurdaspur, Jalandhar, Kapurthala, and Ludhiana.

[87] (a) Identification of crops and beneficiaries in consultation with District Panchayats (b) Training, extension and awareness creation through Panchayats and Gram Sabhas; (c) Attending PRIs and Gram Sabha meetings and giving them data and feedback by the official concerned with implementation of centrally sponsored schemes; and (d) formulation of suitable guidelines.

intended beneficiaries and documentation required, etc. for providing financial assistance, thus, implementation of NHM in the State lacked transparency.

The DHMSs[88] confirmed (March-April 2015) that no instructions in this regard were received and the financial assistance was given on first come first serve basis. The Mission Director stated (December 2015) that verbal instructions were issued to DHMSs for consideration of applications on first come first serve basis. Even this contention could not be verified in audit as no priority register was maintained in any of the test checked DHMSs.

3.12.1.4 Inadequate Technical Support Group

Audit observed that though the SHMS admitted in the AAPs that non-availability of technical staff was detrimental to implementation of NHM (including the three test checked sub-components) yet no recruitment under TSG was made as provided under Paras 4.10 to 4.12 of guidelines of NHM. The Mission Director (December 2015) did not furnish reasons for non-recruitment of technical staff.

3.12.1.5 Non-implementation of centralised database, HORTNET

Envisaging total transparency in all the processes of workflow of NHM, GOI made it mandatory to use HORTNET[89] from April 2012. However, despite lapse of almost four years and purchase of computer hardware valuing ₹ 77 lakh (August-September 2014), SHMS could not make HORTNET operational till June 2015 and manual processes were being followed.

The Mission Director attributed (December 2015) its non-implementation to shortage of technical staff. Reply was not acceptable as non-implementation of HORTNET defeated the objective of bringing transparency in implementation of NHM and no efforts had been made to recruit technical staff as provided under ‘Technical Support Group’ component of NHM.

3.12.1.6 Lack of efforts to boost ‘Marketing’ component

The NHM envisages adoption of an end-to-end holistic approach covering production, post harvest management, processing and marketing to assure appropriate returns to the growers/producers. The component ‘Establishment of Marketing Infrastructure for Horticulture Produce’ of NHM provided for several schemes such as terminal markets, retail markets, etc.

Audit observed that despite being identified in the AAPs as a weak area of the State and insistence of the GOI to put more focus on development of marketing infrastructure, no efforts were made to boost this sector as out of ₹ 185.99 crore incurred on NHM during 2012-15, only ₹ 77.20 lakh (0.42 *per cent*) were incurred on this component. The Mission Director attributed (December 2015) the lapse to non-amendment of Agricultural

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88 Bathinda, Faridkot, Gurdaspur, Hoshiarpur, Ludhiana, Mohali, Muktsar, Patiala.

89 Farmer centric interactive web portal designed for online application filing, authentication, processing online payment to the beneficiary’s account and monitoring fund flow.

Produce Marketing Commodity Act, 1963. However, efforts made for getting it amended were not intimated to Audit.

3.12.2 Financial management

During 2012-15, the GOI provided 85 *per cent* funds and the State Government was to contribute 15 *per cent*. Upto 2013-14, funds were directly credited to bank account of SHMS by GOI and from 2014-15, funds were routed through State budget.

3.12.2.1 Non/short/delayed release of funds

Analysis of the funds released by the GOI, corresponding State Share released by the GOP and expenditure during 2012-15 showed that the GOP released its share short by ₹ 5.29 crore. In 2014-15, GOI released ₹ 58.50 crore[90] to GOP who released ₹ 38.50 crore[91]only to the SHMS. Thus, AAPs remained unimplemented to the extent of 13 to 45 *per cent* during 2012-15 except 2012-13 when it was fully implemented. The Mission Director stated (December 2015) that the balance funds of 2014-15 had been released by State during 2015-16.

3.12.2.2 Non-percolation of benefits to SC beneficiaries

GOI directed SHMS to ensure earmarking of 16.2 and 30 *per cent* funds under NHM for SC and women beneficiaries respectively to be identified by SHMS.

The test checked DHMS neither furnished the data relating to identification of SC and women beneficiaries to audit nor achievement of the targets in respect of these categories was reflected in the monthly progress reports submitted to GOI as required. On analysis of the data, furnished by SHMS, of disbursement of financial assistance to SC farmers in respect of the three selected sub-components, audit observed that out of ₹ 2.79 crore (18.92 *per cent)* of the total financial assistance (₹ 14.75 crore) shown to have been disbursed (2014-15) to SC farmers of 11 districts[92], only ₹ 0.04 crore (0.27 *per cent)* was actually disbursed to SC farmers and the remaining was disbursed to non-SC farmers of villages having 40 *per cent* SC population. Further, during 2012-15, out of ₹ 26.95 crore shown to have been disbursed to SC beneficiaries in 13 districts, ₹ 24.71crore were disbursed to non-SC population in villages having 40 *per cent* SC population. As such, ₹ 2.24 crore only were actually disbursed to SC beneficiaries. Further, percolation of benefits to women beneficiaries could not be ascertained in the absence of data of disbursement of assistance to women beneficiaries.

The Mission Director attributed (December 2015) less disbursement of subsidy to SC beneficiaries to less land holdings and stated that financial assistance was provided as per GOI instructions according to which 40 *per cent* villages with SC population may be considered. The reply was not acceptable as no data regarding identification of beneficiaries of these

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[90] ₹28.50 crore in June 2014 and ₹30 crore in February 2015.

[91] ₹28.50 crore in September 2014 and ₹10 crore in March 2015 thereby leaving no scope for utilization within the financial year.

[92] Sub-component wise data was made available for 11 districts only.

categories was furnished to audit. Further, copy of instructions of GOI on the basis of which disbursement to non-SC population was made had not been supplied. However, perusal of guidelines issued[93] by GOI regarding implementation of SCSP component revealed that funds were to be earmarked in proportion of the SC population only to the total population of the State. Hence, disbursement of funds earmarked for SCs to non-SCs deprived the targeted groups of the intended benefits.

3.12.2.3 Unauthorised purchase of vehicles

For Institutional Strengthening, Para 9.2 of the NHM guidelines provides for hiring of vehicles, etc. under TSG component.

Audit observed that the Mission Director in violation of the guidelines purchased (between 2007 and 2014) 12 vehicles valuing ₹ 72.98 lakh. The Mission Director stated (December 2015) that for achieving the objectives of NHM, extensive field visits were required to interact with the farmers and to monitor the activities at field level. It was further stated that SLEC approved the proposal of vehicles purchase. The reply was not acceptable as purchase of vehicles was in violation of GOI's guidelines and SLEC has to work within the frame work of guidelines set out by GOI.

3.12.3 Implementation

Audit findings relating to selected three sub-components under 'Plantation Infrastructure Development' are given here under:

3.12.3.1 Targets and achievements

Analysis of the financial targets and achievement there against during 2012-15 showed less expenditure of ₹ 10.83 crore (40 *per cent*) and ₹ 5.81 crore (35 *per cent*) in sub components 'Establishment of new gardens' and 'Creation of water resources' respectively, whereas in third sub-component 'Protected Cultivation', there was an excess expenditure of ₹ 11.11 crore (29 *per cent*) as compared with the provisions made in the AAPs.

3.12.3.2 Creation of Water Resources-Community Water Tank

(i) Excess payment

Under the sub-component "Creation of Water Resources", maximum assistance of ₹ 15 lakh/unit, revised to ₹ 20 lakh/unit w.e.f. 01 April 2014, for 10 Ha of command area, with pond size of 30000 cubic meters was to be paid. For smaller size of the pond/tank, cost was admissible on pro rata basis.

Five out of nine DHMS released (2012-15) assistance of ₹ 10.87 crore to 156 beneficiaries who constructed tanks of different dimensions having capacity upto 30000 *cum*, on the basis of estimates/drawings from architect and bills of

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[93] DO letter No. M-13011/3/2005-SP-Co dated 31 October 2005 of the Joint Secretary (SP), GOI, Planning Commission read with the GOI, Planning Commission's OM No. F.No. M-13054/1/2008-SCSP/TSP dated 18 August 2009.

material and labour on plain paper. However, the DHMSs neither verified the actual consumption of the material claimed in the bills nor prepared any consumption statement and calculation sheet in support of the assistance released. The assistance, when calculated, on pro rata basis, with reference to actual size of the tank constructed by the beneficiaries, worked out to ₹ 3.23 crore instead of ₹ 10.87 crore resulting in excess payment of ₹ 7.64 crore[94].

The Mission Director stated (December2015) that assistance was given as per specifications for construction of the tank approved in SLEC meeting. The reply was not acceptable as the assistance was to be released as per norms fixed by the GOI and the SHMS itself reiterated (December 2014) to follow the cost norms prescribed by GOI. No justification for non-verification of the consumption of material and preparation of calculation sheet was furnished.

3.12.3.3 Protected cultivation-construction of green house structures

(i) Payment of assistance to ineligible persons

Guidelines issued (July 2010) by National Horticulture Board (NHB) provide for release of assistance to the persons who were either owners of the land or had land on lease for at least 10 years with lease deed duly registered.

Five out of nine DHMSs released (2012-15) ₹ 3.76 crore[95] to 23 persons who were either not owners of the land or owned less land than the one for which the assistance was released or were not owning land on the date of claim of assistance as lease deed executed and operative in such cases was after the date of the claim. The Mission Director stated (December 2015) that subsidy was provided as per guidelines of NHB. The reply was not acceptable as subsidy was given to the persons who did not fulfil conditions *ibid*.

(ii) Non-observance of site selection criterion for poly houses

As per the technical standards prescribed (February 2011) by NHB, site for construction of a poly house should be (i) free from shadow, (ii) at a higher level than the surrounding land with adequate drainage facility, (iii) pH in the range of 5.5 to 6.5 and Electrical Conductivity (EC) between 0.5 and 0.7 mS/cm. Other prescribed conditions are availability of good quality of irrigation water with pH between 5.5 to 7.0 and EC between 0.1 and 0.3mS/cm, and electricity. Audit observed the following important points:

(a) Eight out of nine test checked DHMSs (except Muktsar) released (2012-15) ₹ 27.41 crore to 197 beneficiaries for construction of poly houses without verifying fulfilment of the above mentioned criteria.

(b) The DHMS, Mohali disbursed (2014-15) ₹ 79.67 lakh to five beneficiaries who constructed poly houses on land which was at lower level than the surrounding land in violation of the technical standards.

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[94] (i) Bathinda-₹0.43 crore; (ii)Faridkot-₹0.18 crore; (iii)Fazilka-₹5.94 crore; (iv) Muktsar ₹1.02 crore; and(v) Patiala-₹0.07 crore.

[95] (i) Ludhiana-₹1.03 crore; (ii) Mohali-₹1.80 crore; (iii) Patiala-₹0.14 crore; (iv) Bathinda-₹0.14 crore; (v) Hoshiarpur-₹0.65 crore.

The Mission Director stated (December 2015) that site selected by the beneficiaries was according to norms of NHB. The reply was not acceptable as the department had not verified fulfilment of the laid down criteria as was evident from the inspection reports of the sites based on which the subsidy was disbursed. Non-observance of the standards was detrimental to optimum growth and development of plants.

(iii) Excess payment to the beneficiaries

For Green House and Shade Net House, NHM guidelines provide for release of assistance as a prescribed percentage of the cost and for a maximum area of 4000 sq. meters.

(a) In six test checked DHMS, instances of excess payment (2012-15) of ₹ 54.67 lakh[96] to 74 beneficiaries due to non-exclusion of tax[97] involved in the bills furnished by the beneficiaries, and payment of assistance in excess of the area finally considered for payment of subsidy were noticed. Further, in eight cases ₹ 23.81 lakh[98]were considered for release of assistance on the basis of documents which were neither bills nor receipts. The DHMSs stated (March-April 2015) that reply would be furnished after verification of documents. The Mission Director stated (December 2015) that no instructions had been received from the GOI regarding exclusion of VAT. It was further stated that the total area of unit mentioned by the inspection committee might be more but the subsidy was provided for 4000 sq. mtrs. The reply was not acceptable as the cost price is the original price of an item and is the total outlay required to produce a product and the NHM guidelines provide for payment of subsidy on the cost of unit. Further, the amount of bills (based on which subsidy was calculated) was not restricted in proportion to the area finally considered for subsidy.

(b) The DHMSs Patiala and Ludhiana paid (2014-15) assistance for area more than 4000 sq. mtrs, resulting in excess payment of ₹ 28.29 lakh[99]to the beneficiaries. The Mission Director did not furnish reply (January 2016).

3.12.4 Internal control mechanism

State Level Executive Committee (SLEC) and the District Mission Committees (DMCs) were responsible for proper monitoring of the NHM. Audit observed that no monitoring mechanism was put in place either at the State or district level for release of financial assistance as is evident from the following:

➢ Scrutiny of the Inspection Reports on the basis of which financial assistance was released under two activities viz. 'Construction of Green House Structures' and 'Construction of Community Water Tanks' showed that

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[96] (i) Patiala-₹12.40 lakh; (ii) Hoshiarpur-₹9.57 lakh; (iii) Mohali-₹11.95 lakh; (iv) Faridkot-₹0.99 lakh; (v) Bathinda-₹4.79 lakh; (vi) Ludhiana-₹14.97 lakh.

[97] VAT @ 5.5 *per cent* for intra state sale up to 02 September 2012 and 6.05 *per cent* w.e.f. 03 September 2012 and five *per cent* for inter-state sale.

[98] Mohali-₹15.69 lakh (six cases-four in 2013-14 and two in 2014-15), Hoshiarpur-₹4.00 lakh (one case in 2012-13), and Ludhiana--₹4.12 lakh(one case in 2014-15).

[99] Patiala-₹14.00 lakh(one case) and Ludhiana-₹14.29 lakh(one case).

Committee members did not have technical expertise and they merely verified the existence of the structure without verifying the authenticity of the quantities and the expenditure claimed by the beneficiary.

- The Inspection Reports had no mention of the identity of the land viz. Khatauni/Khasra No. on which the structure had been constructed.

- Improper bills (documents which were not cash memos/invoices) especially of labour were admitted for releasing the assistance.

The Mission Director admitted (December 2015) that frequent monitoring could not be done due to shortage of staff.

Thus, perspective/strategic plan and baseline survey/feasibility studies were not conducted/prepared. Non-formation/non-functioning of District Mission Committees/non-involvement of PRIs kept the stakeholders away from significant role to play in project formulation/monitoring of NHM. Centralized database (HORTNET) was not implemented. Instances of short release of funds, non-percolation of benefits to the SCs, excess payment of financial assistance, payment to ineligible persons, etc. were noticed. No monitoring mechanism was put in place either at State or district level for release of financial assistance.

The matter was referred to Government for comments in July 2015; reply was awaited (January 2016).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.13 Irregular refund

Irregular refund of External Development Charges and License Fee resulted in a loss of ₹13.40 crore to GMADA.

Government of Punjab, Department of Housing and Urban Development vide notification (September 2007) fixed rates for External Development Charges (EDC) as ₹ 130.47 lakh and License fee (LF) as ₹ 200 lakh per acre for commercial development of land falling in the jurisdiction of Greater Mohali Area Development Authority (GMADA).

With the objective of encouraging development in satellite towns, reducing congestion in bigger towns, to salvage the Real Estate Projects, Government of Punjab gave incentive to the developers vide notification (June 2010) by reducing rates of EDC and LF to ₹ 115 lakh and ₹ 150 lakh per acre respectively. The reduced rates were applicable retrospectively to the permission orders issued after September 2007 subject to the conditions that (a) the benefit would be adjusted against pending instalments or in new projects and (b) the benefit of concession would be passed on to the customers/end users by the Developer. Further, three *per cent* of the Change of Land Use (CLU), EDC and LF was to be paid by the Developer into Social

Infrastructure Fund (SIF) created to promote social infrastructure.[100]

M/s Hamir Real Estate Pvt. Ltd. (Developer) applied (September 2008) for CLU for commercial purpose. Accordingly, Chief Town Planner, Punjab allowed (March 2009) CLU for an area of 21.385 acres falling in village Ballomajra, district Mohali. The developer deposited (March 2010) ₹ 70.67 crore (₹ 27.90 crore as EDC and ₹ 42.77 crore as LF) with GMADA.

Consequent upon issuance of notification of June 2010, GMADA issued (July 2010) a revised demand notice (refund) for ₹ 57.27 crore (EDC - ₹ 24.85 crore and LF - ₹ 32.42 crore). Accordingly out of an excess deposit of ₹ 13.40 crore (₹ 70.67 crore - ₹ 57.27 crore), GMADA refunded ₹ 11.68 crore (March 2014) to the developer after adjusting ₹ 1.72 crore towards SIF. It was further noticed that the developer deposited the EDC and LF for the land measuring 21.385 acre but while calculating the refund to the developer the land area was taken as 21.61 acre which was irregular.

Audit observed (April 2014) that in the instant case the refund was granted to the Developer even though both the conditions for availing benefit of reduced rate of EDC/LF were not fulfilled. The Developer had admitted (November 2012) that he had no other project in hand in Punjab and no part of the Mega Project was sold to any other party and as such the benefit of reduced rates of EDC and LF could not be passed on to the end users.

The Government stated (December 2015), that the benefit of EDC/LF had not been passed on to the end user, and refund was approved by the Authority in its 15th meeting (May 2013). The reply was not acceptable because (i) the developer did not fulfill the conditions of the notification of June 2010, (ii) the fact of non-fulfillment of the condition regarding transfer of benefit to the consumers/end users was not brought out in the agenda item placed before the Authority, and (iii) there was no provision for refund in the notification of June 2010, which should have been got amended from the Government, if the intention of GMADA was to cover such cases. Thus, refund of ₹ 13.40 crore by GMADA was irregular.

3.14 Wasteful expenditure

Injudicious decision by GMADA to allot the work without assessing the actual requirement of water and subsequently terminating the contract resulted into wasteful expenditure of ₹ 2.78 crore.

Rule 2.5 of the Punjab Public works (PWD) code provides that while according Administrative Approval/Technical Sanction to a work, it should be ensured that the proposals are structurally sound and the preliminary estimate is sufficiently correct for the purpose. Further, para 2.89 of PWD code provides that no work could be commenced unless a properly detailed design

[100] In order to promote social infrastructure like sports, health, recreation, education, construction of EWS housing or any other item on social infrastructure, a fund to be called "Social Infrastructure Fund" (SIF) was created, wherein all promoters of residential, commercial, institutional and industrial projects (even of on going projects) shall pay an amount equal to 3 *per cent* of CLU charges, EDC and License fee to the concerned Urban Development Authority.

and estimate of the work was technically sanctioned by the competent authority.

To ensure proper supply of water to Mohali town, Administrative Approval to the work, "Augmentation of Water Supply Scheme of SAS Nagar (Phase V and VI) from Kajauli head works to water works, SAS Nagar" was accorded (December 2010) by Chief Administrator, Greater Mohali Area Development Authority (GMADA) for ₹ 168.79 crore. The work of laying of 1600 mm dia MS pipe for bringing 40 million gallons per day (MGD) water from Kajauli head works was allotted (March 2011) to M/S Welspun Projects Ltd. (agency) for ₹ 108.34 crore with completion period of 30 months. The requirement of 40 MGD was based on a decision taken in a meeting held in July 1983.

Test check of records (October 2014) of Divisional Engineer, PH-II GMADA, Mohali showed that the work was delayed and could not be started at site as the agency could not prepare and submit the survey report and hydraulic & structural design of the Rising Main by May 2011 as required under the allotment order Clause 12. Thereafter, GMADA decided (October 2011) to rescind the agreement on the ground that demand of water would increase due to the urbanization of adjoining areas[101] and pipes of 1600 mm would not suffice. Accordingly the agreement was terminated in November 2011. Consequent upon the termination of the contract, the agency claimed compensation of ₹ 20.51 crore to offset the loss suffered by it against which the GMADA paid (October 2013) a compensation of ₹ 2.78 crore.

The Government stated (October 2015) that the contract was terminated due to change in scope of work and claim was paid on the recommendation of the Committee.[102] The reply of the department was not acceptable as the urbanization of adjoining areas of Mohali was a known fact and not a sudden development and this should have been factored in while deciding the scope of the work and framing estimates for the same. Thus, failure of GMADA to assess the actual requirement of water for the area led to framing of unsound and incorrect estimate resulting in a wasteful expenditure of ₹ 2.78 crore.

IRRIGATION AND FINANCE DEPARTMENTS

3.15 Avoidable burden on State exchequer due to increase in cost of the works

Non-providing of diversion for passage of water and non-payment of the contractors' bills in time delayed completion of three works of construction of bridges over river Ghaggar and consequently increased cost of the works by ₹1.88 crore, of which ₹1.48 crore had already been paid, thereby putting avoidable burden on State exchequer.

With a view to provide connectivity to the rural population of villages situated on the bank of river Ghaggar[103], the Chief Engineer (Drainage), Punjab

[101] (i) Mullanpur; (ii) Zirakpur; (iii) Kharar; (iv) Aero City; (v) Eco City; etc.

[102] Comprising two Superintending Engineer and a Divisional Engineer constituted by the Chief Administrator, GMADA.

[103] A non-perennial river, originating from Shivalik hills near Digshai and enters Punjab area near Mubarakpur of district Patiala.

accorded (December 2006) technical sanction (TS) to the works of construction of three bridges to connect villages Handa to Karial, Chandu to Bushera and Moonak to Tohana for ₹ 2.39 crore, ₹ 2.46 crore and ₹ 4.60 crore respectively, against the Letter of Credit (₹ 10.50 crore) issued by the Finance Department in November 2006. Though it was acknowledged in the estimates of the works that the river was prone to floods in monsoon season and created havoc every year by damaging agriculture land of nearby villages, no provision was made in the estimates for smooth passage of flood waters during construction.

Test check of records (June 2014) of the Executive Engineer, Drainage Construction Division, Sangrur (EE) showed that the EE issued work orders for all the three works in December 2006. The works started at site during December 2006 were hindered due to rains at intermittent intervals during February 2007 to October 2007. The contractors kept requesting (February 2007-May 2008) the Department to provide diversion for passage of flood water for uninterrupted works and to make timely payment for the already executed work. But the Department did not act considerably and the works suffered. As a result of delay, the prices of material etc. increased and the contractors demanded (April-August 2008) increase in rates. Consequently, the works were abandoned mid-way (August 2008) after incurring a total expenditure of ₹ 4.23 crore[104] i.e. 42 to 49 *per cent* of the sanctioned cost. To complete the balance works, the Chief Engineer sanctioned (March-June 2009) the revised estimates for these works and the EE issued the work orders for the balance works during March-June 2009. The Department in the revised estimate made provisions, which were not available in the earlier estimates, for fabrication of heavy trusses, a flat platform to bear the truss load etc. which were also necessary for smooth flow of flood water during construction period.

The Department confirmed (August 2015) the fact of abandoning the works due to paucity of funds. Further, on being asked (September 2015) the reasons for not providing diversion for passage of water, the EE stated (October 2015) that it was not on records as to why the provision of diversion was not made in the original estimates. This indicated that careful preliminary investigation prior to framing of the project was not carried out as required under PWD Manual of Orders. Thus, lack of adequate provision of diversion for smooth passage of flood water in the estimates originally prepared and funds required for payment of the contractors' bills resulted into avoidable burden of ₹ 1.48 crore[105] on State exchequer, besides delaying the facility of connectivity to the rural population.

The matter was referred to Government in May 2015; reply was awaited (January 2016).

[104] (i) Handa to Karial (₹ 1.08 crore); (ii) Moonak to Tohana (₹ 1.95 crore); and (iii) Chandu to Bushera (₹ 1.20 crore).

[105] Cost of the balance quantities left out by the previous contractors increased by ₹1.88 crore due to increase in tendered rates, out of which an amount of ₹1.48 crore had already been paid as per the final bills in respect of two works viz. Handa to Karial-₹0.53 crore (March 2014); Chandu to Bushera-₹ 0.05 crore (February 2015); and the last bill in respect of third work viz. Moonak to Tohana-₹0.90 crore (June 2012).

PUBLIC WORKS (BUILDINGS & ROADS) AND FINANCE DEPARTMENTS

3.16 Additional financial burden due to delayed payment of executed works

Delayed payments for a road work under Central Road Fund not only delayed the work by more than 42 months but also increased the cost of work by ₹ 2.77 crore besides causing an avoidable payment of interest of ₹ 24.04 lakh.

The Government of India, Ministry of Road Transport and Highways conveyed (February 2011) administrative approval and granted financial sanction for ₹ 23.38 crore under Central Road Fund (CRF) 2010-11, for the work of widening and strengthening of Barnala-Mansa-Sardulgarh-Sirsa Road from km 101 to km 119.70.

Test check of the records (February 2014) of the Provincial Division, PWD (B&R), Mansa showed that the Executive Engineer (EE), without getting the estimate technically sanctioned[106], allotted (April 2011) the work to a contractor for ₹ 18.28 crore for completion by 07 October 2011. Due to delayed payment to the contractor, work was considerably delayed as a result of which the EE terminated (November 2013) the contract. The EE, while paying (July 2014) ₹ 12.70 crore to the contractor for the extent of work done, also levied a penalty of ₹ 1.64 crore (20 *per cent* of cost of the balance work)[107]. The aggrieved contractor filed a case with the Arbitrator who while upholding (October 2014) the contractor's view observed that the work was delayed due to delay in payments to the contractor and ordered (October 2014) release of the penalty of ₹ 1.64 crore with interest of ₹ 24.04 lakh[108].

After re-calling the tenders, the balance work was allotted (February 2014) for ₹ 7.64 crore to another contractor for completion up to 05 June 2014 thus increasing the cost of this work by ₹ 2.77 crore[109]. Only 20 *per cent* work had been completed up to February 2015. The EE while admitting the facts stated (February 2014) that the Letter of Credit (LOC) was not received in time from Government and even when it was received, funds were not released by the Treasury Officer, Mansa.

Thus, delayed release of payment to the contractor, despite the fact that the State Government had a balance of ₹ 228.33 crore and ₹ 192.28 crore as on

[106] Technically sanctioned for ₹ 19.60 crore in May 2012 by Chief Engineer, PWD (B&R).

[107] Recovered the same from pending payment (₹ 1.07 crore) and retention money (₹ 0.57 crore) of the contractor.

[108] ₹ 15.83 lakh on unlawful adjustment of dues of ₹ 1.64 crore and ₹ 8.21 lakh on making delayed payments.

[109] Calculated on the basis of difference between the rates of the first and the subsequent contractor in respect of the quantities allotted to the latter.

31 March 2012 and 31 March 2013 respectively under CRF, coupled with the injudicious action of levying penalty and termination of the contract not only delayed the work by more than 42 months beyond stipulated date of completion but has already resulted in extra cost of ₹ 52.27 lakh[110] besides avoidable payment of ₹ 24.04 lakh of interest. The work would eventually put an additional burden of ₹ 2.77 crore.

The matter was referred to Government in April 2015; reply was awaited (January 2016).

PUBLIC WORKS (BUILDINGS & ROADS) AND HIGHER EDUCATION DEPARTMENTS

3.17 Establishment of University Colleges in Punjab

The planning of the scheme for establishment of degree colleges in educationally backward districts was deficient as the State Government not only delayed the finalization of the proposal but also submitted proposals for ineligible colleges leading to rejection thereof by the UGC. Instances of execution of works without technical sanction, avoidable payment of cost escalation of ₹90.53 lakh, undue favour of ₹1.69 crore to the contractors, allotment of work to ineligible contractor and non-maintenance of inspection record of buildings after completion/during defect liability period were noticed.

With a view to set up adequate number of degree colleges, the University Grants Commission (UGC) identified (October 2007) 374 Educationally Backward Districts (EBDs) in the country (including 13 districts of Punjab) with Gross Enrolment Ratio (GER) below the national average of 12.4, as per census 2001. The colleges were to be established as University constituent[111] colleges with assistance from GOI through UGC, which was limited to ₹ 2.67 crore[112] per college and the balance funds along-with recurring cost and any expenditure in excess of the projected estimated cost of ₹eight crore was to be met by the Government of Punjab (GOP) besides providing the land for the purpose.

With a view to assess the implementation of the scheme, an audit was conducted during February to June 2015 by test checking the records in the offices of the Principal Secretary to GOP, Department of Higher Education (PSHE), Director of Public Instructions (Colleges), Punjab and the Chief Engineer (Buildings), PWD (B&R)[113], Punjab and the concerned Executive Engineers (EE) for the period from 2010 to 2015.

[110] Paid to the contractor for the work executed up to September 2014.
[111] Constituent college is defined as the college established, maintained and nurtured by Universities themselves academically, administratively and financially.
[112] One third of the estimated capital cost of ₹ eight crore per college.
[113] Public Works Department (Buildings & Roads).

Audit findings

3.17.1 Planning

3.17.1.1 Delay in finalization of the sites by the State Government

Government of India identified 13 districts of Punjab with low GER and requested GOP to select suitable site in each of these districts. Further, GOI asked (December 2008) the GOP to submit the proposals to the UGC so as to commence academic operations from the academic session 2009-10. The colleges established before December 2007 were not to be considered under the scheme.

Audit observed (June 2015) from the records of the PSHE that GOP sent (December 2009) the proposal to establish the colleges in 13 identified districts to the UGC. UGC approved the proposal for only 11 colleges[114] in January 2010. The construction of the colleges commenced between July 2009 and May 2010 and completed between July 2011 and December 2014. The delay in completion of the works ranged between 06 and 47 months beyond the stipulated dates. Government of Punjab took more than two years to finalize the proposal, which had a cascading effect on its approval and completion of works. As a result, none of the colleges could be operationalized in these buildings from the academic session 2009-10 as envisaged in the scheme. The proposal in respect of two colleges in Districts Ferozepur and Gurdaspur was rejected as these were established before December 2007 and were outside the scope of the scheme. However, the GOP did not send any fresh proposal for alternative sites for the balance two colleges and thus denied the additional rural students of increased access to higher education, thereby compromising on the achievement of the main objective of the scheme.

3.17.2 Execution of works

3.17.2.1 Execution of the works without technical sanction

As per para 6.1 of the PWD Manual of Orders, a detailed estimate is prepared on the basis of detailed design and drawings and by working out quantities in detail, based on which technical sanction (TS) is accorded. The purpose of TS is to ensure that the design is structurally safe. Further, Para 2.89 of Public Works Department Code provides that no work shall be commenced unless a detailed design and estimate have been sanctioned by the competent authority.

Audit observed that the works of all 11 colleges[115] were allotted between July 2009 and May 2010 without technical sanction of estimates which were

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[114] Excluding the colleges at Sri Guru Harsahai in district Ferozepur and Narot Jaimal Singh in district Gurdaspur, which were ineligible under the scheme as these were established before December 2007.

[115] University college at Balachaur; (ii) Chunni Kalan; (iii) Chung; (iv) Dhilwan; (v) Ghanaur; (vi) Ghudda; (vii) Jaitu; (viii) Mithra (ix) Nihal Singh Wala; (x) Sikhwala; and (xi) Sardulgarh.

vetted in July 2011. Thus, commencement of works without TS was violative of the provisions and implied non-ensuring the structural safety of the designs.

3.17.2.2 Increase in scope of works after allotment

The scope of works in all cases was reviewed and revised in the meetings held in February and April 2010 and was ultimately finalized on 16 April 2010 after which the Chief Architect issued (May 2010) the drawings. However, the Department had already allotted all the works up to 23 April 2010 (i.e. before issuance of drawings as per the final scope). Revision in the scope of works also led to delay in providing architectural drawings/structural designs ranging between 06 and 47 months and resultant delay in completion of the works beyond the stipulated date.

Audit further observed that as a result of revision of scope[116], the allotted cost of the works increased significantly by ₹ 33.75 crore (55.67 *per cent*) from ₹ 60.62 crore to ₹ 94.37 crore which, except in three colleges[117], was also given to the same contractors by enhancing the amount of their original agreements. Thus, the State was deprived of the benefit of competitive tendering for the increased value of the works. The work of all the eleven colleges was completed at a total cost of ₹ 89.48 crore i.e. 47.16 *per cent* over and above the allotment cost.

3.17.2.3 Allotment of work to a contractor having no experience of building works

The Executive Engineer, Construction Division No.2, Amritsar invited (January 2010) tenders for constructions of University College at Chung (Tarn Taran) at a cost of ₹ 5.49 crore. One of the conditions of the Detailed Notice Inviting Tenders (DNIT) was that the bidder should have experience in building works. The Chief Engineer (Buildings) Punjab considered the lowest rates received (4.80 *per cent* above the DNIT rates) to be on the higher side and directed (31 March 2010) to recall the tenders after amending the DNIT conditions. Among others, the condition regarding 'experience of building works' was amended as 'experience of similar works' and the condition regarding 'similar completed works' was changed to 'similar or any civil engineering infrastructure completed works/partly completed or the ongoing works'. After re-inviting the tenders (1 April 2010), the work was allotted on 23 April 2010.

From the tender documents submitted by the successful bidder, Audit observed that he had executed works of erection of BSNL towers and allied works only in the past. After failing to complete the work even after 14 months beyond the stipulated date of completion, the contractor expressed his inability not only to complete the work but also to rectify the defects in the executed works pointed out by the PWD as well as the college authorities,

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116 Addition of Arts and ICT (Information & Computer Technology) Blocks.
117 University Colleges at (i) Chung; (ii) Ghannuar and (iii) Nihal Singh Wala.

who also pointed out use of inferior quality of construction material. The EE got the balance work executed from another contractor after re-tendering (October 2011) and a payment of ₹ 4.69 crore was made (October 2012) to the previous contractor.

Thus, amendment of the pre-qualification criteria resulted into award of work to a contractor who had no experience of building works. The EE stated (April 2015) that the tenders were allotted as per DNIT conditions and due publicity was given for calling of tenders. No justification was given for allotment of work to a contractor who had no experience of buildings works.

3.17.2.4 *(i) Avoidable payment of price escalation*

Audit scrutiny showed that none of the 11 colleges was completed within the stipulated period (delay ranged between 6 and 47 months) and Extension of Time (EOT) was granted to the contractors. In seven cases, EOT was granted with the condition that price escalation would not be claimed by the contractor for the extended period or the price index was frozen as on initial intended date of completion. However, no such condition was imposed in four cases wherein Department had to pay consequential price escalation of ₹ 90.53 lakh[118] to the contractors by applying the price index of period beyond the stipulated date of completion of the works.

The EE, Sirhind (Chunni Kalan College) stated (June 2015) that price escalation was paid as per provision of the contract agreement. The EE, Barnala (Dhilwan college) stated (May 2015) that the time was extended due to increase in scope of work and land dispute with the villagers and hence the price escalation was paid. The other two EEs and the CE have not furnished reply. Replies were not acceptable as the price index was not frozen in these cases while granting time extension as was done in other seven cases and provision of the clear site was to be ensured by the department before commencement of work.

(ii) Non-levy of liquidated damages

The work of University College, Balachaur was not completed within the stipulated period and liquidated damages of ₹ 79.03 lakh at the rate of 10 *per cent* of the contract price (₹ 790.30 lakh) were leviable as per the clause 49 of the agreement. However, the same were not levied by EE concerned and extension of time was granted despite the contractor having been held responsible for the delay of four years beyond stipulated date of completion.

3.17.2.5 Other points

Undue favour was extended to the contractors due to inaction of the Department to act in accordance with the contractual conditions as noticed in

[118] University Colleges at (i) Chunni Kalan-₹ 12.33 lakh; (ii) Sikhwala- ₹ 7.70 lakh; (iii) Dhilwan- ₹ 26.09 lakh; and (iv) Balachaur-₹ 44.41 lakh.

the following cases:

(i) In respect of University College, Balachaur, Independent Quality Assurance Consultant was not engaged by the contractor as per clause 33 of the agreement. However, the EE deducted only ₹ 4.36 lakh from the contractor's payments against the deductible amount of ₹ 10.87 lakh in respect of non-engagement of consultant by the contractor resulting into short deduction of ₹ 6.51 lakh.

(ii) Audit observed that no insurance cover was provided in respect of nine works as required under clause 13.1 of agreements whereas the insurance cover provided by the contractors in respect of the works of University Colleges, Ghanour and Jaitu were for shorter periods i.e. for 24 and 12 months as against the required period of 49 and 27 months starting from date of allotment to expiry of the defect liability period. The deductibles from the contractors' bills on this account for all the 11 colleges[119] worked out to ₹ 7.34 lakh[120] which was not received resulting in an undue favour to the contractors.

(iii) Audit observed that in ten cases, the validity of the BGs worth ₹ three crore were not got extended for the period ranging between seven and 52 months and in six cases, BGs worth ₹ 76.13 lakh with reference to the enhanced amount of contracts, were not obtained, in violation of clause 34 of agreement, thereby extending undue favour to the contractors.

(iv) The Executive Engineer, Provincial Division, Bathinda paid (December 2011) ₹ 17.25 lakh to the contractor in respect of University College, Ghudda without measurement of the work in violation of clause 42 of the agreement. In the absence of measurement of work by the Department, variation in work done could not be ascertained.

3.17.3 Quality Control

The Technical Advisor (TA) to the Chief Minister issued instructions (February 2012) that a team of concerned Engineers-in-charge of the building and representatives of the contractor was to jointly inspect the building within 15 days of its handing over to the concerned department and remove the defects that come to its notice. The team was to inspect the building after every three months upto the defect liability period. Complete records of inspections carried, defects pointed out and removal thereof was to be kept.

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119 In case of college at Jaitu, period of one year for which the insurance was provided has been excluded from the calculation.

120 Calculated on the basis of premium of ₹ 37175 for works for two years (₹1549 per month); and ₹ 1720 for one year (₹ 143 per month) for accidental death, injury and disability paid by the contractor (total ₹ 1692 per month) multiplied by the number of months which lapsed between date of allotment and end of defect liability period.

On scrutiny of records, Audit did not come across any evidence to show the formation of any such teams. However, the PWD and the concerned college authorities of six colleges[121] pointed out defects in construction during September 2011 to November 2014. In the absence of maintenance of records relating to inspection, etc., removal of the defects pointed out by the PWD/college authorities during the defect liability period by the contractors could not be ascertained in audit.

The EEs, Construction Division No. 2, Kapurthala (Mithara college), Gidderbaha (Sikhwala college) and Construction Division, Barnala (Dhilwan college) stated that no defect was found in the work. The EE, Provincial Division, Faridkot stated (May 2015) that the building had been completed and defect liability period expired during which the building was inspected by the SDO of Punjabi University, Patiala and the Director Quality Control of PWD. The remaining seven EEs did not furnish reply.

Thus, the State Government took more than two years to select the sites and send proposal for establishment of colleges due to which academic operations could not be commenced from the stipulated academic session (2009-10). Two districts were deprived of the benefits of the scheme due to inclusion of two ineligible colleges in the proposal and consequential rejection thereof by the UGC, allotment of works before finalization of scope, allotment of a work to contractor having no experience of building work and non-completion of buildings by the stipulated dates and payment of cost escalation was noticed.

The matter was referred to Government in July 2015; reply was awaited (January 2016).

PUBLIC WORKS DEPARTMENT (BUILDINGS & ROADS)

3.18 Avoidable burden on State exchequer

Allotment of rectification work to a new contractor instead of getting it done from the defaulting contractor and payment of price adjustment by the Department resulted in avoidable burden of ₹18.55 crore on the State exchequer.

As per the para 6.1 of the PWD Manual of Orders, a detailed estimate is prepared on the basis of detailed design and drawings and by working out quantities in detail based on which technical sanction (TS) is accorded. Purpose of TS is to ensure that the design is structurally safe and the estimates are economically prepared. Further, Para 2.89 of Public Works Department Code provides that no work shall be commenced unless a properly detailed

[121] University colleges: (i) Balachaur; (ii) Chung; (iii) Ghudda; (iv) Jaitu; (v) Sardulgarh; and (vi) Sikhwala.

design and estimate have been sanctioned by the competent authority. Technical Specifications (as per DNIT) for the work provided that work falling short of quality shall be rectified/redone by the contractor and defective work shall be removed from the site of the work by the contractor at his own cost. Moreover, as per Clause 11.4 (c) of the general conditions of the contract, the Department was even entitled to recover all sums paid to the contractor for defective works.

The work[122] of up-gradation of Kharar-Banur-Tepla Road from km. 0.00 to 39.530 under the World Bank funded Punjab State Road Sector Project, was allotted (July 2007) to C & C Constructions Limited for ₹ 108.98 crore with completion within 28 months. Test check of the records (July 2014) of the Executive Engineer, Central Works Division, Mohali (EE) showed that the road was damaged during execution of work. Reasons for damage to the pavement and measures to be taken for rectification were sought from various agencies[123]. Thereafter, the Principal Secretary, PWD, Punjab constituted (March 2012) a Committee which, on the basis of reports of various agencies, held (May 2012) the contractor and the consultant responsible for poor quality of work leading to damage to the road during execution. The Committee recommended that the top BC layer may be re-laid wherever it had been badly cracked and the other cracks should be filled up with rapid setting emulsion. Thereafter, the work was treated as completed (17 October 2012) and defect liability period from 18 October 2012 to 17 October 2013 was fixed. The contractor rectified the defects and department agreed (23 October 2013) to return the bank guarantee of the contractor without levying any penalty on the contractor despite their proven failure. Further, it was noticed that as the department had failed to fulfill its contractual obligations[124] a time extension of 355 days had to be granted for which avoidable price escalation ₹ 8.21 crore was paid to the contractor.

It was further noticed that after gap of four months from the date of expiry of the defect liability period, EE allotted (February 2014) the work to increase the structural adequacy of pavement of the road in km. 0.00 to 22.500 to another contractor at a cost of ₹ 17.42 crore, out of which ₹ 10.34 crore had been paid as on December 2015. Even this time, the new contractor informed the EE that the surface had started showing cracks and slippages at some locations and that they were not confident of repairing it in its present state.

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[122] Funds provided by International Bank for Reconstruction and Development.

[123] Committee of the PWD Officers in May 2011; EE in June 2011; Central Road Research Institute (CRRI), New Delhi in November 2011 and March 2012.

[124] Shifting of electric poles/electric lines, water supply lines, sewer lines, delayed decision of rehabilitation of bridge and additional scope of work.

The EE stated (March 2015) that the work was treated as complete in all respects and the defects pointed out to the contractor were removed by him. As regards levy of any penalty/encashment of performance security of the consultant, Punjab Roads and Bridges Development Board (PRBDB) stated (April 2015) that there was no provision for performance security in all World Bank funded projects, and on account of poor performance of the consultant, ₹ 40.34 lakh had not been paid to them. The reply was not acceptable as the two reports of Central Road Research Institute (CRRI) and that of the Committee came in November 2011, March 2012 and May 2012 respectively, i.e well before the acceptance of completion of the road in October 2012 and as such the rectification should have been done at the contractor's cost.

Thus, the department failed to watch the interest of the State despite having all enabling provisions in the contract agreement as accepting a poor quality work and not getting it rectified from the original contractor during his defect liability period, caused the Department to allot the work of improving the pavement to another contractor just after four months of expiry of defect liability period, thereby putting an avoidable burden of ₹ 18.55 crore (₹ 10.34 crore + ₹ 8.21 crore) on the State exchequer (December 2015).

The matter was referred to Government in May 2015; reply was awaited (January 2016).

3.19 Unproductive expenditure on idle staff

A division of the Department remained without work for more than five years, thereby rendering the expenditure of ₹ 7.33 crore on salaries and office expenses unproductive.

The Government of Punjab, Department of Public Works dedicated (March 2006) six divisions including their staff for the World Bank Aided Punjab State Road Sector Project (PSRSP) and ordered simultaneous transfer of the existing works in these divisions to other divisions in the same Circle[125]. Accordingly, the Superintending Engineer, Construction Circle, PWD (B&R), Ferozepur (SE) distributed (April 2006) the works/areas falling under the jurisdiction of the Executive Engineer (EE), Construction Division No. 3, PWD (B&R)[126], Ferozepur - one of the above mentioned six divisions - between Provincial Division[127], Ferozepur and Construction Division No. 1[128], Ferozepur.

125 Circle is headed by a Superintending Engineer and has a number of divisions (each headed by an Executive Engineer) under its jurisdiction.

126 Public Works Department (Buildings & Roads).

127 Works of Market Committees of Ferozepur City and Mamdot along with plan roads, and all Government buildings, Ferozepur (HQ).

128 Works of ROB Guruharsahai and Market Committee Guruharsahai alongwith plan roads and building.

Examination of records (August 2014) of the EE, Construction Division No. 3, Ferozepur (Division) showed that after completion (November 2009) of the works of PSRSP assigned to this Division, the EE requested (November 2009, January and July 2010) the Chief Engineer (PSRSP) to restore the works transferred (March 2006) from the Division as it was now left with no work. The Secretary to Government of Punjab, PWD ordered (03 September 2010) the restoration of the transferred works and directed the SE to submit compliance report on implementation of these orders to the Chief Engineer (PSRSP) (CE) and the Project Director (PSRSP) in Punjab Roads and Bridges Development Board within 15 days. Accordingly, the SE directed (October 2010) the Executive Engineer, Provincial Division, Ferozepur to transfer to Construction Division No. 3, all the records relating to the projects already approved or yet to be approved in respect of areas/works originally falling under jurisdiction of that Division. Despite repeated instructions (between October and December 2010) of the SE, the EE, Provincial Division, Ferozepur did not transfer the records/works[129]. Instead, the Secretary to Government of Punjab, Department of Public Works ordered (January 2011) the maintenance of the *status quo* of the works falling under Construction Circle, Ferozepur as existing prior to the orders dated 03 September 2010, without mentioning any reasons therefor. As the staff posted in the Division was sitting idle, the EE, Construction Division No. 3 again requested (between August and September 2011) to the SE/Engineer-in-Chief for restoration of its original areas and works. The Engineer-in-Chief requested (October 2011) the Secretary, PWD to transfer some works from the Provincial Division to Construction Division No. 3, Ferozepur, as also agreed to by the PWD Minister.

However, the Construction Division No. 3 had still not been assigned any work till March 2015. The Executive Engineer stated (August 2014) that the matter would be taken up with the higher authority.

Thus, the Division incurred an unfruitful and unproductive expenditure of ₹ 7.33 crore towards salaries of staff (for 25 to 29 staff members) and office expenses from November 2009 to March 2015, which would further increase if the *status quo* continues.

The matter was referred to Government in April 2015; reply was awaited (January 2016).

[129] The work from Construction Division No. 1 has also not been restored to Division No. 3. However, as intimated by EE, Construction Division No. 3, the works transferred to Division No. 1 were additional works allotted to his Division, which had already been completed.

3.20 Ungainful expenditure on construction of incomplete bridge

Preparation of estimate without preliminary investigations, non-acquisition of land before allotment of work and thereafter inordinate delay in starting the process of acquisition of land led to non-completion of bridge and resulted in ungainful expenditure of ₹2.63 crore.

Para 6.11 (vi) of Manual of Orders of Public Works Department, provides that for the preparation of plans and estimates most careful preliminary investigations, prior to the framing of a project, are carried out to ensure that the estimate is as complete as possible. Further, as per para 2.92 of the Punjab Public Works Code, no work should be commenced on land which has not been duly made over by the responsible civil officer.

The Government of Punjab (GOP), Department of Public Works (B&R) accorded (May 2011) administrative approval to the work of construction of High Level Bridge 75.590 meter long on *Pavitar Bein*[130] including approaches and retaining walls near village *Dhundianwala* in district Kapurthala at a cost of ₹ 3.39 crore.

Audit scrutiny of records (February 2014) of the Executive Engineer, Construction Division No.2, PWD (B&R), Kapurthala (EE) showed that the work was allotted (May 2011) to a contractor for ₹ 3.43 crore for completion by 23 February 2012. The contractor asked (September 2011) the EE to acquire the land falling in the project site as the owners of the land were threatening to stop the work. The department issued notification for acquisition of land (4 kanal – 6 marla) under section 4 on 12 October 2012 i.e. after 17 months of the allotment of work and issued declaration under Section 6 on 19 September 2013 which was required to be issued within six months of the issuance of notification under section 4 i.e. up to 11 April 2013. Land acquisition proceedings should have been completed within one year of the issue of the notifications under Section 4 i.e. up to 11 October 2013 which was not done. Resultantly, the work had to be stopped midway. Despite non-availability of required land, the department continued to ask the contractor (October 2012 to February 2015) to start the work but the contractor did not commence the work. The department terminated the contract (February 2015) by imposing a penalty of ₹ 25.75 lakh which has not been recovered (December 2015). However, the contractor requested (March 2015) and was allowed (June 2015) to proceed with the balance work of the bridge as the required land was amicably obtained from the land owners. No document in support of settlement was available with the department (January 2016). However, even after incurring an expenditure of ₹ 2.63 crore (December 2015) the work was still incomplete (January 2016) as is evident from the above photograph.

Incomplete bridge (on 14-01-2016)

[130] A stream flowing through the districts of Hoshiarpur, Kapurthala and Jalandhar. It merges at the confluence of the Beas and the Sutlej at Harike Pattan.

The EE stated (June 2015/December 2015) that some portion of construction fell under private land which was noticed during the construction of bridge and approaches. The delay in completion of work was due to slow progress of work, not due to non-settlement of site prior to commencement of work. The reply of the department was not acceptable because the estimate of the work was required to be prepared after preliminary investigation. Moreover, the work was held up between October 2012 and June 2015 due to non-settlement of site prior to commencement of work.

Thus, the failure of the department to prepare estimate without preliminary investigations, non-acquisition of land before allotment of work and thereafter inordinate delay in starting the process of acquisition led to non-completion of bridge, and resulted in ungainful expenditure of ₹ 2.63 crore as the bridge could not be put to use even after a lapse of more than three years from the scheduled date of completion.

The matter was referred to the Government in May 2015; reply was awaited (January 2016).

3.21 Construction of bridge without approach roads

Failure to make adequate provisions in the estimate of the work resulted in it remaining incomplete even after four years beyond its stipulated completion date and rendering the amount of ₹ 1.48 crore spent on it unfruitful.

Rule 2.5 of the Punjab Public Works Code provides that while according administrative/technical approval to a work, it should be ensured that the preliminary estimate is sufficiently correct for the purpose. As per Para 6.1 of the PWD Manual of Orders, a detailed estimate is prepared on the basis of detailed design and drawings and by working out quantities in detail based on which technical sanction (TS) is accorded. Further, Para 2.89 of Public Works Department Code provides that no work shall be commenced unless a properly detailed design and estimate have been sanctioned, allotment of funds made, and orders for its commencement issued by the competent authority.

The Government of Punjab, Department of Public Works (GOP) accorded (January 2011) administrative approval to the work of construction of High Level Bridge at RD 122900 of Sidhwan Canal for ₹ 1.54 crore. The estimate contained no provision for costs associated with environmental clearance. The Executive Engineer, Construction Division No. 1, Ludhiana (EE) invited (February 2011) tenders for construction of the bridge including approaches and also requested (9 March 2011) the District Forest Officer, Ludhiana (DFO) to intimate the number of trees and cost thereof, falling in the approaches to the bridge. The work was allotted (22 March 2011) to a contractor for ₹ 1.65 crore for completion by 21 July 2011.

Scrutiny of the records (February 2015) of the Executive Engineer, Construction Division No. 1, Ludhiana (EE) showed that the EE applied (April 2011) for approval of the Government of India, Ministry of Environment and Forests (GOI) for diversion of 0.80 hectare of forest land for construction of approaches to the bridge. In the meantime, the contractor informed (21 July 2011) the EE that the bridge had been constructed but the work of approaches could be completed only after clearance of the Forest Department. The matter of approval of forest clearance remained under correspondence and the case was finally sent to the GOI only on 10 September 2012. The GOI accorded (24 September 2012) an in principle approval to divert the area for construction of the road to the bridge. The EE deposited ₹ 10.66 lakh (₹ 3.57 lakh towards compensatory afforestation charges and ₹ 7.09 lakh towards Net Present Value of the diverted land) with Forest Department in October 2012. The DFO requested (26 October 2012) the EE to further deposit ₹ 44.41 lakh on account of cost of non-forest land equivalent to the forest land.

Due to the substantial increase in cost of the project, the Superintending Engineer, Construction Circle, PWD (B&R), Ludhiana submitted (March 2013) a revised estimate amounting to ₹ 2.22 crore[131] to the CE, who in turn submitted (April 2013) the same to the GOP for approval. GOP stated (August 2013) that no funds were available and returned the estimate. Revised estimate was not submitted for approval as of August 2015. As such, no progress had been made in the construction of approach roads. Total expenditure incurred (August 2015) on the work was ₹ 1.48 crore[132] against 83 *percent* work done.

Thus, failure of the department to observe the codal provisions to ensure adequate funding in the initial work estimate for the costs associated with environmental clearances, not only resulted in non-completion of work even after four years of its scheduled completion date thereby rendering the amount of ₹ 1.48 crore spent on it unfruitful, but also deprived the people of the area of the benefits of the new bridge.

The EE stated (February 2015) that reply would follow which was awaited so far (January 2016).

The matter was referred to Government in June 2015; reply was awaited (January 2016).

3.22 Non-recovery of rent

Rent of ₹2.73 crore on account of unauthorised occupation of Government houses was outstanding.

As per Rule 19 of the Punjab Government Houses (General Pool) Allotment Rules, 1983, where after an allotment has been cancelled or deemed to have

[131] ₹ 1.65 crore (initial allotted cost) + ₹ 3.57 lakh (compensatory afforestation charges) + ₹ 7.09 lakh (net present value of diverted forest land) + ₹ 44.41 lakh (cost of equivalent non-forest land) + ₹ 1.65 lakh (contingency charges).

[132] ₹ 1.37 crore paid in December 2011 to the contractor vide third running account bill and ₹ 0.11 crore paid to the Forest Department.

been cancelled and the house remains in occupation of the allottee, such allottee shall be liable to pay damages for use and occupation of house, etc.at the rate of twice the market rent which may be determined by the Government from time to time. Rule 4.6 of the Departmental Financial Rules lays down that recovery of rent from Government employees occupying rentable buildings in charge of the Department may be made by cash or by deduction from their pay bills through Treasury Officer or other disbursing officer concerned as may be directed by the competent authority. Rule 9(c) of Punjab Government Houses (General Pool) Allotment (First Amendment) Rules, 2009, also makes the Drawing and Disbursing Officer (DDO) responsible for recovery of rent from the salary/Death-*cum*-Retirement Gratuity (DCRG) and leave encashment of the allottee.

Scrutiny of the records (June 2010 and April 2015) of the Executive Engineer, Provincial Division, PWD (B&R), Chandigarh (EE), and information collected from Provincial Division, PWD (B&R), Jallandhar Cantt (January 2016) showed that ₹ 2.73 crore (***Appendix 3.3***) was recoverable (January 2016) on account of rent (including penal rent) from 52 officers/officials who unauthorisedly occupied Government houses between December 1985 and December 2015. The DDOs concerned did not recover the outstanding rent (including penal rent) from the salaries/DCRG of the allottees as provided under the rules even though the EE had raised the demand. The recovery has not been effected even after a lapse of more than 14 years from the last date of unauthorised occupation of the Government houses.

The EE stated (April 2015) that reply would be submitted after recovery of rent. The fact, however, remained that the outstanding rent had not been recovered even after a lapse of considerable time which reflected laxity in handling the case by the department and the concerned DDOs resulting in undue delay in the recovery of ₹ 2.73 crore.

The matter was referred to Government in May 2015; reply was awaited (January 2016).

REVENUE, REHABILITATION AND DISASTER MANAGEMENT DEPARTMENT

3.23 Non-implementation of National School Safety Programme

Due to casual approach of the Department, National School Safety Programme to promote culture of disaster preparedness in the schools of high damage risk zone could not be implemented in the State despite availability of central assistance of ₹1.78 crore.

With a view to promote a culture of disaster preparedness in schools by sensitizing children, school community, motivating direct participation of key stakeholders, conducting training and mock drill in schools etc., National Disaster Management Authority (NDMA), Government of India (GOI), launched (July 2011) a 100 *per cent* Centrally Sponsored Scheme – 'National

School Safety Programme' (NSSP). Under the Scheme, two districts[133] falling under high damage risk zone (Zone IV) in the State of Punjab were selected for implementation of the project in 200 schools in each district, list of which was to be sent to NDMA by 25 July 2011. The project was to be completed within 24 months i.e. by June 2013.

During test-check of records (July 2014) of the Department of Revenue Rehabilitation and Disaster Management (Department), Government of Punjab (GOP) and subsequent information collected up to August 2015, Audit observed that NDMA (GOI), on receipt of the requisite information from the Department in January 2012, released (March 2012-February 2013) funds of ₹ 1.78 crore[134] for implementation of NSSP. Of these, funds of ₹ 0.23 crore received by the Finance Department were not released to the Revenue, Rehabilitation and Disaster Management Department.

The Department disbursed the funds of ₹ 1.22 crore to the implementing agencies[135] only on 20 September 2013 i.e. after six months of receipt of the funds, after being asked by NDMA (19 September 2013) to submit utilization certificate along with physical and financial progress of the project. The funds amounting to ₹ 0.33 crore were retained by the Department for State level activities[136] under NSSP. As the Department had neither utilized the funds nor had achieved any physical targets under the project, NDMA asked (June 2014) the State Government to refund the money along with interest. Accordingly, the Department after utilising ₹ 0.26 crore[137] refunded (December 2014) the unspent amount of ₹ 1.34 crore (including interest amount of ₹ 0.05 crore) to NDMA. The remaining funds of ₹ 0.23 crore were lying unutilized with the State Government (August 2015).

Subsequently, NDMA, looking at the inherent potential in NSSP, extended (January-February 2015) the completion date of the project till 30 June 2015 and also sought action plan for completion of the project in the extended period. However, the Department did not prepare any such action plan. As a result, GOI did not release funds to the State Government during the extended period and the project closed on 30 June 2015.

The Department stated (August 2015) that the funds were received just before five months of closing date of the project (30 June 2013) and were disbursed to the implementing agencies after conducting State level activities. Its utilisation was delayed at District level because of school vacation and Lok

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133 Amritsar and Ludhiana.

134 ₹ 22.79 lakh for preparation of school disaster management plans in March 2012; ₹ 3.75 lakh for Human Resource in October 2012; and ₹151.89 lakh for various disaster management activities in February 2013.

135 ₹ 49.63 lakh each to Amritsar and Ludhiana districts; and ₹ 23.00 lakh to Director General School Education, Punjab.

136 Human resource, structural retrofitting of one school and other activities.

137 ₹ 4.56 lakh on state level activities; ₹ 1.53 lakh and ₹ 0.25 lakh on district level activities at Amritsar and Ludhiana respectively; ₹ 19.35 lakh by the Director General School Punjab at District Institute of Education and Training, Jagraon (Ludhiana) and Verka (Amritsar).

Sabha elections. The reply was not acceptable as the Department disbursed (September 2013) the funds to the implementing agencies after six months of its receipt (March 2012-February 2013); and NDMA asked for the refund of money only in June 2014, which was refunded by the Department in December 2014. Despite custody of central funds for 22 months, the Department utilized only 15 *per cent* of the amount released to it. Further, the Department did not disclose reasons for not preparing action plan for implementation of the project in the extended period.

Thus, due to casual approach of the Department, National School Safety Programme to promote culture of disaster preparedness in the schools of high damage risk zone, could not be implemented in the State despite availability of central assistance of ₹ 1.78 crore.

The matter was referred to Government in April 2015; reply was awaited (January 2016).

TECHNICAL EDUCATION & INDUSTRIAL TRAINING AND PUBLIC WORKS (BUILDINGS & ROADS) DEPARTMENTS

3.24 Delay in construction of building

The work of up gradation of an Industrial Training Institute into Centre of Excellence was lying incomplete even after lapse of more than three years of its stipulated completion date due to lack of funds, thereby blocking an amount of ₹1.44 crore.

The Government of Punjab, Department of Technical Education and Industrial Training, Punjab (DTEIT) accorded (March 2011) administrative approval to the civil work of up gradation of Industrial Training Institutes (ITI) Bagwain, Garhshankar into Centre of Excellence for ₹ 2.03 crore on the basis of rough cost estimate. The Chief Engineer (Buildings), Punjab accorded (May 2011) technical sanction to the detailed estimate for ₹ 2.03 crore and approved Detailed Notice Inviting Tender for the construction of building for ₹ 1.98 crore. The Principal of the ITI transferred (May 2011) ₹ 1.33 crore to the Executive Engineer, Construction Division No. II, Hoshiarpur (EE) for execution of civil works, who awarded (July 2011) the work to a contractor for ₹ 2.16 crore for completion by 28 January 2012.

Test check of records (May 2014) of the EE showed that the work of the building was abandoned (since April 2013) after completion of 70 *per cent* of work for want of funds of 0.83 crore[138]. As of April 2015, total expenditure incurred on the work was ₹ 1.44 crore, out of which ₹ 1.40 crore[139] had been paid to the contractor. The incomplete building was in such a state as could not be put to any use.

[138] ₹ 2.16 crore (allotted cost) *minus* ₹ 1.33 crore (upto date funds released to the EE).
[139] Vide sixth running bill paid in June 2013.

The Executive Engineer admitted (April 2015) that the work had been held up for want of funds. Thus, due to non-provision of balance funds, the work was incomplete even after a lapse of more than three years beyond the stipulated date of completion.

The matter was referred to Government in May 2015; reply was awaited (January 2016).

CHANDIGARH **(JAGBANS SINGH)**
The 28 March 2016 **Pr. Accountant General (Audit), Punjab**

Countersigned

NEW DELHI **(SHASHI KANT SHARMA)**
The 29 March 2016 **Comptroller and Auditor General of India**