

## Chapter-III

### Compliance Audit

#### AGRICULTURE DEPARTMENT

#### 3.1 Functioning of Punjab State Agricultural Marketing Board

**The Board suffered from weak financial management and failed to fully exploit opportunities for earning income through leasing out of surplus space. The Board had not evolved any mechanism to assess the exact recoverable amount on account of market contribution from the Market Committees and recovery of ₹ 110.94 crore on account of sale of plots and loan of ₹ 6.05 crore was outstanding against the Committees. Further, undertaking works without a proper demand survey or ensuring all prior clearances from concerned authorities resulted in expenditure totaling ₹ 69.35 crore being rendered unfruitful and projects lying incomplete.**

##### 3.1.1 Introduction

The Punjab State Agricultural Marketing Board (Board) was established in May 1961 under the Punjab Agricultural Produce Markets Act, 1961 (Act), with the objective of controlling and supervising the marketing network for sale, purchase, storage and processing of processed or non-processed agricultural, horticulture, animal husbandry and forest produce besides providing infrastructure to farmers for marketing of their agriculture produce in a given area through the 153 Market Committees (MCs) established in the State.

According to the Act, all receipts of the Board are credited into a Marketing Development Fund (MDF) and all expenditure is met out of this fund. The major sources of revenue of the Board are (i) contribution from MCs, (ii) license fee from MCs, and (iii) recovery of loans and other miscellaneous recoveries/receipts<sup>1</sup>.

An audit of fund management of the Board was conducted during November 2015 to May 2016 to assess the efficiency of financial management of the Board as reflected in its resource mobilization and utilization by test check of the records of the Secretary, Punjab Mandi Board (PMB), two District Mandi Officers (DMOs)<sup>2</sup> and 10 Executive Engineers (EE)<sup>3</sup> out of 19 DMOs and 21 EEs respectively for the last three years i.e. 2013-16.

<sup>1</sup> It includes interest from banks, miscellaneous receipts, sale of plots, assistance from GOI, GOP and NABARD under various schemes.

<sup>2</sup> DMOs: SBS Nagar and Bathinda.

<sup>3</sup> (i) EEs, PMB, Amritsar; (ii) Bathinda; (iii) Faridkot; (iv) Fazilka; (v) Ferozepur; (vi) Ludhiana; (vii) SAS Nagar (PH); (viii) SAS Nagar (Electrical); (ix) SBS Nagar; and (x) Tarn Taran.

### 3.1.2 Fund management

The position of income and expenditure during the period 2013-14 to 2015-16 is given in **Table 3.1** below.

**Table 3.1: Income and expenditure of the Board during 2013-2016**

(₹ in crore)

Year	Income					Total Income	Expenditure	Excess/Deficit	Capital Fund
	Contribution from Market Committees	Sale of plots in Mandis	License fee from Market Committees	Subsidy/ grant from Central/ State Government	Miscellaneous Receipts				
1	2	3	4	5	6	7	8	9	10
2013-14	330.77	88.89	0.55	92.77	12.11	525.09	465.79	59.30	(-) 35.57
2014-15	340.23	86.75	0.61	245.98	22.20	695.77	754.79	(-) 59.02	(-) 94.59
2015-16	401.41	80.59	0.66	104.44	14.99	602.09	490.32	111.77	17.19
<b>Total</b>	<b>1072.41</b>	<b>256.23</b>	<b>1.82</b>	<b>443.19</b>	<b>49.30</b>	<b>1822.95</b>	<b>1710.90</b>		

Source: Balance sheets of the Board.

As brought out above, receipt from sale of plots declined from ₹ 88.89 crore to ₹ 80.59 crore (9.34 per cent) during 2013-16. Subsidy/grant from GOI/GOP increased from ₹ 92.77 crore in 2013-14 to ₹ 245.98 crore<sup>4</sup> in 2014-15 and was ₹ 104.44 crore in 2015-16. The Board suffered a deficit of ₹ 59.02 crore in 2014-15 after having a surplus of ₹ 59.30 crore in the previous year 2013-14 and had an excess of ₹ 111.77 crore in 2015-16.

Audit observed that the Board was becoming dependent on Government funds while its own resources were shrinking.

The Board stated (July 2016) that the capital fund declined in 2013-15 due to excess of expenditure and fall in receipt from market fee and sale of plots. This was a reflection of the poor management of funds by the Board.

#### 3.1.2.1 Fall in market fee contribution and sale of plots

As per clause 27(2) (a) of the Act, every MC has to pay the Board a contribution at a prescribed percentage<sup>5</sup> out of its income derived from license fee, market fee and the fines levied to defray expenses of the office establishment of the Board and such other expenses incurred by it in the interest of the MCs.

Audit observed the following in respect of collection of market fee contribution and recovery from sale of plots:

<sup>4</sup> Subsidy for Direct Marketing Infrastructure Scheme by Directorate of Agriculture Punjab, ₹ 42.15 crore, grant in aid for special repair of link roads ₹ 202.19 crore, grant for fish market ₹ 0.03 crore, grant from Animal Husbandry/Panchayat department ₹ 1.52 crore, grant for plant protection ₹ 0.09 crore.

<sup>5</sup> (a) On the first of ₹ 20,00,000:20 per cent; (b) On the next ₹ 20,00,000:40 per cent; (c) On the remaining income:50 per cent.

(i) Test check of records of two District Mandi Officers (DMO) revealed that contribution of market fee amounting to ₹ 9.65 crore<sup>6</sup> was outstanding as of November 2015 against the 10 MCs under their jurisdiction. No mechanism was established to ascertain the market committee fee due, collected and outstanding against various MCs. No information about pending market fee was furnished to audit (December 2016).

The Board stated (July 2016) that the fall in income was due to grant of exemption of market fee by the Government and failure on part of MCs to deposit market fee contribution with the Board.

(ii) Similarly, receipt from sale of plots had also declined by 9.34 *per cent*<sup>7</sup> during 2013-16. An amount of ₹ 110.94 crore was outstanding against various plot owners up to March 2016. Non-recovery of outstanding installments had resulted in fall in income of the Board thereby adversely affecting its financial health.

### 3.1.2.2 Non-recovery of loans from Market Committees

Audit observed that an amount of ₹ 6.05 crore granted as loan to MCs upto 2015-16 had not been recovered (April 2016). Further, neither any prior approval of the State Government as required under Rule 26 (vii) of the Act nor details of loan against the MCs were shown to audit.

The Board stated (July 2016) that the loans were very old and no record was available. Audit observed that non-maintenance of details of loans made the chances of recovery of the loans very bleak.

## 3.1.3 Miscellaneous Issues

### 3.1.3.1 Loss of income due to non-leasing out of building

Audit observed that the office of the Board, which was functioning in its own building located at Chandigarh, was shifted (July 2014) to a newly constructed complex at SAS Nagar. Out of 29,712 sq. ft of the building, 20,470 sq. ft. was leased out (July 2016) to different departments of Punjab Government while the remaining portion 9,242 sq. ft. was yet to be allotted. The rental value of the space yet to be leased out had been assessed as ₹ 6.47 lakh per month at the rate of ₹ 70 per sq. ft. Non-leasing out of the building even after lapse of twenty months resulted in loss of income of ₹ 1.29 crore<sup>8</sup> to the Board.

The Board stated (July 2016) that efforts would be made to lease out the remaining area of the building.

### 3.1.3.2 Utilisation of departmental receipts for petty expenditure

Rule 25 of the Act stipulates that all receipts of the Board shall be credited into the Marketing Development Fund. Audit observed that

<sup>6</sup> DMO:(i) Bathinda: ₹ 9.03 crore (9 MCs) (ii) SBS Nagar: ₹ 0.62 crore (one MC).

<sup>7</sup> ₹ 88.89 crore – ₹ 80.59 crore.

<sup>8</sup> ₹ 6.47 lakh x 20 months (up to March 2016)= ₹ 1.29 crore.

₹ 7.70 crore<sup>9</sup> received in eight test checked offices of Executive Engineers (EE) on account of sale of tender forms, tender fee, enlistment fee, fines, deduction on account of liquidated damages, etc. upto March 2016 were utilised for petty payments instead of depositing with the Board.

The Board assured (July 2016) that due amount would be recovered from the field offices.

### **3.1.3.3 Retention of funds collected for flood relief**

Audit observed that an amount of ₹ 0.23 crore was collected from the staff for the purpose of providing relief to people affected by the floods in Uttarakhand in 2013. Though more than three years had lapsed, the funds so collected were not remitted (March 2016) to the concerned authorities for utilization as flood relief in Uttarakhand.

The Board stated (July 2016) that the funds would be treated as miscellaneous receipts of the Board as per rules. The reply was not tenable because the contributions were not meant for Board's use and it was separately collected for the specific purpose of contributing to the relief efforts in Uttarakhand.

### **3.1.3.4 Deposit of funds in banks in contravention of rules**

Rule 3 of the Punjab Investment of Surplus Marketing Development Fund and Market Committee Fund Rules, 1988, states that the surplus of the Marketing Development Fund and the Market Committee Fund should be invested in the Punjab State Co-operative Bank Limited. Audit observed that ₹ 129.58 crore out of ₹ 129.59 crore was deposited in various branches of 21 non-cooperative banks in contravention of the above provision.

The Board stated (July 2016) that the surplus funds were retained in bank accounts on Government instructions. However, the fact remained that deposit of the funds in these banks was against the stipulated rules.

## **3.1.4 Project implementation**

The poor financial position of the Board was aggravated by deficiencies in project implementation as discussed below.

### **3.1.4.1 Unfruitful expenditure due to commencement of works without demand survey or requisite clearances**

Before according administrative approval for any project, it is necessary to establish its techno-commercial viability in terms of rate of return and other intended benefits as well as ensure all prior clearances so as to enable unimpeded and timely execution. Audit observed the following:

<sup>9</sup> (i) Amritsar: ₹ 0.23 crore; (ii) Bathinda: ₹ 4.58 crore; (iii) Faridkot: ₹ 0.04 crore; (iv) Fazilka: ₹ 0.13 crore; (v) Ferozepur: ₹ 0.99 Crore; (vi) Ludhiana: ₹ 1.02 crore; (vii) SAS Nagar (PH): ₹ 0.46 crore; and (viii) Tarn Taran: ₹ 0.25 crore.

(i) Construction of fish markets at Amritsar, Bathinda and Ludhiana was completed with an expenditure of ₹ 17.24 crore<sup>10</sup> by the respective EEs during July 2015 to March 2016 without conducting any survey for assessing the need for whole-sale fish markets. Consequently, not a single booth/shop in any of the three markets could be auctioned as of April 2016 resulting in unfruitful expenditure of ₹ 17.24 crore.

(ii) Similarly, construction of a fruits and vegetables market at S.A.S. Nagar was completed in February 2014 at a cost of ₹ 47.21 crore without conducting any demand survey. Audit observed that the shops in the market were lying idle and not put to use till July 2016 despite lapse of more than two years from the date of completion leading to blocking of funds. The Board stated (July 2016) that the auction was held twice but the shops could not be auctioned due to higher reserve price and the request for reducing the reserve price was under correspondence with the Government.

(iii) A pack house at Abohar was constructed (September 2013) by the Board at a cost of ₹ 0.73 crore without any demand survey to be utilized for the purpose of storing fruits and vegetables. This had not been leased out till date. The Board stated (July 2016) that the pack house could not be leased out due to poor response.

(iv) Work of a canal based water supply scheme and lavatory block at Mandi Bhagta Bhaika,<sup>11</sup> district Bathinda was taken up (December 2006) by the Executive Engineer, Public Health, Mohali, at an estimated cost of ₹ 0.79 crore for completion by May 2007. After incurring an expenditure of ₹ 0.71 crore up to March 2016 on providing and laying of water supply scheme, the department was not able to complete the work of laying of inlet channels due to non-clearance from the irrigation and forest departments. This resulted in unfruitful expenditure besides defeating the purpose of providing water facility to the villagers for the last nine years.

The EE stated (April 2016) that the clearance from Forest Department was being obtained. The reply was not acceptable as the clearance from forest department should have been obtained prior to start of the project in the year 2006. The reply was also silent about the clearance from irrigation department.

(v) Similarly, the work for construction of pucca sheds, auction platforms, roads and parking space inside timber market at Khassi Kalan (Ludhiana) was started (January 2014) by Executive Engineer, PMB, Ludhiana with an estimated cost of ₹ 6.19 crore and allotment cost of ₹ 5.59 crore to be completed by July 2014. However, the work was yet to be completed though an expenditure of ₹ 3.46 crore had been incurred (December 2016).

<sup>10</sup> (i) Amritsar: ₹ 5.09 crore; (ii) Bathinda: ₹ 5.71 crore; and (iii) Ludhiana: ₹ 6.44 crore.

<sup>11</sup> Including inlet channel, s/s tank, scour well, high level tank filter beds, clear water tank, pump chamber.

The Executive Engineer PMB (Civil) Ludhiana stated (December 2016) that the work got delayed due to non-shifting of LT power lines and re planning of drawings of impugned work.

Thus, undertaking works without a proper demand survey or ensuring all prior clearances from concerned authorities resulted in expenditure totaling ₹ 69.35 crore being rendered unfruitful and projects lying incomplete.

### **3.1.5 Conclusion**

The Board suffered from weak financial management and failed to fully exploit opportunities for earning income through leasing out of surplus space. The Board had not evolved any mechanism to assess the exact recoverable amount on account of market contribution from the Market Committees. Recovery of ₹ 110.94 crore on account of sale of plots and loan of ₹ 6.05 crore was outstanding against Market Committees. Further, there was unfruitful expenditure of ₹ 69.35 crore on works undertaken without demand survey or obtaining all requisite clearances.

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

## **HEALTH AND FAMILY WELFARE DEPARTMENT**

### **3.2 Working of Drug De-addiction and Rehabilitation Centres**

**The functioning of the de-addiction centers and rehabilitative efforts of the State Government was hampered by failure to avail of central assistance of ₹ 0.36 crore due to non-submission of utilization certificates and shortages of manpower ranging between 25 and 100 per cent in the test-checked districts. Thirty five Drug De-addiction and Rehabilitation Centres were functioning without licenses while five Drug De-addiction and Rehabilitation Centres set up at a cost of ₹ 6.93 crore were not functional for want of staff and essential equipment. Excess expenditure of ₹ 2.40 crore was incurred on purchase of medicines. Lastly, non-formation of State Level Committee and not undertaking prescribed activities by district Societies indicated weak monitoring mechanism in the Department.**

#### **3.2.1 Introduction**

In order to identify and provide treatment and aftercare to substance users, Government of Punjab (GOP) framed (January 2011) the Punjab Substance Use Disorder Treatment and Counseling and Rehabilitation Centres Rules, 2011 (Rules), and set up four (out of five planned) Model Drug De-addiction Centres (MDDC) and 31 Drug De-addiction Centres (DDC) during September 2007 to July 2015. GOP also set up (as of August 2016) 22 Rehabilitation Centres (RC), one in each district, to provide comprehensive rehabilitation to each and every affected person.

Prior to June 2014, MDDCs were attached to the Government Medical Colleges, Amritsar, Faridkot and Patiala while DDCs were working with the district level and sub-divisional hospitals under the administrative control of the Department of Research and Medical Education and Department of Health and Family Welfare respectively. Subsequently, MDDCs/DDCs/RCs were being managed by Drug De-addiction and Rehabilitation Societies formed in each district under the administrative control of the Department of Health and Family Welfare, Punjab.

With a view to assessing the efficiency and effectiveness of the MDDCs/DDCs/RCs, an audit covering the period 2013-16 was conducted (April-June 2016) by test-checking the records of four MDDCs, five DDCs and six RCs set up in six<sup>12</sup> (out of 22) districts. Relevant information was also obtained from Secretary, Health and Family Welfare, Director, Health Services (DHS), Director, Research and Medical Education and Punjab Health Systems Corporation (PHSC).

## Audit findings

### 3.2.2 Financial management

The MDDCs/DDCs/RCs were being run in the State out of user charges collected by these Centres and funds received from the Punjab State Cancer and Drug Addiction Treatment Infrastructure Fund established under the Punjab State Cancer and Drug Addiction Treatment Infrastructure Fund Act, 2013 (CADA), enacted by GOP in April 2013. The funds out of CADA were being released to the District Societies for salary and operational expenses keeping in view the staff deployed in DDCs/RCs with the approval of CADA Board. In the six test-checked districts, MDDCs/DDCs/RCs incurred an expenditure of ₹ 16.49 crore<sup>13</sup> against the receipts of ₹ 17.96 crore during 2013-16.

#### 3.2.2.1 Non-availing of central assistance

The Ministry of Finance, Government of India (GOI) sanctioned (April 2010) ₹ 54.04 lakh to the Indian Red Cross Society (IRCS) district branch under the control of Deputy Commissioner-cum-President, Kapurthala, to meet 75 per cent of the cost of construction (₹ 72.05 lakh) of new building of DDC, Kapurthala. The amount was to be released in three equal instalments of ₹ 18.01 lakh each. While the first instalment of ₹ 18.01 lakh was released by GOI in April 2010, the second and third instalments were to be released after completion of one fourth and half of the work respectively. Remaining

<sup>12</sup> (i) Amritsar (one MDDC and one RC); (ii) Bathinda (one MDDC, one RC and one DDC); (iii) Faridkot (one MDDC and one RC); (iv) Gurdaspur (Two DDCs at Gurdaspur and Batala and one RC); (v) Jalandhar (one MDDC and one RC); and (vi) Kapurthala (two DDCs at Kapurthala and Phagwara and one RC), selected by adopting probability proportion to size with replacement method of Statistical Sampling.

<sup>13</sup> (i) Amritsar (₹ 8.60 crore against ₹ 9.01 crore); (ii) Bathinda (₹ 2.37 crore against ₹ 2.52 crore); (iii) Faridkot (₹ 0.42 crore against ₹ 0.67 crore); (iv) Gurdaspur (₹ 3.45 crore against ₹ 3.87 crore); (v) Jalandhar (₹ 0.40 crore against ₹ 0.55 crore); and (vi) Kapurthala (₹ 1.25 crore against ₹ 1.34 crore).



25 per cent of the cost of the project was to be borne by IRCS/State Government.

Audit of records of DDC, Kapurthala showed that IRCS, after a delay of two years, transferred (May 2012) ₹ 18.01 lakh to PHSC (being the executing agency) for construction of the building of DDC, Kapurthala. Subsequently, PHSC, after another three years, allotted (May 2015) the work to a contractor for ₹ 143.75 lakh which was completed (March 2016) with an expenditure of ₹ 142.09 lakh<sup>14</sup> by meeting balance expenditure from CADA Fund. It was noticed that despite repeated reminders (May 2011-July 2015) from GOI, IRCS/State Government did not furnish the Annual Report/Utilization Certificate (UC) of ₹ 18.01 lakh and other requisite information<sup>15</sup> to enable GOI to release the balance funds (June 2016) resulting in non-availing of central assistance of ₹ 36.03 lakh<sup>16</sup>.

### 3.2.2.2 Excess expenditure on purchase of medicine

PHSC entered into (October 2014) a rate contract (effective from 7 October 2014 to 6 October 2016) with a firm for supply of de-addiction medicines (Buprenorphine/Naloxone combination sublingual 2/0.5 mg) at the rate of ₹ 73.40 per 10 tablets.

Test-check of records of MDDC, Amritsar and DDC, Batala revealed that these Centres had purchased the said medicines at higher rates from three other firms which were not on the rate contract with PHSC resulting in excess expenditure of ₹ 2.40 crore as detailed in **Table 3.2** below.

**Table 3.2: Details of excess expenditure on purchase of medicine**

Period	Name of firm	No. of strips purchased (1 x 10 tablets)	Rate per strip (1 x 10 tablets) (in ₹)		Paid in excess per strip (in ₹)	Amount (in ₹)
			Paid	Rate contract		
1	2	3	4	5	6 (4-5)	7 (6 x 3)
<b>MDDC, Amritsar</b>						
07.10.2014 to 31.03.2016	Firm 'A'	50900	190.00	73.40	116.60	59,34,940
07.10.2014 to 31.12.2014	Firm 'B'	3000	148.00	73.40	74.60	2,23,800
01.01.2015 to 31.12.2015		15000	140.00	73.40	66.60	9,99,000
01.01.2016 to 31.03.2016		4000	200.00	73.40	126.60	5,06,400
07.10.2014 to 31.12.2015	Firm 'C'	20100	179.00	73.40	105.60	21,22,560
01.01.2016 to 31.03.2016		3000	200.00	73.40	126.60	3,79,800
<b>DDC, Batala</b>						
07.10.2014 to 06.04.2015	Firm 'C'	35000	225.30	73.40	151.90	53,16,500
27.04.2015 to 03.06.2016		40480	284.00	73.40	210.60	85,25,088
<b>Total</b>						<b>2,40,08,088</b>

Source: Departmental records

<sup>14</sup> Final bill of the work was pending as of September 2016.

<sup>15</sup> Letter of commitment to meet escalated cost of the project either by the State Government or other permissible source.

<sup>16</sup> ₹ 54.04 lakh minus ₹ 18.01 lakh.



MDDC, Amritsar (May 2016) and DDC, Batala (June 2016) stated that they were not aware of such instructions. The replies were not tenable as PHSC had circulated (October 2014) the said instructions to all the Civil Surgeons as well as to the Deputy Medical Commissioners of the State who were also the members and conveners of the District De-Addiction and Rehabilitation Societies in each district which were managing MDDCs/DDCs.

### 3.2.3 Functioning of Drug De-addiction and Rehabilitation Centres

The State Government had established four MDDCs, 31 DDCs and 22 RCs between September 2007 and August 2016. Some of the shortcomings noticed in the working of MDDCs/DDCs/RCs are discussed as under:

#### 3.2.3.1 *Centre functioning without obtaining license/non-renewal of license*

As per Rule 7 of the Punjab Substance Use Disorder Treatment and Counseling and Rehabilitation Centre Rules, 2011 (Rules), no Centre shall be allowed to operate without obtaining license from the Licensing Authority<sup>17</sup> (LA). Rule 10(4) provides that a license shall be issued by LA within a period of three months from the date of submission of the application. Further, Rule 10(11) provides that the Centres established by the State Government shall be exempted from the payment of license fee. However, such Centres shall have to get themselves registered with the LA within a period of three months from the date of commencement of these Rules.

Audit observed that 35 Centres (MDDCs:03, DDCs:18 and RCs:14) were functioning without obtaining license/non-renewal of license as of August 2016 in contravention of the Rules *ibid*. The Department attributed (July 2016) the reasons for non-issue of licenses to non-receipt of inspection reports from Civil Surgeons and non-receipt of applications. The reply was not tenable as eight functional MDDCs/DDCs/RCs which had applied for licenses between September 2012 and April 2016 had not been issued licenses even after delay of five months to four years. Further, 27 MDDCs/DDCs/RCs which were functional between January 2011 and June 2016 had not applied for issue of licenses. Thus, the Department had failed to ensure that all MDDCs/DDCs/RCs had valid license/registration in accordance with the Rules.

#### 3.2.3.2 *Non-functional Drug De-Addiction and Rehabilitation Centres*

Audit observed that five DDCs/RCs which were completed/set-up between May 2014 and December 2015 at a cost of ₹ 6.93 crore were not functional due to non-availability of Psychiatrist/Medical Officer, other staff and essential equipment as detailed in **Table 3.3** below.

<sup>17</sup> Licensing Authority consists of (i) Director, Health and Family Welfare, Punjab; and (ii) Director, Social Security, Women and Child Development, Punjab.

**Table 3.3: Details of non-functional DDCs and RCs**

Sr. No.	Name of the Centre	Cost of construction (₹ in crore)	Date of handing over of Centre (No. of months since non-functional)	Reasons for non-functional DDCs/RCs
1.	DDC, Malerkotla	0.61	29.05.2014 (28)	Due to non-availability of Psychiatrist.
2.	DDC, Anandpur Sahib	0.64	01.07.2014 (27)	
3.	DDC, Narot Jaimal Singh	0.56	16.06.2014 (27)	
4.	DDC, Talwandi Sabo	1.51	25.05.2010 (11)	Non-functional since November 2015 due to non-posting of Psychiatrist
5.	RC, Jalandhar	3.61	12.12.2015 (9)	Due to non-availability of Medical Officer, adequate staff and essential equipment viz. oxygen cylinder, suction machine and conveyance, etc.
<b>Total</b>		<b>6.93</b>		

Source: Departmental records

Thus, five DDCs/RCs were not functional even after 9-28 months from their completion/setting up (September 2016) thereby not only resulting in idle expenditure of ₹ 6.93 crore but also depriving the drug addicts of the benefits of these Centres.

The Department stated (May and September 2016) that it conducted walk-in interviews every two months for recruitment of Psychiatrists which was under process.

### 3.2.3.3 Treatment in drugs de-addiction and rehabilitation centres

(i) Test-check of records in the selected districts showed that against 1,75,108 drug addiction patients registered in OPD, only 11,186 patients were taken to Indoor Patients Department (IPD) which ranged between 01 and 19 per cent in the eight MDCCs/DDCs during 2013-16 while the percentage of unutilised bed capacity in these Centres<sup>18</sup> ranged between 17 and 60 per cent during the same period.

On this being pointed out, MDCC, Jalandhar stated (April 2016) that the patients were not fully aware of the newly established 50-bedded MDCC in Civil Hospital, Jalandhar. The reply was not tenable as it was incumbent upon the Center under Rule 14(B)(vi) of Punjab Substance Use Disorder Treatment and Counseling and Rehabilitation Centre Rules, 2011, to make the patients aware by displaying the arrangements on the notice board.

(ii) As per guidelines for Rehabilitation Centre, since substance use is a multi-dimensional disorder and rehabilitative services cannot be limited to

<sup>18</sup> Percentage of IPD to OPD and unutilized bed capacity in MDCCs (i) Amritsar (19 and 34 per cent); (ii) Jalandhar (10 and 60 per cent); (iii) Bathinda (5 and 26 per cent); (iv) Faridkot (10 and 40 per cent); DDCs (v) Talwandi Sabo (5 and 58 per cent); (vi) Gurdaspur (10 and 42 per cent); (vii) Batala (1 and 27 per cent); and (viii) Phagwara (5 and 17 per cent), respectively.

only detoxification, the State Government should set up Rehabilitation Centres (RC) in each district to provide comprehensive rehabilitation to each and every addict.

Examination of records showed that in four (out of six) test-checked districts, 984 out of 2,658 registered drug addicts were detoxified in the MDDCs/DDCs between July 2015 (i.e. from the date of functioning of RC) and March 2016. However, only 23 to 28 *per cent* of these patients were admitted to RCs<sup>19</sup>. Thus, the objective of setting up of RCs for providing comprehensive rehabilitation to each and every person could not be fully achieved as envisaged in the guidelines *ibid*. Further, records/information relating to the number of addicts who were successfully detoxified, number of drop outs and number of those who were relapsed after undergoing treatment in OPD/IPD was not available in the five selected Centres<sup>20</sup>. In the absence such details, the success rate of de-addiction of drug addicts in these Centres could not be ascertained.

DDC, Kapurthala stated (May 2016) that the public would be sensitized in this regard while MDDC, Bathinda attributed (June 2016) the reasons for low admission of detoxified patients in RC to the remote location of the Centre where transport facility was limited.

### 3.2.4 Manpower management

Audit observed the following inconsistencies in manpower management:

(i) Rule 14(C)(1) of the Punjab Substance Use Disorder Treatment and Counseling and Rehabilitation Centre Rules, 2011, and instructions (July 2014) of the Department of Health and Family Welfare, GOP, provide minimum standards for staff requirement for MDDCs/DDCs/RCs. Audit noticed shortage of staff ranging between 25 and 100 *per cent* in different cadres as on 31 March 2016 in seven (out of 15) test-checked MDDCs/DDCs/RCs which impaired their ability to effectively discharge their functions.

(ii) Rule 14(C)1(iv) of the Rules *ibid* stipulates that ward attendants would be provided with orientation to handle Substance Use Disorder patients at the Centre within three months of their deployment. Audit noticed that no such training/orientation was provided to the ward attendants in any of the test-checked MDDCs/DDCs.

### 3.2.5 Monitoring mechanism

Audit noticed the following shortcomings in the monitoring mechanism in the Department:

(i) Rule 3 of the Rules provides that a State Level Committee (SLC) shall be constituted to act as a supervisory and policy making body to ensure

<sup>19</sup> (i) Amritsar (161 against 689 patients); (ii) Faridkot (11 against 40 patients); (iii) Bathinda (45 against 173 patients); and (iv) Kapurthala (20 against 82 patients).

<sup>20</sup> MDDCs (i) Bathinda (OPD only); (ii) Jalandhar; DDCs (iii) Batala; (iv) Gurdaspur; and (v) Phagwara.

effective implementation of minimum standards of care in the Centres. Despite lapse of more than five years from enactment of the Rules in January 2011, no SLC had been constituted by the State Government.

(ii) The Department of Health and Family Welfare, Punjab circulated (June 2014) a Memorandum of Association (MoA) for District De-addiction and Rehabilitation Society (Society) which *inter alia* included various activities/functions to be performed by the Society in each district for effectively running of Drug De-addiction and Rehabilitation Centres. Audit observed that out of various activities/functions specified in the MoA, 5-9 activities/functions were not being performed by six test-checked Societies (*Appendix 3.1*) thereby compromising the objective of effective running of the centres.

(iii) Para 3.3.1.8 of the guidelines of “Scheme of Assistance for Prevention of Alcoholism and Substance (Drugs) Abuse and for Social Defence Services” issued (January 2015) by Government of India provides that a period of one month would be required for an addict to undergo various phases of counseling, detoxification, de-addiction and psychological recovery and the period of stay, in no circumstances, should exceed two months. However, if a necessity for keeping the addict for more than one month arises, then the Centre was required to obtain consent to this effect from a District Level Committee consisting of Civil Surgeon, District Welfare Officer and a representative of the Non-Government Organisation.

Examination of records of MDDC, Bathinda, DDCs, Kapurthala and Phagwara showed that 10 patients were detoxified or were undergoing the process of detoxification (June 2015-May 2016) for periods ranging from 39 and 61 days. However, consent of the District Level Committee for their stay exceeding one month was not obtained. MDDC, Bathinda and DDCs, Kapurthala and Phagwara assured (June 2016) compliance in future.

### **3.2.6 Conclusion**

Thus, the functioning of the de-addiction centers and rehabilitative efforts of the State Government was hampered by failure to avail of central assistance of ₹ 0.36 crore due to non-submission of utilization certificates and shortages of manpower ranging between 25 and 100 *per cent* in the test-checked districts. Thirty five Drug De-addiction and Rehabilitation Centres were functioning without licenses while five Drug De-addiction and Rehabilitation Centres set up at a cost of ₹ 6.93 crore were not functional for want of staff and other essential equipment. Only 23 and 28 *per cent* of detoxified addicts were admitted to Rehabilitation Centres of four test-checked districts. There was shortage of staff ranging between 25 and 100 *per cent* in the test-checked districts. Lastly, non-formation of State Level Committee and not undertaking prescribed activities by district Societies indicated weak monitoring mechanism in the Department.

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

### 3.3 Misappropriation of user charges

**Failure of the Drawing and Disbursing Officer to observe codal provisions and resultant compromise of the internal control mechanism facilitated misappropriation of user charges amounting to ₹3.89 lakh in Civil Hospital Fatehgarh Sahib of which ₹3.75 lakh was subsequently deposited with the Punjab Health Systems Corporation.**

Rules 98 (1) of the 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 the Punjab Financial Rules 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 had allowed (February 1997) the Punjab Health System Corporation (PHSC) to retain user charges collected from patients at the point of collection and use the same for meeting non-salary expenditure. PHSC instructed (February 2013) that user charges collected by the field offices should be deposited on a daily basis in a separate savings bank account. It further directed that no expenditure should be made out of the cash collections and the expenditure should be incurred after depositing the collections in the bank. Mention was made in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2015 – Government of Punjab (paragraph 3.8), regarding misappropriation of user charges of ₹ 19.88 lakh in Civil Hospital, Mansa.

Test-check of records in Civil Hospital, Fatehgarh Sahib, under the jurisdiction of PHSC showed that out of the user charges of ₹ 42.26 lakh collected by a Computer Operator deployed in central receipt section from patients between April 2015 and April 2016, an amount of ₹ 3.89 lakh was not deposited with the cashier for posting in the cash book. The cashier and the Senior Medical Officer holding the charge of Drawing and Disbursing Officer also did not ensure that all the user charges so collected by the Computer Operator had been accounted for in the cash book and remitted into the bank account of the Civil Hospital.

On this being pointed out (May 2016) in Audit, PHSC stated (October 2016) that the delinquent official had deposited (May 2016-September 2016) ₹ 3.75 lakh and the Director Health Services had been asked to hold departmental enquiry/disciplinary proceedings against the concerned persons.

Thus, failure by the Drawing and Disbursing Officer to observe codal provisions compromised the internal control mechanism and facilitated misappropriation of user charges amounting to ₹ 3.89 lakh.

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

**3.4 Idle expenditure arising from delay in submission of utilisation certificates under scheme for ‘Establishment of Multi-Disciplinary Research Units’**

**Non-submission of Utilization Certificate for first instalment of ₹ 1.25 crore released for setting up of a Multi-Disciplinary Research Unit in Government Medical College Amritsar even after lapse of more than two years led to subsequent funds necessary to make equipment procured operational not being released by Government of India. This resulted in idle expenditure of ₹ 0.79 crore on equipment procured as well as non-achievement of the objective of the scheme even after more than three years of its commencement.**

Government of India (GOI) approved (July 2013) a scheme for ‘Establishment of Multi-Disciplinary Research Units (MRUs) in Government Medical Colleges/Research Institutions’ (Scheme) during the 12<sup>th</sup> Plan period for setting up of MRUs during 2013-15. The main objective of the scheme was to improve the overall health status of the population by creating evidence-based application of diagnostic procedures/processes/methods. Under the scheme, one time financial assistance of ₹ 5.25 crore<sup>21</sup> was to be provided to the selected Government Medical college for setting up a modern biological laboratory/multi-disciplinary research unit.

Audit of records of the Government Medical College, Amritsar (GMC), showed that GOI released (September 2013) first instalment of ₹ 1.25 crore<sup>22</sup> to GMC under the scheme with a condition to submit the utilization certificate (UC) along with the audited statement of accounts by June 2014. Subsequent two instalments of ₹ 2 crore each were to be released on achievement of the laid down markers/milestones<sup>23</sup> of the Scheme.

Audit observed that GMC, after a delay of up to two years, procured (April-October 2015) machinery and equipment worth ₹ 0.79 crore and spent ₹ 0.23 crore on civil works thereby incurring a total expenditure of ₹ 1.02 crore. GMC also recruited (July-August 2015) contractual staff<sup>24</sup> and constituted (December 2013) the Local Research Advisory Committee as required under the scheme. However, GMC did not complete the procurement of some equipment<sup>25</sup> and could not submit the UC for the entire amount of first instalment of ₹ 1.25 crore despite GOI directive (June-December 2015) to

<sup>21</sup> ₹ 5.00 crore for purchase of equipment; and ₹ 0.25 crore for minor civil works.

<sup>22</sup> ₹ 1.00 crore for purchase of equipment and ₹ 0.25 crore for minor civil works.

<sup>23</sup> Release of second instalment on (i) completion of civil work; (ii) constitution of Local Research Advisory Committee and development of research projects; (iii) placement of orders for procurement of equipment with clear delivery scheme; and (iv) completion of the process for selection of contractual staff whereas third instalment was to be released on (i) holding of at least two meetings of Research Committees; (ii) certification of appointment of contractual staff after release of second instalment; and (iii) review of performance by ICMR Evaluation Committee.

<sup>24</sup> One Research Scientist-II, one Research Scientist-I, two Laboratory Technicians and one Data Entry Operator, who were paid (July-November 2015) salary of ₹ 0.07 crore out of interest earned on the funds received under the Scheme.

<sup>25</sup> Auto analyser, centrifuge, deep freezer, refrigerator, microtome, etc.



speed up the implementation and operationalization of MRU. As a result, GOI denied (December 2015) the second instalment of ₹ 2 crore. Consequently, equipment procured at a cost of ₹ 0.79 crore could not be made operational even after 10-16 months for want of funds for contingency/consumables (August 2016).

GMC stated (August 2016) that the pending machinery would be purchased very soon and UC of full amount (₹ 1.25 crore) would be sent to get the second instalment released from GOI. The reply of GMC was not acceptable as non-submission of UC for the entire amount of first instalment even after more than two years resulted in non-release of funds of the subsequent installments that were necessary to make the equipment operational. This has not only resulted in idle expenditure of ₹ 0.79 crore but also non-achievement of objective of the scheme even after more than three years of its commencement.

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

## HOME AFFAIRS AND JUSTICE DEPARTMENT

### 3.5 Development of judicial infrastructure

**The Department could not complete 78 per cent of works planned during 2013-16 due to lack of coordination and synchronization between availability of land, release of funds and commencement of works. While funds amounting to ₹ 27.95 crore were not released by the State Government, an amount of ₹ 32.42 crore was spent on works not covered under the Scheme. Further, failure to ensure encumbrance free site before award and commencement of work resulted in additional expenditure of ₹ 1.64 crore as of June 2016 as well as the work remaining incomplete for over six years from the initial allotment of the work while poor site selection resulted in expenditure of ₹ 0.32 crore being rendered unfruitful. Non-adherence to provisions of agreement resulted in short recovery of ₹ 0.39 crore on account of quality control charges.**

#### 3.5.1 Introduction

In order to improve the physical infrastructure of the courts and the housing needs of judicial officers, Government of India (GOI) has been implementing a Centrally Sponsored Scheme (CSS) of 'Development of infrastructure facilities for the Judiciary' (Scheme) since 1993-94. As per the guidelines (May 1999), the Scheme would cover construction of district and subordinate court buildings and residential accommodation for judicial officers/judges. The expenditure under the Scheme is to be shared between the Centre and the State in the prescribed ratio<sup>26</sup>. The Department of Home Affairs and Justice, Government of Punjab (Department), headed by the Additional Chief Secretary is responsible for implementation of the Scheme and Public Works

<sup>26</sup> 75:25 (15 July 2011 to March 2015); and 60:40 (2015-16).



Department (PWD) is the executing agency for construction works under the Scheme.

With a view to assessing the efficiency and effectiveness of implementation of the Scheme, an audit covering the period 2013-16<sup>27</sup> was conducted by test-check of the records of 11 Public Works Divisions<sup>28</sup> of the selected six<sup>29</sup> out of 19 judicial districts. Related information was also collected from the Home Department, District and Session Judges and the Chief Engineer.

## Audit findings

### 3.5.2 Planning

The position of implementation of annual plans for construction of Court Complexes and residential quarters during 2013-16 is given in **Table 3.4** below.

**Table 3.4: Construction of Court Complexes and Residential Quarters during 2013-16**

Year	Planned			Completed			Under progress		
	Works	No. of JCC	No. of RQs	Works	No. of JCC	No. of RQs	Works	No. of JCC	No. of RQs
2013-14	13 <sup>s</sup>	12	42	5	4	19	8	8	23
2014-15	5	5	13	0	0	0	5	5	13
2015-16	5	3	36	0	0	0	5	3	36
<b>Total</b>	<b>23</b>	<b>20</b>	<b>91</b>	<b>5</b>	<b>4</b>	<b>19</b>	<b>18</b>	<b>16</b>	<b>72</b>

Source: Departmental data

JCC = Judicial Court Complex

<sup>s</sup> Include 11 incomplete works of previous years.

RQ = residential quarters

Audit observed that 78 per cent of works planned during 2013-16 could not be completed due to failure of the department and the executing agency to ensure encumbrance free land, timely finalization of drawings and adequate funds as summarized below:

➤ Out of 13 works (12 court complexes and 42 residential quarters) planned during 2013-14, only five works (4 court complexes and 19 residential quarters)<sup>30</sup> were completed (December 2013-July 2014) after 10-31 months from the stipulated dates of completion due to non-clearance of site, non-transferring of ownership of land and non-release of funds by the State Government. The remaining eight works (8 court complexes and 23 residential quarters) were under progress (December 2016) of which five<sup>31</sup> test-checked works (5 courts complexes and 9 residential quarters) which were

<sup>27</sup> Relevant records prior to April 2013 were also consulted, wherever required and commented accordingly.

<sup>28</sup> Construction Divisions (i) Batala; (ii) Fazilka; (iii) Ferozepur; (iv) Mohali at Fatehgarh Sahib; (v) Sri Muktsar Sahib; (vi) Patiala; (vii) Sirhind; Provincial Divisions (viii) Ferozepur; (ix) Gurdaspur; (x) Mohali; and (xi) Patiala.

<sup>29</sup> (i) Fatehgarh Sahib; (ii) Ferozepur; (iii) Gurdaspur; (iv) Sri Muktsar Sahib; (v) Patiala; and (vi) Rupnagar (selected by using simple random sampling method).

<sup>30</sup> JCC (i) Batala (1 JCC and 12 RQs); (ii) Rampura Phool (3 RQs); (iii) Sardulgarh (1 JCC and 2 RQs); (iv) Zira (1 JCC and 2 RQs); and (v) JCC Kapurthala (date of completion was not available).

<sup>31</sup> JCC (i) Fazilka (65 per cent); (ii) Ferozepur (66 per cent); (iii) Khamano (final bill yet to be paid); (iv) Mohali (60 per cent); and (v) Patiala (85 per cent).

to be completed between December 2012 and October 2015 were under progress (December 2016) due to not providing clear sites to the contractors, paucity of funds and delayed approval of structural drawings.

➤ None of the 10 works planned during 2014-15 and 2015-16 could be taken up as the estimates for these works had not been finalized due to non-finalization/acquisition of site and non-finalization of drawings.

On the other hand, judges/judicial officers were residing in rented accommodation for which the Department had been paying rent despite the Scheme being in operation since 1993-94. In two selected judicial districts, rent amounting to ₹ 1.98 crore in respect of 22 judicial officers/judges had been paid during 2013-16.

### 3.5.3 Financial management

#### 3.5.3.1 Budget and expenditure

As per revised norms (July 2011 and December 2015) under the Scheme, the expenditure was to be shared between Centre and the State Government in the ratio of 75:25 and 60:40 during 2011-15 and 2015-16 respectively. However, the State Government was free to spend additional funds. The position of funds released and expenditure incurred under the Scheme during 2013-16 is given in **Table 3.5** below.

**Table 3.5: Details of funds released and expenditure incurred during 2013-16**

Year	Funds released by			Expenditure	Savings
	GOI	GOP	Total		
2013-14	100.00	34.31	134.31	128.66	5.65
2014-15	118.05	32.79	150.84	130.16	20.68
2015-16	50.00	50.00	100.00	98.29	1.71
<b>Total</b>	<b>268.05</b>	<b>117.10</b>	<b>385.15</b>	<b>357.11</b>	<b>28.04</b>

Source: Departmental data

During 2014-15, the State Government released only ₹ 32.79 crore against its share of ₹ 39.35 crore (25 per cent) which was short by ₹ 6.56 crore. Further, out of total funds of ₹ 385.15 crore available under the Scheme, ₹ 28.04 crore could not be utilised during 2013-16. The Chief Engineer attributed (May 2016) the reasons for short utilisation to non-passing of bills by the treasury (₹ 21.39 crore) and non-submission of bills by the contractors.

Thus, funds to the tune of ₹ 27.95 crore<sup>32</sup> were not released which adversely affected the construction works planned under the Scheme.

#### 3.5.3.2 Inadmissible expenditure

As per guidelines (May 1999), the Scheme did not include construction of residential quarters for staff and repair and maintenance of court buildings/residential quarters the expenditure on which was to be met by the State Government from its own resources. However, the Department incurred

<sup>32</sup> ₹ 6.56 crore plus ₹ 21.39 crore = ₹ 27.95 crore.

an expenditure of ₹ 32.42 crore on works not covered under the Scheme as detailed in **Table 3.6** below.

**Table 3.6: Details of expenditure incurred on works not covered under the Scheme**

Sr. No.	Name of Division	Name of work	Expenditure (₹ in crore)	Period
1.	Provincial Division, Mohali	Purchase of land for construction of JCC, Mohali	23.02	July 2011 to June 2015
2.	Provincial Division, Ferozepur	Construction of 48 quarters for staff	4.59	June 2014
3.	Seven Divisions <sup>33</sup>	Repair and maintenance of JCCs and houses	4.43	May 2013 to February 2016
4.	Provincial Division, Ferozepur	Construction of lawyers' chambers	0.18	May 2012 to February 2014
5.	Two Divisions <sup>34</sup>	Preparation of bidding documents/detailed estimates and purchase of computers	0.20	September 2013 to July 2015)
<b>Total</b>			<b>32.42</b>	

*Source: Departmental records*

The Chief Engineer stated (August 2016) that the works of the courts in Patiala and Ferozepur were executed after approval of the Home Affairs and Justice Department. As regards Fazilka, the work was executed from the private agency to avoid delay in execution of work and cost escalation. The reply was not tenable as the expenditure of ₹ 32.42 crore (July 2011-February 2016) on this account was not allowed under the Scheme.

### **3.5.4 Programme implementation**

The Department planned 23 works (20 court complexes and 91 residential quarters) during 2013-16 of which only five works (4 court complexes and 19 residential quarters) were completed (December 2013-July 2014) and the remaining 18 works (16 court complexes and 72 residential quarters) were under progress (April 2016).

#### **3.5.4.1 Extra expenditure due to award of work without ensuring availability of site**

Paragraph 2.92 of the PWD code provides that no work shall be commenced on land which has not been made over by the responsible civil officers. Examination of records of Provincial Division, Ferozepur showed that a work of construction of Court Complex Ferozepur was allotted (December 2010) to a contractor for ₹ 35.93 crore to be completed within 18 months but the site was not cleared by the Department. The contractor kept requesting the Executive Engineer (EE) up to February 2014 to provide clear site to complete the work. When the Department did not handover the clear site to the

<sup>33</sup> Provincial Divisions (i) Patiala (₹ 0.41 crore at JCC Patiala); (ii) Mohali (₹ 3.06 crore for Punjab State Legal Service Authority and JCC Mohali); (iii) Ferozepur (₹ 0.46 crore at JCC Ferozepur); Construction Divisions (iv) Ferozepur (₹ 0.26 crore at JCC Guru Harsahai); (v) Sirhind (₹ 0.15 crore at JCC Sirhind), (vi) Electrical Division-1, Patiala (₹ 0.01 crore at JCC Patiala); and (vii) Public Health Division, Patiala (₹ 0.08 crore at JCC Patiala).

<sup>34</sup> (i) Construction Division, Fazilka (₹ 0.13 crore: JCC Fazilka; and (ii) Provincial Division, Mohali (₹ 0.07 crore JCC Mohali).

contractor even after four years from allotment of the work, he refused (April 2014) to continue the work as the construction cost had increased in the intervening period. The EE rescinded (April 2014) the contract after completion of work valuing ₹ 11.72 crore<sup>35</sup> (33 per cent). To complete the balance work, the EE again without ensuring availability of clear site<sup>36</sup>, called (May 2014) fresh tenders and awarded (August 2014) the balance work (₹ 24.21 crore) for ₹ 35.69 crore to another contractor to be completed within 18 months i.e. by 21 February 2016. Non-providing of clear site to the first contractor led to re-tendering which would result in extra expenditure of ₹ 11.48 crore<sup>37</sup> and the re-allotted work which was to be completed by February 2016 had not been completed (December 2016). As of June 2016, ₹ 17.39 crore had been spent on the re-allotted work involving an extra expenditure of ₹ 1.64 crore.

The Chief Engineer stated (August 2016) that after site clearance the old contractor was not ready to execute the work on allotted rates as the prices had increased due to revision of premium/rates as compared to 2010. Therefore, the Department had decided not to get the work executed from the old contractor. The reply was not tenable as it was incumbent upon the departmental authorities to ensure encumbrance free site before award and commencement of work. Thus, failure to ensure encumbrance free site before award and commencement of work resulted in additional expenditure of ₹ 1.64 crore as well as the work remaining incomplete for over six years from the initial allotment of the work.

#### 3.5.4.2 *Unfruitful expenditure due to poor site selection*

Provincial Division, Ferozpur allotted (February 2012) construction work of court complex and residential houses for judges/staff at Zira at a site provided by Home Affairs and Justice Department. Audit observed (February 2016) that after completion of work up to roof level with an expenditure of ₹ 0.32 crore, the work of construction of three residential houses for judges was stopped (April 2013) as the site was not considered suitable for the judges' houses. Subsequently, the site for construction of these houses was changed (August 2014) and three judicial residences were under construction at new site on which an amount of ₹ 0.56 crore had been incurred as of July 2015.

The Chief Engineer stated (August 2016) that the work was stopped as per instructions of the Hon'ble Judge as the residences were very close to the court complex which would have created disturbance. The reply was not acceptable as the unfruitful expenditure of ₹ 0.32 crore was attributable to lack of prior consultation with user authorities resulting in poor site selection that necessitated the subsequent change.

#### 3.5.4.3 *Short-recovery of quality control charges*

Standard Clause 31 of the agreement entered into between the contractor and the Construction Division, Fazilika provides that the contractor shall employ a

<sup>35</sup> As per 23<sup>rd</sup> running bill paid in August 2014.

<sup>36</sup> Old building of Malkhana and lawyer chambers were not shifted.

<sup>37</sup> Cost of re-allotted (₹ 35.69 crore) minus balance work (₹ 24.21 crore).

quality control consultant or set up a laboratory to ensure the quality of the work. Otherwise, a deduction of 1.5 *per cent* of the total cost of the work or actual expenditure incurred, whichever is more, shall be made from the payments of the contractor.

Audit observed that the work of construction of JCC, Fazilka was executed by the Construction Division, Fazilka at a cost of ₹ 39.54 crore up to September 2015. But the contractor did not employ/set-up consultant/laboratory for this work, as required under the provisions *ibid*. As against the quality control charges of ₹ 0.59 crore due from the contractor, only ₹ 0.20 crore (at the rate of 0.5 *per cent* instead of 1.5 *per cent*) was deducted from the bills. Thus, non-compliance to the provisions of the agreement resulted in short-recovery of quality control charges of ₹ 0.39 crore.

### **3.5.5 Conclusion**

Thus, the Department could not complete 78 *per cent* of works planned during 2013-16 due to lack of due coordination and synchronization between availability of land, release of funds and commencement of works. While funds amounting to ₹ 27.95 crore were not released by the State Government, an amount of ₹ 32.42 crore was spent on works not covered under the Scheme. Further, failure to ensure encumbrance free site before award and commencement of work and resulted in additional expenditure of ₹ 1.64 crore as of June 2016 as well as the work remaining incomplete for over six years from the initial allotment of the work while poor site selection resulted in expenditure of ₹ 0.32 crore being rendered unfruitful. Non-adherence to provisions of agreement resulted in short recovery of ₹ 0.39 crore on account of quality control charges.

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

### **3.6 Short realisation of cost of land**

**Commercially viable land was transferred to the Punjab Small Industries and Export Corporation Limited at rates lower than that determined by the Deputy Commissioner resulting in loss of ₹ 21 crore that could have been used to upgrade jail infrastructure in the State.**

The Managing Director, Punjab Small Industries and Export Corporation Limited (PSIEC) requested the State Government in January 2014 to transfer 11 acres of land belonging to Jails Department to PSIEC for resettlement of dyeing industry. At a meeting held in the same month on modernization of jails, it was decided to transfer commercially viable land belonging to the Jails Department at Ludhiana to PSIEC for commercial/industrial exploitation and that immediate steps should be taken to finalize the valuation of the land to be transferred to PSIEC. The resources generated were to be used to upgrade/expand various jails in Punjab. In pursuance of this decision, a Price Fixation Committee set up by the Deputy Commissioner fixed (February 2014) ₹ 3.50 crore per acre as the price of the land of Central Jail, Ludhiana.

The State Government thereafter approved (28 February 2014) transfer of the land to PSIEC after fixation of rate by Deputy Commissioner, Ludhiana. Subsequently, in a meeting held in March 2014 under the chairmanship of Principal Secretary to Chief Minister, it was decided to transfer 15 acre 1 marla land to PSIEC at a cost of ₹ 31.50 crore instead of at ₹ 52.50 crore<sup>38</sup> as fixed by the Price Fixation Committee set up by the Deputy Commissioner. This was done on the plea of PSIEC that only 60 *per cent* area of the land was saleable as remaining 40 *per cent* area was required to be left for roads, parks and drainage of water. Accordingly, PSIEC made the payment of ₹ 31.50 crore to the Jails Department in May 2014 and took possession of the entire land (15 acre 1 marla) in April 2015.

Audit observed that in any development project, some area has to be kept aside for development of common utilities/facilities. However, the cost of acquisition of the entire area along with the cost of development of common utilities/facilities is loaded on to the price of saleable area or plots. It was noticed that PSIEC had also fixed the unit price of the area available for sale by including development cost of total area of land. Therefore, the argument that only 60 *per cent* of the area was saleable and the cost of the remaining land would not be recoverable by PSIEC was untenable. The State Government should have recovered the cost of entire land transferred to PSIEC.

The State Government stated (June 2016) that the land was transferred to PSIEC in accordance with the approval accorded (February 2014) by the Government. The reply was not correct since the State Government's approval accorded on 28 February 2014 specifically stated that the land was to be transferred at rates to be fixed by the Deputy Commissioner, Ludhiana and the approval of the Government did not envisage transfer of land to PSIEC at the rate of 60 *per cent* of its actual cost.

Thus, transfer of commercially viable land to PSIEC at rates lower than that fixed by the Deputy Commissioner, Ludhiana resulted in loss of ₹ 21 crore that could have been used to upgrade jail infrastructure in the State.

## HOUSING AND URBAN DEVELOPMENT DEPARTMENT

### 3.7 Avoidable payment due to delay in award for land acquisition

**Delayed declaration of award for land acquisition led to avoidable payment of appreciation price of ₹ 11.23 crore.**

In order to eliminate delay in providing for payment of adequate compensation to the land owners, the Government of Punjab, (Department of Revenue and Rehabilitation) formulated (December 2006) a policy for acquisition of land under the Land Acquisition Act, 1894 (Act). The policy stipulates that the time period between notification under Section 4 and declaration under Section 6 and thereafter between the declaration and announcement of award

<sup>38</sup> 15 acre 1 marla x ₹ 3.50 crore per acre.

shall be six months at each stage respectively. The District Land Price Fixation Committee (DLPFC) is to determine the market value of land as on the date of publication of the notification under Section 4 within three months of its issue which is to be incorporated in the declaration under Section 6 of the Act. Further, Section 23 (1-A) of the Act stipulates that in addition to the market value of the land, the court shall in every case award an amount calculated at the rate of 12 *per centum* per annum on such market value for the period commencing on and from the date of publication of the notification under Section 4 in respect of such land to the date of the award of the collector or the date of taking possession of the land whichever is earlier.

Test check of records in the office of the Land Acquisition Controller, Greater Mohali Area Development Authority, Mohali (LAC), brought out instances of non-adherence to the timelines stipulated in the policy which ultimately resulted in extra expenditure of ₹ 11.23 crore as below:

(a) The Government of Punjab issued notification on 16 October 2008 under Section 4 of the Act for acquisition of 269.52 acres of land from Sector 74 to Kharar National Highway-21 for construction of a 200 feet wide road and earmarked 200 meters for mix land use alongside the road in district Mohali. However, the department failed to fix the market value of land within three months of the notification under Section 4 i.e. by 15 January 2009. The Land Acquisition Controller, after hearing the objections of the land owners with regard to notification under Section 4, issued the declaration under Section 6 of the Act for acquisition of 200 acres land on 11 September 2009 without incorporating the market value of land as required under the policy. The process of land acquisition was challenged by the land owners in the Hon'ble Punjab and Haryana High Court during the years 2009 and 2010. The case was decided on 14 November 2011 with the High Court quashing the proposal of acquiring land for mix land use alongside the road. Accordingly, after withdrawing 154 acres of land for mix land use alongside the road, the draft award was announced on 12 February 2013 for ₹ 109.64 crore which includes ₹ 18.58 crore as appreciation price from the date of publication of the notification under Section 4 (19 October 2008) for 46 acres of land i.e. 456 days after the decision of the court. As a result, an extra payment of ₹ 9.35 crore<sup>39</sup> was made to the land owners as appreciation price.

The Department stated (October 2016) that before announcement of award it was mandatory to check all the notifications and reference of court cases. The court case was decided on 14 November 2011. In the meanwhile, the reference for fixing the market value of the acquired land was made to DLPFC. The DLPFC also had to collect the market rate of all the surrounding villages as well as the affected villages under acquisition to arrive at the

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<sup>39</sup> Total appreciation price for 906 days: ₹ 18.58 crore paid by LAC between 4 March 2013 and 25 May 2016; appreciation price for 456 days for the period from date of decision of the court to announcement of award (15.11.2011 to 12.02.2013)= ₹ 18.58 x 456/906= ₹ 9.35 crore.



reasonable rates for acquisition. Hence, the time taken by the committee as well as Department was within the required limit. The reply was not acceptable since as per Land Acquisition Policy, DLPFC had to determine the market value of land within three months i.e. by 15 January 2009 of the issue of Notification under Section 4 (16 October 2008). But this was determined on 8 November 2012 i.e. after a delay of 46 months and court case was not for enhancing the market value of land but was against the proposal of acquiring land for mix land use alongside the road.

(b) Government of Punjab issued notification on 25 August 2011 under Section 4 of the Act for acquisition of 32.15 acres land for construction of 100 feet wide road from MDR-B at village Parol to road No.PR-4 in district Mohali. Land Acquisition Controller, after hearing the objections of the land owners with regard to notification under Section 4, issued the declaration under Section 6 of the Act for acquisition of 26.69 acres land on 27 April 2012 without incorporating the market value of land as required under the policy. The Cabinet Sub-Committee, on the recommendation of DLPFC, approved the rate of land on 9 August 2012, which should have been approved within three months of the issue of the Notification under Section 4 i.e. by 24 November 2011. The draft award was announced for ₹ 34.32 crore which included ₹ 5.96 crore as appreciation price from the date of publication of the notification under Section 4 (25 August 2011). The award, which should have been announced by 24 August 2012, was actually announced on 8 February 2013, i.e. after a delay of more than five months. As a result, an extra payment of ₹ 1.88 crore<sup>40</sup> was made to the land owners as appreciation price.

The Department stated (July 2016) that there were many aspects that the DLPFC had to keep in view while fixing the rate. As the rates were not finalized by the DLPFC at the time of notification, rates could not be notified under Section 6 of the Act. The reply was not acceptable as DLPFC had to determine the market value of land within three months i.e. by 24 November 2011 of the issue of Notification under Section 4 (25 August 2011) as required under the policy, which was determined on 9 August 2012.

Thus, due to delayed announcement of award, an extra payment of ₹ 11.23 crore had to be made to the land owners on account of 12 per cent appreciation price, which could have been avoided had the award been announced as per procedure laid down in the policy.

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

<sup>40</sup> Total appreciation price for 528 days: ₹ 5.96 crore paid by LAC between 9 February 2012 and 25 May 2016; appreciation price for 167 days for the period from 25.8.2012 to 8.02.2013 = ₹ 5.96 x 167/528 = ₹ 1.88 crore.

## IRRIGATION DEPARTMENT

### 3.8 Accelerated Irrigation Benefits Programme

**An audit of the Accelerated Irrigation Benefits Programme for the period 2011-16 brought out creation of undue interest liability of ₹ 62.09 crore due to non-implementation of two projects despite availability of funds, loss of central assistance of ₹ 74.76 crore due to non-completion of work in time and short release of State share. Cost overrun of ₹ 1.81 crore due to delay of 43 and 60 months in awarding the works and procurement of material worth ₹ 4.53 crore more than seven years in advance were also noticed.**

#### 3.8.1 Introduction

Government of India (GOI) launched an Accelerated Irrigation Benefits Programme (AIBP) in 1996-97 to provide Central Loan Assistance to major/medium irrigation projects in the country. Since December 2006, the central assistance was given in the form of central grant to major, medium and extension, renovation and modernization of irrigation projects which had clearance from Planning Commission and were in advanced stage of construction and were also not receiving any financial assistance under AIBP. Five projects<sup>41</sup> were covered under AIBP in the State.

An audit of the implementation of the Accelerated Irrigation Benefits Programme during the period 2011-2016 brought out the following:

#### 3.8.2 Delay in release of central assistance and State share

After release of grant by GOI, the Finance Department was to release the funds including State share within fifteen days to the Department of Irrigation. It was however noticed that:

- Out of ₹ 235.16 crore released by the GOI for all five projects during 2011-16, the State Government released only ₹ 78.27 crore to the Department leaving a balance of ₹ 156.89 crore (66.72 per cent) un-released which adversely affected the progress of the works.
- Against the total release of ₹ 319.12 crore by the State Government for all the five projects during 2011-16, the Executing Divisions could utilise only ₹ 260.53 crore leaving ₹ 58.59 crore un-utilised which showed weak financial management in utilising the available funds.

<sup>41</sup> (i) Extension of Kandi Canal from Hoshiarpur to Balachaur Phase-II (25:75) between GOI:GOP; (ii) Construction of Shahpur Kandi Dam (90:10) between GOI:GOP; (iii) Rehabilitation of channels of First Patiala Feeder and Kotla Branch (25:75) between GOI:GOP; (iv) Project for Relining of Rajasthan Feeder from RD 179000-496000 (90:10) between GOI:Government of Rajasthan (GOR); and (v) Project for Relining of Sirhind Feeder from RD 119700-447927 (45.85 contribution arranged by GOR {90:10} GOI:GOR :54:15 contribution arranged by GOP {25:75}GOI:GOP.

➤ In case of Kandi Canal Stage-II, GOI released ₹ 58.17 crore between January 2011 and March 2012 while the State Government released the same after a delay ranging between four and 45 months. Further, out of State share of ₹ 130.89 crore (75 per cent State share against GOI release of ₹ 43.63 crore during 2012-16), funds amounting to ₹ 105.54 crore were released by the State Government after a delay ranging between three to four years. Further, against the total release of ₹ 236.47 crore<sup>42</sup> by Irrigation Department during 2011-16, Executing Divisions could utilise only ₹ 232.04 crore leaving ₹ 4.43 crore un-utilised under the project.

➤ In case of Rehabilitation of 1<sup>st</sup> Patiala Feeder, GOI released (March 2011) ₹ 4.86 crore against which the State Government released (March 2016) only ₹ 10.19 crore out of ₹ 14.58 crore as its share after a delay of about five years. Delay in releasing the State share coupled with short release of ₹ 4.39 crore resulted in no progress of work after November 2010.

➤ In case of relining of Rajasthan Feeder, while releasing ₹ 105.84 crore, GOI had clearly mentioned in the sanction letter that the funds should be released to the implementing agency without any delay failing which the amount would be recovered from the State with interest for the period of default. Audit observed that despite the lapse of more than five years from the receipt of funds of ₹ 105.84 crore from GOI, these funds had not yet been released (July 2016) to the implementing agency. Therefore, GOP was liable to refund the central assistance along with interest amounting to ₹ 50.46 crore<sup>43</sup>. Non-release of funds by GOP had not only denied the irrigation facilities to the people of the area due to non-implementation of the project but also created undue liability of ₹ 50.46 crore on account of interest.

In case of relining of Sirhind Feeder, despite availability of ₹ 54.36 crore (₹ 50 crore released by GOI in March 2014 and ₹ 4.36 crore by Government of Rajasthan in 2012-13), work was not taken up by the Punjab Government. Moreover, the State Government arranged a loan of ₹ 42.70 crore for this project from the National Bank for Agriculture and Rural Development (NABARD) during 2012-13 but did not release the funds to the Department (July 2016). This had not only resulted in blocking of funds but also created an interest liability of ₹ 11.63 crore from January 2013 to March 2016.

➤ In case of construction of Shahpur Kandi Dam, though GOI had released (March 2011) ₹ 15.24 crore, no matching share was released by the State Government during 2011-16.

Thus, short release of share/delay in release of GOI share by the State Government resulted in delay in completion of projects. While in the case of Rajasthan Feeder and Sirhind Feeder, the work had not yet been taken up despite availability of funds, in case of Shahpur Kandi Dam, no matching share by the State Government had been released thereby affecting the progress of project.

<sup>42</sup> GOI share: ₹ 58.17 crore + GOP share: ₹ 178.30 crore = ₹ 236.47 crore.

<sup>43</sup> Calculated at the rate of 7.94 per cent per annum from 03/11 to 03/16.

### 3.8.3 Loss of central assistance due to non-completion of work in time

The project Kandi Canal Stage-II was approved (September 2010) by the Advisory Committee of the Central Water Commission attached with the Ministry of Water Resources, GOI for ₹ 540.24 crore with the condition that the project would be completed by March 2012 and no further time and cost overrun would be accepted. Accordingly central assistance of ₹ 119.14 crore was approved by GOI.

Audit observed that out of ₹ 119.14 crore, GOI released ₹ 58.17 crore<sup>44</sup> during 2010-11 and 2011-12. Though the State Government had released its share of ₹ 178.30 crore (2011-16), the Department failed to adhere to the scheduled date (March 2012) of completion and the work remained incomplete (May 2016). As a result, out of the balance central assistance of ₹ 60.97 crore, only ₹ 1.05 crore were released in March 2016. Thus, delay in completion of project denied the State Government of central assistance of ₹ 59.92 crore.

The Department stated (September 2016) that GOI had tied up the funds and the work would be completed shortly.

### 3.8.4 Loss of central assistance due to short release of State share

GOI released ₹ 29.61 crore<sup>45</sup> (October 2007-March 2011) out of its total share of ₹ 44.45 crore under 'Rehabilitation of 1<sup>st</sup> Patiala Feeder and Kotla Branch'. However, the State Government released only ₹ 102.64 crore (₹ 92.45 crore between January 2008 and April 2010 and ₹ 10.19 crore in March 2016) as its matching share (75 per cent) against the required ₹ 133.35 crore. Due to short release of ₹ 30.71 crore by the State Government, the State was denied the balance central assistance of ₹ 14.84 crore which adversely affected the progress of work.

### 3.8.5 Programme implementation

Audit observed that all five projects covered under AIBP remained incomplete till date as detailed in **Table 3.7** below.

**Table 3.7: Projects taken up but not yet completed as of September 2016**

Name of Project	Original Proposal			Present status	Delay (in years)	Impact of delay and Revised Cost
	Year	Cost (₹ in Crore)	Scheduled Year of completion			
1	2	3	4	5	6	7
Extension of Kandi Canal from Hoshiarpur to Balachaur RD 59.500 to 130.000 km) Stage-II	1999-2000	147.13	03/2011	Some components of KCS-II from RD 59.500 to 115.800 were completed whereas canal beyond RD 115.800 meter to tail was under progress. Project was not completed.	5	Project cost increased from ₹ 147.13 to ₹ 540.24 crore in the year 2009-10.

<sup>44</sup> ₹ 14.54 crore + ₹ 43.63 crore.

<sup>45</sup> ₹ 13.50 crore + ₹ 11.25 crore + ₹ 4.86 crore = ₹ 29.61 crore.

Name of Project	Original Proposal			Present status	Delay (in years)	Impact of delay and Revised Cost
	Year	Cost (₹ in Crore)	Scheduled Year of completion			
1	2	3	4	5	6	7
Shahpur Kandi Dam	2001-02	166.98	03/2007	Execution of work held up from 30.08.2014 due to intervention of Jammu & Kashmir Government. The work was still held up.	9	Project cost increased from ₹ 166.98 to ₹ 588.42 crore in the year 2009-10.
First Patiala Feeder and Kotla Branch	2005-06	123.30	03/2009	No work executed after November 2010. The project is still held up.	7	Project cost increased from ₹ 123.30 to ₹ 199.39 crore in the year 2012.13.
Relining of Rajasthan Feeder from RD 179000 to 496000	2009-10	952.10	03/2014	Project not yet started (June 2016). The revised estimate is pending for approval of CWC.	2	Project cost increased from ₹ 952.10 to ₹ 1421.69 crore in the year 2015-16.
Relining of Sirhind Feeder from RD 119700 to 447927 Km	2009-10	489.16	03/2013	Project not yet started (June 2016). Revised estimate is pending for approval of CWC.	3	Project cost increased from ₹ 489.16 to ₹ 703.90 crore in the year 2015-16.
<b>Total</b>		<b>1878.67</b>				<b>3453.64</b>

Source: Departmental data

Thus, delays ranging from two to nine years due to reasons ranging from need for revised estimates that were pending approvals to an inter-State dispute resulted in 84 per cent cost overrun of ₹ 1,574.97 crore from ₹ 1,878.67 crore to ₹ 3,453.64 crore.

The five projects under the AIBP was to create irrigation potential of 2,56,788 Ha of Culturable Command Area (CCA). Against this, the Department was able to create only 80,328 Ha (average 31 per cent) of CCA during the period 2011-16 as detailed in **Table 3.8** below.

**Table 3.8: Achievement of physical targets**

Name of Project	Target* for Irrigation potential	Achievement of Irrigation potential as on 31 March 2016	Shortfall in achievement	(in Ha)	
				Shortfall (Percentage)	Utilisation of irrigation potential
1	2	3	4	5	6
Extension of Kandi Canal from Hoshiarpur to Balachaur Stage-II	23326 revised to 29527 in September 2010	18728	4598	20	Nil
Construction of Shahpur Kandi Dam	37173	0	37173	100	Nil
Rehabilitation of channels of First Patiala Feeder and Kotla Branch	68624	61600	7024	10	Nil
Relining of Rajasthan Feeder from RD 179000-496000 Km	93117	0	93117	100	Nil
Relining of Sirhind Feeder from RD 119700-447927 Km	34548	0	34548	100	Nil
<b>Total</b>	<b>256788</b>	<b>80328</b>	<b>176460</b>		

Source: Data collected from Central Water Commission

\* The targets of irrigation potential except KCS II remained static.

Audit observed that though irrigation potential of 18,728 Ha was created in case of Kandi Canal Stage-II, it could not be utilized as ancillary works such as cross drainage work, railway bridge and the construction of outlets were delayed because the earlier works of outlets had been damaged (2007-08). Further, no irrigation potential was created under three projects.

Project-wise implementation of the programme is discussed in the following paragraphs:

### **3.8.5.1 Extension of Kandi Canal Stage-II**

The project Kandi Canal Stage-II was technically sanctioned (August 1999) by the Technical Advisory Committee (TAC) of the Central Water Commission (CWC) for ₹ 147.13 crore which was revised (September 2010) to ₹ 540.24 crore with the condition that the project would be completed by March 2012 and no further time and cost overrun would be accepted. Out of the targeted development of irrigation potential of 29,527 Ha lying in Kandi Area, 20,008 Ha were proposed to be covered under flow irrigation and balance 9,519 Ha by lift irrigation on left side of the Kandi canal. The project comprising construction/execution of various<sup>46</sup> components was to be completed by March 2012.

#### **(i) Improper survey**

Though the project was started during 1999-2000, the execution of the project was delayed initially due to non-completion of survey necessitating a change in execution plan from open canal work to the laying of an underground pipe line in the cultivated land of farmers and payment of compensation of ₹ 20.02 lakh to the farmers for damage of crops and thereafter due to the existence of a pipeline of the Gas Authority of India Limited (GAIL) in the alignment of this portion of canal which was obstructing the completion of the work. Both these impediments could have been avoided had there been a proper survey.

The Department stated (September 2016) that the issues of clearances from GAIL and Forest Department had been settled and the project would be completed by March 2017.

#### **(ii) Delay in awarding the works**

Two works<sup>47</sup> of KCS-II were technically sanctioned in February 2009 and October 2010 for an estimated cost of ₹ 5.25 crore and ₹ 11.21 crore respectively. The estimates included ₹ 0.21 crore and ₹ 0.43 crore respectively as cost of laying the pipes. The work of laying the pipes in case of Pojewal Lift Irrigation Scheme (LIS) was allotted (September 2010) for ₹ 0.22 crore after the lapse of tender validity period i.e. after one and a half year from the

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<sup>46</sup> Head Regulators (6), Cross Regulators (3), Cross Regulators-cum-Escape channel (2), Direct Outlets (31), Cross Drainage work (85), V.R. Bridge (72), D.R. Bridge (8), Foot Bridge (32), Railway Bridge (1), Earth Work (2179378 cum), Lining (70.5 Km), Service and Boundary roads (70.5 km), Distributary (161 Km) and Water Course (680 Km) besides acquisition of 293.66 Ha land for the project.

<sup>47</sup> (i) Constructing Pojewal lift irrigation scheme rising main Stage I and II off taking RD 112.526 km; and (ii) laying ACP pipes of Gangowal lift irrigation scheme at RD 88.731 km.

date of opening the tenders due to which the agency refused (July 2013) to execute the work. Thereafter, the work was allotted in February 2014 i.e. after a delay of 60 months for ₹ 1.03 crore. In case of Gangowal LIS, the work was not initiated for more than three and a half years. Thereafter, the work was allotted in May 2014 i.e. after a delay of 43 months for ₹ 1.42 crore. Thus, inordinate delay in allotting the work of laying the pipes resulted in an extra cost of ₹ 1.81 crore<sup>48</sup>.

The Department stated (September 2016) that delay was due to damage of canal in 2008 and the focus was shifted to repair of Bhangi Choe.

**(iii) Ill-planning in procurement of material**

Though material worth ₹ 20.15 crore was purchased by the Department during July 2009 and December 2010 for three works of two LIS under KCS-II project, two works<sup>49</sup> of laying pipes were allotted in February 2014 and May 2014 i.e. after a delay of 54 months and 40 months respectively. As a result, out of 24,990.06 meter pipes procured, 7,299.06 meter pipes (29 per cent) worth ₹ 4.53 crore were yet to be utilised even after a lapse of more than seven years from the date of procurement.

The Department stated (September 2016) that delay was due to damage of canal during heavy rains/floods of 2008 and that they would be utilized shortly. The reply was not tenable because material was purchased during July 2009-December 2010 whereas heavy rains had caused damage to the canal in 2008.

**3.8.5.2 Short recovery of mobilization advance**

The Agreement relating to the work of “Construction of Shahpur Kandi dam” provided that the contractor was entitled for mobilization advance at the rate of five per cent of the initial contract price against bank guarantee. The recovery of the advance was to be at the rate of 20 per cent and was to commence from the next interim payment certificates when such payments reached not less than 15 per cent of contract price or 12 months from the date of payments of first instalment of mobilization advance whichever is earlier.

Audit observed that after allotting (January 2013) the work for ₹ 687.51 crore, mobilization advance of ₹ 34 crore<sup>50</sup> was paid to the contractor. The recovery of mobilization advance was started on 30 July 2014 from the 5<sup>th</sup> running bill after the expiry of 12 months from the date of start. Up to March 2015, a recovery of only ₹ 9.64 crore (principal ₹ 8.72 crore+interest ₹ 0.92 crore) had been made from the agency against the required recovery of ₹ 12.94 crore including interest leading to short recovery of ₹ 3.30 crore. The work had been held up since August 2014 and no recovery of mobilization advance was made since then.

<sup>48</sup> ₹ 0.82 crore + ₹ 0.99 crore.

<sup>49</sup> (i) Laying of ACP pipes Lift Irrigation Scheme for Gangowal; and (ii) Constructing Pojewal Lift Scheme rising main Stage I and II.

<sup>50</sup> ₹ 15 crore on 17 May 2013; ₹ 5 crore on 26 July 2013; and ₹ 14 crore on 20 December 2013.



The Department stated (September 2016) that agreement was still alive so the recovery would be made shortly. The reply was not acceptable because the work was held up for more than two years and moreover the bank guarantees received against mobilization advance had expired in September 2016.

### **3.8.6 Conclusion**

Poor management of funds and release of State share coupled with weak programme implementation resulted in loss of central assistance due to non-completion of project/short release of State share and creation of avoidable interest liability of ₹ 62.09 crore. Procurement of material was made much in advance of requirement and there was delay upto five years in awarding the works even after approval as well as short recovery of mobilization advance. The Department failed to create projected irrigation facility despite spending ₹ 260.53 crore during the last five years. Though irrigation potential of 80,328 Ha was created against the target of 2,56,788 Ha during the period covered under audit, its utilization was not possible due to non-completion of any of the projects.

The matter was referred to Government/Department in August 2016; reply was awaited (December 2016).

### **3.9 Avoidable payment of interest due to delay in payment of land compensation**

**Delay of 41 months in payment of enhanced compensation awarded by the Court resulted in avoidable burden of interest of ₹ 0.93 crore on State Exchequer and also created a liability of ₹ 0.43 crore on this account.**

As per the Standing Order<sup>51</sup> No. 28 issued under the Land Acquisition Act, 1894 (Act), when a court has awarded any compensation in excess of the acquiring officer's award, further payment due should be made into the Court. Section 28 of the Act *ibid*, provides that if the Court awards compensation in excess over that awarded by the collector, the collector shall pay interest on such excess at the rate of nine *per cent* per annum from the date of taking possession of the land to the date of payment of such excess into Court. Where such excess or any part thereof is paid into Court after expiry of a period of one year from the date on which possession is taken, interest at the rate of fifteen *per cent* per annum shall be payable from the date of expiry of the said period of one year on the amount of such excess or part thereof which has not been paid into Court.

Test check of the records of the Chief Engineer (CE), Ranjit Sagar Dam (RSD), Shahpurkandi Township revealed that the Land Acquisition Officer, RSD Project, Shahpurkandi Township, district Pathankot acquired<sup>52</sup> land for the purpose of reservoir area of RSD in September 1998. The land owners

<sup>51</sup> Dealing with the acquisition of land for public purposes.

<sup>52</sup> At the market price between ₹ 12,000 and ₹ 48,000 per acre (i.e. between ₹ 75 and ₹ 300 per marla).

filed (June 2010) reference petition under Section 18 of the Act before the Reference Court of Gurdaspur which enhanced (29 August 2011) the market price of the land to ₹ 1,600 per *marla* and directed the Department to make payment of the enhanced compensation within three months. However, no action was taken to deposit the amount in the Court for making payment of enhanced compensation to the land owners till June 2014 when CE demanded the requisite funds from the Department of Irrigation who sanctioned the same in December 2014. The Finance Department released the funds of ₹ 8.71 crore on 22 April 2015 and it was deposited with the Additional District Judge, Pathankot on 30 April 2015 i.e. 44 months after the decision of the Court.

Audit noticed that the amount of ₹ 8.71 crore included interest of ₹ 5.80 crore at the rate of 15 *per cent* from 01 October 1999<sup>53</sup> to 31 March 2014 (174 months). Had the Department paid the enhanced compensation in the Court within three months of the decision of August 2011, it would have saved interest of ₹ 0.93 crore<sup>54</sup> paid for 28 months from December 2011 to March 2014. Besides, the Department had rendered itself liable for payment of further interest of ₹ 0.43 crore<sup>55</sup> to the land owners for 13 months from 01 April 2014 to 30 April 2015 i.e. actual date of payment in the Court.

The CE attributed (May 2016) the delay in payment to pending appeals in identical cases of the same award in Supreme Court of India. It added that the funds for payment in the cases as per Court's decision of August 2011 were demanded during the year 2014 after the Court pressed for payment on the Execution applications of the land owners. The reply was not tenable as the list of the pending cases supplied (September 2016) by the Project and Reservoir Maintenance Division related to decisions of the Additional District Judge, Gurdaspur, between the years 2000 and 2008 and these did not relate to the Court cases decided on 29 August 2011. Therefore, pending appeals in other cases was no justification for not depositing enhanced compensation with the Court. The delay of 41 months in payment of the enhanced compensation awarded by the Court resulted in an avoidable interest burden of ₹ 0.93 crore on the State Exchequer and also created a liability of ₹ 0.43 crore on this account.

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

<sup>53</sup> After expiry of one year from the date of award (date of taking possession) *viz.* 30 September 1998.

<sup>54</sup> ₹ 5.80 crore/174 months (October 1999 to March 2014) x 28 months (December 2011 to March 2014) = ₹ 0.93 crore (relaxing the period of three months within which the funds were to be deposited in the Court).

<sup>55</sup> ₹ 5.80 crore/174 months x 13 months (April 2014 to April 2015) = ₹ 0.43 crore.

## IRRIGATION AND FINANCE DEPARTMENTS

### 3.10 Commencement of work without assurance of funds

**Commencement of a work of a bridge without availability of required funds resulted in stoppage of the work after expenditure of ₹ 1 crore which was rendered unfruitful as the objective of providing connectivity to the villagers was not achieved even after lapse of more than five years since allotment of the work.**

In order to provide connectivity to villages Hardochhani and Balgan to enable their residents to carry their agricultural produce and transport heavy machinery *viz.* tractor trolley, etc. to the fields, the Chief Engineer (Drainage), Irrigation Works, Punjab technically sanctioned (June 2011) the work of construction of a bridge<sup>56</sup> at Sakki/Kiran Nallah<sup>57</sup> in district Gurdaspur for ₹ 1.43 crore under the Flood Management Programme<sup>58</sup>. As per condition mentioned in the technically sanctioned estimate, the work was not to be started at site till the funds were released, made available and no liability of any kind was to be created.

Scrutiny of the records of the Executive Engineer, Drainage Division, Gurdaspur, revealed that the EE allotted (November 2011) the work to a contractor for ₹ 1.69 crore on work order basis<sup>59</sup>. The contractor abandoned the work in March 2013 due to non-payment of his bills for the work executed and thereafter re-started it in September 2014 on the request of the EE. However in October 2014, the EE directed the contractor to stop the work due to non-availability of funds. As of March 2016, sixty *per cent* of the work stood completed after incurring an expenditure of ₹ 1 crore and the work was lying abandoned.



Photographs taken on 06 May 2016

Thus, allotment of work in disregard of the condition of the technical sanction and without ensuring the availability of funds rendered the expenditure of ₹ 1 crore unfruitful as the connectivity to the villages could not be provided due to non-completion of the bridge even after more than five years.

<sup>56</sup> RD 406800/RD 420214.

<sup>57</sup> Originating from Swailpur Kohlian near Dina Nagar in district Gurdaspur and out falling in river Ravi near village Lodhi Gujjar in district Amritsar.

<sup>58</sup> A centrally sponsored scheme where 75 *per cent* funds were provided by the Government of India and the balance 25 *per cent* by the State Government.

<sup>59</sup> In which no time limit for completion of the work was prescribed.

The matter was referred to the Government in July 2016; reply was awaited (December 2016).

## PUBLIC WORKS (BUILDINGS & ROADS) DEPARTMENT

### 3.11 Over payment of price escalation

**The Department made an overpayment of ₹ 2.39 crore to the contractor due to inclusion of cost of bitumen at base rate in the value of work done while calculating price escalation on components other than bitumen.**

The Ministry of Road Transport and Highways, Government of India (MORTH), accorded (February 2011) administrative approval to the work of widening and strengthening of Phagwara-Hoshiarpur road (kms 2.20 to kms 37.54) under Central Road Fund (CRF) for ₹ 44.58 crore.

Test check of records of the Executive Engineer (EE), Provincial Division, PWD (B&R Branch), Hoshiarpur (EE), brought out that the EE allotted (May 2011) the work to a contractor for ₹ 35.75 crore for completion within 15 months i.e. by 06 September 2012 reckoned with effect from 07 June 2011. The work could not be completed within the stipulated period due to non-release of payments to the contractor who subsequently approached (January 2013) the Dispute Review Expert (DRE). The DRE held (February 2013) that the contractor was entitled to price escalation of all commodities and labour. In respect of bitumen, the DRE held that the contractor be allowed the payment for difference in rates on which the bitumen was actually procured for consumption on the work during the period beyond the stipulated date of completion and the rates prevailing 28 days prior to receipt of the tenders (base rate). The Chief Engineer (NH), Patiala (CE) initially rejected (March 2013) the decision of the DRE and directed for re-tendering. However, the EE submitted (June 2013) that re-tendering would not be a financially viable option and recommended continuing with the current contractor and allowing price escalation as suggested by DRE. EE also proposed that the price escalation for non-bitumen component would be paid after deducting the cost of bitumen from the value of the work done for the month under consideration. This proposal was accepted (June 2013) by CE. The work was completed in June 2015 and the EE paid (September 2015) final bill of ₹ 47.26 crore to the contractor which included interest amount of ₹ 0.75 crore.

Audit observed that for price escalation of non-bitumen components, the bitumen component was to be excluded from the total value of work done during the respective months as actual price difference of bitumen was paid separately. However, the value of bitumen at base rate was not subtracted from the value of work done after the stipulated date of completion for calculating price escalation of non-bitumen components. Inclusion of the value of the bitumen in the total value of work done considered for price escalation resulted in over payment of ₹ 2.39 crore on account of price escalation on non-bitumen components.

The EE stated (November 2015) that interest was paid as per the agreement and added (August 2016) that value of bitumen at base rate was not subtracted from the value of work done as per the contract agreement and DRE's decision. The plea of the EE regarding non-subtraction of value of bitumen at base rate from the value of work done was not acceptable since DRE had directed to pay the difference of actual purchase price of bitumen and base rate. As such, the entire cost of bitumen including base rate should have been subtracted from the value of work done while calculating price escalation for other components other than bitumen.

Thus, inclusion of value of bitumen at base rate in the value of work done while calculating price escalation on components other than bitumen resulted in an over-payment of ₹ 2.39 crore to the contractor.

The matter was referred to the Government in July 2016; reply was awaited (December 2016).

### **3.12 Extra expenditure due to change in scope of work**

**Change in scope after award of the work coupled with delayed action by the Department for non-completion of the work by the contractor delayed the work by 22 months and inflicted extra burden of ₹ 0.79 crore on State Exchequer.**

The Public Works Department instructed (August 2011) all Chief Engineers/Superintending Engineers/Executive Engineers to ensure that no change in scope of work or specifications involving major increase in cost of the work is allowed after award of the tender. Para 6.11(vi) of Public Works Department (Buildings and Roads) Manual of Orders provides for most careful preliminary investigation prior to the framing of a project so as to ensure that the estimate is made, as complete as possible, to avoid excesses over the original and to dispense with the necessity of revising the estimate.

Test check of records of the Executive Engineer, Construction Division No. 1, PWD (B&R Branch), Jalandhar (EE), showed that the EE allotted (December 2011) a work<sup>60</sup> of road maintenance for ₹ 2.87 crore for completion within five months i.e. by 19 May 2012. To expedite the work, the Chief Engineer (Plan Roads), Punjab (CE) ordered (March 2012) that the specification of the work of two layers of stone metal be replaced with one layer of 50 mm Bituminous Macadam (BM). The CE approved (12 April 2012) the enhancement of the awarded cost to ₹ 3.85 crore from ₹ 2.87 crore (34 per cent) which was intimated to the contractor on 27 April 2012 i.e. twenty three days before the stipulated date of completion.

In September 2012, the contractor informed the EE that he would execute the work of BM at the current rates and not on the rates prevailing at the time of the original tender. He further requested the Department to enter into a sub-agreement for the work of BM because it involved a change in scope of the

<sup>60</sup> Maintenance of Gorayan to Bara Pind–Masani Road upto Banga Phillaur Road, Phagwara–Dosanjh–Mukandpur Road in km 0.00 to km 16.00.

work. He added that he had already laid BM in about two kilometers length after assurance given by the EE that a fresh agreement or a sub agreement for BM would be made. In case this was not acceptable, the EE could get the work of BM done from some other agency. The EE intimated (04 December 2012) the contractor that there was no need to make a fresh agreement or sub-agreement and requested him to execute the work with the changed specifications. The contractor reiterated (18 December 2012) his earlier request of September 2012.

Time extensions were granted up to 30 September 2013 by the EE but neither a fresh/sub-agreement was made by the EE nor was the work completed by the contractor. The EE rescinded the agreement (30 September 2013) and paid his final bill of ₹ 1.51 crore in December 2013. After re-tendering, the EE allotted (14 January 2014) the balance work to another contractor for ₹ 3.10 crore for completion by 13 May 2014. The work was completed on 31 March 2014 and ₹ 3 crore was paid (April 2015) to the subsequent contractor. The Department had to incur ₹ 0.79 crore extra on the executed work due to increase in tendered rates.

The Chief Engineer, PWD (B&R Branch) Punjab, Patiala (CE) stated (August 2016) that extra expenditure was due to time span of almost two years between initial tendering and re-tendering during which rates of most of the items had increased and the re-tendering was unavoidable as the contractor had not completed the work.

Thus, change in scope of the work after award of the tender just one month prior to the stipulated date of completion coupled with inaction on the part of the Department in taking timely action for non-completion of the work by the contractor delayed the work by 22 months and inflicted an extra burden of ₹ 0.79 crore on the State Exchequer.

The matter was referred to the Government in July 2016; reply was awaited (December 2016).

### **3.13 Additional cost due to delay in handing over encumbrance free site for execution of work**

**Delay of 37 months in handing over of the site for Jalandhar-Hoshiarpur road work and delay in obtaining forest clearance in work of widening of Kartarpur-Kapurthala Road resulted in avoidable payment of ₹ 2.73 crore to the contractor.**

The PWD Code provides that no work should be commenced on land which has not been duly made over by the competent authority. As per agreements executed by the department with contractors, it is incumbent upon the department to hand over possession of encumbrance free site to the contractors to enable them to execute the work and any delay could be treated as a compensation event. Audit noted two instances where the department failed to hand over possession of encumbrance free site that resulted in payment of ₹ 2.73 crores as compensation to the contractors as discussed below:

(a) The Executive Engineer, Central Works Division, Hoshiarpur (EE), allotted (December 2009) the work of four laning (kms 1.74 to 6.00) of National Highway 70 Jalandhar-Hoshiarpur road to a contractor at a cost of ₹ 8.44 crore for completion within 11 months i.e. up to 01 November 2010. As per the agreement, the Department had to give possession of all parts of the site to the contractor on the date of award of the contract. If possession of a part was not given by the date of award of contract, the employer was deemed to have delayed the start of the relevant activities and this was to be treated as a compensation event. Further, the agreement provided that if a compensation event caused additional cost or prevented the work being completed before the intended completion date, the contract price was to be increased and/or intended completion date extended.

Scrutiny of records of the Public Works Department showed that the pace of the work was hampered from the very beginning due to non-handing over of clear site<sup>61</sup> to the contractor. The site was finally cleared on 25 February 2013 and works was completed on 30 November 2013 after 37 months beyond scheduled date of completion. The EE paid final bill for the work amounting to ₹ 8.61 crore in March 2014. Thereafter, the contractor approached (July 2014) the Superintending Engineer-cum-Dispute Review Expert, Central Works Circle, Punjab, PWD (B&R Branch), Chandigarh (DRE) for payment of compensation on account of delay in handing over the clear site as stipulated in the agreement. DRE while admitting his claims stated (October 2014) that the contractor incurred extra expenditure on procurement of bitumen over the rates prevailing on the original date of completion and escalation for other items and ordered compensation for the same. Accordingly, an amount of ₹ 1.41 crore was paid (₹ 1.12 crore in December 2014 and ₹ 0.29 crore in January 2015) to the contractor on account of compensation<sup>62</sup>.

Thus, delay in removal of encumbrances of electric poles and transformers and obtaining clearance for cutting of trees and handing over of site delayed Jalandhar-Hoshiarpur road work by 37 months and resulted in payment of compensation of ₹ 1.41 crore to the contractor.

(b) The work of widening/strengthening of Kartarpur–Kapurthala Road (0.00 to 13.00 kms) in Jalandhar and Kapurthala districts under Central Road Fund was allotted (20 February 2010) to a contractor for ₹ 7.13 crore for completion within eight months i.e. by 19 October 2010 on the same terms as brought out above.

Test check of records of the Executive Engineer, Central Works Division, PWD (B&R Branch), Jalandhar (EE), revealed that action to seek permission for diverting forest land and electric lines falling within the site was started in August 2010 i.e. after six months from the date of allotment and just two months prior to the scheduled date of completion. As such, the completion of work was delayed as the clear site was not provided to the contractor till October 2012 i.e. even after lapse of two years beyond its date of completion. Due to failure to fulfill the contractual obligations of providing the clear site to

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<sup>61</sup> Which was occupied by trees, electric poles and electric transformers.

<sup>62</sup> ₹ 0.47 crore for bitumen; and ₹ 0.94 crore for other items except bitumen.



him, the contractor invoked the agreement and demanded (October 2012) increase in contract price on the basis of rates prevailing in September 2012. The Department had to accept (October 2012) the contractor's claims and enhanced the amount of contract from ₹ 7.13 crore to ₹ 8.61 crore (October 2012) when the work was re-started. This also included the work of providing and laying of Semi Dense Bituminous Concrete in central portion of the road in km 0.00 to 6.00 km, which had not been included in the original work at the revised rates for ₹ 0.75 crore. The work was completed in April 2013 and the contractor was paid ₹ 8.69 crore in January 2014. Comparison of the work executed after October 2012 at the revised rates with the original allotted rates revealed that cost of work had increased by ₹ 0.95 crore. Besides, the department also paid interest of ₹ 0.37 crore due to delayed payments to the contractor as per the agreement.

The Chief Engineer (NH), Punjab PWD (B&R Branch) stated (November 2016) that no provision of forest clearance was made in the estimate and NOC from Forest Department was necessitated due to increase in the scope of work. The CE added that delay in the execution of the work deteriorated the central portion of km 0.00 to 6.00 and thus semi dense bituminous concrete was required to be laid. As regards payment of interest, the CE stated that the payments were delayed due to late receipt of funds from the Finance Department. The reply was not tenable as the estimate of the work submitted by the EE had provision of forest clearance. Thus, delay in providing the clear site and delay in making payment to the contractor increased the avoidable cost of work by ₹ 1.32 crore<sup>63</sup>.

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

### **3.14 Unfruitful expenditure due to inadequate allotment of funds after administrative approval and commencement of works**

**Inability of the Department to ensure adequate allotment of funds while according administrative approval and commencing works for construction of a Science Block in a college and a multi-purpose stadium resulted in unfruitful expenditure of ₹ 2.61 crore incurred on its construction and the works remaining abandoned for period upto six years.**

The Public Works Department Code provides that no work shall be commenced unless a properly detailed design and estimate has been sanctioned, allotment of funds made and orders for its commencement issued by the competent authority. The intention of the provision is to ensure a synchronization between availability of funds and execution of works. Once works are awarded and execution commenced, it is necessary that requisite flow of funds are ensured so as to avoid delay, unfruitful expenditure and cost escalation. Audit noticed instances where works awarded and commenced had subsequently to be abandoned after part execution due to paucity of funds resulting in unfruitful expenditure as well as denial of the intended benefits as discussed below.

<sup>63</sup> Increase in cost of work: ₹ 0.95 crore; interest: ₹ 0.37 crore = ₹ 1.32 crore.



(a) The Department of Higher Education and Languages accorded (February 2009) administrative approval for the construction of Government College (Science, Arts and Administrative blocks) at Talwara for ₹ 17.35 crore. Test check of records of the Executive Engineer, Construction Division, PWD (B&R Branch), Mukerian (EE) showed that the EE allotted (26 February 2009) the work to a contractor at a cost of ₹ 12.11 crore for completion within 12 months i.e. by 25 February 2010. However, the EE received (between April 2009 and July 2012) only ₹ 8.50 crore against the allotted cost of ₹ 12.11 crore for this work. While the work of Arts and Administrative blocks had been completed and handed over to the College authorities in September 2012 with total expenditure of ₹ 8.61 crore (January 2016) including ₹ 0.92 crore (thirty *per cent* of ₹ 3.08 crore, the estimated cost of the Science block). The remaining work of Science block had been held up since January 2013 for want of balance funds and the block could not be put to any use by the College authorities. The agreement with the contractor was finally rescinded in May 2014. The EE stated (May 2014) that funds for the balance work had not been received despite persistent efforts and added (February 2016) that the agreement had been rescinded for want of funds and the balance work would be completed by the client department at their own level.



**Abandoned Science block  
(17 February 2016)**

(b) The Department of School Education accorded (December 2011) administrative approval for ₹ 3 crore for the construction of a multi-purpose sports stadium at village *Sekhwan* in district Gurdaspur. The Chief Engineer (Buildings), Punjab Public Works Department (Buildings and Roads Branch), gave technical sanction (December 2011) to the detailed estimate of the work. Test check of the records of the Executive Engineer, Construction Division, Gurdaspur at Batala (EE) showed that the EE allotted (March 2012) the work to a contractor at a cost of ₹ 2.92 crore for completion within six months i.e. by September 2012. However, the contractor stopped (June 2013) the work after completing 61 *per cent* of it due to non-payment for the executed work and filed a writ petition in Hon'ble Punjab and Haryana High Court. Based on the decision of the High Court (February 2014), the EE paid (October 2014) ₹ 1.62 crore to the contractor. Total expenditure incurred on the work so far was ₹ 1.69 crore. As of September 2016, the balance work was lying abandoned for want of funds required for its completion. The EE stated (May 2016) that the work had been held up for want of balance funds.



Photographs taken on 16 June 2016

Thus, the failure of the department to ensure adequate flow of funds for projects that had been accorded administrative approval and works awarded for execution resulted in unfruitful expenditure of ₹ 2.61 crore and depriving the users of the benefits of the works.

The matter was referred to the Government in May and July 2016 respectively; reply was awaited (December 2016).

### REVENUE, REHABILITATION AND DISASTER MANAGEMENT DEPARTMENT

#### 3.15 Excess payment of compensation to landowners

**Payment of additional compensation on solatium in contravention of the provisions of Land Acquisition Act and National Highways Act led to excess payment of ₹ 0.96 crore to land owners.**

On behalf of the National Highways Authority of India, the Competent Authority-cum-Sub Divisional Magistrate, SAS Nagar, announced<sup>64</sup> (August 2013) an award of ₹ 29.06 crore for acquisition of land measuring 27,552.40 Biswasi<sup>65</sup> for widening/four-laning of NH-64 on the Zirakpur-Patiala section in district SAS Nagar. The award was announced in accordance with Section 23(1A & 2) of the Land Acquisition Act, 1894 (LA Act) together with Section 3G of National Highways Act, 1956 (NH Act) which provided for payment of solatium of 30 *per cent* and additional compensation at the rate of 12 *per cent* per annum on such determined market value for the period commencing on and from the date of publication of the notification under Section 4 (Section 3 (A) under NH Act) in respect of such land, to the date of award or the date of taking possession of the land, whichever was earlier. Accordingly, the Union Ministry of Road Transport and Highways transferred (May 2014) ₹ 29.06 crore to the Competent Authority-cum-Sub Divisional Magistrate, SAS Nagar for disbursing the compensation to the land owners/interested persons.

During test-check of records in the office of Sub Divisional Magistrate, SAS Nagar, it was noticed that instead of disbursing the compensation to the land owners as per the award announced in August 2013, the Competent Authority-cum-Sub Divisional Magistrate forwarded (January 2015) a revised award in

<sup>64</sup> Notification under Section 3(A) of National Highways Act, 1956 was issued on 30.01.2012.

<sup>65</sup> Villages (i) Banur (34 Bigha 10 Biswa and 12 Biswasi i.e. 13,812 Biswasi); and (ii) Gobindpura (34 Bigha 7 Biswa and 0.4 Biswasi i.e. 13,740.40 Biswasi).  
1 Bigha = 20 Biswa ; and 1 Biswa=20 Biswasi.

respect of land measuring 23,288 Biswasi<sup>66</sup> for ₹ 25.80 crore after rectifying excess land inadvertently included in the earlier award (notification) to the Chief Engineer (National Highways), Punjab PWD (B&R), Patiala (CE-NH). The amount of the revised award (₹ 25.80 crore) included additional payment at the rate of 12 *per cent* per annum (₹ 0.99 crore) on solatium over and above that provided for in the award of the Competent Authority-cum-Sub Divisional Magistrate and the LA Act and NH Act. Without waiting for approval of NHAI to the revised award, the Competent Authority-cum-Sub Divisional Magistrate had disbursed (as on 17 January 2017) the compensation of ₹ 25.04 crore<sup>67</sup> (out of ₹ 25.80 crore) to the land owners as per the revised award which included the excess additional payment on solatium amounting to ₹ 0.96 crore.

The Competent Authority-cum-Sub Divisional Magistrate stated (October 2015) that the Department had correctly awarded the compensation as per decision (October 2004) of the Hon'ble Punjab and Haryana High Court in another case<sup>68</sup> in which the Hon'ble High Court had also allowed additional compensation at the rate of 12 *per cent* per annum on the solatium component.

The reply was not tenable as the judgement on the basis of which additional payment was made pertained to an entirely different case of the State of Haryana in which the notification under Section 4 was made after 10 years of taking possession of the land. Since as per the LA Act, interest for the period prior to the award was not payable, the Hon'ble Court had ordered the additional compensation at the rate of 12 *per cent* per annum on the amount of solatium in order to compensate the claimants. However, in the award announced in August 2013, there was no such delay in issuance of notification under Section 4 (Section 3-A of NH Act). Therefore, the said decision of the Hon'ble High Court was based on the specific circumstances of that case and applicable to the parties involved in that case only and could not be generalised for application to all other land acquisition cases.

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

### **3.16 Non-utilisation of satellite imagery for hazard vulnerability analysis for disaster management**

**Indecision on the part of the Department in selecting an executing agency resulted in High Resolution Satellite Imagery worth ₹ 0.83 crore not being used for preparation of Hazard Risk Vulnerability Analysis even after more than five years of its procurement.**

The guidelines on District Disaster Management Plan issued (February 2005) by the National Institute of Disaster Management (NIDM), Government of

<sup>66</sup> Villages (i) Banur (24 Bigha 13 Biswa and 18 Biswasi i.e. 9,878 Biswasi; and (ii) Gobindpura:(33 Bigha 10 Biswa and 10 Biswasi i.e. 13,410 Biswasi).

<sup>67</sup> ₹ 23.60 crore up to 31.12.2014 and ₹ 1.44 crore from 1.1.2015 to 12.05.2016.

<sup>68</sup> RFA No. 1804 of 1989 decided on 01-10-2004 (Yudhbir Singh Lamba and Othrs Vs. State of Haryana and Others).

India (GOI), stipulated that there should be a proper assessment of the vulnerable areas of disaster, preparedness, response, mitigation and reduction of impact of disaster. Accordingly, with a view to generating a Hazard Risk Vulnerability Analysis (HRVA) and a database for Geographical Information System (GIS) for disaster management, the Department of Revenue, Rehabilitation and Disaster Management (Department) placed (July 2010) an order for procurement of High Resolution Satellite Imagery (HRSI) for the entire State of Punjab from the Department of Science and Technology (DoST), Government of India, at a cost of ₹ 0.83 crore<sup>69</sup>. The expenditure on preparation of HRVA was to be met from funds of ₹ 5 crore provided by GOI each year during 2010-11 to 2011-15 for capacity building for disaster response.

Audit of records of the Financial Commissioner (Revenue), Punjab, showed that the Department recruited (December 2011) 29 Response Centre Professionals (RCP) for carrying out HRVA<sup>70</sup> using HRSI procured between December 2010 and July 2011. However, this sophisticated imagery could not be put to use for preparation of HRVA as the Department could not decide about getting the work done either from Response Centre Professionals recruited for the purpose or by outsourcing it to one of the Universities<sup>71</sup>.

The Department stated (January 2017) that due to expiry of the scheme on 31 March 2015 and non-validation of funds thereafter, the services of the employees recruited for the purpose were terminated and the work was not allotted to any agency. As such, the work could not be processed further. It added that HRSI were now being used for other purposes<sup>72</sup>. The reply of the Department was not tenable as despite availability of funds during 2010-15 and manpower (RCPs), the Department could not use HRSI worth ₹ 0.83 crore for intended purpose related to disaster management even after more than five years of its procurement thereby causing an important objective under disaster management to remain unachieved.

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

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<sup>69</sup> The purchase was funded out of the Calamity Relief Fund (now State Disaster Response Fund).

<sup>70</sup> In addition to other duties, as per Terms of Reference.

<sup>71</sup> (i) Guru Nanak Dev University, Amritsar, (ii) Punjabi University, Patiala; and (iii) Panjab University, Chandigarh.

<sup>72</sup> (i) Punjab Land Record Society for imparting training to the employees of Revenue Department and for geo-referencing with digitized records; (ii) Punjab Remote Sensing Department for database of Punjab; and (iii) Forest Department for forest mapping.

**REVENUE, REHABILITATION & DISASTER MANAGEMENT AND  
IRRIGATION DEPARTMENTS**

**3.17 Avoidable burden on State Exchequer due to undue delay in  
announcement of award for land compensation**

**Delay in initiating land acquisition process and thereafter delay in fixing market value of land and announcement of award beyond the stipulated period resulted in avoidable burden of ₹ 13.25 crore on the State exchequer.**

With a view to eliminating delay in land acquisition proceedings, the Department of Revenue and Rehabilitation formulated (December 2006) a new policy for acquisition of land under the Land Acquisition Act, 1894 (Act). The policy stipulates that the time period between the notification under section 4 and declaration under section 6 and thereafter between the declaration and announcement of award shall be six months at each stage respectively. The District Land Price Fixation Committee (DLPFC) is to determine the market value of land as on the date of publication of the notification under section 4, within three months of its issue which is to be incorporated in the declaration under section 6 of the Act.

Test check of records of the Executive Engineer, Patiala Drainage Division, Patiala (EE), showed that Irrigation Department constructed<sup>73</sup> embankments from RD 0 to 13000 on both sides of Sagrapara drain<sup>74</sup> by taking possession of 34.53 acres land on 22 May 1999 with the consent of the villagers of three villages<sup>75</sup> of district Patiala. Though the possession of land was taken in May 1999, the Irrigation Department began formal acquisition proceedings only 12 years later and issued notification under section 4 on 11 August 2011. There was neither any justification/reason on record nor were any reasons intimated by the department for delayed initiation of the acquisition process. Declaration was issued under section 6 on 02 September 2011 without incorporating therein market value of the land as required under the policy. The market value of this land was first fixed at ₹ 13 lakh per acre by DLPFC on 11 June 2013 i.e. after almost two years of the issue of declaration. However, the award was not announced for which no justification was found on record. Thereafter, DLPFC met again on 27 May 2014 and fixed the same rate of ₹ 13 lakh per acre. The LAO finally announced the award on 14 November 2014 for ₹ 19.07 crore<sup>76</sup> including solatium @ 100 per cent and interest for more than three years after the issue of notification under section 4.

In the meantime, 'Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013' (New Act) had come into force with effect from 01 January 2014. The award announced was worked out after considering the provisions of the New Act and included

<sup>73</sup> To save agricultural land and crops of the farmers from damage during rainy season.

<sup>74</sup> Out falling into river Ghaggar near village Sagra in Tehsil Samana, district Patiala.

<sup>75</sup> Arno-2.06 acre; Chichharwal-11.51 acre; and Sagra-20.84 acre.

<sup>76</sup> Arno-₹ 1.14 crore; Chichharwal-₹ 6.38 crore; and Sagra-₹ 11.55 crore.

*Solatium* of ₹ 4.47 crore at the rate of 100 *per cent* on the cost of ₹ 4.47 crore which was payable at the rate of 30 *per cent* (which works out to ₹ 1.34 crore on the cost of ₹ 4.47 crore in the instant cases) prior to coming into force of the New Act. Thus, the State could have saved ₹ 3.13 crore<sup>77</sup> on account of payment of *Solatium* had the land acquisition proceedings been completed by 10 August 2012 i.e. within the prescribed period of one year of issue of the notification.

It was further observed that the awarded compensation included interest of ₹ 10.12 crore<sup>78</sup> from May 1999 i.e. the date of possession to November 2014 which was injudicious as the award itself was announced in November 2014 and that too on the basis of current market rates. Hence payment of interest from May 1999 was not warranted.

The Land Acquisition Officer, (LAO) did not furnish (December 2016) reasons for not completing the land acquisition proceedings within one year of the issue of notification. With regard to award of interest of ₹ 10.12 crore from 23 May 1999, the LAO stated (September 2015) that the land owners were eligible for the same under the Act.

The reply of LAO regarding payment of interest from 23 May 1999 to 13 November 2014 is not acceptable as Section 34 of the Act provides for payment of interest if the awarded compensation is delayed whereas in the instant case, compensation was awarded in November 2014 itself and on the basis of current market rates and not at the rates prevailing in May 1999. Hence, payment of interest from 1999 was not correct.

Thus, delay in initiating land acquisition process and thereafter, delay in fixing market value of land and announcement of award beyond the stipulated period, resulted in avoidable burden of ₹ 13.25 crore<sup>79</sup> on the State exchequer.

The matter was referred to the Government/Department in April 2016; reply was awaited (December 2016).

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(in ₹)

Name of the village	Tehsil	Compensation as per market rate approved in the award	<i>Solatium</i> paid at the rate of 100 <i>per cent</i> of compensation as per Section 30 of 2013 Act	<i>Solatium</i> as per the Land Acquisition Act, 1894, payable at the rate of 30 <i>per cent</i> before 01/01/2014	Avoidable payment of <i>Solatium</i>
Arno	Patran	26,81,250.00	26,81,250.00	8,04,375.00	18,76,875.00
Chichharwal	Patran	1,49,66,250.00	1,49,66,250.00	44,89,875.00	1,04,76,375.00
Sagra	Patran	2,70,96,875.00	2,70,96,875.00	81,29,062.50	1,89,67,812.50
<b>Total</b>		<b>4,47,44,375.00</b>	<b>4,47,44,375.00</b>	<b>1,34,23,312.50</b>	<b>3,13,21,062.50</b>

<sup>78</sup> Arno-₹ 0.61 crore; Chichharwal-₹ 3.38 crore; and Sagra-₹ 6.13 crore at the rate of nine *per cent* from 23 May 1999 to 22 May 2000 and thereafter upto 13 November 2014 at the rate of 15 *per cent*.

<sup>79</sup> ₹ 3.13 crore on account of extra *Solatium* and ₹ 10.12 crore on account of interest paid between November 2014 and January 2016.



## SCIENCE, TECHNOLOGY AND ENVIRONMENT DEPARTMENT

### 3.18 Post clearance monitoring of environment clearances

**The Punjab Pollution Control Board failed to carry out monitoring of compliance of Environmental Clearance conditions. Provisions related to renewal of Consent to Operate/Consent to Establish/Environmental Clearance were not strictly enforced with the result that some projects were operating without valid environmental clearances. Statutory permissions for drawing ground water and disposal of hazardous waste were not obtained from the Central Ground Water Board and the Punjab Pollution Control Board respectively. Inadequacies were noticed in the implementation of activities falling under the ambit of Corporate Social Responsibility. Green belt was not developed as required under environment clearance condition while fly ash was not being utilised as per Fly Ash notification.**

#### 3.18.1 Introduction

The Union Ministry of Environment, Forest and Climate Change (MoEF&CC) vide Environment Impact Assessment (EIA)<sup>80</sup> Notification (September 2006) made Environment Clearance (EC) mandatory for eight sectors<sup>81</sup> comprising 39 different activities falling under category 'A' and 'B'. MoEF&CC and State Level Environment Impact Assessment Authority (SEIAA)<sup>82</sup> are the designated authorities for issuing EC for category 'A' and 'B' projects respectively.

An audit was conducted to assess whether an adequate post environmental clearance monitoring mechanism was in place and to ascertain whether the Project Authority (PA) complied with all the conditions of EC and commitments made in the EIA report. The audit was conducted with reference to the criteria contained in the EIA Notification of September, 2006, as amended from time to time.

In Punjab, 456 category 'A' projects<sup>83</sup> and 121 category 'B' projects<sup>84</sup> of various sectors were granted EC by MoEF&CC and SEIAA respectively during 2008-2012<sup>85</sup> out of which nine projects of category 'A' and 16 projects of category 'B' were selected for audit verification by covering the period 2012-16. While MoEF&CC had not visited any selected projects with audit

<sup>80</sup> Environment Impact Assessment is a process for identifying the environmental impacts of a project prior to its approval.

<sup>81</sup> (i) Mining, extraction of natural resources and power generation; (ii) Primary Processing; (iii) Materials Production; (iv) Materials Processing; (v) Manufacturing/Fabrication; (vi) Service Sectors; (vii) Physical Infrastructure including Environmental Services; and (viii) Building /Construction projects/Area Development projects and Townships.

<sup>82</sup> Constituted by Central Government.

<sup>83</sup> Construction:142, Industries:75, Infrastructure:13, Non-coal mining:215, and Thermal:11.

<sup>84</sup> Construction:66, Industries:2; Infrastructure :23; and Non-coal mining:30.

<sup>85</sup> The validity of EC was five years, thus those projects were selected for which EC was issued during 2008-12.



party, PPCB had participated in physical verification of the nine selected category-A projects but signed only four of the nine joint inspection reports. Out of the 16 category-B projects selected for audit, physical verification of only six projects could be carried out with the help of the Regional Office of MoEF&CC, Chandigarh (RO).

### **Audit findings**

#### **3.18.2 Lack of oversight over compliance with EC conditions**

As per the Punjab Science, Technology and Environment Department directions of September 2014, PPCB would monitor the compliance of EC conditions in respect of category-B projects which were issued by SEIAA.

Scrutiny of records of PPCB revealed that PPCB had not inspected any of the selected projects to verify compliance of EC conditions. Audit observed that out of 15 test-checked projects, in five projects (Category-A:2 and Category-B:3), the condition of compliance of EC conditions was incorporated in the Consent to Operate (CTO) which was issued by PPCB and PPCB was required to verify for compliance.

PPCB stated (May 2016) that as per EIA Notification, 2006, the Board neither had any responsibility to verify the compliance of EC conditions nor any power to take action against the violator. However, the Department stated (October 2016) that as far as the State Government was concerned, it stood by its instructions contained in its letter dated 8 September 2014 which directed PPCB to provide assistance to SEIAA in monitoring compliance with EC conditions in respect of category-B projects.

Evidently there was lack of clear demarcation of responsibilities between the PPCB and the State Government with regard to the monitoring of compliance of key environmental parameters set out in the EC conditions by the proponents of major projects in the State. As a result, the State was bereft of an institutional mechanism to ensure effective oversight on matters related to an important area of environmental protection.

#### **3.18.3 Non-renewal of consent to operate, consent to establish and environment clearance**

The Consent to Establish (CTE) and Consent to Operate (CTO) was to be obtained from the PPCB under the Water (Prevention and Control of Pollution) Act, 1974, and the Air (Prevention and Control of Pollution) Act, 1981. The EC/CTE/CTO were required to be renewed after lapse of the validity period. Further, as per Clause 9 of EIA notification, 2006, the validity of EC would be for a period of five years.

Scrutiny of records of RO, MoEF, Chandigarh revealed that the CTO obtained by two Project Authorities had lapsed in April 2013 and March 2013 respectively. Of these, only one had applied for renewal of CTO as of February 2016. Apart from the above two Project Authorities, the CTE of another project had also lapsed as of February 2013. Of the three projects with lapsed CTO/CTE, in two of them construction work were being carried out without renewing EC which had expired in February 2014. Thus, these

projects were running without obtaining the required environmental clearances.

#### **3.18.4 Non-creation of Environment Management Cell**

As per EC condition, a separate Environment Management Cell (EMC) with suitable staff to carry out various environment related functions<sup>86</sup> would be set-up under the charge of a Senior Executive.

Scrutiny of records of RO, MoEF, Chandigarh and physical verification (November 2015 to August 2016) of selected projects revealed that Environment Management Cell (EMC) had not been set-up in three projects. Resultantly, the requisite monitoring tests which were to be carried out by the EMCs could not be conducted by these Project Authorities.

#### **3.18.5 Non-obtaining of statutory permissions**

As per EC condition, it was mandatory to obtain 'No Objection Certificate' from the Central Ground Water Board (CGWB) to draw ground water and authorization for disposal of hazardous waste from PPCB.

Scrutiny of records of RO, MoEF, Chandigarh and physical verification (November 2015 to July 2016) of selected projects revealed that in one project the requisite permission was not obtained from the CGWB as of May 2016 while in three projects although the validity period of permission from CGWB had lapsed during 2004, February 2014 and October 2015, they had not been re-validated (July 2016).

In three other projects, though hazardous waste like oil and grease were being generated from diesel generator sets, the requisite authorisation had not been obtained from PPCB.

#### **3.18.6 Inadequate implementation of Corporate Social Responsibility**

MOEF&CC issued an Office Memorandum in August 2014 on Corporate Social Responsibility (CSR) invoking Section 135 of the Companies Act, 2013, and CSR notification in February 2014 which directed that every company having net worth of ₹ 500 crore or more or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year shall constitute a CSR Committee to formulate CSR policy. Two *per cent* of net profit was to be spent under CSR on social welfare of society preferably residing in the region where the project was running. The activities that are eligible for being covered under CSR are listed in Schedule VII of the Companies Act, 2013.

Scrutiny of records of RO, MoEF, Chandigarh and physical verification (November 2015 to August 2016) of the projects revealed that only four out of 15 projects of category-A were covered under CSR. Out of these four projects, one project was in a loss since the last two years. In the remaining

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<sup>86</sup> Monitoring at regular intervals for the parameters, including air quality, water quality, ambient noise and occupational safety and health.

three projects, ₹ 9.67 crore was incurred on CSR activities by the Project Authorities out of which ₹ 1.05 crore<sup>87</sup> did not fall under the category of CSR activities as listed in Schedule VII of the Act *ibid.* Further, in one project, ₹ 1.15 crore to be incurred on various CSR activities<sup>88</sup> (EC condition xvi) were not incurred.

### 3.18.7 Shortfall in development of green belt

As per EC conditions, a green belt of adequate width and density was to be developed around the project/plant periphery covering about 33 *per cent* of the project area preferably with local species.

It was observed during physical verification (November 2015 to August 2016) of selected projects that only seven out of 15 Project Authorities had developed the requisite green belt. Of the remaining eight, three Project Authorities developed green belt with shortfall ranging between 14 and 66 *per cent*, one maintained only a park without any plantation as committed in the Environment Management Plan, one developed the requisite green belt outside the project area and that too without consultation with forest department, one was running without EC while the development of green belt could not be verified in two mining projects since the site had become overgrown with bushes. Thus, adverse effect on the environment due to non-development of green belt cannot be ruled out.

### 3.18.8 Shortfall in implementation of emergency preparedness plans

Environment Clearance condition and EIA reports require the Project Authorities to prepare and implement an Emergency Preparedness Plan (EPP) after assessing the risks of the project site.

Scrutiny of ECs and physical verification (November 2015 and August 2016) showed that in seven projects, the condition of preparation of EPP was not mentioned in the EC while in four projects, the plans were prepared and implemented. However, in one project, although the Project Authority had committed to provide medical facilities for the employees at project site, this had not been done. In two projects, the disaster management plan was also not prepared as required under EC condition.

### 3.18.9 Non-submission of compliance reports

As per Clause 10 (i) and (ii) of notification (September 2006) of MoEF&CC regarding EIA and issue of EC, it was mandatory for the Project Authority to submit half-yearly EC compliance reports to the regulatory authority concerned on 1st June and 1st December of each calendar year.

<sup>87</sup> ₹ 10 lakh:donation to Punjab Sports Council for Kabaddi and ₹ 90,000:donation to Vyakti Vikas Kendra of Bangalore; and ₹ 94 lakh: donation to religious trust.

<sup>88</sup> (i) Purchase of ambulance : ₹ 15 lakh; (ii) Environment awareness programme in local school : ₹ 20 lakh; (iii) Funding for rain water harvesting in five villages: ₹ 25 lakh; (iv) Adoption of five primary school for repair and maintenance: ₹ 20 lakh; (v) Distribution of free medicines to needy persons: ₹ 10 lakh; and (vi) Plantation of 5000 saplings in Mohali : ₹ 25 lakh.

Scrutiny of records of RO, MoEF, Chandigarh revealed that only eight Project Authorities submitted half yearly compliance reports regularly to RO, Chandigarh/PPCB. Four Project Authorities had shortfall ranging between two and four reports whereas two Project Authorities had not submitted any report. Non-submission of compliance reports not only contravened the clause but also indicated a lack of oversight on environmental issues in the State.

#### **3.18.10 Non-following the provision of Fly Ash Notification**

As per Fly Ash Notification of September, 1999, as amended on 27 August, 2003, the Project Authorities were required to utilize the fly ash generated.

Scrutiny of records of RO, MoEF, Chandigarh revealed that only three projects were generating fly ash (one-coal ash and two-rice husk ash) out of which one Project Authority had stored fly ash behind the project site whereas it should have been stored in a lined ash pond. Further, 11,77,589.57 MT fly ash was generated in three projects. But, only one project supplied 20 *per cent* (15457.88 MT and 208160.49 MT during 2014-15 and 2015-16 respectively) of its total generated fly ash to cement and brick manufacturers. Non-utilisation of fly ash was not only a contravention of notification but the incorrect method of dumping huge quantity of fly ash would have an adverse effect on the environment.

#### **3.18.11 Non-submission of annual ‘environmental audit report’/ ‘environmental statement’**

As per clause 14 of Environment (Protection) Act, 1986, an Environmental Audit Report/Environmental Statement (EAR/ES) would be submitted to the concerned State Pollution Control Board every year by the Project Authorities.

Scrutiny of records of PPCB and data supplied by Project Authorities revealed that while EAR/ES was prepared in ten projects, one Project Authority submitted the EAR for three years (2012-2015) while in four projects, the EARs/ESs were not prepared.

#### **3.18.12 Conclusion**

The institutional mechanism to monitor and enforce compliance with EC conditions was either lacking or was inadequate and the Punjab Pollution Control Board failed to carry out monitoring of compliance of Environmental Clearance conditions. Provisions related to renewal of Consent to Operate/Consent to Establish/ Environmental Clearance and creation of Environment Monitoring Cell were not followed with the result that projects were operating without a valid EC. Statutory permissions for drawing ground water and disposal of hazardous waste were not obtained from the Central Ground Water Board and the Punjab Pollution Control Board respectively and there were gross inadequacies in implementation of Corporate Social Responsibility, development of green belt, management of fly ash and submission of compliance reports and environmental audit reports.

The matter was referred to Government/Department in September 2016; reply was awaited (December 2016).

## SOCIAL SECURITY AND WOMEN AND CHILD DEVELOPMENT DEPARTMENT

### 3.19 Beti Bachao Beti Padhao Scheme

**Out of ₹ 6.36 crore released by Government of India to the State Government during 2014-16, only ₹ 0.91 crore was utilized up to March 2016. Infrequent task force meetings adversely affected the implementation of scheme in 11 districts while the scheme could not be started in nine districts.**

In January 2015, the Government of India (GOI) had launched the Beti Bachao Beti Padhao (BBBP) scheme as a 100 per cent Central Sector Scheme to address the issue of decline in Child Sex Ratio (CSR) in 100 gender critical districts of India. Initially, 11 districts<sup>89</sup> of Punjab were included (April 2015) under the scheme. Subsequently nine other districts<sup>90</sup> were added (January 2016) by GOI. The scheme was implemented by Government of Punjab (GOP) through its Department of Social Security and Women & Child Development (DSSWCD) and District Administration in convergence with the Departments of Health, Education and Panchayati Raj.

Test check of records for the period 2014-15 and 2015-16 of Director (DSSWCD) and District Programme Officers (DPOs) of all the 11 districts brought out the following:

(i) GOI released ₹ 6.36 crore<sup>91</sup> to the State Government out of which ₹ 2.36 crore was disbursed (October 2015) to DCs/District Programme officers (DPOs) of 11 districts and balance amount of ₹ 0.15 crore was retained at Directorate for District/State level activities respectively. However, DSSWCD submitted consolidated UC of ₹ 1.18 crore for expenditure upto March 2016 to GOI (May 2016) against actual expenditure of ₹ 0.91 crore incurred by Directorate/11 Districts as of March 2016.

The Department stated (November 2016) that UCs had been furnished to GOI on the basis of UCs received from districts wherein the concerned DPOs stated that amount transferred to other departments had been debited to their accounts and hence was shown as utilised.

(ii) The Union Ministry of Women and Child Development had invited the attention (March 2016) of the State to one of the targets of the scheme i.e. improvement in Sex Ratio at Birth (SRB) indicating that there was decrease in SRB in six districts<sup>92</sup> of Punjab during 2015 in comparison to the baseline

<sup>89</sup> (i) Amritsar; (ii) Barnala; (iii) Fatehgarh Sahib; (iv) Ferozepur; (v) Gurdaspur; (vi) Mansa; (vii) Patiala; (viii) Sahibzada Ajit Singh Nagar, Mohali; (ix) Sangrur; (x) Sri Muktsar Sahib; and (xi) Tarn Taran.

<sup>90</sup> Districts not selected by audit as the bills were not cleared by treasury (i) Bathinda; (ii) Faridkot; (iii) Hoshiarpur; (iv) Jalandhar; (v) Kapurthala; (vi) Ludhiana; (vii) Moga; (viii) Rupnagar; and (ix) Shahid Bhagat Singh Nagar.

<sup>91</sup> ₹ 2.51 crore in February 2015 and ₹ 3.85 crore in 2015-16=₹ 6.36 crore (₹ 3.85 crore remained with treasury).

<sup>92</sup> (i) Barnala; (ii) Ferozepur; (iii) Gurdaspur; (iv) Sangrur; (v) Sahibzada Ajit Singh Nagar, Mohali; and (vi) Sri Muktsar Sahib.

values of SRB in the year 2014 as detailed in **Table 3.9** below. Audit also noticed that in four of these districts<sup>93</sup>, the SRB was not only declining but was also less than overall SRB of State (892 as in March 2016).

**Table 3.9: District wise SRB as per report of GOI-State of Punjab for 2014 and 2015**

Sr. No	District	Sex Ratio at Birth		Progress made
		2014	2015	
1	Amritsar	887	896	9
2	Barnala	836	821	-15
3	Fatehgarh Sahib	859	905	46
4	Ferozepur	895	871	-24
5	Gurdaspur	889	851	-38
6	Mansa	891	927	36
7	Patiala	830	864	34
8	Sangrur	863	832	-31
9	SAS Nagar Mohali	956	923	-33
10	Sri Muksar Sahib	908	900	-8
11	Tarn Taran	879	895	16

*Source: Departmental data*

The Department stated (November 2016) that suitable directions/instructions had been issued to concerned DCs for improving the SRB.

(iii) DPO/District Administration, Mansa, deposited ₹ 1 lakh (₹ 1,000 for each girl child) in the bank accounts of 100 girls covered under the Sukanya Samridhi Yojana (SSY). This was irregular as the financial benefit of other schemes was not to be met out of the funds of the BBBP scheme.

The Department stated (November 2016) that BBBP and SSY schemes had same objectives and were started in the same year. The reply was not acceptable as both schemes are different and funds should not be utilized for other scheme.

(iv) Although the State Task Force (STF) was constituted as per notification issued in September 2015 for monitoring the activities of BBBP, no quarterly meetings of STF were conducted for convergence and coordination between concerned departments as required under the guidelines. It was also noticed that against the required 44/308 quarterly meetings of District Task Force (DTF)/Block Task Force (BTF), only 22/10 meetings were held respectively during 2015-16.

The Department stated (November 2016) that the meeting of STF had been proposed twice but could not be held due to non-receipt of monthly progress reports (MPRs), UCs and Statement of Expenditure (SOE) from the districts etc. and the report of DTF/BTF would be sought from the district authorities.

Thus, delayed release of funds, short utilization of funds, non-compliance of guidelines, non/short conducting of required Task Force meetings indicated lack of monitoring of the scheme which could further adversely affect the implementation of the scheme.

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

<sup>93</sup> (i) Barnala; (ii) Ferozepur; (iii) Gurdaspur; and (iv) Sangrur.



## TECHNICAL EDUCATION & INDUSTRIAL TRAINING DEPARTMENT

### 3.20 Upgradation of Government ITIs through Public Private Partnership

The department could not utilize available funds for creation and augmenting required infrastructure in ITIs and execution and completion of works were delayed leading to retention of funds in banks adversely affecting the upgradation of existing trades and starting of new trades. Only ₹ 32.25 crore were utilised out of ₹ 47.50 crore released to 19 test checked ITIs during 2008-11. Though all the ITIs except Nabha achieved the Key Performance Indicator of pass percentage, none of the ITIs achieved employability target of 70 per cent.

#### 3.20.1 Introduction

Government of India (GOI) Ministry of Labour and Employment, Director General of Employment and Training (DGET) launched (November 2007) a scheme for up-gradation of Government Industrial Training Institutes (ITIs) in the State into Centers of Excellence (COE) through Public Private Partnership (PPP). Salient features of the scheme included constitution of Institute Management Committee<sup>94</sup> (IMC) led by an Industry Partner, entering into Memorandum of Agreement (MOA) with GOI, release of interest free loan by GOI to IMC for management of ITIs and improving quality of vocational training leading to better employability. Under the scheme, funds totaling ₹ 190 crore at the rate of ₹ 2.5 crore per ITI were provided as interest free loan to 76 out of 112 Government ITIs in the State. The scheme was implemented through the Director of Technical Education and Industrial Training (DTE&IT), Punjab.

The audit of the scheme for the period April 2013 to March 2016 was conducted during February-May 2016 by test check of records of DTE&IT and of 19<sup>95</sup> out of 76 ITIs were selected by adopting probability proportional to size without replacement method to assess whether up-gradation of institutions/trades was done as per Institute Development Plan (IDP).

#### Audit findings

#### 3.20.2 Planning

As per the scheme guidelines (November 2007), the Institute Management Committee prepares and submits Institute Development Plan (IDP) to the State

<sup>94</sup> Industry Partner or its representative as Chairperson; four members from local Industry to be nominated by the Industry Partner; five members nominated by the State Government and Principal of ITI, as ex-officio member secretary of the IMC.

<sup>95</sup> Government ITI, (i) Barnala; (ii) Fatehgarh Churian (W); (iii) Hoshiarpur (W); (iv) Jassowal Kular; (v) Kartarpur (W); (vi) Kapurthala (W); (vii) Kharar; (viii) Lopoke; (ix) Manuke (W); (x) Maqsoodpur; (xi) Mansa (SC); (xii) Moonak; (xiii) Nabha (W); (xiv) Pathankot (SC); (xv) Phagwara; (xvi) Sultanpur lodhi (W); (xvii) Sangrur (W); (xviii) Talwandi Chaudhriyan; and (xix) Tarn Taran.



Steering Committee who in turn forwards the IDP to GOI for release of loan amount. As per the IDPs approved (March 2008-August 2011) by the Director General of Employment and Training, New Delhi (DGET) in respect of the selected 19 ITIs, up-gradation of existing 73 trades and introduction of 80 new trades was planned during 2008-16 as detailed in **Appendix 3.2**.

Audit observed that only 48 trades were upgraded while only 43 trades were introduced during 2013-16 indicating a shortfall of 34 and 46 *per cent* respectively.

The Department stated (August 2016) that out of selected 19 ITIs, nine ITIs were covered at the end of the year 2009-10 or thereafter during 2010-11 and 2011-12. The up-gradation was to be done in ten years. The reply was not acceptable as period of 10 years was a moratorium period for the repayment of the loan and not for the up-gradation of ITIs.

### **3.20.3 Financial management**

DGET released (March 2008-August 2011) an interest free loan of ₹ 47.50 crore directly to 19 IMCs at the rate of ₹ 2.50 crore each as per the guidelines. Out of these, 25 *per cent* were for civil works, 25 *per cent* for equipment and 50 *per cent* was to be kept as corpus fund to be deposited in a public sector bank. DGET enhanced (July 2014) the ceiling from 25 to 40 *per cent* i.e. upto Rupees one crore for civil works and the limit of corpus fund was fixed at 20 *per cent* instead of 50 *per cent*. However, the balance funds including seed money which is kept in a corpus fund and interest available after making all required expenditure at the end of the financial year 2015-16 was not to exceed Rupees one crore and any balance beyond the limit was to be transferred to GOI.

Audit noticed that 19 selected ITIs had utilized only ₹ 32.25 crore<sup>96</sup> (68 *per cent*) till March 2016 due to non-commencement/delayed/partial execution of civil works. An amount ₹ 34.95 crore<sup>97</sup> was lying with 16 IMCs in banks ranging between ₹ 1.03 crore and ₹ 3.72 crore as of March 2016.

<sup>96</sup> Government ITI, (i) Barnala: ₹ 0.99 crore; (ii) Fatehgarh Churian (W): ₹ 1.99 crore; (iii) Hoshiarpur: ₹ 1.40 crore (W); (iv) Jassowal Kular: ₹ 2.30 crore; (v) Kartarpur (W): ₹ 0.40 crore; (vi) Kapurthala (W): ₹ 1.43 crore; (vii) Kharar: ₹ 1.42 crore; (viii) Lopoke: ₹ 1.96 crore; (ix) Manuke (W): ₹ 1.66 crore; (x) Maqsoodpur: ₹ 1.92 crore; (xi) Mansa (SC): ₹ 1.74 crore; (xii) Moonak: ₹ 1.51 crore; (xiii) Nabha (W): ₹ 1.27 crore; (xiv) Pathankot (SC): ₹ 3.13 crore; (xv) Phagwara: ₹ 1.77 crore; (xvi) Sultanpur lodhi (W): ₹ 1.61 crore; (xvii) Sangrur (w): ₹ one crore; (xviii) Talwandi Chaudhriyan: ₹ 2.23 crore; and (xix) Tarn Taran: ₹ 2.52 crore.

<sup>97</sup> Government ITI, (i) Barnala: ₹ 3.61 crore; (ii) Fatehgarh Churian (W): ₹ 2.38 crore; (iii) Hoshiarpur (W): ₹ 2.29 crore; (iv) Jassowal Kular: ₹ 1.39 crore; (v) Kartarpur (W): ₹ 3.72 crore; (vi) Kapurthala (W): ₹ 1.87 crore; (vii) Kharar: ₹ 2.53 crore; (viii) Manuke (W): ₹ 2.19 crore; (ix) Maqsoodpur: ₹ 1.18 crore; (x) Mansa (SC): ₹ 1.75 crore; (xi) Moonak: ₹ 2.05 crore; (xii) Nabha (W): ₹ 2.83 crore; (xiii) Pathankot (SC): ₹ 1.03 crore; (xiv) Phagwara: ₹ 2.26 crore; (xv) Sultanpur lodhi (W): ₹ 1.53 crore; (xvi) Sangrur (w): ₹ 2.34 crore.

The Department attributed (August 2016) the slow pace of expenditure to absence of clear instructions regarding utilisation of interest amount from GOI and delay in construction/renovation of buildings which led to retention of funds more than the prescribed limit.

## Implementation

### 3.20.4 Civil works

DGET directed (July 2008) the IMCs to make efforts to develop infrastructure in ITIs in the first two years from the receipt of loan. However, Audit noticed instances of non-construction, delayed construction/renovation and partial construction of buildings which led to non-commencement of new trades thereby defeating the purpose of the scheme as detailed below.

#### 3.20.4.1 *Non-construction of buildings*

(i) The building of Government ITI (Women), Kartarpur could not be constructed as the IMC failed to arrange land even though the loan was received in 2007-08. The land had now been arranged (March 2016) but the construction work was yet to commence (May 2016).

The Department stated (August 2016) that the land has been arranged free of cost and the Department was busy with other formalities such as preparation of estimate, appointing executing agency, preparation of building plan, etc.

(ii) ITI, Manuke transferred (February 2011) ₹ 15 lakh to the Executive Engineer, Construction Division No. 1, Ludhiana (EE) for construction of a new building. The funds were refunded by EE to the department in March 2012 since IMC decided to construct the building itself.

#### 3.20.4.2 *Delay in construction/renovation of buildings*

(i) Despite receiving ₹ 2.50 crore in March 2008, IMC Barnala decided only in June 2010 to carry out special repair of the existing building. The Executive Engineer, Construction Division, PWD (B&R), Barnala furnished (October 2010) an estimate of ₹ 30 lakh for civil works and the Executive Engineer PWD, Electrical Division, Sangrur submitted (June 2010) an estimate of ₹ 11.25 lakh for electrical works. The Department decided (November 2014) to get the civil work executed from PWD and transferred funds of ₹ 52.25 lakh to PWD. An expenditure of ₹ 44.95 lakh had been incurred on the work as of March 2016. The balance work was in progress (December 2016). Thus, the delayed decision of the IMC to finalise the executing agency led to delay of four years in renovation of the building.

The Department stated (August 2016) that due to frequent transfers of the DDOs, renovation work could not be completed. However, as of August 2016 civil work of workshop (95 per cent), boundary wall (100 per cent) and administrative block (75 per cent) had been completed. The fact, however, remained that the building had not been completed even after six years from the receipt of the funds.

(ii) ITI (Women), Kharar was shifted (November 2008) from rented building to the primary school building at village Radiala given by the village panchayat for running the ITI. GOI released ₹ 2.50 crore during 2007-08 for various activities including civil works. The IMC decided (February 2009) to construct four rooms to start new trades and incurred an expenditure of ₹ 18.19 lakh (September 2015) by laying iron sheet roofs. Thereafter, the IMC diverted (February 2011) ₹ 40 lakh for completion of another building at other location being constructed for running the hospitality trades in the ITI for which funds of ₹ 1 crore was provided by the Tourism Department. Diversion of funds of ₹ 40 lakh to another scheme resulted in non-construction of the building.

The Department stated (August 2016) that funds to other scheme were diverted to upgrade the infrastructure of ITI as GOI provides funds to open new courses in ITI through other schemes.

(iii) The work of construction of new building for ITI (Women), Sangrur was started only in March 2014 despite availability of funds in 2009 i.e. after five years for which no justification was on record. PWD allotted (March 2014) the work to a contractor at a cost of ₹ 47.03 lakh with time limit of one month. The work was still in progress (March 2016). The Department stated (August 2016) that the work was delayed by PWD.

(iv) IMC, Mansa transferred (July 2011) funds of ₹ 60 lakh to Executive Engineer, Provincial PWD (B&R) Division, Mansa (EE) for construction of first floor of the existing building, roads and internal public health and water supply works. PWD allotted (November 2011) the work of the building to a contractor at a cost of ₹ 62.32 lakh. But due to vigilance enquiry against the then EE, the work was stopped (February 2012). The Department stated (August 2016) that the work could not be restarted as of August 2016.

Thus, civil works at various ITIs were delayed due to non-availability of land, non-finalisation of executing agency, and delay on the part of the PWD thereby hampering the up gradation of those ITIs.

### **3.20.5 Achievement of academic and employability targets**

As per revised guidelines (July 2014) of the scheme, DGE&IT had set Key Performance Indicator of 70 per cent of candidates passing out vis-à-vis candidates appearing in the examination. The KPI for employability of passed out students within one year of pass out was set at 70 per cent which was to be raised to 95 per cent in the next few years. During audit, it was noticed that:

(i) Eighteen ITIs achieved the targeted pass percentage of 70 per cent vis-à-vis candidates appearing in the examination. However, in ITI, Nabha, pass percentage was 64 per cent.

(ii) Employability of passed out students in the test checked ITIs ranged between four to 67 per cent.

The Department stated (August 2016) that the Principal, ITI, Nabha had been instructed to achieve the targeted pass percentage and attributed the low employability to various factors such as the girls being normally not interested in working in other cities and opportunities being lesser in rural areas.

### 3.20.6 Affiliation and re-affiliation of trades

(i) As per minutes of 2<sup>nd</sup> Meeting of National Steering Committee of the scheme held on June 2008, the National Council for Vocational Training affiliation (NCVT) is mandatory before starting new trades. It was noticed that 43 new trades were started (March 2016) in 19 test checked ITIs without NCVT affiliation<sup>98</sup>. The main reason for non-affiliation of trades with NCVT was non-creation of required infrastructure like machinery and equipment and building. Consequently, 1,304 trainees who passed out during 2015-16 from these ITIs were deprived of NCVT certificates which would have impaired their employability and business opportunities.

The Department stated (August 2016) that in cases where buildings had been renovated/constructed, 80 *per cent* trades had been affiliated. In other cases, where the buildings had not been renovated/constructed, the work was likely to be completed by March 2017 after which the trades would get affiliation.

(ii) As per the revised guidelines (July 2014), affiliation of trades with National Council for Vocational Training is valid for a period of five years from the date of affiliation. During test check of records of selected 19 ITIs, it was noticed that ITI (Women), Kapurthala ITI, Maqsoodpur and Talwandi Chaudharian got re-affiliated two, three and four trades respectively after implementation of the PPP scheme whereas the remaining 16 ITIs failed to get 45 trades re-affiliated with NCVT depriving the trainees of better employability opportunities outside the State.

The Department attributed (August 2016) the reasons for non-re-affiliation of the existing trades to non/delayed construction of building and shortage of staff and further stated that every possible effort was being made to remove the above deficiencies.

### 3.20.7 Manpower

As per scheme guidelines, the State Government was to ensure that the posts of instructors were filled up as per sanctioned strength and in no case vacancies were to exceed more than 10 *per cent* of sanctioned posts at any point of time.

Audit noticed that against the total regular sanctioned posts of 100 instructors in the selected 19 ITIs, 48 instructors (short by 52 *per cent*) were in position and the shortage in twelve ITIs<sup>99</sup> ranged between eight and 75 *per cent*.

<sup>98</sup> The trades being run by 19 selected ITIs were affiliated with SCVT.

<sup>99</sup> Government ITI, (i) Jassowal Kular:8 *per cent*; (ii) Kapurthala (W):17 *per cent*; (iii) Kharar:33 *per cent*; (iv) Lopoke:41 *per cent*; (v) Manuke:53 *per cent*; (vi) Maqsoodpur:10 *per cent*; (vii) Moonak:18 *per cent*; (viii) Nabha (W):57 *per cent*; (ix) Phagwara (W):40 *per cent*; (x) Sangrur (w):40 *per cent*; (xi) Talwandi Chaudhriyan:13 *per cent*; and (xii) Tarn Taran:75 *per cent*.

The Department stated (August 2016) that the case for filling up of posts had been sent to the Government.

### **3.20.8 Miscellaneous points**

#### **(i) Irregular payment of salary to guest faculty**

As per scheme guidelines, in no case shall the loan amount be used for paying salary to guest faculty for existing trades i.e. trades existing prior to introduction of PPP Scheme. It was, however, noticed that 10 ITIs<sup>100</sup> had paid salary of ₹ 1.03 crore out of the loan amount to guest faculty appointed against 49 existing trades.

The Department stated (August 2016) that due to non-posting of regular instructors against existing trades, they were compelled to appoint guest faculties to avoid loss of study of the trainees.

#### **(ii) Unplanned classes**

Audit observed that the IMCs, Maqsoodpur, Talwandi Chaudhrian and Sultanpur Lodhi organized coaching for IELTS, spoken English, personality development of students enrolled in the ITIs and incurred an expenditure of ₹ 32.29 lakh (between January 2012 and November 2014) on account of payment made to the faculty. Audit observed (April 2016) that such classes were not proposed in the IDP of these ITIs. No records of the students taking these classes and tests of the students held to ascertain the knowledge gained by them were maintained.

The Department stated (August 2016) that to raise the level of the enrolled students, some ITIs had conducted IELTS, spoken English and personality development, etc. courses for which the provision of expenditure was got approved from the GOI under the head study and tour. The reply of the Department was not acceptable as neither separate funds were provided by Director of Technical Education and Industrial Training nor any record of students was shown to audit (April 2016).

### **3.20.9 Monitoring and internal control**

The Institute Management Committee constituted for each ITI was required to submit quarterly progress report (QPR) on implementation of the scheme to State Steering Committee (SSC) through State Implementation Cell which in turn was to submit a consolidated report to National Steering Committee. Audit noticed that out of selected 19 ITIs, 14 ITIs submitted the QPRs with a delay ranging between 2 to 180 days. Resultantly, performance of the ITIs could not be watched for timely remedial action.

The Department stated (August 2016) that the QPRs would be sent to the DGET within stipulated period.

<sup>100</sup> (i) Fatehgarh Churian; (ii) Hoshiarpur; (iii) Jassowal Kular; (iv) Kapurthala; (v) Mansa; (vi) Manuke; (vii) Moonak; (viii) Nabha; (ix) Phagwara; and (x) Sangrur.

**3.20.10 Conclusion**

Thus, the Department could not utilize available funds for creation and augmenting required infrastructure in ITIs and execution and completion of works were delayed leading to retention of funds in banks adversely affecting the upgradation of existing trades and starting of new trades. Though all the ITIs except Nabha achieved the Key Performance Indicator of pass percentage, none of the ITIs achieved employability target of 70 *per cent*.

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



**CHANDIGARH**  
**The 9 March 2017**

**(JAGBANS SINGH)**  
**Pr. Accountant General (Audit), Punjab**

**Countersigned**



**NEW DELHI**  
**The 10 March 2017**

**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**