



Report of the
Comptroller and Auditor General of India
on
Social, General and Economic Sectors
(Non-Public Sector Undertakings)
for the year ended 31 March 2017



Government of Punjab
Report No. 5 of the year 2017

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(Non-Public Sector Undertakings)**

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Preface

This Report for the year ended 31 March 2017 has been prepared for submission to the Governor of the State of Punjab under Article 151 of the Constitution of India.

The Report contains significant results of the performance audit and compliance audit of the departments/autonomous bodies of Government of Punjab under the Social, General and Economic Sectors (Non-Public Sector Undertakings).

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2016-17 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2016-17 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains four performance audits viz. on (i) Working of Guru Angad Dev Veterinary and Animal Sciences University, (ii) Management of Cancer Control Programme in Punjab, (iii) Working of Greater Mohali Area Development Authority and (iv) Implementation of schemes for educational development of Scheduled Caste students and 27 paragraphs involving money value of ₹ 279.47 crore.

PERFORMANCE AUDIT

1. Working of Guru Angad Dev Veterinary and Animal Sciences University

Guru Angad Dev Veterinary and Animal Sciences University (GADVASU), Ludhiana was established on 09 August 2005 under GADVASU Act, 2005 and started functioning w.e.f. 21 April 2006. A performance audit of GADVASU, Ludhiana brought out deficiencies/shortcomings which seemed to have impaired its ability to achieve its overall objectives for which the University was established. Some of the significant audit findings are summarized below:

The University kept surplus funds in current accounts leading to loss of interest of ₹ 1.87 crore. Further, non-utilisation of funds provided by the State Government led to avoidable payment of interest of ₹ 5.50 crore by the State Government.

(Paragraphs 2.1.6.3 (i) & (ii))

The University submitted incorrect utilisation certificates of ₹ 33.20 crore to the funding agencies without actual utilisation of funds.

(Paragraph 2.1.6.6)

The University had shortage of teaching as well as non-teaching staff. Colleges of Fisheries, Dairy Science and Technology and Animal Biotechnology were running without adequate infrastructure and manpower as per Minimum Standards of Indian Council of Agricultural Research.

(Paragraphs 2.1.7.1 and 2.1.7.3)

The University could not create essential infrastructure despite availability of land and funds.

(Paragraphs 2.1.7.4 (i) to (v))

Internal control mechanism was found deficient as important records were not maintained. There was significant shortfall in meetings of Board of Management.

(Paragraphs 2.1.9.1 to 2.1.9.3)

2. Management of Cancer Control Programme in Punjab

The Cancer Control Programme in the State was being implemented mainly through two Schemes viz. ‘National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke’ (NPCDCS) – a Centrally sponsored scheme and ‘Mukh Mantri Punjab Cancer Raahat Kosh Scheme’ (MMPCRKS) – a State sponsored scheme. A performance audit of these two schemes brought out many deficiencies which seemed to have impaired effective management of Cancer Control Programme in Punjab. Some of the significant audit findings are summarized below:

District action plans had not been prepared. Funds of ₹ 2.79 crore were irregularly diverted to other non-communicable diseases (NCD) programmes outside NPCDCS.

(Paragraphs 2.2.6.1 and 2.2.7.1)

Out of 14 Cardiac and Cancer Care Units (CCU) established in the State, cancer care facility was available only in one CCU at Bathinda which was not yet operational due to non-posting of requisite staff.

(Paragraph 2.2.8.1)

There was an overall shortage of manpower ranging between 21 and 86 per cent as per NPCDCS guidelines during 2012-17. Posts of State Programme Coordinator, District Programme Officers and District Programme Coordinators had remained vacant since 2010-11.

(Paragraph 2.2.9.1)

Activities related to cancer were not carried out at Community Health Centre, Public Health Centre and Sub Centre levels till 2015-16. In 2016-17, 32 patients suffering from cancer were detected during screening of 12,579 patients.

(Paragraph 2.2.10.1)

3. Working of Greater Mohali Area Development Authority

Greater Mohali Area Development Authority (GMADA) was set-up in August 2006 under the Punjab Regional and Town Planning and Development Act, 1995 (PRPA). The performance audit on the working of Greater Mohali Area Development Authority brought out lack of planning, deficiencies in financial management and execution of developmental projects, non-construction of houses for Economically Weaker Sections (EWS) of the society, delay in development and disposal of acquired land and regularization of unauthorized colonies and marriage palaces, non/short recovery of external developmental charges and license fee, planning and scrutiny charges, etc. that undermined the achievement of its overall objectives. Some of the significant audit findings are summarized below:

Greater Mohali Area Development Authority could not provide houses to the Economically Weaker Sections of the society in spite of earmarking of 263.29 acre land and 201 flats in mega residential projects.

(Paragraph 2.3.6.2)

During 2012-16, loans of ₹ 1,694.70 crore were raised by GMADA whereas it repaid only an amount of ₹ 244.50 crore during the same period.

(Paragraph 2.3.7.2)

Greater Mohali Area Development Authority incurred/released ₹ 289.88 crore for the works which did not fall in its jurisdiction.

(Paragraph 2.3.7.4)

Change of land use charges of ₹ 67.34 crore of IT City were not deposited into Government account and ₹ 98.16 crore were adjusted against other works without concurrence of the Finance Department.

(Paragraph 2.3.7.5)

Greater Mohali Area Development Authority did not transfer the planning charges of ₹ 1.16 crore to Chief Town Planner.

(Paragraph 2.3.7.6 (i))

Piecemeal acquisition of land led to an avoidable extra expenditure of ₹ 18.40 crore.

(Paragraph 2.3.8.1)

An amount of interest of ₹ 2.18 crore was paid to the land owners due to delay in payment of enhanced compensation.

(Paragraph 2.3.8.2)

External Development Charges and License Fee of ₹ 174.57 crore from 18 developers of colonies and ₹ 230.46 crore from 13 developers of mega projects were recoverable as of August 2017.

(Paragraph 2.3.10.2 (i))

Two sewerage schemes could not be put to use, due to ill planning, even after incurring an expenditure of ₹ 8.23 crore.

(Paragraph 2.3.11.2)

4. Implementation of schemes for educational development of Scheduled Caste students

The Government of India and the State Government are implementing various schemes for promotion of education among Scheduled Caste (SC) students. Performance audit of the implementation of schemes for educational

development of Scheduled Caste students for the period 2012-17 brought out lack of planning and deficiencies in both financial management and execution of programme which undermined the overall objective of the schemes. Some of the significant audit findings are summarized below:

Study tour charges of ₹ 33 crore were claimed by 769 institutions for 49,422 students during the years 2013-16 against the admissible amount of ₹ 7.91 crore resulting in excess reimbursement of ₹ 25.09 crore.

(Paragraph 2.4.8.1 (ii) (a))

Book Allowance for ineligible 4,167 students amounting to ₹ 0.50 crore was claimed by 213 Nursing Colleges/Para Medical Colleges/Medical Colleges during 2013-14.

(Paragraph 2.4.8.1 (ii) (b))

Double claim of ₹ 59.12 lakh by 115 SC students and concerned institutions on account of Maintenance Allowance and fee in the same session during the years 2012-17 was noticed.

(Paragraph 2.4.8.1 (iv))

During 2012-17, ₹ 9.64 crore was claimed by 41 institutions in respect of 2,441 students at Post Matric level who had dropped out/not appeared in the examination.

(Paragraph 2.4.8.1 (v))

Sixteen Government institutions and 12 private institutions collected ₹ 5.04 crore and ₹ 3.32 crore respectively on account of examination fee/school funds/registration fee from 19,536 and 16,882 SC students during the sessions 2013-14 to 2016-17, though the amounts were also claimed from the Department.

(Paragraphs 2.4.8.1 (vi) (a & f))

Hi-Tech Polytechnic College, Bathinda claimed and was paid fee and Maintenance Allowance for 479 students on the portal against the actual 398 number of students resulting in reimbursement of ₹ 26.02 lakh out of which ₹ 15 lakh had been paid for 81 students.

(Paragraph 2.4.8.1 (vi) (g))

Financial assistance of ₹ 1.30 crore in respect of 23,049 post matric and post graduate level girl students during 2012-17 had not been claimed and disbursed by 46 institutions.

(Paragraph 2.4.9.1 (i))

COMPLIANCE AUDIT

Lack of planning and deficient monitoring severely affected the implementation of the EDUSAT programme. Many schools were yet to be covered under the programme and 25 to 100 *per cent* of 360 lectures delivered by the Punjab EDUSAT Society (PES) during the said period in the test checked districts were not attended by the students. Besides, all the Satellite Interactive Terminals and many Receive Only Terminals were non-functional since June 2014. Generator sets were supplied to 56 schools which already had generators. Non-availability of required number of technical staff impacted the maintenance of equipment and hampered smooth running of the programme.

(Paragraph 3.2)

Out of 489 Designated Officers (DO) and 11 Controlling Officers (CO) test-checked, 422 DOs did not maintain record of services provided in the prescribed RTS-1 form. None of the DOs and Appellate Authorities displayed the requisite information on the notice boards for making the public aware of the services being rendered under Punjab Right to Service Act, 2011 (RTS Act). As many as 419 DOs did not provide acknowledgements to the applicants and delay of up to 1,005 days was noticed in delivery of services. Besides, there was weak monitoring at the levels of Additional Deputy Commissioners, Director Governance Reforms and the Punjab Right to Service Commission in effective implementation of RTS Act.

(Paragraph 3.3)

Eight healthcare machines received under Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) and National Programme of Family Planning (NPFP) could not be made functional even after the period ranging from 12 to 25 months from their receipt due to non-availability of skilled manpower. This not only resulted in idle expenditure of ₹ 7.21 crore, but the objective of providing quality medical education and tertiary healthcare under PMSSY and NPFP could also not be achieved in full measure.

(Paragraph 3.4)

Action plans and annual plans were not prepared. Adequate surveillance and modern equipment and narcotic trained sniffer dogs were not available in the State. The Department was not equipped with trained staff to deal with cases under the Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985. As many as 532 accused were acquitted by the courts due to deficiencies in testimony statements of police officials. Samples of seized NDPS were sent to the laboratory with delay of up to 476 days.

(Paragraph 3.6)

Government dues of ₹ 35.56 crore and interest of ₹ 12.61 crore thereon were not realised from the contractors of mines and Brick Kiln Owners. Measures for prevention of irregular mining were inadequate as agreements with the contractors were not entered into, returns regarding excavation of minerals were not obtained from the contractors, check posts for checking irregular

mining were not set up, vital records were either not maintained or were in poor state, fines of ₹ 18.90 crore imposed for irregular mining were not enforced and meetings of State and District Mineral Foundations were not held at required intervals.

(Paragraph 3.7)

An expenditure of ₹ 44 crore was incurred by the Director of Information and Public Relations, Punjab on advertisements and publicity campaigns which were not in conformity with the fundamental principles governing expenditure from public funds and the guidelines approved by the Hon'ble Supreme Court. Weak internal controls resulted in lack of assurance on the reasonability and justification for the expenditure incurred.

(Paragraph 3.9)

The State Swachh Bharat Mission was not set-up as per guidelines. Shortfall in achievement of targets was noticed as Individual House Hold Latrine (IHHL) for 94,353 households and 1,146 Community toilets/Public toilets under Swachh Bharat Mission (Urban) and IHHL for 2,14,647 households under Swachh Bharat Mission (Gramin) in the State were yet to be constructed despite availability of funds.

(Paragraph 3.11)

Threshold limit for e-tendering was not brought down to ₹ one lakh as suggested by Government of India. Various tender provisions in respect of resubmission and withdrawal of bids, opening of single bids in first instance, selection of bid openers, etc. were not mapped in the System. Instances of non-updation of tender status, inconsistencies between bill of quantity and tender summary report and other System related discrepancies were also noticed. Besides, non-secure use of private key for opening of bids, non-segregation of duties, non-execution of agreement with National Informatics Centre, etc. showed weak system control mechanism in the Department.

(Paragraph 3.12)

Inclusion of bridges, not constructed by the concessionaires, in calculation of the toll rates put extra burden of ₹ 4.35 crore on users of the road and extended undue financial benefit to the concessionaires.

(Paragraph 3.14)

Incorrect computation of solatium amount by Sub-Divisional Magistrate resulted in excess payment of ₹ 5.24 crore to land owners. Further, non-adherence to the instructions of GOI by the Executive Engineer, Hoshiarpur to ensure credit of interest as applicable to a term deposit as per bank card rates resulted in loss of interest of ₹ 4.67 crore.

(Paragraph 3.19)

The Governing Body and Executive Committee of State Mission Management Unit (SMMU) held only one meeting each since their constitution in 2010 which showed inadequate monitoring of implementation of National

Rural Livelihoods Mission in the State. SMMU could not have access to funds of ₹ 20.30 crore during 2014-17 due to huge unspent balance in previous years. Shortage of manpower ranging between 20 and 74 *per cent* at State, District and Sub-district levels adversely impacted implementation of the programme. Only 11 to 57 *per cent* of the targeted Self Help Groups could be provided with credit linkage through banks.

(Paragraph 3.20)

Failure of the Rural Development and Panchayats Department to adhere to the codal provisions/instructions/rules led to suspected misappropriation of funds amounting to ₹ 3.26 crore in the Panchayati Raj Division, Jalandhar.

(Paragraph 3.21)

Failure to observe codal provisions by the Drawing and Disbursing Officer facilitated misappropriation of pay and allowances amounting to ₹ 1.22 crore.

(Paragraph 3.25)

Chapter-I

Introduction

Chapter-I

Introduction

1.1 Budget profile

There are 37 departments and 33 autonomous bodies in the State. The position of budget and expenditure incurred there-against by the State Government during 2012-17 is given in **Table 1.1** below.

Table 1.1: Budget and actual expenditure during 2012-17

(₹ in crore)

Expenditure	2012-13		2013-14		2014-15		2015-16		2016-17	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General Services	18818.97	18572.15	20093.58	20192.19	22781.77	23043.09	24324.90	24713.44	28964.59	28487.93
Social Services	13672.14	11189.97	13717.31	11319.09	15659.68	13729.05	16845.48	14897.86	17872.31	15672.10
Economic Services	10764.24	9152.09	10499.78	9599.73	10073.54	9237.32	11011.59	9756.04	13859.37	10217.61
Grants-in-aid and Contributions	772.30	543.73	798.97	529.66	467.75	604.03	982.56	706.15	2037.53	918.41
Total	44027.65	39457.94	45109.64	41640.67	48982.74	46613.49	53164.53	50073.49	62733.80	55296.05
Capital expenditure										
Capital Outlay	4527.53	1915.82	4232.54	2200.61	3948.28	3118.44	4353.57	3059.42	6117.46	4346.30
Loans and Advances disbursed	247.28	197.53	177.89	165.13	326.89	270.27	445.20	5968.59	42870.86	41364.12
Repayment of Public Debt (including Ways and Means Advances)	14661.91	15115.79	16544.35	16682.94	21673.04	23074.72	20636.48	22051.13	32791.86	32443.29
Contingency Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Account disbursements	27505.16	33531.20	34654.60	33994.60	40593.44	40526.50	46227.64	53446.58	51520.73	50599.95
Closing Cash Balance	--	(-) 303.61	--	630.42	--	(-) 137.76	-	(-) 14.63	-	395.28
Total	46941.88	50456.73	55609.38	53673.70	66541.65	66852.17	71662.89	84511.09	133300.91	129148.94
Grand Total	90969.53	89914.67	100719.02	95314.37	115524.39	113465.66	124827.42	134584.58	196034.71	184444.99

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the Government of Punjab

1.2 Application of resources of the State Government

During 2016-17, against the total budget outlay of ₹1,96,034.71 crore, the State Government incurred an expenditure of ₹1,84,444.99 crore. The expenditure (revenue expenditure, capital expenditure and loans and advances) of the State increased by 142.97 *per cent* from ₹41,571 crore in 2012-13 to ₹1,01,006 crore in 2016-17. The revenue expenditure increased by 40.14 *per cent* from ₹39,458 crore to ₹55,296 crore; non-plan revenue expenditure increased by 35.54 *per cent* from ₹36,395 crore to ₹49,330 crore and capital expenditure increased by 126.83 *per cent* from ₹1,916 crore to ₹4,346 crore during the period 2012-17.

The revenue expenditure constituted 85 to 95 *per cent* of the total expenditure during the years 2012-16 but it remained at 55 *per cent* during 2016-17. During this period, the revenue expenditure grew at an annual average rate of 10.95 *per cent* whereas revenue receipts grew at an annual average rate of 12.96 *per cent*.

1.3 Persistent savings

During the last five years, there were persistent savings in two grants, as detailed in **Table 1.2** below.

Table 1.2: List of grants having persistent savings during 2012-17

(₹ in crore)

Sr. No.	Number and Name of the grant/ Head of Account	Amount of savings (percentage of savings against total provision)				
		2012-13	2013-14	2014-15	2015-16	2016-17
Revenue-voted						
1	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction	47.16 (12.72)	60.83 (14.62)	60.82 (13.94)	48.56 (10.71)	12.63 (3.13)
2	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	148.81 (100.00)	64.19 (41.21)	67.65 (41.26)	65.62 (40.59)	2.48 (2.58)

Source: Appropriation Accounts

1.4 Grants-in-aid from Government of India

Grants-in-aid received from Government of India (GOI) during the years 2012-17 are given in **Table 1.3** below.

Table 1.3: Grants-in-aid from Government of India

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Non-plan Grants	894.91	1064.11	2003.87	1274.64	1610.35
Total non-plan grants	894.91	1064.11	2003.87	1274.64	1610.35
Plan Grants <i>of which</i>					
Grants for State Plan Schemes	684.19	1058.26	3597.61	2320.12	2523.14
Grants for Central Plan Schemes	60.63	7.67	80.06	341.76	78.65
Grants for Centrally Sponsored plan Schemes	1135.84	1271.34	188.41	237.20	563.69
Total plan grants	1880.66	2337.27	3866.08	2899.08	3165.48
Total grants	2775.57	3401.38	5869.95	4173.72	4775.83
Percentage increase in grants over previous year	13.72	22.55	72.58	(-)28.90	14.43
Percentage of total grants to revenue receipts	8.66	9.69	15.04	10.05	9.95

Source: Finance Accounts

Total grants-in-aid from GOI increased at an annual average rate of 18.88 per cent during the period 2012-13 to 2016-17. It decreased by 28.90 per cent in 2015-16 over 2014-15 and again increased by 14.43 per cent in the current year over the previous year. The contribution of grants-in-aid towards revenue receipts increased from 8.66 per cent in 2012-13 to 15.04 per cent in 2014-15. Thereafter it started decreasing and came down to 9.95 per cent in 2016-17.

1.5 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies and schemes/projects based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, internal controls and concerns of stake holders. Previous audit findings are also considered in this exercise. Based on the risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit of each office, an Inspection Report containing audit findings is issued to the head of the office with a request to furnish replies to the audit findings within four weeks of its receipt. Important audit observations are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India which are submitted to the Governor of Punjab under Article 151 of the Constitution of India.

During 2016-17, compliance audit of 1,256 drawing and disbursing officers of the State, 138 Panchayati Raj Institutions/Urban Local Bodies and 31 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Punjab. In addition, four¹ performance audits were also conducted.

1.6 Significant audit observations and response of Government to audit

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments which have impact on the success of the programmes and functioning of the departments. The focus was on offering suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens. The departments are required to send their response to draft performance audit reports/draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks of their receipt. Four performance audits and 27 draft paragraphs on compliance audit proposed for inclusion in this Audit Report were forwarded to the concerned Administrative Secretaries of Departments. Reply of the Government has been received in only four² cases (November 2017).

1.7 Recoveries at the instance of audit

The audit findings involving recoveries that came to notice during audit were referred to the departments/State Government through Inspection Reports for

¹ (i) Working of Guru Angad Dev Veterinary and Animal Sciences University; (ii) Management of Cancer Control Programme in Punjab; (iii) Working of Greater Mohali Area Development Authority; and (iv) Implementation of schemes for educational development of Scheduled Caste students.

² (i) Avoidable payment of interest due to delay in payment of enhanced compensation; (ii) Implementation of e-Procurement system in Public Works Department (Buildings and Roads); (iii) Undue burden on road users and financial benefit to concessionaires; and (iv) Misappropriation of pay and allowances.

further investigation and recovery under intimation to Audit. An amount of ₹7.90 crore was recovered by various departments during 2016-17.

1.8 Lack of responsiveness of Government to Audit

The Principal Accountant General (Audit), Punjab conducts periodical inspection of Government departments by test-check of transactions and verifies the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Inspection Reports which are required to be replied to within four weeks of their receipt. Serious irregularities are also brought to the notice of the heads of the departments by the office of the Principal Accountant General (Audit), Punjab through a half yearly report of pending Inspection Reports sent to the Principal Secretary (Finance).

As of March 2017, 17,982 Inspection Reports containing 40,873 paragraphs were outstanding, of which 9,687 Inspection Reports containing 14,282 paragraphs pertained to the period prior to April 2012 i.e. were more than five years old. The year-wise position of outstanding Inspection Reports/ paragraphs is given in **Table 1.4** below.

Table 1.4: Outstanding Inspection Reports/paragraphs

Particulars	Prior to April 2012	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Inspection Reports	9687	1560	1546	1962	1822	1405	17982
Paragraphs	14282	3156	5282	5688	6754	5711	40873

Source: Records maintained by Pr. Accountant General (Audit), Punjab

Pendency of such large number of paragraphs indicated lack of responsiveness of the Government departments to Audit.

1.9 Follow-up action on Audit Reports

At the instance of the Public Accounts Committee (PAC), the Finance Department issued (August 1992) instructions to all administrative departments to initiate *suo motu* action on all paragraphs and reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the PAC or not. The administrative departments were also required to furnish to the PAC detailed notes, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature.

As regards the Audit Reports relating to the periods 2012-13, 2013-14, 2014-15 and 2015-16 which have been laid before the State Legislature, detailed notes in respect of 32 paragraphs and 7 performance audits had not been received in the Audit office as on 31 October 2017 (**Appendix 1.1**) even after lapse of the prescribed period of three months.

1.10 Status of placement of Separate Audit Reports of autonomous bodies in the State Legislature

Twenty Separate Audit Reports (SAR) in respect of five autonomous bodies, as detailed in **Table 1.5** below, issued between February 2012 and July 2017 were pending for placement before the Legislature.

Table 1.5: Details of SARs pending for placement before Legislature as on 31 March 2017

Sr. No.	Name of autonomous body	Years for which SARs were pending for placement before Legislature
1.	Punjab Legal Services Authority, Chandigarh	2011-12, 2012-13 and 2013-14
2.	Punjab Khadi and Villages Industries Board, Chandigarh	2012-13, 2013-14 and 2014-15
3.	Punjab State Human Rights Commission, Chandigarh	2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17
4.	Punjab Labour Welfare Board, Chandigarh	2003-04, 2004-05 and 2005-06
5.	Punjab Building and other Construction Works Welfare Board	2011-12, 2012-13, 2013-14, 2014-15 and 2015-16

Source: Departmental information

1.11 Year-wise details of performance audits and paragraphs appeared in Audit Reports

The year-wise details of performance audits and paragraphs that appeared in the Audit Report for the last two years along with their money value is given in **Table 1.6** below.

Table 1.6: Details of performance audits and paragraphs appeared in the Audit Reports during 2014-16

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Paragraphs
2014-15	6	58.98	24	86.38	2	2
2015-16	4	42.96	20	183.27	1	1

Four performance audits (₹60.63 crore) and 27 paragraphs (₹218.84 crore) involving money value of ₹279.47 crore have been included in this Report for the year ended March 2017.

Chapter-II

Performance Audit

Chapter-II

Performance Audit

ANIMAL HUSBANDRY, DAIRY DEVELOPMENT AND FISHERIES DEPARTMENT

2.1 Working of Guru Angad Dev Veterinary and Animal Sciences University

Guru Angad Dev Veterinary and Animal Sciences University (GADVASU), Ludhiana was established on 09 August 2005 under GADVASU Act, 2005 and started functioning w.e.f. 21 April 2006. A performance audit of GADVASU, Ludhiana brought out deficiencies/shortcomings which seemed to have impaired its ability to achieve its overall objectives for which the University was established. Some of the significant audit findings are summarized below:

Highlights

- The University kept surplus funds in current accounts leading to loss of interest of ₹ 1.87 crore. Further, non-utilisation of funds provided by the State Government led to avoidable payment of interest of ₹ 5.50 crore by the State Government.

(Paragraphs 2.1.6.3 (i) & (ii))

- The University submitted incorrect utilisation certificates of ₹ 33.20 crore to the funding agencies without actual utilisation of funds.

(Paragraph 2.1.6.6)

- The University had shortage of teaching as well as non-teaching staff. Colleges of Fisheries, Dairy Science and Technology and Animal Biotechnology were running without adequate infrastructure and manpower as per Minimum Standards of Indian Council of Agricultural Research.

(Paragraphs 2.1.7.1 and 2.1.7.3)

- The University could not create essential infrastructure despite availability of land and funds.

(Paragraphs 2.1.7.4 (i) to (v))

- Internal control mechanism was found deficient as important records were not maintained. There was significant shortfall in meetings of Board of Management.

(Paragraphs 2.1.9.1 to 2.1.9.3)

2.1.1 Introduction

Guru Angad Dev Veterinary and Animal Sciences University (GADVASU), Ludhiana was established with the objectives of (i) imparting education in different branches of veterinary, animal and fishery sciences, (ii) advancement

of learning and research in veterinary, animal and fishery sciences and other allied sciences and to undertake extension of such specialized knowledge to needy people, (iii) undertaking study on marketing strategies of live-stock and live-stock products, on conservation of live-stock breeds and wild animals, and (iv) raising of veterinary study to international standards. The University conducts diploma¹, under graduate, post graduate courses and Ph. D in veterinary sciences, dairy science and fisheries.

2.1.2 Organizational set-up

The Governor of Punjab is the Chancellor of the University. The Vice-Chancellor (VC) is the Principal Executive and Academic Officer who exercises control over the affairs of the University. VC is assisted by a Registrar, Dean of Post Graduate Studies, Dean of Constituent Colleges, Director Research, Director Students Welfare-*cum*-Estate Officer (DSW), Director Extension Education, Comptroller and Librarian. There are three colleges², three Regional Research and Training Centers³ (RRTC), three Krishi Vigyan Kendras⁴ (KVKs) and one Veterinary Polytechnic College at Kaljharani, Bathinda working under the administrative control of the University.

2.1.3 Audit objectives

The audit was conducted to ascertain whether:

- financial management was efficient and effective;
- human resources and other infrastructure were adequate to improve the quality of education and research;
- various activities/programmes were implemented economically, efficiently and effectively; and
- an adequate and effective monitoring and internal control mechanism was in place.

2.1.4 Scope of audit and methodology

Audit covering the period from April 2012 to March 2017 was conducted during December 2016 to May 2017 by test checking the records of the Registrar, Dean Postgraduate Studies, Dean of Constituent Colleges, Director Research, Director Students Welfare-*cum*-Estate Officer (DSW), Director Extension Education, Comptroller, Librarian, Controller of Examination, School of Animal Bio-Technology, College of Fisheries, and College of Dairy Sciences. Six⁵ out of 18 departments of College of Veterinary Sciences, one (out of three) RRTC at Talwara and one (out of three) KVK at Booh, district

¹ Diploma in Veterinary Sciences only.

² (i) College of Veterinary Sciences; (ii) College of Dairy Science and Technology; and (iii) College of Fisheries.

³ (i) Booh (Tarn Taran); (ii) Kaljharani (Bathinda); and (iii) Talwara (Hoshiarpur).

⁴ (i) Barnala; (ii) Booh (Tarn Taran); and (iii) Mohali.

⁵ (i) Animal Nutrition; (ii) Livestock Product Management; (iii) Medicine; (iv) Parasitology; (v) School of Public Health; and (vi) Veterinary Gynecology and Obstetrics.

Tarn Taran were selected by simple random sampling for test check. An entry conference was held in January 2017 with the Registrar of the University and Assistant Controller (Finance and Accounts) of Directorate of Animal Husbandry, Punjab wherein the audit objectives, criteria, scope and methodology were discussed. The exit conference was held in August 2017 with the Vice Chancellor wherein audit findings were discussed. The replies of the University have suitably been incorporated in the report.

2.1.5 Audit criteria

Criteria against which the audit findings were benchmarked were derived from the following sources:

- GADVASU Act, 2005 (Act);
- Account Code (Code) and Statutes regarding Pension and Provident funds and Pension Rules of Punjab Agricultural University as adopted by GADVASU;
- Minutes of meetings of Board of Management and Academic Council;
- Instructions/guidelines issued by the Central/State Government from time to time; and
- Project proposals of the University and sanction thereof by the funding agencies.

2.1.6 Financial management

2.1.6.1 The University largely depends on grants received from State Government/Indian Council of Agricultural Research (ICAR)/University Grants Commission/Government of India. The details of funds received and expenditure incurred thereagainst during the period 2012-17 are given in **Table 2.1.1** below.

Table 2.1.1: Receipt and expenditure during 2012-17

(₹ in crore)							
Year	Opening balance	Grant received	Income from internal resources ⁶	Total	Expenditure	Closing balance	Percentage utilisation of funds
2012-13	14.70	77.14	4.81	96.65	69.62	27.03	72
2013-14	27.03	85.97	5.04	118.04	104.39	13.65	88
2014-15	13.65	73.79	7.08	94.52	87.43	7.09	93
2015-16	7.09	106.12	11.09	124.30	113.99	10.31	92
2016-17	10.31	96.85	16.39	123.55	107.14	16.41	77
Total		439.87	44.41		482.57		

Source: Data furnished by the University

(i) The information furnished by the University showed closing balance of ₹ 16.41 crore in its books whereas the closing balance as per four bank

⁶ Veterinary Hospital income, sale proceeds, fee, auction money, etc.

accounts was ₹ 23.03 crore⁷ as on 31 March 2017. The University had not reconciled the difference of ₹ 6.62 crore as no bank reconciliation statement was prepared during the period covered under audit.

(ii) In addition to the above, ₹ 28.25 crore were also lying in the savings bank accounts and Fixed Deposit Receipts with Director Students Welfare-cum-Estate Officer on 31 March 2017. The amount was to be used for execution of 75 construction works. However, the amount required for the purpose as per ledger balance of Director Students Welfare-cum-Estate Officer was ₹ 17.53 crore. Thus, ₹ 10.72 crore were lying with DSW in excess of requirement. DSW did not surrender the same to the Comptroller as required under paragraph 2.9 of the Account Code that requires submission of a list of excess and surrenders to the Comptroller in month of October. Further, DSW neither reconciled ledger balances with bank accounts nor prepared bank reconciliation statement during the period covered under audit.

The University stated (September 2017) that the bank reconciliation statement had been prepared but had not been audited by the Local Fund Examiner due to shortage of audit staff. However, the same was not supplied to audit (November 2017).

2.1.6.2 Non-preparation of accounts and balance sheet

Audit observed that the University had not prepared accounts and balance sheet since its inception i.e. 2006-07 as required under paragraphs 38 (3) and (4) of Chapter-VII of the Act. The expenditure during 2012-17 was ₹ 482.57 crore. Thus, due to non-preparation of accounts and balance sheet, the same could neither be audited by the Examiner, Local Fund Accounts nor could be placed before Vice Chancellor, Board of Management, Government and the State Legislature as required. Further, the completeness and correctness of financial statement supplied by the University to the audit could also not be verified in absence of accounts and balance sheet. Moreover, lack of these important financial statements would have impaired decision making in the University, especially in areas related to financial management.

The University stated (May 2017) that it had appointed a Chartered Accountant in April 2017 and preparation of the balance sheet was underway.

2.1.6.3 Loss of interest to the State Government and the University

(i) State Government provided (2009-13) ₹ 9.80 crore for five works⁸, out of which the University could utilize ₹ 0.78 crore only in August 2013 and the balance ₹ 9.02 crore remained unutilized (May 2017). These works were being executed with funds received from other agencies except construction of

⁷ (i) Bank of Baroda A/c No. 29380200000053–₹ 1.42 crore; (ii) Bank of Baroda A/c No. 2938013012410–₹ 14.98 crore; (iii) State Bank of India A/c No. 00000030046441847–₹ 2.79 crore; and (iv) State Bank of India A/c No. 00000035728541456–₹ 3.84 crore.

⁸ (i) College of Fisheries–₹ 1.80 crore (utilized ₹ 0.78 crore); (ii) New Goat Shed–₹ 0.33 crore in March 2009; (iii) Critical Care Unit and Small Animal Hospital–₹ 2.42 crore in March 2010; (iv) Referral Hospital–₹ 2.50 crore in March 2009; and (v) Advance Diagnostic Unit–₹ 2.75 crore in March 2009.

the new goat sheds, which was yet to commence (May 2017). As a result, an amount of ₹ 9.02 crore remained blocked during 2009-17 whereas the State Government had to pay interest of ₹ 5.50 crore⁹ on its borrowing during this period which could have been avoided. Reply of the University was awaited.

(ii) Department of Finance, Government of Punjab (FD) directed (January 2007) all the Public Sector Undertakings, Autonomous bodies of the State not to keep money in the current accounts and to keep the surplus money in deposits with the bank giving maximum return. The University kept funds in two current accounts¹⁰ on which no interest was earned. The University could have earned interest of ₹ 1.87 crore¹¹ had the funds been kept in savings bank accounts (calculated at the rate of four *per cent* per annum which is the applicable rate of interest on savings accounts).

The University stated (November 2017) that savings bank account was opened in May 2016. The reply of the University was not acceptable as the University kept operating these current accounts even after opening the savings bank account.

(iii) It was further observed that Department of Animal Husbandry, Fisheries and Dairy Development (Department), Government of Punjab (GOP) released (January 2013) ₹ 9.75 crore¹² to the University for salary¹³ for the year 2012-13. The University could not utilize the funds during 2012-13 and requested (April 2013) the Department to re-appropriate the funds from salary head to contingency head during 2013-14, which was not acceded to (September 2013) by FD and it further directed GADVASU to deposit the amount alongwith interest into the treasury¹⁴. The University refunded (November 2013) ₹ 9.75 crore to the Department without any interest as the amount was kept in current account. Thus, due to retention of funds in current account, no interest could be earned whereas the State Government had to pay ₹ 59.10 lakh on its borrowing for the period 01 February 2013 to 04 November 2013.

The University stated (May 2017) that funds were kept in the current account as no savings account had been opened at that time.

2.1.6.4 Excess and avoidable payment of electricity charges

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

⁹ Calculated at the average borrowing rate of interest of the State Government for the years 2009-17.

¹⁰ (i) State Bank of India Account No. 00000030046441847; and (ii) Bank of Baroda-Account No. 29380200000053.

¹¹ ₹ 0.44 crore in 2012-13; ₹ 0.40 crore in 2013-14; ₹ 0.25 crore in 2014-15; ₹ 0.54 crore in 2015-16; and ₹ 0.24 crore in 2016-17.

¹² Under Plan Scheme Animal Husbandry 6-Assistance to Sri Guru Angad Dev Veterinary and Animal Sciences University.

¹³ Under head 2403-Animal Husbandry-101-Veterinary Services and Animal Health-Sub head 11 & 23-SOE-31 Grant in aid general (Salary).

¹⁴ Under the Head "0403-Animal Husbandry".

It was observed that Punjab State Power Corporation Limited (PSPCL) provided (December 2013) 11 KV connection¹⁵ to GADVASU and billed the energy charges as per the rates of Non-Residential Supply (NRS) which were higher than DS rates. This resulted in excess payment of ₹ 91.33 lakh to PSPCL during December 2013 to October 2017.

The University stated (November 2017) that the matter had been taken up with PSPCL to convert the electricity rates from NRS to DS and the matter was pending with PSPCL.

2.1.6.5 Non-recovery/adjustment of temporary advances

Rule 6.13 of the Accounts Code provides that in case a temporary advance is drawn for a specified purpose, the Drawing and Disbursing Officer is to ensure that the accounts are rendered as early as possible and unspent balance, if any, is to be refunded during the same financial year. However, temporary advances of ₹ 83.14 crore¹⁶ accumulated since inception (2006-07) of the University were lying unadjusted (March 2017).

The University stated (September 2017) that sincere efforts were being made to clear the temporary advances. The reply did not justify accumulation of such huge advances since 2006-07. Moreover, non-adjustment of such advances for long period carries the risk of temporary misappropriation of University's funds.

2.1.6.6 Submission of incorrect utilisation certificate

It was observed that in 17 cases, the University submitted Utilisation Certificates (UCs) of ₹ 33.20 crore (*Appendix 2.1*) to the funding agencies prior to the actual utilisation of funds, resulting in furnishing of incorrect UCs.

The University stated (September 2017) that after transferring the funds to PWD, the UCs were submitted as the funds were being used for construction work as per norms. The reply was not acceptable as the UCs were submitted to funding agency prior to actual utilisation of funds. The submission of UCs without actual utilisation of funds was irregular.

2.1.6.7 Non-refund/reflection of interest earned on Grant-in-Aid

During April 2012 to March 2017, the University earned an interest of ₹ 12.12 crore¹⁷ on the funds received from GOI/State Government but had neither deposited the same in the treasury (State funds) nor reflected it in UCs

¹⁵ Electricity meter account No. W51-C801-00529.

¹⁶ ₹ 0.73 crore in 2006-07, ₹ 3.15 crore in 2007-08, ₹ 8.36 crore in 2008-09, ₹ 6.63 crore in 2009-10, ₹ 7.48 crore in 2010-11, ₹ 4.53 crore in 2011-12, ₹ 2.57 crore in 2012-13, ₹ 2.64 crore in 2013-14, ₹ 1.54 crore in 2014-15, ₹ 21.83 crore in 2015-16 and ₹ 23.68 crore in 2016-17.

¹⁷ (i) Punjab National Bank Account No. 4095000100066126-₹ 0.78 crore; (ii) RKVY-₹ 2.86 crore; (iii) Interest on FDRs ₹ 3.10 crore; (iv) Bank of Baroda Account No. 29380200000102-₹ 0.09 crore; (v) SBI Account No. 0000035728541456-₹ 0.15 crore; and (vi) FDRs ₹ 5.14 crore (interest received from GLADA).

furnished in respect of GOI funds. This was in contravention of the instructions (August 1999) of FD which provide that any interest earned on money kept in banks shall be treated as Government receipt and is to be deposited into treasury.

The University stated (September 2017) that it was accounting for the said amount by using the interest earned for the development of University. Reply was not acceptable as it was in violation of the instructions. Moreover, in absence of reconciliation with the bank, preparation of accounts and balance sheet, and investment register as mentioned in the paragraph 2.1.6.1 (i), 2.1.6.2 and 2.1.9.1, the actual amount of interest earned could not be ascertained.

2.1.7 Human resources and development of infrastructure

2.1.7.1 Shortage of manpower

For the purpose of maintaining academic standards in educational institutions, the availability of qualified and experienced faculty is a pre-requisite. From the information supplied by the University, it was observed that:

- Overall shortage of teaching and non-teaching staff in the University ranged between 40 and 48 *per cent* and 58 and 70 *per cent* respectively during 2012-17.
- At Regional Research and Training Centre (RRTC), Kaljharani, shortage of teaching and non-teaching staff was between 37 and 75 *per cent* and 70 and 97 *per cent* respectively during 2012-17.
- At RRTC, Talwara, no teaching staff was posted during 2012-15 whereas only two against five sanctioned posts were filled up during 2015-17. No non-teaching staff was posted during 2013-17.
- At KVKs Tarn Taran, Mohali and Barnala, there was no shortage of teaching staff but shortage of non-teaching staff ranged between 22 and 89 *per cent* (May 2017).

The University stated (September 2017) that vacancies were not being filled due to shortage of funds. The University attributed shortage of non-teaching staff at KVKs to the instruction issued vide Notification dated 15 January 2015 of the Punjab Government to pay only basic salary to the newly recruited non-teaching staff. It was also stated that University had to often refund to the Indian Council of Agricultural Research (ICAR), amounts received under the salary head since the University was finding it difficult to fill the posts by offering only the basic salary.

2.1.7.2 Shortfall in imparting trainings

Krishi Vigyan Kendras of the University are mandated to educate the unemployed youth, farmers and women about profitable livestock farming *viz.* dairy, poultry, piggery, fisheries, etc.

During 2012-17, there was an overall shortage of 64 *per cent* in imparting trainings at KVK, Booh as training to 171 farmers was imparted against the target of 469 farmers. Year-wise shortfall in imparting training ranged between 28 and 99 *per cent*.

The University attributed (November 2017) shortfall in imparting training to shortage of staff (2013-14 and 2014-15), reshuffling and new appointments of the Assistant Professors during 2015-16 and 2016-17.

2.1.7.3 Non-availability of minimum standards for higher education

It was observed that the College of Fisheries, School of Animal Biotechnology and College of Dairy Science of GADVASU did not fulfil Minimum Standards of Higher Agricultural Education (MSHAE) fixed (March and May 2014) by an expert committee of ICAR with regard to area of land earmarked for different purposes, intake of students in different courses and manpower for different posts, etc. In the College of Fisheries, shortage in area of land earmarked for different purposes, intake of students in different courses and manpower for different posts was 74 to 80, 35 to 75 and 25 to 100 *per cent* respectively as of May 2017. In College of Dairy Science, shortage of manpower was 17 to 100 *per cent* as of May 2017. In School of Animal Biotechnology, shortage of intake of students in different courses was 50 to 100 *per cent* and that of manpower for different posts was 32 to 100 *per cent* as of May 2017.

The University stated (September 2017) that it was following the minimum standards of higher education in letter and spirit. While the standards in veterinary education were governed by the Veterinary Council of India, in other disciplines *viz.* Fisheries and Dairy Sciences, the University was following the ICAR standards. The reply was not acceptable as the prescribed standards in respect of Colleges of Fisheries and College of Dairy Science and Technology were not being met, as pointed out above.

2.1.7.4 Delayed/non-creation of essential infrastructure

(i) A Memorandum of Understanding (MOU) for construction/renovation of buildings was signed (March 2007) between the University and Punjab Urban Planning and Development Authority, Ludhiana (PUDA) (now Greater Ludhiana Area Development Authority (GLADA)). The University was to release further funds to PUDA after submission of monthly statement of expenditure to the University indicating utilisation of earlier releases.

It was observed that the University provided ₹ 38.45 crore¹⁸ out of State/ICAR funds to PUDA during May 2007 to May 2011 for execution of 40 works and kept on releasing funds without ensuring utilisation of funds. PUDA neither supplied monthly statements of expenditure as required under MOU nor did the University ever asked for the same. Thus, the University failed to exercise financial control over release/utilisation of funds provided to PUDA.

¹⁸ As per statement furnished (July 2012) by the PUDA to the University.

Punjab Urban Planning and Development Authority incurred an expenditure of ₹ 11.86 crore on 24 (out of 40 works). It further executed 10 works other than 40 works for which funds were provided by the University at a cost of ₹ 1.44 crore by diverting funds available with it for the said 40 works. PUDA also deducted an amount of ₹ 0.35 crore on account of pending liability and ₹ 0.11 crore on account of service tax. PUDA expressed its inability to execute the balance works due to shortage of technical staff and refunded ₹ 29.83 crore¹⁹ (principal-₹ 24.69 crore, and interest-₹ 5.14 crore). There was no penalty clause in the MOU with PUDA for non/delayed execution of works.

Out of ₹ 29.83 crore refunded by PUDA, the University utilized ₹ 8.23 crore for execution of three works²⁰ through PWD out of the remaining 16 works, diverted ₹ 6.62 crore for execution of three works²¹, also by PWD, from four works²², which had been earlier approved and for which various funding agencies had provided funds and the remaining ₹ 14.98 crore²³ were lying un-utilized (May 2017).

Thus, despite availability of land and release of funds by the State Government and ICAR during 2007-11, the University failed to create essential infrastructure.

The University stated (June 2017) that funds available for construction of Advance Diagnostic Unit, Research Centre and Critical Care Unit were not required and re-allocated (March 2017) these funds for infrastructure²⁴ development of the University with the approval of Vice Chancellor. Funds of Embryo Transfer Technology Lab were diverted (March 2016) for construction of second floor of School of Animal Bio-technology. Despite reallocation of funds, these were lying unutilized as the works were being executed with other funds. The University stated that funds meant for dairy farm would be given to PWD as per progress of work. As regards goat shed, it was stated (April 2017) that rough cost estimate was awaited from PWD. The reply was not acceptable as funds were still lying unutilized for more than seven years from the date of disbursement of funds.

¹⁹ ₹ 0.06 crore in March 2010, ₹ 0.03 crore in September 2010, ₹ 24.12 crore in August 2012, ₹ 3.93 crore in September 2015 and ₹ 1.69 crore in March 2016.

²⁰ (i) College of Dairy Science-₹ 6.50 crore; (ii) Girls Hostel-₹ 0.50 crore; and (iii) Upgradation of dairy farms-₹ 1.23 crore.

²¹ (i) College of Dairy Science-₹ 4.76 crore to be completed by 30 June 2017; (ii) Girls Hostel-₹ 1.36 crore to be completed by 31 October 2016; and (iii) Animal Biotechnology building-₹ 0.50 crore to be completed by 31 August 2017.

²² (i) Auditorium-₹ 4.76 crore; (ii) International Hostel-₹ 0.94 crore; (iii) Museum-₹ 0.50 crore; and (iv) Animal Bio-technology building-₹ 0.42 crore.

²³ Comptroller-₹ 5.70 crore and DSW-₹ 9.28 crore which was sanctioned for five works i.e. (i) Critical Care Unit and Small Animal Hospital: ₹ 2.42 crore received in March 2010; (ii) Research Centre and Referral Hospital for equines: ₹ 2.50 crore received in March 2009; (iii) Advance Diagnostic Unit: ₹ 2.76 crore received in March 2009; (iv) Goat shed: ₹ 0.33 crore received in March 2009; (v) Embryo Transfer Technology lab: ₹ 0.63 crore received during 2007-08; and (vi) Dairy Farms: ₹ 0.64 crore received in March 2009.

²⁴ (i) Construction of new roads; (ii) furnishing of University Auditorium; and (iii) hostel wing for international girl students/NRIs.

(ii) It was further observed that out of ₹ 13.95 crore provided during March 2010 to October 2016 by the Government of India under Rashtriya Krishi Vikas Yojana, ICAR and the State Government for 12 works, the University diverted ₹ 10.60 crore to works other than the approved ones and utilised ₹ 0.42 crore. An amount of ₹ 2.93 crore was still lying unutilized (June 2017) with the University even after lapse of period ranging between eight months and seven years since receipt of funds.

The replies of the University, wherever furnished, were not found convincing as mentioned against each work (*Appendix 2.2*). The reply of the University in remaining cases was awaited.

(iii) National Bank for Agriculture and Rural Development (NABARD) approved (December 2011) the project “construction of civil infrastructure for GADVASU” of ₹ 40 crore²⁵ consisting of five works²⁶ to be completed by 31 March 2015. The State Government received (February 2012-March 2017) ₹ 30.23 crore from NABARD and contributed its share of ₹ 1.35 crore. The balance funds were yet (June 2017) to be released by the NABARD as well as the State Government. Out of total available funds of ₹ 31.58 crore, the State Government released ₹ 27.21 crore²⁷ only with delay ranging between two and 16 months to GADVASU leaving ₹ 4.37 crore un-released (June 2017). Further, against the receipt of ₹ 27.21 crore, the University released ₹ 34.99 crore (by diverting ₹ 7.78 crore²⁸ from other projects) to PWD, which were allotted (May-June 2014) for four (out of five) works²⁹ at a cost of ₹ 29.12 crore to be completed in May-June 2015. These four works³⁰ were still incomplete (May 2017). The fifth work of construction of building of Directorate of Extension had not commenced (May 2017) due to non-finalization of lay out plan.

Thus, the University failed to optimally utilize the borrowed funds from NABARD as none of the five works had been completed even after lapse of more than two years beyond the stipulated date of completion of the project i.e. 31 March 2015.

(iv) The University prepared (December 2013) a project proposal of ₹ 69.60 crore (including ₹ 51 crore for building and farms) for “Establishment of infrastructure facilities in New College of Veterinary Science at

²⁵ ₹ 38 crore as NABARD loan at interest rate of 6.5 per cent per annum for seven years and ₹ two crore as State share.

²⁶ (i) College of Fisheries; (ii) Referral Hospital; (iii) School of Animal Biotechnology; (iv) Milk Plant; and (v) Directorate of Extension.

²⁷ ₹ 14 crore in July 2013, ₹ 3.42 crore in July 2015, ₹ 2.48 crore in March 2016 and ₹ 7.31 crore in October 2016.

²⁸ ₹ seven crore from the work of Bovine Hospital funded by RKVY and ₹ 0.78 crore out of ₹ 1.80 crore received (July 2010-March 2011) under “Establishment of College of Fisheries” from State Government and remaining funds of ₹ 1.02 crore still lying unutilized (June 2017).

²⁹ (i) College of Fisheries; (ii) Referral Hospital; (iii) School of Animal Biotechnology; and (iv) Milk Plant.

³⁰ Works completed: (i) College of Fisheries: 72 per cent; (ii) Referral Hospital: 99 per cent; (iii) School of Animal Biotechnology: 85 per cent; and (iv) Milk Plant: 98 per cent.

Rampura Phul (Bathinda)” with the objective of producing trained veterinary graduates, for completion by 2015-16. The Executive Engineer, Construction Division 1, PWD (B&R), Bathinda (EE) allotted (December 2014) the work to a contractor for ₹ 58.34 crore to be completed by 30 September 2016. On the request of the University, PWD by adding residential quarters and hostel revised (September 2015) the estimate to ₹ 92.14 crore. State Level Sanctioning Committee, in its 14th meeting approved (August 2015) the revised estimate and emphasized that concerted efforts be made to start the academic session of veterinary graduates from 2016-17. As of May 2017, an amount of ₹ 20 crore only had been received from the State Government which was given to PWD by the University. Due to delay in release of funds to the EE, only 45 *per cent* of the work of the building had been completed at a cost of ₹ 26.67 crore (May 2017). Non-completion of the college resulted in non-achievement of the intended objectives of the project. Moreover, the academic session of 2016-17 could not be started (September 2017) due to non-availability of infrastructure.

(v) The University undertook the work of construction of KVK, Booh through Panchayati Raj Department in June 2013 for ₹ 99 lakh for completion within eight months i.e by January 2014. However, as of January 2014, only ₹ 25.57 lakh had been released. Total funds released as of June 2017 were ₹ 92.55 lakh with which the building work was completed and the work of finishing was under progress (June 2017). Thus, due to non-provision of the requisite funds in time, the construction of building had been delayed by almost four years beyond the stipulated date of completion. The University agreed (June 2017) with the facts.

To sum up, most of the projects undertaken by the University to augment its infrastructure were marred by the inability of the University to optimally utilize funds received from the GOI, ICAR and GOP for creation of essential infrastructure.

2.1.7.5 Non-implementation of Wi-Fi in boys' hostels

With a view to extend services like internet, e-mail and access of library through intranet website, the University placed (27 March 2015) a supply order for installation of Wi-Fi in boys hostels at a cost of ₹ 43.60 lakh within maximum 12 weeks i.e by 19 June 2015, extended upto 15 February 2016. Wi-Fi was installed (December 2015) and the firm was paid ₹ 32.26 lakh. However, it was non-functional since February 2016 and the firm was not responding to the requests of the University to rectify the problem. It was further observed that there was no penalty clause in the agreement and hence the University had no means of penalizing the firm or getting the problem rectified by some other firm at the risk and cost of the defaulting firm. The usage reports of the warden of the hostels indicated slow speed of Wi-Fi. As a result, student's research, extension and study work was impaired and the entire expenditure of ₹ 32.26 lakh incurred so far remained un-gainful as it could not serve the intended purpose.

The University stated (September 2017) that the vendor did not complete the work to the University's satisfaction and did not respond to the requests of the

University for more than one year. The University had now cancelled the contract and forfeited (July 2017) the security deposit of ₹ five lakh alongwith interest (₹ 78,416). The reply was not acceptable as the University had taken more than 17 months in taking action against the firm and that too after being pointed out by audit.

2.1.7.6 Non-transfer of land in the name of University

Under Section 34 of Punjab Land Revenue Act, 1887, any person acquiring by inheritance, purchase, mortgage or otherwise, any right in an estate as a land owner, shall report acquisition of the right to the *Patwari* of the estate who shall make an entry in the register of mutations.

Guru Angad Dev Veterinary and Animal Sciences University was carved out of Punjab Agricultural University (PAU) in 2006 with a total campus area of 282.55 acre. However, GADVASU had not got (September 2017) the mutation of the campus area entered in its name as required for having ownership rights. The University stated (September 2017) that process is on for digital mapping of the land. The reply did not justify non-mutation of the land after lapse of more than 11 years since the creation of GADVASU.

2.1.8 Programme implementation

2.1.8.1 Non-establishment of skill development centre

The University proposed (August 2015) to establish a Skill Development Centre (SDC) at its campus with the objective of imparting hands on training to farmers to equip them with the latest technologies and ideas that would enable them to start their own ventures for employment and entrepreneurship.

Government of Punjab (GOP) released (August 2015) ₹ six crore under Rashtriya Krishi Vikas Yojna (RKVY) for the scheme “Sustainable Livestock, Dairy and Fishery Farming”. Of this amount the University diverted ₹ five crore for establishing SDC with the approval of State Level Sanctioning Committee (SLSC). SLSC granted (August 2016) ex-post facto approval to the proposal for establishing SDC with an outlay of ₹ 16.95 crore. The University allotted (February 2016) ₹ five crore for construction of SDC. However, the University had not taken any steps for establishment of SDC even after 22 months (June 2017) of availability of funds. The construction had not been started even after one year of the grant of ex-post facto approval by SLSC.

Thus, SDC which was meant to equip the rural population with livelihood skills, was yet to take off and RKVY funds were lying blocked with the University.

2.1.8.2 Non-setting up of facilities for entrepreneurship

Against the project proposal (December 2011) of ₹ 3.92 crore³¹ of the University, ICAR approved (February 2012) experiential learning units on

³¹ ₹ 0.70 crore for civil works, ₹ 3.17 crore for equipment and ₹ 0.05 crore per week for recurring expenditure.

processing of milk and milk products at a cost of ₹ 95 lakh³². As per approval of ICAR, the University had to ensure that the unit should be financially viable after it was fully operational and was able to meet its running cost. The project proposal also envisaged sale of milk products through parlour and University campus sale.

The Dean, College of Dairy Science and Technology transferred (April 2012) ₹ 60 lakh³³, earmarked for works, to Director Students Welfare. However, no construction was done and after four years, the University diverted (March 2016) these funds, without approval of ICAR, for the additional works of building of College of Dairy Sciences and Technology. However, even this work was not undertaken and the amount was still lying (June 2017) unutilized. The University procured equipment valuing ₹ 28.77 lakh out of the balance retained amount of ₹ 35 lakh. However, no milk product was sold to enable the scheme to meet its running cost as envisaged.

The University stated (June 2017) that due to shortage of funds, the funds were re-allocated for additional works of building of College of Dairy Science and Technology. With regard to lack of sale of any product, the University stated that it was not a commercial dairy plant, therefore the equipment were utilized for teaching and training of students, farmers and entrepreneurs as and when required. The University further stated (September 2017) that the funds were not utilized at that time as the amount was too little for a big project. Now, the Milk Plant was likely to be completed soon with funding from NABARD, which would include the facility for sale of milk products also.

The reply was not acceptable as funds provided by ICAR were required to be spent for the purpose for which these were provided but the University diverted funds for other work without approval of ICAR. Moreover, it submitted UC depicting the amount as having been spent for the sanctioned purpose while actually the funds were lying unutilized (June 2017). This tantamounted to misreporting to the funding agency. Even the plea of shortage of funds for the work due to diversion of funds was not acceptable as the funds were not utilized on that work as well. The reply with regard to sale of product was not acceptable as the project proposal of the University itself envisaged the sale of milk and milk products, which had not been achieved.

2.1.8.3 Affiliation to a private college having deficient infrastructure

University's Rules for affiliation of private institutions offering Diploma in Veterinary Science and Animal Health Technology *inter alia* provide that the applicant body is required to complete staff requirements of the first year as per norms and the University will give a letter for admitting students if the staff and other facilities are adequate. In case of finding deficiency, the University may also resort to reduction of intake capacity.

³² ₹ 60 lakh for works, ₹ 30 lakh for equipment and ₹ 5 lakh for recurring expenditure.

³³ ₹ 50.85 lakh for construction of block in experimental dairy plant and ₹ 9.15 lakh for construction of milk parlour.

The University granted (November 2014) provisional affiliation to Baba Hira Dass Ji College of Veterinary Pharmacy at village Badal (district Sri Muktsar Sahib) for admitting 60 students for one academic year of Diploma in Veterinary Science and Animal Health Technology in 2015-16, subject to fulfilment of prescribed conditions of infrastructure³⁴ and manpower³⁵ before commencement of the session 2015-16. The University re-inspected (June 2015) the College with reference to the revised guidelines³⁶ as per directions of the Board of Management and found deficiencies³⁷ but retained the provisional affiliation granted to the college for 60 seats subject to fulfilment of conditions before starting session 2015-16.

The University again inspected (May 2016) the college for enhancement of seats from 60 to 100 at the request of the college for the academic year 2016-17 and decided not to increase the seats in view of non-rectification of deficiencies pointed out earlier. The University re-inspected (August 2016) and still noticed deficiencies in infrastructure³⁸. Despite this, the University granted (August 2016) provisional affiliation to the college for 80 seats for one year with the condition to remove the deficiencies before the start of the academic session 2016-17.

The University stated (April 2017) that while the building of boys hostel was under construction, land and staff were available. The reply was not acceptable as deficiencies in terms of area, infrastructure and teaching and non-teaching staff had been pointed out by the University itself on four occasions. Thus, grant of affiliation to the college and subsequent increase in intake of student despite deficiencies was in violation of its own Rules by the University which extended undue favour to the private college. Besides possibility of compromising on the quality of education being imparted to students enrolled there could not be ruled out.

2.1.8.4 Under utilisation of Instructional Poultry Processing Unit and Poultry Products Manufacturing Unit

An Instructional Poultry Processing Unit and Poultry Products Manufacturing Unit having capacity of processing 300 birds per hour was established (March 2011) in the University at a cost of ₹ 55.11 lakh³⁹ with the objectives of (i) imparting hands on training to Bachelor of Veterinary Science and Animal Health students regarding processing of poultry; (ii) upgrading skills

³⁴ Canteen, student hostel, animal farm for student training, museum and student common room.

³⁵ Principal, teaching staff, laboratory staff, animal attendants and office staff.

³⁶ The college should have minimum 5-6 acre land, at least five regular full time teaching staff (excluding Principal), adequate non-teaching staff, laboratory, Museum, library, computer room, staff and student common room, etc.

³⁷ (i) No Principal, faculty and staff; (ii) lacks hostel facility of its own for lodging and boarding of girl and boy students; (iii) had insufficient number of laboratory equipment; (iv) had no animal farm/shed of its own; and (v) three acre land against requirement of minimum 5-6 acre.

³⁸ Insufficient area, insufficient teaching and non-teaching staff, lack of proper hostel facilities for boys and girls, non-availability of museum, students common room, sports facility, etc.

³⁹ Machinery-₹ 38.13 lakh; Renovation-₹ 16.29 lakh and Electrical Meter-₹ 0.69 lakh.

through training programmes of butchers and workers engaged in production of poultry and poultry products indigenously; and (iii) developing manpower in quality control and assurance programme. The project was sponsored by Ministry of Food Processing Industries, Government of India (GOI) with the condition that the University would run at least four Entrepreneurship Development Programmes (EDP) and two refresher/skill upgradation training programmes every year at commercial rates to recover its running cost.

Though the plant had started in October 2011, the requisite clearance from Punjab Pollution Control Board was not obtained till May 2017. The plant was operative for 22 days and processed 1,318 birds only during 2011-17. Further, practical training to Undergraduate/Postgraduate students was imparted on 13 days only during 2012-17 and training to farmers was given on seven days during 2014-16. No training to butchers/slaughter workers was given during 2011-17 though provided for in the proposal. Moreover, no EDP and refresher/skill up-gradation training programmes were conducted as required under the conditions of GOI. Thus, the poultry processing unit was grossly under-utilized despite incurring an expenditure of ₹ 55.11 lakh and had not fulfilled the envisaged objectives.

The University stated (November 2017) that it applied for NOC from Punjab Pollution Control Board (PPCB) in October 2013. However, PPCB did not issue the NOC due to non-fulfillment of certain conditions by the University, especially of installation of effluent treatment plant which had now been installed. Thereafter, application for NOC had been submitted (October 2013) and NOC was awaited from PPCB. Due to this reason, commercial slaughter in the unit was not done. The reply was not acceptable as the University could not arrange NOC from PPCB even after six years from start of plant in October 2011 and took two years to move application (October 2013) to PPCB for grant of NOC. Further, no reasons for shortfall in providing trainings to the students, farmers and butcher/slaughter workers were intimated.

2.1.8.5 Failure to safeguard the financial and legal rights of the University by not getting the technology patented

With a view to promote dairy entrepreneurship, the University prepared (2012-13) a project titled “Development of Hybrid Prototype for Chilling Milk” (PCM) with the expected outputs of (i) chilling unit which would run on solar energy alone or in combination with biogas energy or conventional energy resources; (ii) technology transfer to the stakeholders; and (iii) patent of the product.

The University purchased (March 2014-November 2014) solar panels of 6 kilowatt for ₹ eight lakh and chilling unit for ₹ 42,900 and developed the PCM. However, no action was taken to get the product patented as envisaged in the scheme. Further, the University executed (September 2015) a Memorandum of Understanding (MOU) with a firm for utilizing the technology of PCM based GADVASU Milk Chiller (Chiller). The firm was to supply five complimentary chillers to the University within six months of commercial production. However, the firm provided only one unit of milk

chiller. Further, the firm was required to pay to the University royalty of ₹ 1,100 per unit sold as per MOU. However, the University had no information about the scale of commercial production and number of units sold by the firm. The University had not received (May 2017) any royalty from the firm.

The University stated (November 2017) that it was decided (July 2015) to advertise the technology for its transfer and action was taken accordingly. The reply was not acceptable as it was evident that the University had failed to safeguard its legal and financial rights by not getting the technology patented. It had also failed to get financial benefits by way of royalty from the firm.

2.1.8.6 Non-implementation of Integrated University Management System

An expression of interest was invited (January 2010) for establishment of Integrated University Management System (IUMS). Two bidders applied (February 2010) and the University placed (March 2010) a supply order with the bidder, who had quoted the lowest rates, for purchase of seven modules of IUMS at a total cost of ₹ 32.65 lakh without executing any agreement with the firm as required.

The entire bid amount of ₹ 32.65 lakh was deposited (March 2010) in the name of the firm through a Letter of Credit (LC) in a bank, ignoring the payment schedule⁴⁰. An amount of ₹ 8.16 lakh (25 per cent of order value) was released to the firm in November 2010 after acceptance of System Requirements and Specifications and the balance amount was still lying in the form of LC and none of the modules of IUMS had been implemented so far (March 2017).

The University stated (April 2017) that it had filed a suit (May 2016) in court against the firm for recovery of ₹ 8.16 lakh alongwith interest. It was further stated that the firm had been asked telephonically to renew or resubmit the bank draft of earnest money deposit. The reply was not acceptable as the University did not act promptly as it took more than seven years to initiate action against the firm and had even failed to get the earnest money deposit renewed. Moreover, non-execution of any agreement with the vendor has jeopardized the chances of any recovery from the firm.

2.1.9 Internal control mechanism

2.1.9.1 Non-maintenance of Register of Investment

Rule 3.17 of Account Code provides that in order to watch the recovery of interest on the amount invested, an account of investments shall be maintained in a Register of Investment.

It was observed that though the Comptroller intimated (June 2017) that the University had an investment of ₹ 10.72 crore, yet no Register of Investment

⁴⁰ (i) System requirement and specifications acceptance:25 per cent, (ii) For each module wise go-live:25 per cent and (iii) After final acceptance of the system:50 per cent.

was maintained. Further, as per information supplied by the University, deposits of GPF/CPF amounting to ₹ 62.06 crore⁴¹ were kept in banks as on 31 March 2017 and ₹ 19.92 crore were lying with Director Student Welfare-cum-Estate Officer in fixed deposits as on 31 March 2017. However no Investment register was maintained in both the said cases.

In absence of Register of Investment, audit could not verify the completeness of the information of investment and know the source, date of receipt, purpose of receipt, date of investment and reinvestment, interest earned, utilisation of funds/interest. There was, thus, lack of control of the University on the management of huge amount of money invested in different instruments.

The University stated (September 2017) that the records were kept but not maintained in the prescribed manner and further stated that these were now being maintained. However, no documentary evidence was supplied to audit (November 2017).

2.1.9.2 Non-maintenance of fish production and sale register

No records were maintained during 2012-17 showing the quantity and the date on which fish seed were put into pond, the fish produced and the quantity of fish sold. In absence of such records, there was no mechanism to compare the production and sale of fish with the sale proceeds, which were ₹ 3.89 lakh during 2012-17.

The University stated (September 2017) that fish production records were maintained. The reply was not acceptable as the only records maintained were in the form of receipt book in respect of sale of fish.

2.1.9.3 Shortfall in meetings of the Board of Management

During 2012-17, only 12 meetings of the Board of Management were held against the minimum requirement of 30 meetings (at least once every two months) as per paragraph 13 (K) of the Act, thereby leaving a shortfall of 18 meetings (60 per cent). The University stated (July 2017) that the meetings of the Board of Management were held as and when its approval for some items was required. The reply was not acceptable as the Board of Management was required to meet at least once in two months to ensure proper functioning of the University.

2.1.10 Conclusion

Proper management of funds received by the University from State/Central Government's agencies was lacking as these were not properly and timely utilized, resulting in blockade of funds and non-fulfilment of the envisaged objectives. Instances of retention of funds in current accounts resulting in loss of interest and submission of incorrect utilisation certificates to the funding agencies were noticed.

There was shortage of teaching and non-teaching staff in the University and shortfall in training at Krishi Vigyan Kendras. Implementation of projects for

⁴¹ ₹ 0.88 crore into savings bank account; ₹ 61.18 crore in the form of fixed deposits.

infrastructure creation was found deficient as despite availability of land and funds, the University could not create the infrastructure as envisaged. Facilities envisaged for skill development and entrepreneurship had not even been started though funds had been available. Patent for the technology of milk chiller developed by the University was not obtained thereby compromising its financial rights. The Integrated University Management System was still not implemented. Internal control mechanism was deficient as the necessary records such as investment register, fish production and sale register, etc. were not maintained. There was also significant shortfall in meetings of the Board of Management.

2.1.11 Recommendations

The University may ensure:

- (i) Optimal utilisation of funds so as to avoid blocking of funds;
- (ii) Timely adjustment of temporary advances;
- (iii) Filling up of vacant posts of teaching and non-teaching staff; and
- (iv) Creation of necessary infrastructure facilities within the prescribed time schedule through better project management.

The matter was referred to the Government in August 2017; reply was awaited (November 2017).

HEALTH AND FAMILY WELFARE DEPARTMENT

2.2 Management of Cancer Control Programme in Punjab

The Cancer Control Programme in the State was being implemented mainly through two Schemes viz. 'National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke' (NPCDCS) – a Centrally sponsored scheme and 'Mukh Mantri Punjab Cancer Raahat Kosh Scheme' (MMPCRKS) – a State sponsored scheme. A performance audit of these two schemes brought out many deficiencies which seemed to have impaired effective management of Cancer Control Programme in Punjab. Some of the significant audit findings are summarized below:

Highlights

- District action plans had not been prepared. Funds of ₹ 2.79 crore were irregularly diverted to other non-communicable diseases (NCD) programmes outside NPCDCS.

(Paragraphs 2.2.6.1 and 2.2.7.1)

- Out of 14 Cardiac and Cancer Care Units (CCU) established in the State, cancer care facility was available only in one CCU at Bathinda which was not yet operational due to non-posting of requisite staff.

(Paragraph 2.2.8.1)

- There was an overall shortage of manpower ranging between 21 and 86 per cent as per NPCDCS guidelines during 2012-17. Posts of State Programme Coordinator, District Programme Officers and District Programme Coordinators had remained vacant since 2010-11.

(Paragraph 2.2.9.1)

- Activities related to cancer were not carried out at Community Health Centre, Public Health Centre and Sub Centre levels till 2015-16. In 2016-17, 32 patients suffering from cancer were detected during screening of 12,579 patients.

(Paragraph 2.2.10.1)

2.2.1 Introduction

Government of India (GOI) initiated the National Cancer Control Programme (NCCP) in 1975. Later, GOI launched National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS) in the year 2010 after merging NCCP with NPCDCS, under the flagship programme National Rural Health Mission (NRHM). The NPCDCS aims at integration of non-communicable diseases (NCD) interventions in the

National Health Mission⁴² framework for optimization of scarce resources and provision of seamless services to the patients as also for ensuring long term sustainability of interventions. Besides, the State Government also initiated (April 2011) “Mukh Mantri Punjab Cancer Raahat Kosh Scheme (MMPCRKS)” and formed “Mukh Mantri Punjab Cancer Raahat Kosh Society” (Society) for its implementation for the welfare and providing financial assistance to the cancer patients throughout the State of Punjab.

2.2.2 Organizational setup

National NCD Cell established in the Directorate General of Health Services, Ministry of Health and Family Welfare, GOI is responsible for planning, providing overall guidance to States for implementation of NPCDCS. At State level, Principal Secretary to Government of Punjab, Department of Health and Family Welfare (Principal Secretary) is the administrative head and the Director, Health and Family Welfare (DH&FW) is the departmental head for implementation of both the schemes *viz.* NPCDCS and MMPCRKS. The DH&FW is assisted by the State Non-Communicable Diseases Cell (SNCDC) under NPCDCS and the State Cancer Control Cell (SCCC) under MMPCRKS for management of cancer control programme in the State. Besides, nine Government hospitals and nine private hospitals are empanelled⁴³ for diagnosis and treatment of cancer patients under MMPCRKS.

2.2.3 Audit objectives

The Audit objectives were to ascertain whether:

- planning was adequate and financial resources were utilized effectively;
- infrastructure and human resource were adequate and effective;
- implementation of the NPCDCS and MMPCRKS was carried out in a manner to achieve the desired results; and
- internal control and monitoring mechanism was effective and efficient.

2.2.4 Audit scope and methodology

The performance audit covered the period 2012-17⁴⁴ and was conducted between August 2016 and July 2017 by test-check of records of State Health

⁴² National Urban Health Mission (NUHM) was launched (01 May 2013) as a sub-mission of an over-arching National Health Mission (NHM), with National Rural Health Mission (NRHM) being the other sub-mission.

⁴³ **Government hospitals:** (i) Government Medical College and Hospital (GMCH), Patiala; (ii) GMCH, Amritsar; (iii) GMCH, Faridkot; (iv) Advanced Cancer Diagnostic and Treatment Centre, Bathinda; (v) Homi Bhabha Cancer Hospital, Civil Hospital, Sangrur; (vi) Acharya Tulsi Regional Cancer Hospital, Bikaner. (vii) GMCH, Chandigarh; (viii) PGIMER, Chandigarh; and (ix) AIIMS, New Delhi. **Private hospitals:** (i) CMC, Ludhiana; (ii) Sri Guru Ramdass Charitable Hospital Amritsar; (iii) DMC, Ludhiana; (iv) Oswal Cancer Hospital, Ludhiana; (v) Max Super Specialty Hospital, Bathinda; (vi) Max Super Specialty Hospital SAS Nagar; (vii) IVY Hospital, SAS Nagar; (viii) Patel Hospital, Jalandhar; and (ix) Capitol Hospital, Jalandhar.

⁴⁴ Since MMPCRKS Society was maintaining records calendar year-wise, records pertaining to the period 01.01.2012 to 31.03.2017 were test-checked.

Society (SHS), Director, Health and Family Welfare, SNCDC, SCCC and seven⁴⁵ (32 *per cent*) out of 22 District NCD Cells⁴⁶. Besides, a beneficiary survey covering 70 beneficiaries⁴⁷ (ten each from seven selected districts) was carried out to assess the impact of both the programmes in the State.

An entry conference was held with the Director, Health and Family Welfare, Punjab (DH&FW) in February 2017 wherein audit objectives, scope, methodology and audit criteria were discussed. The findings of the performance audit were discussed with the Principal Secretary, Health and Family Welfare, Punjab in the exit conference held in August 2017 and replies of the Department have been suitably incorporated in the report.

2.2.5 Audit criteria

The audit criteria were derived from the following sources:

- NPCDCS guidelines and related instructions issued by Government of India;
- State Programme Implementation Plans approved by Government of India; and
- MMPCRKS guidelines issued by Government of Punjab from time to time.

Audit findings

2.2.6 Planning

2.2.6.1 Non preparation of District action plan

Paragraph 2.4.3 of NPCDCS guidelines stipulates that the District NCD Cell, which is responsible for overall planning, implementation, monitoring and evaluation of different activities and achievement of physical and financial targets planned under the programme in the District, shall prepare District action plan for implementation of NPCDCS strategies. Audit, however, observed that the annual action plan at State level was being prepared on adhoc basis, as neither the District action plans were prepared in any of the NCD Cells of the test-checked districts nor were they involved or consulted while preparing the State action plan during 2012-17.

⁴⁵ (i) Amritsar (2015-16); (ii) Bathinda (2012-13); (iii) Ferozepur (2015-16); (iv) Hoshiarpur (2012-13); (v) Kapurthala (2014-15); (vi) Mansa (2012-13); and (vii) Sangrur (2015-16) selected by adopting Probability Proportional to Size Without Replacement method, based on number of cancer patients registered under NPCDCS and MMPCRKS, except for Bathinda which was selected on judgmental basis, it being one of the districts covered under NPCDCS right from inception of the scheme and major expenditure was incurred in this district.

⁴⁶ NPCDCS was implemented in 4 districts during 2012-14; 7 districts during 2014-15; 14 districts during 2015-16; and 22 districts from 2016-17 onwards.

⁴⁷ Selected by adopting Systematic Random Sampling method.

In the exit conference, the Department, while admitting the facts, contended that planning for tertiary care⁴⁸ was required to be done at State level and the same was being done. The reply was not in line with the guidelines *ibid* which emphasized that the Districts had an important role in prevention, control and early diagnosis of the disease.

2.2.7 Financial management

2.2.7.1 National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)

For implementation of NPCDCS, the State Health Society (SHS) communicated its requirement of funds through programme implementation plans (PIP) for various activities under NHM. On the basis of approved PIPs, GOI and the State Government was to provide funds in the ratio of 75:25 during 2012-15 and 60:40 during 2015-17. The position of receipt and expenditure under NPCDCS during 2012-17 is depicted in **Table 2.2.1** below.

Table 2.2.1: Receipt and expenditure under NPCDCS during 2012-17

(₹ in crore)

Year	Approved outlay		Opening balance	Funds received by SHS		Funds released by SHS to SNCDC		Interest	Total funds (4+7+8+9)	Expenditure	Closing balance
	GOI share	State share		GOI share	State share	GOI share	State share				
1	2	3	4	5	6	7	8	9	10	11	12
2012-13	-	-	5.40	-	-	-	-	0.24	5.64	2.79	2.85
2013-14	-	-	2.85	-	-	-	-	0.20	3.05	2.00	1.05
2014-15	8.52	2.84	1.05	6.23	1.71	6.23	-	0.12	7.40	2.78	2.08 [#]
2015-16	6.31	4.20	4.62 [#]	4.00	1.33	2.20	3.04	0.15	10.01	5.39	4.62
2016-17	5.16	3.44	4.62	3.60	3.33	3.07	0.85	0.18	8.72	7.35	1.37 [@]
Total	19.99	10.48		13.83	6.37	11.50	3.89	0.89		20.31	

Source: Departmental data

[#] ₹ 2.54 crore was refunded to GOI during 2014-15 and were received back from GOI in 2015-16.

[@] Includes ₹ 0.40 crore transferred to NHM as loan.

Note: Funds position of whole NPCDCS has been given, as the separate position in respect of Cancer component was not available with the Department.

It was observed that:

- No funds were released by GOI and the State Government during 2012-14 as no action plan was sent to GOI due to unspent balance of ₹ 5.40 crore and ₹ 2.85 crore lying with the Department as of March 2012 and March 2013 respectively.
- Funds ranging between ₹ 1.05 crore and ₹ 4.62 crore remained unspent during 2012-17.
- Although SHS received ₹ 20.20 crore under NPCDCS yet it released only ₹ 15.39 crore to SNCDC during 2012-17, thus holding back ₹ 4.81 crore,

⁴⁸ Tertiary care is specialized consultative health care, usually for inpatients and on referral from a primary or secondary health center, in a facility that has personnel and facilities for advanced medical investigation and treatment.

which were used for NCD programmes⁴⁹ other than NPCDCS. It was noticed that though the NHM guidelines provided for flexibility for inter-usability of funds from one component to another under NCD programmes limited to a ceiling of 10 *per cent* (i.e. ₹ 2.02 crore) only, diversion of ₹ 2.79 crore (out of ₹ 4.81 crore) beyond the prescribed ceiling was irregular.

➤ The balance State share of ₹ 0.78 crore for the years 2014-16 released to SHS in April 2017 was yet to be transferred to SNCDC (August 2017).

In the exit conference, the Department stated that due to lack of planning at State level and lack of capacity to utilize the available funds, no action plan was sent to GOI during 2012-14. It attributed the reasons for short utilisation of funds during 2012-17 to late receipt of funds from GOI and the State Government. Thus, non-utilisation/non-release of funds impacted various activities *viz.* training and Information, Education and Communication (IEC) under NPCDCS, as discussed in the report.

2.2.7.2 Mukh Mantri Punjab Cancer Raahat Kosh Scheme (MMPCRKS)

For implementation of MMPCRKS, the State Government provided financial assistance limited to ₹ 1.50 lakh per patient eligible⁵⁰ for the treatment of cancer through 18 empanelled Government (nine) and private (nine) hospitals in the State of Punjab. As per MMPCRKS guidelines, funds were to be transferred to concerned Government hospitals in advance on estimation basis. As regards private hospitals, cost of treatment was to be reimbursed on production of utilisation certificates⁵¹ (UC) by these hospitals.

The position of receipt and expenditure under MMPCRKS during January 2012 to March 2017 is depicted in Table 2.2.2 below.

Table 2.2.2: Receipt and expenditure under MMPCRKS during 01.01.2012 to 31.03.2017
(₹ in crore)

Year (Calendar Year)	Opening balance	Funds received from State	Interest	Loan from CADA*	Total available funds	Expendi- ture	Closing balance
1	2	3	4	5	6 (2+3+4+5)	7	8 (6-7)
2012	0.12	22.50	0.27	0	22.89	22.51	0.38
2013	0.38	39.15	0.71	0	40.24	39.18	1.06
2014	1.06	11.45	0.33	0	12.84	11.48	1.36
2015	1.36	0	0.58	5.00	6.94	2.18	4.76
2016	4.76	37.50	0.40	10.00	52.66	42.53	10.13
2017 (up to 03/17)	10.13	12.50	0.04	0	22.67	20.49	2.18
Total		123.10	2.33	15.00		138.37	

Source: Departmental data

* CADA = Punjab State Cancer and Drug Addiction Treatment Infrastructure Fund being maintained by the Punjab Health Systems Corporation.

⁴⁹ National Tobacco Control Programme (NTCP), National Mental Health Programme (NMHP), National Programme for Control of Blindness (NPCB) and National Programme for Health Care of Elderly (NPHCE).

⁵⁰ All BPL and other patients in the State who are diagnosed with cancer disease by the Government/empaneled hospitals, except for Government and ESI employees with medical reimbursement facility and other patients who are covered under any medical insurance policy, are eligible for financial assistance under the Scheme.

⁵¹ UC for 25 *per cent* of the sanctioned amount to SCCC through Civil Surgeon and three UCs for remaining 75 *per cent* directly to SCCC.

Against the total available funds of ₹ 140.55 crore⁵², expenditure of ₹ 138.37 crore was incurred during 01 January 2012 to 31 March 2017, which included ₹ 123.10 crore⁵³ transferred to empanelled hospitals for treatment of cancer patients under MMPCRKS. During test-check of records in respect of five empanelled hospitals in seven selected districts, Audit noticed the following:

(i) During 2012-17, the State Cancer Control Cell (SCCC) released ₹ 6.18 crore to Sri Guru Teg Bahadur Hospital (SGTB) (now Guru Nanak Dev (GND) Hospital w.e.f. June 2015), Amritsar for the treatment of 2,211 cancer patients. Of these, GND Hospital incurred an expenditure of ₹ 5.32 crore on the treatment of 1,691 cancer patients and ₹ 1.21 crore (inclusive of interest of ₹ 0.35 crore) pertaining to 520 patients who did not report to the hospital after sanctioning of fund, was lying unspent with GND Hospital as of March 2017.

The Department stated (August 2017) that GND Hospital, Amritsar would be asked to refund the unspent balance.

(ii) MMPCRKS guidelines prohibit office and other miscellaneous expenditure from MMPCRKS funds. Audit, however, noticed that an amount of ₹ 0.17 crore was incurred on salary, travelling allowance and other contingencies by SCCC (₹ 0.15 crore) and GND Hospital, Amritsar (₹ 0.02 crore). The SCCC (October 2016) and the Medical Superintendent, GND Hospital, Amritsar (May 2017) stated that the expenditure was incurred out of the interest money of MMPCRKS funds. The replies were not acceptable as the expenditure of ₹ 0.17 crore was incurred in contravention of the guidelines.

2.2.8 Infrastructure

Paragraph 1.2 of NPCDCS guidelines envisages institutionalization of NPCDCS at district level within the District Health Society and sharing of its administrative and financial structure with NHM as a crucial programme strategy for providing seamless services to the patients and also for ensuring long term sustainability of interventions. During examination of NPCDCS, Audit noticed the following:

2.2.8.1 Availability of health centres

The District NCD Cell is responsible for overall planning, implementation, monitoring and evaluation of different activities and achievement of physical and financial targets planned under the programme in the District. All the Districts are to have regular NCD clinics for screening, management, counselling and awareness generation for NCD including cancer. Further, District CCUs are to provide emergency, rehabilitative care and management of cancer, etc. and Sub Divisional Hospitals (SDH)/Community Health Centres (CHC) are to conduct comprehensive examination of patients for early diagnosis and treatment.

⁵² ₹ 0.12 crore + ₹ 123.10 crore + ₹ 2.33 crore + ₹ 15.00 crore = ₹ 140.55 crore.

⁵³ ₹ 78.23 crore to Government hospitals and ₹ 44.87 crore to private hospitals.

The position of targets vis-à-vis achievement in respect of availability of health centres under NPCDCS in the State as of March 2017 is depicted in **Table 2.2.3** below.

Table 2.2.3: Targets vis-à-vis achievement in respect of availability of health centres under NPCDCS in the State as of March 2017

Sr. No.	Health centres	Target	Achievement	Shortfall (percentage)
1.	District NCD Cell and Clinics	22	22	Nil
2.	District Cardiac Care Unit and Cancer Care Unit	22	14	8 (36)
3.	SDH/CHC NCD Clinic	192	191	1 (1)

Source: Departmental data

It was observed that though there were almost adequate number of District NCD Cells and Clinics available at District and Sub Divisional Hospital (SDH) & Community Health Centre (CHC) levels respectively, shortfall in availability of District Cardiac Care Unit and Cancer Care Unit (CCU) was 36 per cent in the State. Out of 14 CCUs established in the State, cancer care facility was available only in one CCU at Bathinda (May 2012) and that too was not operational due to non-posting of requisite staff.

The Department stated (August 2017) that NPCDCS had been implemented in Punjab in a phased manner. It was also added that efforts were being made to recruit more specialists to make the cancer facilities operational in the State.

2.2.8.2 Lack of investigation facilities

As per NPCDCS guidelines, laboratory investigation and diagnostic facilities viz. pathology (blood sugar, lipid profile, liver function test and kidney function test) and radio-diagnosis (X-Ray, ECG, USG, ECHO, CT Scan, MRI, etc.) should be available in the District NCD Clinics.

Audit observed that pathology and radio-diagnosis facilities were available in the test-checked districts except for two districts i.e. Amritsar and Sangrur, where radio-diagnosis facilities (X-Ray, ECG, USG, ECHO, CT Scan, MRI, etc.) were not available.

Further, as per Report of Punjab Cancer Atlas (2012-13) of the Indian Council of Medical Research, Breast cancer was the leading type of cancer in females in Punjab. Mammography is a simple radio-graphic technique which helps in detecting irregularities in the breast tissue. However, the Mammography machine was not available in the State except for Civil Hospital, Bathinda and that too was not functional due to non-posting of a Radiologist. Thus, facilities of diagnosis and treatment for breast cancer could not be provided to the patients. It was further noticed that data with regard to number of cases of breast cancer in the State for the period 2012-13 to October 2016 was not available with SNCDC. During November 2016 to July 2017, 957 cases of breast cancer were detected in the State.

The Department assured (August 2017) to look into the matter. It was also added that efforts were being made to depute more specialists at the district level.

2.2.9 Human resource management

2.2.9.1 Shortage of manpower

Against the requirement of 1,271 posts as per NPCDCS guidelines, only 202 posts in different cadres had been sanctioned against which 172 posts (14 *per cent* of the requirement) were filled as of March 2017. There was an overall shortage of staff ranging between 21 and 86 *per cent* (**Appendix 2.3**). The post of State Programme Coordinator/Assistant, District Programme Officer (DPO) and District Programme Coordinator/Assistant (DPC) was also lying vacant since 2010-11. It was further observed that there was shortage of specialists and physicians at the district level ranging between 39 and 92 *per cent*.

In the exit conference, the Department stated that efforts were being made to depute more specialists at the district level. As regards non-deployment of DPCs, it was stated that the Deputy Medical Commissioners were working as DPCs.

2.2.9.2 Training

Paragraph 1.4.4 of NPCDCS guidelines provides that health professionals and health care providers at various levels of health care are to be trained for health promotion, NCD prevention, early detection and management of cancer, diabetes, cardiovascular diseases (CVD) and stroke. For imparting training for programme management and specialized training for diagnosis, treatment of cancer, etc., a nodal agency is to be identified to develop training material, organize training of health care providers at different levels and for monitoring the quality of the training. Structured training programmes are to be developed to provide quality training with appropriate curriculum to various categories of staff.

Audit observed that though SNCDC imparted training to staff on different components under NPCDCS during 2013-16, no training was provided to Auxiliary Nursing Midwiferies (ANM) for screening of cancer patients during this period despite availability of funds⁵⁴. During 2016-17, 3,120 ANMs (under NHM) were imparted training for screening of cancer patients. In the test-checked districts, 1,091 out of 1,557 ANMs were imparted training for screening of cancer patients, leaving 466 ANMs untrained⁵⁵ as of July 2017. It was further noticed that SNCDC had neither identified any nodal agency to develop training material and monitor the quality of training imparted nor developed any structured training programmes.

The Department stated (August 2017) that ANMs were now being given specialized trainings for cancer care through Visual Inspection with Acetic

⁵⁴ There was unspent balance of ₹ 2.85 crore, ₹ 1.05 crore and ₹ 2.08 crore at the end of financial years 2012-13, 2013-14 and 2014-15 respectively and during 2015-17, against the funds of ₹ 40 lakh available for training activities, only ₹ 2.05 lakh (five *per cent*) was spent for the purpose.

⁵⁵ (i) Amritsar (110); (ii) Bathinda (9); (iii) Ferozepur (57); (iv) Hoshiarpur (158); (v) Kapurthala (16); and (vi) Mansa (116).

acid (VIA) technique. It was added that material for preparation of structured training programme was to be provided by GOI, which was received during 2017-18. The reply was not convincing as the State NCD Cell did not make any efforts to obtain the requisite training material from GOI for preparation of structured training programmes during 2012-17, which showed a causal approach on its part to impart requisite training under NPCDCS Scheme.

2.2.10 Programme implementation

During test-check of records of NPCDCS and MMPCRKS, Audit noticed the following:

2.2.10.1 Strategy for early diagnosis

As per paragraphs 2.3.1 & 2.3.2 of NPCDCS guidelines, activities with regard to health promotion for behaviour change, counselling, opportunistic screening⁵⁶ for awareness generation and identification of early warning signals of common cancer and referral of suspected cases to Community Health Centres (CHC) are to be conducted at Sub Centre (SC) and Primary Health Centre (PHC). Further, free NCD clinics are to be established at CHCs for comprehensive examination of patients. Priority is to be given to the strengthening of CHCs for screening of common cancers (oral, breast and cervix), clinic, laboratory investigations and referral services.

Audit observed that there were 56 CHCs (having NCD clinics), 109 PHCs and 1,064 SCs as of March 2017 in seven selected districts. However, no activities related to cancer were carried out at these health centres till 2015-16. The screening of patients was conducted only in 2016-17 when 12,579⁵⁷ patients were screened. Of these, 32⁵⁸ patients suffering from cancer were detected in four test-checked districts. It was further noticed that no screening camps were organized in any of the selected districts except for Sangrur where screening of patients was done by organizing 20 camps during 2016-17. Thus, adequate efforts were lacking at CHC, PHC and SCs level for screening the patients for awareness generation and identification of early warning signals of common cancer.

The Department stated (August 2017) that Sangrur was selected as a pilot district for screening camps during 2016-17 and now ANMs were being trained for cancer screening through VIA technique.

2.2.10.2 Information, Education and Communication (IEC) activities

As per NPCDCS guidelines, public awareness through various channels of communication i.e. mass media (radio and television), community education, print media (posters, banners, etc.), counselling to the patients, camps, interpersonal

⁵⁶ Screening involves simple history (such as family history of diabetes, history of alcohol, tobacco consumption, dietary habits, etc.) general physical examination, calculation of BMI, to identify those individuals who are at a high risk of developing cancer warranting further investigation/action.

⁵⁷ (i) Amritsar (7,786); (ii) Bathinda (657); (iii) Ferozepur (1,694); and (iv) Sangrur (2,442).

⁵⁸ (i) Amritsar (0); (ii) Bathinda (1); (iii) Ferozepur (31); and (iv) Sangrur (0).

communication, etc. are to be organized at Sub Centre to State levels to sensitize public about the risk factors, promotion of healthy life style⁵⁹ and services made under the programme.

Audit observed that during 2012-17, only 102 awareness camps were organized by spending ₹ 20.60 lakh (39 *per cent*) against ₹ 53.50 lakh available for IEC activities. However, these camps were held only on World Cancer Day (4 February) and National Cancer Awareness Day (7 November). It was noticed that IEC activities were carried out only in three⁶⁰ (out of seven) selected districts during 2012-17. Apart from this, no IEC activities were organized at any level in the State during 2012-17 in spite of the fact that the funds of ₹ 32.90 lakh were still available (March 2017) for the purpose.

The Department, while admitting the audit observations, stated (August 2017) that a mobile application for IEC activities was being developed.

2.2.10.3 Other irregularities

(i) Paragraph 1.4.7 of NPCDCS guidelines provides that AYUSH doctors can play an important role in prevention and control of NCDs through primary healthcare network. They can be involved in health promotion through behaviour change, counselling of patients and treatment using Indigenous System of Medicines. The AYUSH practitioners, thus need to be integrated with the National NCD prevention and control programs especially NPCDCS.

However, on being enquired in seven test-checked districts about involvement of available 143 AYUSH doctors in health promotion through Indigenous System of Medicines and their integration with NPCDCS, the District Programme Officers confirmed (March-June 2017) that AYUSH doctors had not played any role in implementation of NPCDCS Scheme during 2012-17.

The Department stated (August 2017) that AYUSH doctors could only be involved in early detection and awareness purpose, and since the cancer patients needed tertiary level care, AYUSH doctors were not involved in treatment of cancer. The fact, however, remains that the objective of prevention and control of NCDs through primary health care network could have been supplemented by involving AYUSH doctors.

(ii) As per paragraph 2.2.1 of NPCDCS guidelines, Technical Resource Groups (TRG) were to be set up by the State to provide technical guidance, advice and to review the progress of programme for enhancing the quality of implementation of Scheme.

Audit, however, observed that no such TRGs had been formed in the State as well as in the selected districts to enhance the quality of implementation of NPCDCS. In the exit conference, the Department admitted the audit observations.

⁵⁹ Intake of healthy food; physical activity through sports & exercise; avoidance of tobacco and alcohol; stress management; warning signs of cancer; etc.

⁶⁰ (i) Amritsar (distributed 24 banners during 2016-17); (ii) Bathinda (organized 59 IPC camps during 2013-17); (iii) Mansa (organized five IPC camps during 2012-17).

2.2.10.4 Impact assessment

(i) Beneficiaries' survey

In order to assess the impact of NPCDCS and MMPCRKS on the cancer patients, a joint survey by Audit along with the representatives of the Department of seven selected districts was conducted (May 2017) in respect of 70 (out of 15,908) beneficiaries (ten each from seven selected districts) registered under MMPCRKS. Responses to some important parameters relating to programme management, satisfaction level of the beneficiaries, post counselling, etc. derived from the interviews of the beneficiaries are depicted in **Table 2.2.4** below.

Table 2.2.4: Results of beneficiary survey

Sr. No.	Parameters	Responses	Percentage
1.	Number of beneficiaries		
	(i) who incurred expenditure in addition to the financial assistance received under MMPCRKS	61	87
	(ii) who did not incur expenditure in addition to the financial assistance received under MMPCRKS	9	13
2.	Status of treatment:		
	(i) Number of mortality cases	29	41
	(ii) Number of cured cases	09	13
	(iii) Number of patients under treatment	32	46
3.	Number of beneficiaries		
	(i) who purchased medicines from market during the treatment under MMPCRKS	2	3
	(ii) who did not purchase medicines from market during the treatment under MMPCRKS	68	97
4.	Satisfaction level:		
	(i) Number of patients/relatives who were not satisfied with the treatment under MMPCRKS	26	37
	(ii) Number of patients/relatives who were satisfied with the treatment under MMPCRKS	44	63

Source: Beneficiary survey conducted by Audit

Audit observed that:

➤ Apart from the financial assistance provided under MMPCRKS, 61 beneficiaries (87 per cent) incurred additional expenditure on their treatment. Of these, 33 beneficiaries were sanctioned funds ranging between ₹ 0.03 lakh and ₹ 1.48 lakh against the admissible amount of ₹ 1.50 lakh each under MMPCRKS. However, these beneficiaries incurred additional expenditure of their own for treatment of cancer.

➤ Sixty one beneficiaries who incurred expenditure in addition to the financial assistance under MMPCRKS did not approach the Government health centres due to lack of facilities.

➤ No data with regard to death or patients cured under NPCDCS/MMPCRKS was available with SNCD/SCCC. However, during survey, 41 per cent cases of death and 13 per cent cured cases were reported.

➤ Two beneficiaries purchased medicines of ₹ 0.10 lakh from market while receiving treatment under MMPCRKS.

➤ Thirty seven *per cent* beneficiaries were not satisfied with the treatment provided under the MMPCRKS mainly due to lack of cancer care facilities in Government hospitals and inadequate financial assistance under the Scheme.

In the exit conference, the Department accepted the audit observations. As regards purchase of medicines from market by two beneficiaries, it was stated that matter had been referred to the concerned hospitals.

(ii) Sustainable Development Goals

The global burden of cancer is increasing at an alarming rate and presents a major public health and development challenge. In 2012, it was estimated that there were over 14 million new cases of cancer and over 8 million deaths from cancer. By 2030, these startling figures were expected to increase to over 21 million new cases a year and 13 million deaths. To overcome this problem, United Nations General Assembly consisting of 194 countries (including India) adopted (September 2015) 17 Sustainable Development Goals (SDG) which *inter alia* included reduction of one third premature mortality from non-communicable diseases (including cancer) by 2030.

Audit observed that no centralized data in respect of total number of cancer patients that existed during 2012-17 was available with the Health Department. In the absence of this, achievement with respect to SDGs could not be measured.

The Department stated (August 2017) that target of reducing the cancer patients by one-third in the State in line with SDGs was not applicable to NCDs. The reply was not correct as 17 SDGs adopted during September 2015 included reduction of one third premature mortality from NCDs (including cancer) by 2030.

2.2.11 Internal control and monitoring mechanism

Internal control and monitoring mechanism of activities of a department plays a vital role in successful implementation of various schemes and efficient and effective running of the department. Some of the deficiencies in internal control and monitoring mechanism noticed during the test-check of records of NPCDCS and MMPCRKS are discussed as under:

(i) With a view to create a wider knowledge base in the community for effective prevention, detection, referrals and treatment strategies and to build a strong monitoring and evaluation system through the public health infrastructure, convergence of NPCDCS activities had not been done with the on-going interventions of NHM including National Tobacco Control Programme (NTCP), National Programme for Health Care of Elderly (NPHCE), etc., as required under paragraph 1.2 of NPCDCS guidelines.

The Department stated (August 2017) that the convergence of NPCDCS activities with other related programmes would be done at State and District levels.

(ii) As per MMPCRKS guidelines, detailed estimate of cost along with tentative time schedule of treatment from the hospital where the treatment is on-going is to be sent to SCCC with the application file.

Audit observed that tentative time schedule of treatment was not being mentioned along with detailed estimate while submitting the applications by the empanelled hospital authorities to SCCC and the funds were being sanctioned to these hospitals without complying with the MMPCRKS guidelines.

In the exit conference, the Department stated that the detailed estimates were prepared by the doctors of empanelled hospitals and the period of treatment was not mentioned as nature of treatment might vary during the course of treatment. The reply of the Department was not in line with the provisions under the MMPCRKS guidelines. Moreover, the knowledge of tentative schedule of treatment would help SCCC to keep track of UCs and unspent balance lying with the Government empanelled hospitals.

(iii) As per Memorandum of Association (MoA), annual accounts of the MMPCRKS Society shall be audited annually by the Chartered Accountant to be appointed by the Department of Health and Family Welfare, Punjab. Audit, however, noticed that the annual accounts had not been prepared by the Society during 2012-17.

The Department, while admitting the facts, assured (August 2017) to prepare the annual accounts.

2.2.12 Conclusion

Management of Cancer Control Programme in the State left scope for improvement in many areas. District action plans were not prepared and funds of ₹ 2.79 crore were irregularly diverted to other NCD programmes outside NPCDCS. Cancer care facilities were lacking in the District NCD Clinics. Shortage of staff ranged between 21 and 86 *per cent* during 2012-17. Training for screening of cancer patients was not provided to ANMs deployed under NHM during 2012-16. Adequate efforts were not made for making the public aware through IEC activities and also for screening the patients to identify early warning signals of common cancer. Non-convergence of NPCDCS activities with on-going interventions of NHM, not mentioning the tentative time schedule of treatment in the applications under MMPCRKS and non-maintenance of annual accounts by MMPCRKS Society showed weak internal control mechanism in the Department.

2.2.13 Recommendations

In the light of audit findings, the State Government may consider:

- (i) Strengthening the planning process by preparing District action plans to bridge gaps in infrastructure and manpower and ensuring optimum utilisation of available financial resources;
- (ii) Providing adequate cancer care facilities and manpower in NCD Clinics and outsourcing the investigation facilities in PPP mode till Radiologists are in place;
- (iii) Carrying out adequate awareness generation and other cancer related activities to identify early warning signals of common cancer in the patients; and
- (iv) Strengthening internal control mechanism by prioritizing quality assurance monitoring/activities for effective management of Cancer Control Programme in the State.

The matter was referred to Government in July 2017; reply was awaited (November 2017).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

2.3 Working of Greater Mohali Area Development Authority

Greater Mohali Area Development Authority (GMADA) was set-up in August 2006 under the Punjab Regional and Town Planning and Development Act, 1995 (PRPA). The performance audit on the working of Greater Mohali Area Development Authority brought out lack of planning, deficiencies in financial management and execution of developmental projects, non-construction of houses for Economically Weaker Sections (EWS) of the society, delay in development and disposal of acquired land and regularization of unauthorized colonies and marriage palaces, non/short recovery of external developmental charges and license fee, planning and scrutiny charges, etc. that undermined the achievement of its overall objectives. Some of the significant audit findings are summarized below:

Highlights

- Greater Mohali Area Development Authority could not provide houses to the Economically Weaker Sections of the society in spite of earmarking of 263.29 acre land and 201 flats in mega residential projects.

(Paragraph 2.3.6.2)

- During 2012-16, loans of ₹ 1,694.70 crore were raised by GMADA whereas it repaid only an amount of ₹ 244.50 crore during the same period.

(Paragraph 2.3.7.2)

- Greater Mohali Area Development Authority incurred/released ₹ 289.88 crore for the works which did not fall in its jurisdiction.

(Paragraph 2.3.7.4)

- Change of land use charges of ₹ 67.34 crore of IT City were not deposited into Government account and ₹ 98.16 crore were adjusted against other works without concurrence of the Finance Department.

(Paragraph 2.3.7.5)

- Greater Mohali Area Development Authority did not transfer the planning charges of ₹ 1.16 crore to Chief Town Planner.

(Paragraph 2.3.7.6 (i))

- Piecemeal acquisition of land led to an avoidable extra expenditure of ₹ 18.40 crore.

(Paragraph 2.3.8.1)

- An amount of interest of ₹ 2.18 crore was paid to the land owners due to delay in payment of enhanced compensation.

(Paragraph 2.3.8.2)

- **External Development Charges and License Fee of ₹ 174.57 crore from 18 developers of colonies and ₹ 230.46 crore from 13 developers of mega projects were recoverable as of August 2017.**

(Paragraph 2.3.10.2 (i))

- **Two sewerage schemes could not be put to use due to ill planning, even after incurring an expenditure of ₹ 8.23 crore.**

(Paragraph 2.3.11.2)

2.3.1 Introduction

The Government of Punjab (GOP) set up (August 2006) Greater Mohali Area Development Authority (GMADA) primarily to execute plans and programmes, acquire, hold and dispose of moveable and immoveable properties and execute works of external development of area under its jurisdiction.

2.3.2 Organizational set-up

Greater Mohali Area Development Authority constituted under Sub-Section 29 (i) of PRPA consists of Chairman, Chief Administrator (CA) and nine members nominated by GOP.

2.3.3 Audit objectives

The objectives of audit were to ascertain, whether:

- the master plan was implemented with adequate planning and process of acquisition of land was completed in time;
- “housing for all scheme” for the benefit of economically weaker sections of the society was implemented effectively;
- adequate funds were available for implementation of various schemes ;
- the change of land use charges, external development charges, licence fee, planning and regularization charges, scrutiny fee, composition fee, labour cess, etc. were correctly assessed and recovered in time;
- expenditure on developmental works was incurred economically, efficiently and in accordance with the provisions of PWD code; and
- adequate internal control mechanism was in place to monitor proper functioning of GMADA.

2.3.4 Audit scope and methodology

Audit covering the period 2012-17 was conducted between November 2016 and July 2017 by test check of the records maintained by GMADA. GMADA executed 70 works valuing ₹ 1724.26 crore for construction and development of residential/commercial projects during the period of audit. Audit selected

all the 18 development works sanctioned/executed (100 *per cent*) on which expenditure of more than ₹ 20 crore was incurred; 13 (25 *per cent*) out of 52 sanctioned/executed works on which expenditure between ₹ one crore and ₹ 20 crore was incurred and seven land acquisition cases (28 *per cent*) out of 25 by adopting Probability Proportional to Size Without Replacement method. The records of designated planning agency i.e. Town and Country Planning Wing of Department of Housing and Urban Development (DH&UD) were also test checked.

An entry conference was held with Additional Chief Administrator (Finance and Accounts) in November 2016 and the exit conference was held in October 2017 with the Chief Administrator GMADA and replies of the Department have suitably been incorporated in the report.

2.3.5 Audit criteria

The following were the sources of audit criteria adopted for audit:

- Punjab Regional and Town Planning and Development Act, 1995;
- Policies made by Government from time to time for allotment and development of land; and
- Instructions issued by Government from time to time.

Audit findings

2.3.6 Planning

The Senior Town Planner (STP) and District Town Planner (DTP), Mohali are entrusted with preparation of Master Plan, Zonal Development Plans and sanction of maps of properties in accordance with GOP orders issued from time to time and building bye laws. Audit findings relating to planning are discussed in succeeding paragraphs.

2.3.6.1 Delay in approval of master plan

As per Section 56 to 78 of PRPA, after declaration of Local Planning Area by the State Government, the designated planning agency i.e. Chief Town Planner (CTP) would prepare and submit the master plan within a period of one year to the Board⁶¹ for approval.

Audit observed that the State Government, between March 2006 and July 2014, notified seven areas in GMADA jurisdiction as Local Planning Areas (LPA). Master Plans of these areas were prepared and submitted by CTP, Punjab to the Board for approval with a delay of one year to three years.

GMADA stated (October 2017) that approval of the Board had been obtained for such delay in preparation of master plans. The reply was not acceptable as

⁶¹ Punjab Regional and Town Planning and Development Board.

delay in preparation of master plans and zonal plans led to un-authorized construction in these areas.

2.3.6.2 Non-implementation of policy of providing houses

To promote the construction of houses for the economically weaker sections (EWS) of the society, GOP, DH&UD notified (November 2008) a policy for allotment of one-room/two-rooms tenements on five *per cent* land reserved in Mega/Super Mega Housing Projects approved in the State. As the scheme had failed to take off due to various reasons and majority of sites earmarked for EWS houses were not developed, the GOP again notified (December 2013) that in case of housing projects where plotted as well as flatted development was undertaken by the developer, the area reserved for EWS shall be transferred free of cost to the concerned Authority for utilizing the land for construction of houses for EWS/Low Income Group (LIG). In Group Housing Projects having area of more than five acre, the promoter shall have the option of either providing housing for EWS/LIG (10 *per cent* dwelling units) in the project in a separate block as per norms/policy⁶² of the Government or paying to the Development Authority at the rate of ₹ 1,500 per square feet as EWS Fund in lieu of construction of ten *per cent* dwelling units for EWS/LIG. On the pattern of Government of India's scheme "Affordable Housing for all 2022", GOP framed (September 2015) 'Housing for all scheme' for the benefit of EWS and LIG of the State. Under this scheme, the land transferred to GMADA by developers under the EWS/LIG scheme and other suitable land belonging to GOP and local authorities were to be identified and handed over to the Executing Authorities for construction of these houses.

Audit noticed that out of 263.29 acre of land earmarked by 39 developers in their housing projects, 16 developers of 16 projects transferred 156.83 acre land to GMADA on which construction was yet to be started (November 2017), while the land measuring 106.46 acre was still to be mutated (November 2017) by 23 developers in the name of GMADA. Although 201 flats were earmarked by six private developers in their group housing schemes for EWS/LIG housing, none of the six developers had transferred any flat in the group housing schemes (March 2017). Due to non-fixing of any time frame in the policy, the scheme could not take off thereby depriving housing for the economically weaker sections of the society. However, there is no penalty clause for non-adherence to the provisions of the schemes.

GMADA stated (October 2017) that all earlier policies in this regard had been scrapped and now free houses would be provided under Punjab Shehri Awas Yojna scheme launched on 05 September 2017 to homeless SC/BC category beneficiaries only whose annual income was less than ₹ three lakh. For this purpose, a new demand survey had been completed (September 2017).

⁶² (i) One/two rooms tenements shall be constructed for EWS and LIG in 50:50 ratio in the area reserved in the concerned mega project; (ii) The maximum height shall not exceed four storey including ground floor; (iii) Ground coverage shall not exceed by 30 *per cent* of the total area; (iv) The promoter shall have to construct minimum 80 units for each acre.

Thus, due to non-implementation of policies framed by the Government from time to time, the objective of the schemes stood defeated.

2.3.7 Financial management

2.3.7.1 Budget estimate and actual receipts and expenditure

Section 52 of PRPA requires GMADA to prepare a budget in respect of the next financial year showing its estimated receipts and expenditure and to forward it to the State Government. Year-wise detail of budget estimates and actual receipts and expenditure during 2012-17 is given in **Table 2.3.1** below.

Table 2.3.1: Budget estimate and actual receipts and expenditure during 2012-17

(₹ in crore)

Year	Receipt		Expenditure		(-)Saving/ (+) Excess	Perce- ntage
	Budget estimate	Actual	Budget estimate	Actual		
1	2	3	4	5	6	7
2012-13	1585.53	1136.58	1547.03	892.58	(-) 244	--
2013-14	2168.50	716.16	2103.92	1425.16	(+) 709	99.00
2014-15	2501.32	1120.22	2500.59	1302.22	(+) 182	16.24
2015-16	2278.35	1049.65	2277.95	1851.65	(+) 802	76.41
2016-17	1636.51	980.16	1636.51	1165.17	(+) 185.01	18.88

Source: Departmental figures

Above table shows that there was excess expenditure against receipts ranging between 16 and 99 *per cent* during 2012-17.

GMADA stated (October 2017) that decline in the receipts was due to recession in the real estate market.

2.3.7.2 Borrowings by GMADA

Section 51 of PRPA authorized GMADA to borrow money by way of loans or debentures or bonds or such other financial instruments from such sources, other than the State Government and on such terms and conditions as it may determine from time to time. The Principal Secretary while approving the budget estimates for 2013-14 to 2015-16 directed (between January 2015 and February 2015) that efforts be made to reduce the interest liability and to sell the vacant sites by rationalizing the prices.

For the acquisition of land for IT City, Eco City I and II and Sectors 88 and 89, GMADA raised term loans from different banks during the years 2012-16 and availed overdraft facility of ₹ 912.83 crore from the banks by mortgaging the property as a collateral security. An interest of ₹ 756.95 crore was paid on these borrowings during 2012-16 as per details given in **Table 2.3.2** below.

Table 2.3.2: Year-wise details of secured loans borrowed from different banks during 2012-16

(₹ in crore)						
Year	Opening balance as on 01.04.2012	Loans raised during the year	Total	Loans repaid during the year	Closing balance	Interest paid during the year
1	2	3	4 (2+3)	5	6 (5-4)	7
2012-13	1555.63	Nil	1555.63	244.50	1311.13*	152.73
2013-14	1310.86*	709.90	2020.76	Nil	2020.76	166.92
2014-15	2020.76	181.58	2202.34	Nil	2202.34	208.38
2015-16	2202.34	803.22	3005.56	Nil	3005.56	228.92
2016-17**	--	--	--	--	--	--
Total		1694.70		244.50		756.95

Source: Departmental figures

* There was difference of ₹ 0.27 crore in the opening and closing balance for the year 2012-13 and 2013-14 due to exclusion of ₹ 0.27 crore (bank guarantee) in the opening balance of 2013-14 for which no reasons were given.

** The accounts for the year 2016-17 have not been finalised (November 2017).

As shown above, GMADA raised term loans of ₹ 1,694.70 crore during 2012-16 out of which ₹ 244.50 crore were repaid during 2012-13 leaving balance of ₹ 3,005.56 crore (including opening balance of ₹ 1,555.63 crore) to be repaid (March 2017).

There was no repayment of loan during 2013-14 to 2015-16. As a result, the debt liability of GMADA had almost doubled during 2012-16.

GMADA stated (October 2017) that receipts i.e. External Development Charges (EDC)/License Fee (LF) had been deposited in the overdraft account (ODA) and repayment of loan and interest was made from that account. However, efforts were being made to reduce the loan amount and the latest figures would be provided to audit. However, the same has not been provided to audit (November 2017).

2.3.7.3 Outstanding recovery of loan from Punjab Municipal Infrastructure Development Company

GMADA gave ₹ 20 crore (October and December 2011) loan to Punjab Municipal Infrastructure Development Company (PMIDC) for giving as grant-in-aid to various urban local bodies for various developmental works at the interest rate of six *per cent* per annum compounded quarterly. Out of ₹ 20 crore, an amount of ₹ 17.53 crore was still recoverable (March 2016). The decision to grant loan to PMIDC at the rate of six *per cent* was unjustified as GMADA was raising term loans from banks and paying interest at the rate of 9 to 10 *per cent*.

GMADA stated (October 2017) that efforts were being made to recover the outstanding amount. However, the reply was silent about disbursing the loan at the rate of six *per cent* when the GMADA was raising loan at the rate of 9 to 10 *per cent*.

2.3.7.4 Release of funds for developmental works at the behest of the Government

On the directions of the GOP, GMADA released ₹ 638.33 crore (December 2014) to various Municipal Corporations, PWD and Punjab Health Systems Corporation, etc. for execution of various developmental works. Out of this, ₹ 289.88 crore⁶³ were either transferred to other departments or spent on the acquisition of land for airport and conducting Agro summit which were outside the scope of GMADA. Since GMADA resorted to incremental borrowing every year to finance its operations (Paragraph 2.3.7.2), funding of activities outside its scope further increased its debt burden.

Further, in respect of the funds transferred/incurred on the works within the jurisdiction of GMADA, utilisation certificates (UCs) for ₹ 347.95 crore were not obtained from the concerned Municipal Councils to ensure that these funds were actually utilized for the purpose for which these were released.

GMADA stated (October 2017) that funds amounting to ₹ 289.88 crore were transferred for developmental works with the approval of Chairman of GMADA. It was stated that some UCs had been received and remaining would be obtained at the earliest.

2.3.7.5 Non-deposit and irregular adjustment of Change of Land Use charges

According to GOP, DH&UD notification (October 2012), all development authorities working under the Department were to deposit Change of Land Use (CLU) charges in the treasury at par with private promoters/colonizers for the development of projects/colonies.

GMADA acquired (November 2011-December 2013) 2,914 acre of land for setting up of residential urban estates in Sector 88-89, IT City (super mega industrial project), Eco City Phase-II and Medi City. But, CLU charges of ₹ 160.83 crore⁶⁴ were not deposited with the CTP for onward deposit into treasury. CTP demanded (January 2015) CLU charges in respect of above said four projects. Instead of depositing the amount with the CTP, GMADA proposed (January 2015) an adjustment of expenditure of ₹ 98.16 crore incurred on developmental works by it at the behest of the Government, which was approved by the Deputy Chief Minister being Deputy Chairman of GMADA. The CTP on receipt of the adjustment orders granted permission (March 2015 to June 2015) for three projects (₹ 53.04 crore of Sector 88-89, ₹ 40.45 crore of Eco City II and Medi City II and ₹ 4.67 crore of Social Infrastructure Fund) except IT city. The CLU charges of ₹ 67.34 crore in respect of IT city had not been deposited into Government account

⁶³ Transferred to other departments:(i) Memorial of Baba Banda Singh Bahadur at village Chhaper Chirri-₹ 92 crore; (ii) Punjab Health Systems Corporation-₹ 15 crore; and (iii) Punjab Freedom Movement Memorial Foundation, Jalandhar ₹ 0.50 crore. Expenditure incurred itself:(i) Airport at Mohali-₹ 175.88 crore; and (ii) Agro summit-₹ 6.50 crore.

⁶⁴ ₹ 53.04 crore-Sector 88-89, ₹ 67.34 crore-IT City, ₹ 24 crore-Eco City and ₹ 16.45 crore-Medi City.

(September 2017). The adjustment of CLU charges, which is Government revenue, without the concurrence of the Finance Department was irregular.

GMADA stated (October 2017) that the matter was put up to the Authority of GMADA where Principal Secretary Finance was also a member. It further stated that the CLU charges of ₹ 98.16 crore were adjusted upon the approval of Authority and approval for adjustment of CLU charges in respect of IT City had also been similarly received. The reply was not justified as concurrence of the Finance Department was required for adjustment of CLU charges.

2.3.7.6 Non-depositing of planning charges/scrutiny fee and labour cess

(i) The Board approved (April 2006) rate of ₹ 200 per acre for the preparation of Outline Master Plan and ₹ 2 per square yard for the preparation of layout plans, zonal plans, part outlay plans of various sites. Out of the collection of planning charges, 86 *per cent* was to be deposited in the State Treasury by the planning agency and 14 *per cent* retained by CTP to take care of the expenses incurred by it in discharging statutory duties assigned to it by the Board.

Audit observed that during 2012-17, CTP prepared Outline Master Plan of 58,273 hectare and layout plans, zonal plans of 2,255.48 hectare but, GMADA/PUDA did not transfer the planning charges of ₹ 8.28 crore⁶⁵ to CTP. Thus, due to retention of planning charges by GMADA, not only did the Government suffer a loss of revenue of ₹ 7.12 crore (86 *per cent* of ₹ 8.28 crore), CTP also could not get its share of ₹ 1.16 crore to take care of expenses incurred by it in discharging its statutory duties.

(ii) Government of Punjab decided (March 2005) to charge 50 *per cent* of the scrutiny fee⁶⁶ being charged by the respective development agencies for those building applications which were referred for advice to CTP and the fee so received was to be deposited in the treasury by CTP.

Audit observed that during 2012-17, CTP technically approved 26 building (both commercial and residential) plans having covered area of more than 5,000 square feet. Although, GMADA recovered (October 2013 to October 2016) ₹ 1.47 crore as scrutiny fee in 10 cases, it did not transfer ₹ 0.74 crore (50 *per cent*) to CTP for depositing the same into Government account.

GMADA stated (October 2017) that the reconciliation would be done. Final outcome was still awaited (November 2017).

(iii) Audit observed that in violation of instructions (November 2013) of Labour Commissioner for recovery of labour cess, four building plans were approved by GMADA wherein the estimated cost of construction was calculated at the rate of ₹ 750 instead of ₹ 900 per square feet as prescribed in the said instructions. It resulted in short recovery of labour cess of

⁶⁵ (58,273 hectare x 2.47x ₹ 200 and 2,255.48 x 11,959.90x ₹ 2)=₹ 8.28 crore.

One hectare = 2.47 acre, one hectare=11,959.9 sq. yard.

⁶⁶ ₹ 5 per sq. feet for covered area of building and ₹ 2.50 per running feet for boundary wall.

₹ 19.88 lakh. Further, in 13 cases, labour cess of ₹ 5.24 crore⁶⁷ was short deposited by the concerned developers/promoters.

GMADA stated (October 2017) that some amount had been recovered but did not provide any details of the recovered amount (November 2017).

2.3.8 Acquisition and sale of land

Out of 25 cases of acquisition of land in which compensation of ₹ 1,255 crore was paid during the period of audit, seven cases against which compensation of ₹ 1,068 crore was paid during 2012-17 were selected and examined on the basis of Probability Proportional to Size Without Replacement method.

2.3.8.1 Avoidable expenditure on acquisition of land

Audit observed that Land Acquisition Collector acquired 79.9109 acre land between January 2013 and November 2014 for construction of two master plan roads. The acquisition was done in piecemeal manner due to various reasons⁶⁸. The piecemeal acquisition of land resulted in avoidable extra expenditure of ₹ 18.40 crore due to subsequent enhancement in rates of land. Had the alignment of these roads been properly planned, this extra expenditure could have been avoided.

GMADA did not furnish any relevant reply.

2.3.8.2 Avoidable payment of interest

Section 28 of Land Acquisition Act, 1894 provides that if the sum which, in the opinion of the court the Collector ought to have awarded as compensation, is in excess of the sum which the Collector did award as compensation, the court may direct the Collector to pay interest on such excess at the rate of nine *per cent* per annum for the first year and 15 *per cent* per annum thereafter from the date on which the possession of the land was taken to the date of payment of such excess.

Audit observed that the Supreme Court in case of Paramjit Panag and others (122 cases) v/s State of Punjab enhanced (January 2014) the land compensation to farmers from ₹ one lakh as awarded by the Punjab and Haryana High Court to ₹ two lakh per acre. The enhanced compensation was required to be deposited by LAC, GMADA within three months from the date of the Supreme Court's decision. LAC paid (January and February 2016) the enhanced compensation of ₹ 7.90 crore in 122 cases with a delay of 22 months which resulted in avoidable payment of interest of ₹ 2.18 crore.

GMADA stated (October 2017) that the delay was due to the shortage of manpower and office procedures and further stated that it was making consistent efforts to reduce this liability in future. Thus, failure of GMADA to

⁶⁷ Calculated at the rate of ₹ 900 per sq. feet.

⁶⁸ Missing *khasra* numbers (a number which is allocated to identify parts of land) falling in the alignment of the road, change in alignment of the road and requirement of land for setting up of 300 metre mix land use on both sides of the road, etc.

ensure timely compliance of Court's orders resulted in avoidable expenditure of ₹ 2.18 crore towards interest.

2.3.9 Sale and disposal of plots/commercial/institutional sites

GMADA carved out 12,080 (residential, commercial, institutional and industrial) plots during the period 2012-17, out of which 11,821 plots (98 *per cent*) were sold during the period covered under audit. Audit examined the efficacy of developing and selling these properties and the findings are as follows:

2.3.9.1 Delay in allotment/sale of booth sites

Audit observed that GMADA launched (November 2013) a scheme for auction of 247 booth sites located in Sectors 53, 56, 59, 61, 64 and 68 of Mohali, to be allotted through the sealed bid system. Out of 146 bids received, 11 bids were cancelled as the bidders had opted for more than one booth site without depositing the required earnest money. Out of remaining 135 bidders, 47 bidders were found eligible for the allotment of booth sites. However, out of 47 successful bidders, 14 bidders did not deposit 25 *per cent* of the tentative price within 30 days of publication of result as was required as per Notice Inviting Tender. Consequently, allotment letters were not issued to these 14 bidders. As of July 2017, ₹ 1.75 crore was still recoverable from 15 successful (out of 33) bidders. However, no reply regarding action taken to levy of penalty as per rules was given by GMADA. No further efforts were made by GMADA to re-auction the remaining 214 (88 *per cent*) booth sites even after four years from the launching of the scheme. Had the re-auction of the booth sites been done, it could have fetched a minimum revenue of ₹ 370.79 crore⁶⁹.

GMADA stated (October 2017) that these booth sites could not be sold due to recession in real estate market.

2.3.9.2 Slow disposal of land of IT City

GMADA acquired (December 2011) 1,686.06 acre valuing ₹ 2,849.30 crore by raising loans from banks for setting up an IT City/Knowledge Park in Sector 83, Mohali. As per the IT policy, out of total area, net area of about 400 acre (145 sites) was to be earmarked for allotment to IT industries and balance area for residential purposes, parks, etc.

Out of 1,686.06 acre, 116 acre were allotted to IT units and 177.63 acre to individual allottees for residential purposes, on which GMADA earned ₹ 573.16 crore as of October 2017. Remaining 1,392.43 acre (83 *per cent*) was yet to be disposed of (March 2017) even after six years from the launch of the project.

Further, GMADA transferred (July 2013) 40 acre land (out of 116 acre earmarked for IT units) to the Department of Electronic and Information Technology (DEIT) for setting up Electronic System Design and

⁶⁹ Calculated at the minimum prevailing rates of the respective sectors.

Manufacturing (ESDM) sector. DEIT lacked expertise to develop the land before allotting or leasing plots in the proposed sector, as a result of which no further progress could be made. DEIT had not prepared (October 2017) any Detailed Project Report or action plan for setting up an ESDM sector.

On the issue of non-development of 40 acre land allotted to DEIT, GMADA stated that the matter would be taken up with the IT department.

2.3.9.3 Non-achievement of targeted allotment

Audit noticed that GMADA called (December 2011) applications for the allotment of 4,500 Purab Premium Apartments of various types in Sector 88, Mohali on free hold basis against which 1,620 applications were received. Letters of Intent were to be issued in May 2012 and the possession of apartments was to be offered by May 2015. The construction work of apartments was started in May 2013. GMADA allotted (June-July 2016) 1,079 apartments out of which possession of 793 apartments had been given as of March 2017. While 96 applicants defaulted, the remaining 190 applicants withdrew applications due to non-handing over of possession of apartments within the stipulated period. GMADA stated (October 2017) that out of 96 defaulters, 85 cases had been regularised and only 11 cases were pending. Thus, delayed start of construction and non-completion of project within the stipulated period not only resulted in non-achievement of the targeted sale of apartments but also in avoidable expenditure of ₹ 4.70 crore towards interest to 190 applicants. These 190 apartments had not been offered for sale (September 2017).

2.3.10 Mega Housing Projects developed by private promoters

2.3.10.1 Non-completion of Mega Housing Projects by private developers

As per provision laid down in Industrial Policy 2003, the time period for the implementation of Mega Housing Projects/Mega Industrial Park is three years from the date of signing of agreement between the promoters and State Government unless otherwise extended for further period of not more than one year by the Government on the request of the promoter for reasons to be recorded in writing.

Government of Punjab approved (August 2005 to June 2014) 17 projects of 5,012.03 acre for setting up mega residential projects in the jurisdiction of GMADA, against which the promoters obtained CLU of 4,312.299 acre and CTP technically approved the layout plans of 3,228.63 acre leaving balance area of 1,083.669 acre undeveloped as of March 2017. There was poor monitoring of progress of works as a result of which 14 projects (out of 17) remained incomplete⁷⁰.

⁷⁰ Targeted date of completion of 10 projects was between September 2008 and September 2009 but no targeted date of completion was available in records in remaining four projects.

The promoters attributed the delay in completion of projects to non-provision of road connectivity, electricity, water and sewerage, etc. and acquisition of land of village field paths by GMADA.

GMADA stated (October 2017) that a penalty of ₹ 10,000 per acre per year had been levied on the promoters for non-completion of their Mega Housing Projects. However, no evidence in this regard was produced to audit.

2.3.10.2 Non/short recovery of External Developmental Charges and License Fee

External Development Charges (EDC) and License Fee (LF) were to be deposited in lump sum or in installments with GMADA by the colonizers, failing which interest at the rate of 10 *per cent* (normal) and three *per cent* (penal) was chargeable.

(i) Audit observed that ₹ 174.57 crore from 18 developers of colonies and ₹ 230.46 crore from 13 developers of mega projects on account of EDC and LF were recoverable (August 2017) in spite of frequently allowing moratoriums and increasing the number of installments between June 2010 and January 2017 to recover the overdue amount.

GMADA stated (October 2017) that penal interest at the rate of three *per cent* per annum on outstanding EDC and LF would be charged from the defaulters.

(ii) Government of Punjab, DH&UD accorded (May 2003) sanction to change of land use from agriculture to educational purpose in respect of Indo-Global Education Foundation for setting up an Engineering and Architecture College in Village Abhipur (Mullanpur), District Mohali on a land measuring 39.30 acre with the condition that the applicant would get layout and building plans approved from competent authorities and pay the land use conversion charges as and when levied by the Government/concerned agency.

Audit observed that building plan of only architectural block of Indo-Global College was approved in March 2004. GMADA directed (June 2009 and August 2011) the institution to deposit various charges⁷¹ of ₹ 3.42 crore. Without obtaining the requisite charges, GMADA sent (September 2013) the building plan of the institute to CTP for approval. DTP, Mohali observed although the institute had obtained approval of only one block, it had constructed 11 blocks without approval of GMADA. The CTP directed (January 2015) the institute to submit documentary evidence i.e. No Dues Certificate received from GMADA for EDC/CLU/LF charges so that the building plans could be approved. Meanwhile, the rates of EDC in case of educational institutions were enhanced (May 2013) from ₹ 6.67 lakh⁷² to ₹ 9 lakh per acre whereas CLU charges were waived off. The institute deposited ₹ 3.42 crore as EDC, CLU charges and LF in March 2015 which were calculated by GMADA during the year 2009 and requested the CTP to approve the building plan as per regularization policy of May 2015.

⁷¹ EDC, CLU and LF were not chargeable prior to notification of January 2008.

⁷² The rates of EDC were one fourth of ₹ 26.70 lakh per acre in case of residential projects.

The building plans were actually approved in February 2016. Thus, non-recovery of EDC and LF at the applicable rates at the time of approval of building plans led to short recovery of EDC/LF charges of ₹ 52.21 lakh.

GMADA attributed the reason to recession in real estate market. The reply was not in consonance with the issue discussed in the paragraph.

2.3.11 Execution of works

GMADA executed 70 works valuing ₹ 1724.26 crore for construction and development of residential/commercial projects during the period of audit. Out of these, 31 works valuing ₹ 1500.65 crore (87.03 per cent) were test checked. Audit findings are discussed below:

2.3.11.1 Poor planning in implementation of water supply scheme

The Chief Engineer accorded (December 2010) administrative approval of ₹ 168.79 crore for augmentation of water supply scheme (Phase V and VI) from Kajauli head works to water works at Mohali for carrying 80 million gallons per day (mgd) to Chandigarh and Mohali (40 mgd each). The expenditure was to be shared equally between Chandigarh Administration and GMADA. The Detailed Notice Inviting Tender (DNIT) of the work was approved for ₹ 156.39 crore. The work was allotted (March 2012) to an agency (M/s WELSPUN Projects Limited, Baroda) at a cost of ₹ 155.88 crore with a time limit of 30 months from the date of allotment.

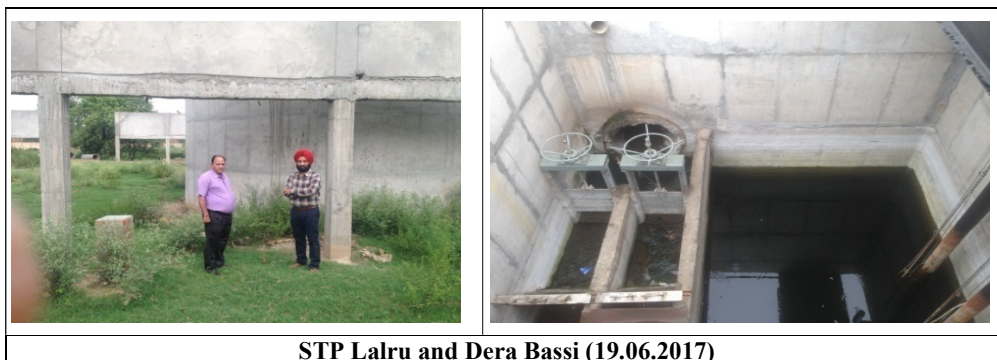
The work which was to be completed in August 2014 was still lying incomplete (October 2017) even after incurring an expenditure of ₹ 170.93 crore on laying of pipeline. The scheme got delayed due to non handing over/delay in handing over encumbrance free land for construction, non-obtaining of permission for removing utilities, electrical poles, trees, delay in obtaining of permission from Railway authorities, Forest Department, NHAI, etc. Non-completion of the work not only resulted in delay in augmenting supply of water to the residents of Mohali and Chandigarh but also led to lapse of warranty of machinery parts viz. pumps, valves, panels, etc. installed on the project.

GMADA stated (October 2017) that the present Haryana Government had agreed to release 40 mgd water to be used by Chandigarh Administration only. As regards the balance 40 mgd water for use by Mohali, no decision had yet been taken. It was thus clear from the reply that the expenditure incurred so far was not likely to yield any value in near future for Mohali, the city being serviced by GMADA.

2.3.11.2 Unfruitful expenditure on incomplete sewerage scheme

The work of designing and construction of 1.5 million litres discharge (mld) sewerage treatment plant (STP) and 4 mld capacity STP at Dera Bassi was allotted (December 2011) to M/s Hydrotech Paryavaran India Private Limited at a cost of ₹ 11.90 crore with a time limit of six months. However, work of construction of 4 mld STP could not be started due to stay orders (May 2012)

of the Punjab and Haryana High Court. Construction of 1.5 mld STP also could not be started as this land was under dispute. The Municipal Committee and GMADA decided (April 2013) to shift the work of construction of 1.5 mld capacity STP to Lalru in place of Dera Bassi as the contractor had already procured machinery and equipment. An expenditure of ₹ 3.96 crore was incurred on this STP but it could not be commissioned (June 2017) due to non-construction of an outfall sewer⁷³, as physically verified by audit. Further, an alternative site for construction of 4 mld STP at Dera Bassi was handed over (May 2015) to the contractor. Work of this STP was still incomplete even after incurring an expenditure of ₹ 4.27 crore (June 2017) as the new site was low lying and required earth filling for protection of plant at a cost of ₹ 44.60 lakh. GMADA asked (April 2016) the Executive Officer, Nagar Council Dera Bassi to execute the earth work and provide a separate approach road to 4 mld STP from the main road. Thus, non-obtaining of encumbrance free land and ill planning in setting up of STPs led to ungainful expenditure of ₹ 8.23 crore (₹ 4.27 crore+₹ 3.96 crore) as both the STPs could not be commissioned (June 2017), as is evident from the following photographs:



STP Lalru and Dera Bassi (19.06.2017)

GMADA stated (October 2017) that the work of STP at Dera Bassi had been completed and it would be commissioned in November 2017. However, in respect of STP, Lalru, though the STP had been completed, it could not be commissioned as the households were reluctant to avail the facility of sewerage treatment for fear that Municipal Council would charge them for this.

2.3.11.3 Irregular enhancement in agreement cost of works

As per the clause 36.1 of the standard bidding document, if the final quantity of work done differs from the quantity in the Bill of Quantities for the particular item by more than 25 per cent and the change exceeds one per cent of the contract price, the engineer shall adjust the rate to allow for the change. However, rates shall not be adjusted if thereby the initial contract price is exceeded by more than 15 per cent, except with the prior approval of GMADA.

⁷³ A pipeline to dispose of the treated water at final disposal point.

It was observed that in four works⁷⁴, against the administrative approval of ₹ 76.30 crore, estimates of ₹ 72.87 crore were prepared and these works were allotted for ₹ 68.39 crore. Thereafter, the allotted amount was enhanced to ₹ 125.26 crore against which an expenditure of ₹ 125.98 crore was incurred. The reasons for enhancement in agreement costs were execution of non-scheduled items and allotment of additional works⁷⁵ which were not included in the scope of work while preparing the estimates and calling for tenders. Audit observed that there was no practice in GMADA of preparing Detailed Project Reports (DPR) based on detailed surveys and thereafter framing of project estimates based on the DPR, as provided in PWD code. Thus, there was a lack of rigour in framing of estimates in GMADA. Though the non-scheduled items were approved by the competent authority, allotment of additional works to the contractors without calling for fresh tenders and without approval of the tender processing committee was irregular.

During exit conference (October 2017) it was stated that the matter was under vigilance inquiry.

2.3.11.4 Unjustified expenditure

The work of internal development i.e. Construction of roads, public health, electrical and horticulture services of Mullanpur Urban Estate (Eco City), New Chandigarh was allotted (July 2012) to an agency at a cost of ₹ 154.71 crore with time limit of 18 months. 32 parks were to be developed in the project area along with providing and fixing of 110 playways. The residential/commercial plots were sold to the general public by way of draw of lots.

It was observed that as per instructions of Superintending Engineer GMADA, 59 playways were procured and fixed (December 2014) in the parks and payment of ₹ 0.36 crore for 20 playways only had been made to the contractor so far. During site visit, it was noticed that this area had not been developed and no residents/users had started residing and using this facility. As the playways were likely to deteriorate with time, their installation prior to the completion of the project and much prior to the area being inhabited, was unjustified.

GMADA stated (October 2017) that the work of installation of remaining playways had been stopped to avoid any further unjustified expenditure.

2.3.11.5 Sub-standard work

As per the clause 31.1(a) of the standard bidding document, the contractor is required to set up fully equipped field laboratory for conducting quality

⁷⁴ (i) Providing sewerage scheme in Kurali town; (ii) Golf academy and Golf range in Mohali; (iii) Construction of 200 feet wide road near Zirakpur; and (iv) Maintenance of parks/green belts in Mohali.

⁷⁵ (i) Construction of additional STP at Kurali-₹ 3.73 crore; (ii) Changes in design and structure of work relating to Golf Academy-₹ 7.51 crore; (iii) Construction of railway under bridge and slip road-₹ 5.74 crore; and (iv) Maintenance of works of neighbourhood parks of Sector 56 to 71.

control tests as per relevant specifications. Records for this purpose should be maintained in the prescribed format and contractor should supply copy thereof to the engineer regularly with the bills without which no payments are to be made. Further, clause 32.1 provides that the engineer should check the contractor's work and notify the contractor of any defects that are found.

It was noticed that Chief Administrator, GMADA accorded (December 2012) administrative approval of ₹ 108.64 crore for construction of 200 feet wide road from Airport road junction to Kharar-Banur road. The estimate of the work was technically sanctioned for ₹ 95.50 crore and it was allotted (February 2013) to an agency for ₹ 92.51 crore with a stipulated time of completion of 15 months (May 2014). The road work was completed in April 2014 at a cost of ₹ 62.37 crore. Inspection of the road by the Director Projects, GMADA (November 2014) revealed that the dense bituminous macadam (DBM) laid in different reaches was showing signs of cracks/settlement. Further, as per the inspection carried out (December 2014) by the Adviser (Technical) to Chief Minister, Punjab, the DBM was provided with a bitumen content of 4.7 *per cent* against the requirement of 4.5 *per cent* as per the design of National Institute of Technical Training and Research. As per report, the higher content of bitumen was only required when the material and grading was not up to the requisite standard. This clearly implied that the DBM laid in various reaches had developed cracks and patches of DBM had been repaired at many places.

It was further observed that the contractor, instead of setting up a fully equipped laboratory as required in the bidding document, furnished the consent of another laboratory for conducting material testing on its behalf. As the inspection carried out within eight months after the completion of the work revealed major shortcomings, it was apparent that monitoring and supervision of work during its execution was ineffective, which led to execution of substandard work. The deficiencies pointed out continued to persist as shown in the photographs despite repeated repair of the road.



Photograph of Airport road junction to Kharar-Banur road as on 10 October 2017

GMADA agreed (October 2017) that the faults occurred due to inadequate supervision at the time of execution and the matter was under vigilance inquiry.

2.3.11.6 *Poor planning in execution of road construction*

Chief Administrator, GMADA accorded (December 2009) administrative approval of ₹ 86.63 crore for construction of 200 feet wide three-lane dual carriageway with three bridges and without service roads against the earlier plan of four-lane dual carriageway with service roads, from the Union Territory boundary upto the T-junction of Kurali-Siswan road in Mohali district.

Audit noticed that the work was allotted (September 2010) to an agency (M/s Omaxe Infrastructure and Construction Limited) at a cost of ₹ 70.43 crore, which was 14.50 *per cent* less than the DNIT, with a time limit of 12 months for road work and 16 months for bridge works. An expenditure of ₹ 52.17 crore had been incurred on the work up to March 2017. Though the earlier proposal to have service roads had been shelved, GMADA again decided to construct service roads, the work of which was allotted (May 2013) to another agency (M/s Ceigal India Limited) at the cost of ₹ 34.03 crore, which was 0.81 *per cent* less than the DNIT, with a time limit of 12 months. The cost of work was enhanced (December 2015) from ₹ 34.03 crore to ₹ 41.99 crore due to allotment of work of two underpasses on the road to the same agency without calling for fresh tenders. The work was still incomplete (September 2017) as some land required for completion of the service roads was still to be acquired and some repair work on the underpasses was still pending. An expenditure of ₹ 38.09 crore on service road and ₹ 11.68 crore on underpasses had been incurred.

The allotment of additional work of underpasses to M/s Ceigal India Limited without calling fresh tenders and without obtaining approval of the Tender Processing Committee was an undue favour to the agency. Moreover, had the requirement of service roads and underpasses been assessed at the time of initial tendering of the road work, an extra expenditure of approximately ₹ 5.58 crore could have been avoided as the rate at which the work was awarded (September 2010) to M/s Omaxe Infrastructure and Construction Limited was much lower than the rates at which the additional work was subsequently awarded (May 2013) to M/s Ceigal India Limited.

GMADA stated (October 2017) that the piecemeal execution of main road, service roads and under paths was taken as per decision taken by the concerned Minister.

2.3.11.7 *Extra expenditure due to change in specifications*

The work of construction of 1620 apartments of various types including sports complex, community centre, 52 booths and other sports facilities with external development alongwith maintenance for ten years was allotted (May 2013) to an agency in Sector 88, Mohali at a cost of ₹ 715.50 crore with a time limit of 27 months.

It was noticed that as per the DNIT/Estimate, mixed concrete M25 and M30 grades in foundation as well as super structure was to be used as per structural drawings. But CE, GMADA approved (May 2015) the use of self-compacting

concrete in place of M25 and M30 ready mix concrete leading to an extra expenditure of ₹ 9.90 crore incurred on the work so far (November 2017) .

GMADA stated (October 2017) that specification was changed due to inadequate space for vibrator for which approval of Technical Adviser to Chief Minister had been obtained.

2.3.11.8 *Ineffective clause of insurance in the agreements*

As per general condition number 15 of bidding document adopted by GMADA, the contractor is required to provide insurance cover from the start date to the end of the defect liability period in the event of loss of or damage to the works, plant and materials; loss of or damage to equipment; loss of or damage to property (except the works, plant, material and equipment) and personal injury or death. If the contractor does not provide any policy or certificate as required, the employer may effect the insurance cover which the contractor was to provide and recover the premium from the payments otherwise due to the contractor.

Audit noticed that GMADA entered into 10 agreements with different agencies/contractors for execution of works of ₹ 1,566.56 crore during the period under audit. The contractors neither provided any insurance cover in the joint names of the employer and the contractor nor did GMADA effect the insurance which the contractor was to provide and recover the premium paid for such cover from the contractor.

GMADA stated (October 2017) that inclusion of insurance clause in the bidding document would be enforced in future and ongoing projects would be got insured.

2.3.11.9 *Avoidable expenditure*

The Chief Administrator, GMADA accorded (November 2011) administrative approval of ₹ 6.59 crore for widening and strengthening of road from Sector 58/59 (PTL Chowk⁷⁶) to new bus stand, Sector-57, Mohali. The estimate of the work was technically approved (August 2011) for ₹ 5.32 crore. Chief Administrator, GMADA revised (December 2012) the administrative approval to ₹ 5.33 crore.

The work was allotted (November 2011) to a contractor for ₹ 5.55 crore with a time limit of six months. An expenditure of ₹ 4.26 crore was incurred upto March 2014 on this work. Further, CA, GMADA accorded (January 2014) administrative approval of another ₹ 57.22 lakh for shifting of 200 mm MS pipe line from police station to Markfed office of Sector 57, Mohali as water leakage was damaging newly strengthened road. The work was allotted (May 2015) to another agency at a cost of ₹ 37.07 lakh with a completion time of four months. CA, GMADA again accorded (February 2014) another administrative approval of ₹ 82.84 lakh for reconstruction of damaged road

⁷⁶ Punjab Tractors Limited chowk.

portion and an expenditure of ₹ 58.96 lakh was incurred on reconstruction of the road.

GMADA stated (October 2017) that extra expenditure on repair of damaged road was incurred with the approval of competent authority. The reply was not justified as had the whole work been planned properly and pipelines got shifted before widening of the road, the expenditure of ₹ 58.96 lakh could have been avoided.

2.3.12 Environmental safeguards

With a view to protect the environment, conserve soil and restrict the excavation of top soil for manufacture of bricks and prevent the dumping and disposal of fly ash discharged from coal or lignite based Thermal Power Plant (TPP) on land, Ministry of Environment and Research issued (August 2003) instructions that projects within a specified radius of 100 kms (revised to 300 kms in January 2016) from TPPs must use fly ash based products.

Audit noticed that GMADA allotted (September 2010 to March 2015) nine major developmental projects of ₹ 1,434.43 crore for setting up of new urban estates and other developmental works. In violation of *ibid* instructions issued by Ministry of Environment and Research, the Engineering wing of GMADA, except in case of development of IT City, did not include any provision in the agreements for utilisation of fly ash and fly ash products despite the fact that project sites fell within a radius of 100 kms of thermal power plants at Ropar and Rajpura.

GMADA stated (October 2017) that in most of the works, Puzzolana Portland Cement containing 40 *per cent* fly ash was used. However, provision for use of fly ash bricks would be made in the contracts.

2.3.13 Enforcing regulations

2.3.13.1 Unauthorized construction of buildings by institutes

Five institutes⁷⁷ applied for regularization of unauthorized buildings constructed in their campuses under GOP, DH&UD's policy notified in August 2016. These institutions constructed the buildings in 138.64 acre in violation of building rules without obtaining CLU of 62.23 acre. Three institutes⁷⁸ obtained CLU of 76.41 acre initially before setting up these institutions, whereas two institutes did not obtain CLU of 13.31 acre before construction of buildings. This was indicative of poor enforcement and monitoring of construction activities by GMADA. This not only resulted in loss of revenue on account of CLU charges to the Government but also endangered the safety of the students studying in these institutes as the building bye-laws such as construction of set-back and fire escape and

⁷⁷ (i) Rayat Bahra group of institutes; (ii) Chandigarh University; (iii) Mata Sahib Kaur Public School; (iv) Dashmesh Khalsa College; and (v) Chandigarh Group of Colleges.

⁷⁸ (i) Chandigarh Group of Colleges; (ii) Chandigarh University; and (iii) Rayat Bahra group of institutes.

construction of ramps and toilets for handicapped students to ensure their safety were not adhered to in the construction of these buildings.

GMADA attributed the reason to shortage of staff and stated that these institutes had to pay very heavy penalty under the compounding policy but no documentary evidence regarding levy and recovery of penalty was produced to audit. However, the fact remained that GMADA was not effective in enforcing its construction policies.

2.3.13.2 Regularization of unauthorized marriage palaces and setting up of new marriage palaces

(i) Government of Punjab, DH&UD notified (November 2012 with subsequent amendments in January 2013, November 2015 and August 2016) policy guidelines and building norms for regularization of existing marriage palaces and setting up of new marriage palaces in the State. The validity period of Change of Land Use (CLU) was two years from the date of grant of such permission and the building plan of the existing structure was required to be got approved from the competent authorities within six months after the grant of the CLU of the site.

The owners of 89 marriage palaces applied for regularization during 2012-17. Out of these, 24 applications were rejected due to non-fulfilment of the prescribed norms whereas six marriage palaces were to be regularized by the respective Municipal Corporations as these were falling in their jurisdiction. Out of 59 cases in which CLU was approved between January 2013 and December 2016, the building plans of 10 marriage palaces had not been approved so far (September 2017). Further, the CLU charges of ₹ 0.81 crore were still recoverable from 16 owners to whom CLUs were granted during January 2013 and August 2015.

(ii) As per policy guidelines (November 2012), in addition to CLU, EDC, PF and SIF, lump sum fee (₹ 1,14,500 per acre or fraction thereof) and processing fee (₹ 5,000 for first acre and ₹ 1,000 for each additional acre or fraction thereof) etc. is to be paid by the applicant for the approval of building plan of existing and new marriage palaces. This was replaced by a scrutiny fee (August 2016) which was to be levied at the rate of ₹ five per square feet of covered area of the building and ₹ 2.50 per running feet of the boundary wall. While approving the CLU, it was to be clearly mentioned in the letter that permission of CLU was not to be considered as regularization of existing structure at the site unless the building plan of the existing structure was got approved from the competent authority within six months period after the grant of CLU.

Audit noticed that although the CLU of 24 existing marriage palaces were approved between February 2013 and October 2015, but the building plans thereof were approved between November 2016 and April 2017 (delayed beyond six months of the period of CLU), which resulted in loss of revenue of ₹ 37.58 lakh to the Government due to reduction of rates w.e.f. August 2016 and violation of terms and conditions of CLU.

To both the above matters, GMADA attributed the reason to shortage of staff. The reply was not justified as delay in finalization of applications resulted in loss of revenue to the Government.

2.3.13.3 Regularization of unauthorized colonies/buildings/plots

Government of Punjab issued instructions (August 2013 and October 2014) for the regularization of unauthorized colonies/buildings.

Out of 295 applications received for regularization of colonies, No Objection Certificate (NOC) was issued to 33 colonies only (11.19 *per cent*) and 255 applications⁷⁹ were pending finalization. Further, out of 6,996 applications in respect of plots/buildings, NOC for 3,365 buildings/plots (48.10 *per cent*) was issued and 3,614 applications⁸⁰ were pending finalization.

2.3.13.4 Short realization of composition fee and non-obtaining of utilisation certificates

(i) As per Government instructions (August 2013), composition fee⁸¹ received from the developers/plot holders for regularization of colonies and buildings is to be deposited into the Government treasury.

Audit observed that in 14 out of 33 regularized colonies, composition fee of ₹ 1.38 crore only out of ₹ 6.71 crore was collected and deposited with the concerned District Town Planners and ₹ 5.33 crore was still outstanding. Whereas, in respect of 19 remaining colonies, no amount had been received.

(ii) Further, GMADA transferred regularization charges⁸² of ₹ 0.75 crore between October 2015 and January 2017 to the Department of Panchayats and Rural Development, Punjab as per instructions (October 2015) of Housing and Urban Development Department for providing basic amenities/ infrastructure in the regularized colonies. GMADA had no information regarding utilisation of these funds. In spite of reminders issued to the Executive Engineer/ Director, Department of Rural Development and Panchayats, no documentary evidence in support of utilisation of these funds was shown to audit.

Without the receipt of UCs, the utilisation of transferred funds for the purpose for which it were provided could not be ensured.

2.3.13.5 Improper monitoring leading to inordinate delay in finalization of unauthorized colonies

Audit noticed that as per DH&UD notification (August 2013), STP, Mohali, after verifying the ground realities for the regularization of unauthorized colonies by the DTPs, recommended eight colonies for regularization.

⁷⁹ Seven applications out of 295 were rejected.

⁸⁰ Seventeen applications out 6996 were rejected.

⁸¹ The fee which is paid by the developer of an unauthorized colony for regularization of the colony.

⁸² The charges paid by the plot holders/building owners of the unauthorized colonies for regularization of their properties.

Further, Estate Officer (Regulatory), in spite of recommendations (between December 2013 and June 2016) of the DTP, irregularly retained these cases, owners of which had deposited ₹ 11.82 lakh i.e. ten *per cent* composition fee charges at the time of submission of their applications. It did not issue any demand notice to the owners of these colonies to deposit the remaining charges as of October 2017. Thus, the very purpose of the policy was defeated besides causing a financial loss to the State exchequer.

GMADA stated (October 2017) that demand notices had been issued.

2.3.13.6 Non-revalidation of bank drafts towards regularization charges

Bank drafts of ₹ 5.69 lakh received from the applicants for regularisation of their properties were not encashed due to late submission and these were returned to EO (Regulatory) for revalidation. However, the whereabouts of the bank drafts were not traceable in the records.

GMADA stated that bank drafts would be traced and reconciled. In spite of the assurance given (July 2017), GMADA failed to trace and reconcile the bank drafts (November 2017) for realization of revenue.

2.3.13.7 Non-monitoring of business of promoters and estate agents

Rule 27 of Punjab Apartments and Property Regulations Rules, 1995 provides that the Promoter/Estate Agent is to produce and submit the statement of accounts duly certified by the Chartered Accountant to the competent authority within a period of six months after the close of the financial year.

Audit observed that 248 promoters and 543 estate agents to whom certificates of registration were issued/renewed during 2012-17 for carrying out business or activities, had neither submitted the statement of accounts duly certified by the Chartered Accountant on due date after the close of financial year nor had the records and accounts of the promoters and estate agents been inspected by GMADA. This led to non-monitoring of business of real estate promoters and agents.

GMADA stated (October 2017) that with the formulation of Real Estate Regulatory Authority in June 2017, these issues would be better taken care of by a professional authority specially formulated for regulation purpose.

2.3.14 Targets and achievements of sustainable development goals

To make cities and human settlements inclusive, safe and sustainable, all development agencies should prepare and implement proposals for setting up new urban estates after these are approved by the competent/designated authority. GMADA has a policy in place for allotment of plots/houses to general public and allotment of sites for setting up of institutions, hospitals/super speciality hospitals, nursing homes, hotel sites, multiplex sites, charitable and cultural institutions, etc. However, GMADA has not surveyed the population living in slums and in formal settlements. One of the objectives of sustainable development goals is to ensure that land utilisation rate is proportional to population growth rate. However, GMADA has not undertaken

any exercise to arrive at any information regarding achievement of these goals. Further, GMADA could not provide affordable/LIG/EWS housing to the weaker sections of the society in spite of provisions laid down in the Act and policies framed from time to time as discussed in paragraph 2.3.6.2.

2.3.15 Internal control mechanism

2.3.15.1 Non-conducting of internal audit

Internal Audit has been recognized as an aid to the higher management for monitoring the financial performance and effectiveness of various programs, schemes and activities. This also facilitates minimising various risks involved in carrying out various tasks related to scheme implementation.

It was noticed that no internal audit of the GMADA was conducted during the year 2012-17 by any internal and external agency. Thus, an important tool for assessing effectiveness of controls in place was overlooked.

GMADA stated (October 2017) that internal audit could not be conducted because of shortage of staff.

2.3.16 Non-production of records

Despite assurance by the ACA (F&A) during entry conference and subsequent reminders to the Chief Engineer of GMADA, the tenders of 24 out of 31 selected works were not furnished to audit. Due to non production of tenders, audit of sampled tenders could not be completed. GMADA stated (August 2017) that the relevant records were in the custody of Vigilance Department.

2.3.17 Conclusion

Greater Mohali Area Development Authority failed to provide houses to EWS of the society in spite of earmarking of 263.29 acre land and 201 flats in Mega residential projects and the provision in PRPA Act. CLU charges of ₹ 67.34 crore of IT City were not deposited into Government account. GMADA raised loan of ₹ 1694.70 crore during 2012-16 against which an amount of ₹ 244.50 crore only was repaid in 2012-13. CLU charges of ₹ 98.16 crore were adjusted against the transfer of funds to other departments at behest of the Government without concurrence of the Finance Department. The percentage share of ₹ 7.12 crore out of ₹ 8.28 crore of planning charges levied by the CTP on account of approval of zoning plans/sites plans and layout plan of GMADA were not deposited with CTP. External Development Charges and License Fee of ₹ 174.57 crore from 18 developers of colonies and ₹ 230.46 crore from 13 developers of mega projects was not recovered. Instances of releasing funds for works beyond the jurisdiction of GMADA, piecemeal acquisition of land leading to an extra expenditure of ₹ 18.40 crore and avoidable payment of interest of ₹ 2.18 crore due to delay in payment of enhanced compensation as per Hon'ble Supreme Court's directions were also noticed.

2.3.18 Recommendations

In the light of audit findings, the State Government may consider to:

- (i) Direct GMADA to speed up the work of construction of houses to the EWS so that the land earmarked for construction of these houses could be utilized;
- (ii) Ensure deposit of CLU charges before launching any Urban Estate and obtain concurrence of Finance Department for adjusting CLU charges against the transfer of fund;
- (iii) Direct GMADA to acquire land after proper survey and issue instructions for early sale of acquired land to avoid burden of accumulated loan;
- (iv) Ensure timely payment of land compensation to the land owners to avoid interest besides hardships to the land owners; and
- (v) Ensure availability of land and proper selection of sites prior to execution of works.

The matter was referred to Government in July 2017; reply was awaited (November 2017).

WELFARE OF SCHEDULED CASTES AND BACKWARD CLASSES DEPARTMENT

2.4 Implementation of schemes for educational development of Scheduled Caste students

The Government of India and the State Government are implementing various schemes for promotion of education among Scheduled Caste (SC) students. Performance audit of the implementation of schemes for educational development of Scheduled Caste students for the period 2012-17 brought out lack of planning and deficiencies in both financial management and execution of programme which undermined the overall objective of the schemes. Some of the significant audit findings are summarized below:

Highlights

- Study tour charges of ₹ 33 crore were claimed by 769 institutions for 49,422 students during the years 2013-16 against the admissible amount of ₹ 7.91 crore resulting in excess reimbursement of ₹ 25.09 crore.

(Paragraph 2.4.8.1 (ii) (a))

- Book Allowance for ineligible 4,167 students amounting to ₹ 0.50 crore was claimed by 213 Nursing Colleges/Para Medical Colleges/Medical Colleges during 2013-14.

(Paragraph 2.4.8.1 (ii) (b))

- Double claim of ₹ 59.12 lakh by 115 SC students and concerned institutions on account of Maintenance Allowance and fee in the same session during the years 2012-17 was noticed.

(Paragraph 2.4.8.1 (iv))

- During 2012-17, ₹ 9.64 crore was claimed by 41 institutions in respect of 2,441 students at Post Matric level who had dropped out/not appeared in the examination.

(Paragraph 2.4.8.1 (v))

- Sixteen Government institutions and 12 private institutions collected ₹ 5.04 crore and ₹ 3.32 crore respectively on account of examination fee/school funds/registration fee from 19,536 and 16,882 SC students during the sessions 2013-14 to 2016-17, though the amounts were also claimed from the Department.

(Paragraphs 2.4.8.1 (vi)(a & f))

- Hi-Tech Polytechnic College, Bathinda claimed and was paid fee and Maintenance Allowance for 479 students on the portal against the actual 398 number of students resulting in reimbursement of ₹ 26.02 lakh out of which ₹ 15 lakh had been paid for 81 students.

(Paragraph 2.4.8.1 (vi) (g))

- **Financial assistance of ₹ 1.30 crore in respect of 23,049 post matric and post graduate level girl students during 2012-17 had not been claimed and disbursed by 46 institutions.**

(Paragraph 2.4.9.1 (i))

2.4.1 Introduction

Under Article 46 of the Constitution of India, the State is responsible for promoting the education and economic interests of the weaker sections of the society, particularly those belonging to Scheduled Caste (SCs). As per the census of 2011, SCs constituted 31.94 *per cent* (88.61 lakh) of the State's population (277.43 lakh). The literacy rate of SCs in the State was 64.81 *per cent* as compared to overall literacy rate of 75.84 *per cent* of the State. The Government of India and the State Government are implementing various schemes for promotion of education among SC students. The list of all the schemes being implemented in the State and their funding pattern for education of SC students are given in **Appendix 2.4**.

The objectives of these schemes are to provide financial assistance to the SC students, increase enrolment, ensure retention of SCs in educational institutions, reduce dropout rates and increase their representation in educational and professional institutions.

2.4.2 Organizational set up

The Department of Welfare of Scheduled Castes and Backward Classes (Department) functions under the overall control and supervision of Principal Secretary to Government of Punjab. The Director, Welfare of Scheduled Castes and Backward Classes (DWSCBC) is responsible for the preparation and implementation of various schemes and is assisted by an Additional Director (AD), two Joint Directors (JDs) and three Deputy Directors (DDs) at Headquarters and 22 District Welfare Officers (DWOs) at the district level. All the schemes for SC students are implemented through the General Education, Technical Education and Research and Medical Education Departments.

2.4.3 Audit objectives

The audit was conducted to assess whether:

- proper planning was done for effective implementation of the schemes;
- allocation, release and utilisation of funds earmarked for various schemes was judicious, adequate and effective;
- implementation of education schemes for SC students was as per guidelines and was carried out in an economic, effective and efficient manner;
- scholarships were disbursed to students as per norms and within time schedule of the schemes;
- inclusive and equitable quality education and promote lifelong learning opportunities for all were ensured; and
- monitoring and internal control mechanism at various levels were effective.

2.4.4 Audit scope and methodology

Audit of the implementation of schemes related to educational development of SC students for the period 2012-17 was conducted between January and July 2017 by test checking the records of all 21 Central and State schemes (*Appendix 2.4*) implemented by the DWSCBC and DWOs of six⁸³ districts (out of 22 districts) selected by adopting the Probability Proportional to Size without Replacement method of sampling. On the basis of institutes having maximum number of SC students eligible under these schemes, two units each from primary schools, senior secondary schools, Industrial Training Institutes (ITI), private technical colleges and one unit each from Government colleges, nursing colleges and B. Ed colleges were selected and test checked in each selected district. Besides, records of Dr. Ambedkar Institute of Careers and Courses (AICC), Sahibjada Ajit Singh Nagar, Mohali, Government Mohindra College, Patiala and North-West Institute of Engineering and Technology, Dudhike (Moga) were also test checked with regard to the schemes being implemented by the Department. Entry and exit conferences were held on 24 January 2017 with Additional Director and 21 July 2017 with Director Welfare SC/BC. The replies of the Department given in the exit conference held (October 2017) with Pr. Secretary Welfare SC/BC have been suitably incorporated in the report.

2.4.5 Audit criteria

The audit criteria were derived from the following sources:

- Punjab Financial Rules;
- Annual Plans and Budget Estimates;
- Instructions/guidelines issued from time to time by Government of India and Government of Punjab; and
- Electronic data in respect of beneficiaries available with DWSCBC.

Audit findings

2.4.6 Planning

Proper planning is necessary for spreading awareness of different schemes and for ensuring correct identification of eligible SC students for these schemes. However, the Department had neither prepared any perspective plan for spreading awareness nor carried out any exercise to identify beneficiaries for implementation of these schemes. Further, there were other such schemes which were either not implemented or partially implemented as only a few students applied for scholarship under these schemes. Thus, due to lack of awareness and survey of target beneficiaries, the Department could not extend benefits of these schemes to all the eligible SC students.

⁸³ (i) Bathinda; (ii) Hoshiarpur; (iii) Jalandhar; (iv) Moga; (v) Patiala; and (vi) Sri Muktsar Sahib.

The Department agreed that due to acute shortage of infrastructure, identification of eligible SC students could not be carried out. Further, due to non-release of funds, scholarship could not be provided to the students timely under the said schemes which discouraged the students to apply for scholarship under these schemes.

2.4.7 Financial management

Funds for implementation of these schemes were provided by GOI and Government of Punjab (GOP). The funding pattern between GOI and GOP during 2012-17 relating to various schemes is given in *Appendix 2.4*.

Budget provision and expenditure incurred during the year 2012-17 is given in **Table 2.4.1** below.

Table 2.4.1: Allotment and Expenditure during 2012-17

(₹ in crore)

Year	Allotment		Released		Total			Short release		
	Central	State	Central	State	Allotment	Released	Utilized	Central	State	Total
2012-13	65.81	144.10	4.81	67.71	209.91	72.52	72.38	61.00 (93)	76.39 (53)	137.39 (65)
2013-14	350.12	220.44	302.09	154.03	570.56	456.12	454.80	48.03 (14)	66.41 (30)	114.44 (20)
2014-15	494.35	201.43	468.56	144.79	695.78	613.35	614.26	25.79 (05)	56.64 (28)	82.43 (12)
2015-16	354.86	239.50	141.95	168.30	594.36	310.25	310.25	212.91 (60)	71.20 (30)	284.11 (48)
2016-17	331.68	142.25	312.01	64.50	473.93	376.51	376.51	19.67 (06)	77.75 (55)	97.42 (21)
Total	1596.82	947.72	1229.42	599.33	2544.54	1828.75	1828.20	367.40	348.39	715.79(28)

Source: As per allotment and expenditure figures furnished by DWSCBC

Figures in parentheses indicate percentage.

(a) It is seen that against the total allocation of ₹ 2,544.54 crore under various schemes, Finance Department had released ₹ 1,828.75 crore (72 per cent) only during 2012-17.

Audit further observed that:

- No expenditure was incurred out of ₹ 14.77 crore allocated under three Centrally/State sponsored schemes⁸⁴ despite availability of eligible beneficiaries.
- Against the budget allocation of ₹ 1,810 lakh for the years 2012-17 under two⁸⁵ State sponsored schemes, ₹ 162 lakh were released during 2012-13 and no funds were released during the period 2013-17. Thus, the very purpose of the schemes was defeated.
- Against the budget allocation of ₹ 76.76 lakh under two⁸⁶ State sponsored schemes, funds of ₹ 49.35 lakh only were released for two⁸⁷ years and no funds were released for three⁸⁸ years.

⁸⁴ (i) Up-gradation of merit of SC students (CSS); (ii) Free Text Books to SC girls students studying in 10+1 and 10+2 classes (100 per cent State); and (iii) Free coaching to SC and other BC students (CSS).

⁸⁵ (i) Award to brilliant SC students; and (ii) Encouragement award to SC girl students for pursuing 10+2 education.

⁸⁶ (i) Award to SC sports students (6 to 12 classes); and (ii) Coaching for stenography.

⁸⁷ Funds were released for two years i.e. 2015-17 under the scheme 'Award to SC sports students' (6th to 12th classes), and for 2012-13 & 2014-15 under the scheme 'Coaching for stenography'

⁸⁸ No funds were released for three years i.e. 2012-15 under the scheme 'Award to SC sports students' (6 to 12th classes) and for 2013-14 & 2015-17 under the scheme 'Coaching for stenography'

- In respect of five⁸⁹ scholarship schemes benefit of scholarship to 25,62,696 SC students was not given in the same session during the period 2012-13 to 2015-16 and no scholarship was released for the year 2016-17 to 9,71,137 students under these schemes.

The Department replied (October 2017) that funds were not released by GOI as per proposal and State Government had also not released the allotted funds.

(b) Non-release of central assistance

As per paragraph XIII of Post Matric Scholarship (PMS) scheme, the scheme is implemented by the State Government and Union Territory Administrations, which receive 100 *per cent* central assistance from the GOI for the total expenditure under the scheme, excluding the expenditure to be met out of the committed liability⁹⁰. The objective of the scheme was to provide financial assistance to the SC students studying at post matriculation or post secondary stage to enable them to complete their education. Financial assistance given under the scheme was not to be utilized for any other purpose.

Scrutiny of budget and expenditure of PMS scheme for the period 2012-13 to 2016-17 revealed that GOI had released funds of ₹ 280.81 crore for the year 2013-14 under the scheme but the Finance Department, Government of Punjab had released ₹ 279.77 crore only and balance amount of ₹ 1.04 crore was still lying with the State Government (October 2017).

The Department assured (October 2017) that efforts would be made to get the funds of ₹ 1.04 crore released from State Government.

Implementation of schemes

Irregularities noticed in the implementation of Central and State schemes are discussed in the following paragraphs:

2.4.8 Centrally sponsored schemes

2.4.8.1 Post Matric Scholarship scheme

The Post Matric Scholarship scheme for SC students was launched (July 2010) with the objective of providing financial assistance to SC students studying at

⁸⁹ (i) Promotion of education among Educationally Backward classes; (ii) Pre-Matric Scholarship for SC students studying in Class 9th & 10th; (iii) Attendance scholarship for SC primary girl students; (iv) Post Matric scholarship scheme for SC students; and (v) Award to SC sports students (6-12th classes)

⁹⁰ The level of committed liability of respective State Governments for a year is equivalent to the level of the actual expenditure incurred by them under the scheme during the terminal year of the last five year plan period and is required to be borne by the State Government.

post matriculation or post-secondary stage to enable them to complete their education. Scholarship will be paid to the students whose parents/guardians' annual income from all sources does not exceed ₹ 2.50 lakh. The scholarship includes maintenance allowance (MA), reimbursement of compulsory non-refundable fee and study tour charges, thesis typing/printing charges for research scholars, book allowances for students pursuing correspondence courses, book bank facility for specified courses and additional allowance for students with disabilities. Paragraph X (ii) of the scheme provides that if a student is found to have obtained a scholarship by false statements, his/her scholarship is to be cancelled forthwith and the amount of the scholarship already paid is to be recovered, at the discretion of the concerned State Government and the student concerned is to be blacklisted and debarred from scholarship under any scheme. Further, as per clause (iii) of the paragraph, a scholarship awarded may be cancelled if the scholar changes the subject of study for which the scholarship was originally awarded or changes the institution of study, without the prior approval of the State Government.

(i) Portal data

The DWSCBC got a web portal developed (2013-14) through National Informatics Centre (NIC) for receiving on-line scholarship applications from eligible SC students, maintaining transparency in the system and for proper maintenance of record. As per procedure, an eligible SC student applies for scholarship on the portal. The concerned institute after checking/updating the data of applications forwards it to the sanctioning authority who in turn forwards it to the implementing department. The verified data of applications is then forwarded to DWSCBC by the implementing department.

(a) Lack of validation controls

On checking of data pertaining to the scheme for the year 2014-15, the Department found that 3,433 students were shown as having taken admission in two different institutes, thereby detecting duplicate records on the portal. The Department instead of rectifying the defects in the system rejected both the records with the result that there were chances of denial of legitimate claim of a student.

During analysis of applicants data for 2015-17 by audit, the following anomalies were noticed:

- In 2,077 cases (1,054+1,023), same details i.e. applicant ID, Aadhaar number, student's name, father's name and date of birth were entered in the data.
- In 154 cases (86+68) pertaining to 77 applicants, the applicant ID was different though other particulars such as Aadhaar number, student's name, father's name, date of birth and the name of institute were identical.
- In 743 cases (415+328) pertaining to 371 applicants, the applicants ID was different though other particulars Aadhaar number, student's name, father's name and date of birth were identical. The applicants in these cases had been shown as admitted in two or more different institutes.

- In 1,534 cases (813+721) pertaining to 750 applicants, the applicant ID was different and Aadhaar number was same but one or more of other fields like student's name, father's name and date of birth were different.
- In 618 cases (294+324) pertaining to 309 (147+162) applicants, particulars such as applicant's name, father's name and date of birth were same but Aadhaar numbers were different and these applicants were shown to have taken admission in different institutes.
- In 17,147 cases pertaining to 2015-16, details of Aadhaar number were not captured and in 83 cases the number was not of the required length of twelve digits.
- In 111 cases, dummy/invalid Aadhaar numbers were captured as ("000000000000").
- In 57 cases, bank account numbers were invalid. These numbers were either Alpha numeric or captured as ("000000000000").

All the above instances were indicative of serious system deficiencies and absence of robust validation controls in the system. In the absence of these specific controls, especially on the uniqueness of Aadhaar numbers and its biometric authentication, there is no assurance on the integrity of the data in the portal as is brought out in paragraph 2.4.8.1 (iv). There were also chances of payment to two different institutes for the same applicant and multiple payments to the same applicant. In case of invalid bank account number of a student, it could not be ascertained whether the scholarship had been transferred to the student or not as the process to transfer the scholarship in these cases was not explained by the Department.

The Department stated (October 2017) that improvements in the portal were being made i.e. it had started capturing the Aadhaar of student's father/mother/guardian from the year 2017-18.

(b) Requirement of amendment in portal of PMS scheme

As per judgment (October 2014) of the Punjab and Haryana High Court, private institutions could collect fee from the SC students and submit an undertaking that they would not claim reimbursement of fee from the Government. In such cases, fee and Maintenance Allowance (MA) would be disbursed directly to the account of beneficiary.

Test check of portal data of DWSCBC for 2015-16 and 2016-17 under the scheme revealed that information on 'whether fee was collected from the student or not' on the basis of said judgment was not being captured in the database (October 2017). Hence there was a chance of disbursement of ineligible claims of PMS.

The Department stated (October 2017) that necessary amendment would be made in the portal.

(ii) Excess claim/reimbursement of study tour charges and book allowance

(a) Paragraph V (iv) of PMS scheme guidelines provides for study tour charges up to a maximum of ₹ 1,600 per annum, limited to the actual expenditure incurred by the students of professional and technical courses provided that the head of the institution certifies that the study tour was essential for the completion of their course of study.

Audit scrutiny of applicants' data for the period from 2013-14 to 2015-16 revealed that the department had reimbursed study tour charges to 769 institutions amounting to ₹ 33 crore in respect of 49,422⁹¹ students against the admissible amount of ₹ 7.91 crore (at the rate of ₹ 1,600 per annum). This resulted in excess reimbursement of ₹ 25.09 crore. In the selected six districts, amount of excess reimbursement was ₹ 10.28⁹² crore pertaining to 296 institutes and 20,692 students.

The Department stated (October 2017) that amount paid in excess would be adjusted during final payment for the year 2015-16.

(b) Paragraph V (vi) of PMS scheme provides that the students pursuing correspondence/distance education courses are also eligible for an annual allowance of ₹ 1200 for essential/prescribed books besides reimbursement of course fee.

Audit scrutiny of applicant data revealed that 4,167 regular students of 213 nursing colleges, para-medical colleges and medical colleges under Director, Research and Medical Education had claimed and were paid ₹ 50 lakh on account of 'Book Allowance' for the year 2013-14 in contravention of provisions of the scheme. In case of selected six districts, amount of inadmissible reimbursement was ₹ 19.76 lakh pertaining to 83 institutes and 1,647 students.

The Department stated (October 2017) that book allowance demanded/recommended for the year 2013-14 had already been paid to the institutions and same would be adjusted in the next claim.

It was, therefore, apparent that the Department had sanctioned the claims on study tour charges and 'Book Allowance' without verifying admissibility. There were no internal controls or checks in the department to prevent reimbursement against inadmissible claims.

(iii) Excess claim/reimbursement of maintenance allowance to hostellers availing free boarding/lodging facility

As per note 3 under clause (i) of para V of PMS Scheme, scholars who are entitled to free boarding and lodging are to be paid maintenance charges at 1/3rd of hosteller's rate.

⁹¹ 605 institutions-43,372 students in 2013-14, 14 institutions-301 students in 2014-15 and 150 institutions-5,749 students in 2015-16.

⁹² Total claimed amount ₹ 13.59 crore–admissible amount ₹ 3.31 crore=excess claim ₹ 10.28 crore.

During 2014-17, six⁹³ Government Senior Secondary Residential Schools (GSSRS), which provided free boarding and lodging to 2,518 students, submitted claims of ₹ 98.30 lakh for Maintenance Allowance (MA) against the admissible amount of ₹ 32.77 lakh⁹⁴. This resulted in excess claim of ₹ 65.53 lakh. Out of this amount, Maintenance Allowance of ₹ 13.08 lakh for 2014-15 had already been disbursed to the students.

The Department stated (October 2017) that recovery in such cases was difficult but directions would be issued to implementing department for further necessary action.

(iv) Double claim/reimbursement of fee and Maintenance Allowance

Analysis of electronic data in respect of beneficiaries in 17 institutions in four⁹⁵ out of six selected districts revealed that the particulars of 115 SC students viz. name, father's name, date of birth, etc. appeared twice in the data related to scholarship claimed by beneficiaries during 2012-17, which implied that these students as well as the concerned institutions had claimed the fee and Maintenance Allowance amounting to ₹ 59.12 lakh twice. However, out of the above, the Department had stopped the payment of ₹ 9.92 lakh for the year 2014-15 and payment of ₹ 1.28 lakh for the year 2016-17 was yet to be made.

(v) In-admissible claim of fee and Maintenance Allowance

As per paragraph X (i) of the scheme, the scholarship is payable on the satisfactory progress and conduct of the scholar and if it is reported by the Head of the Institution at any time that a scholar has failed to make satisfactory progress or has been guilty of misconduct such as resorting to or participating in strikes, irregularity in attendance without the permission of the authority concerned, etc., the authority sanctioning the scholarship may either cancel the scholarship or stop or withhold further payment for such period as it may think fit.

Test check of the records in respect of 41 institutions relating to selected six districts revealed that 2,441 post matric students had left the institute in mid-session during 2012-17. However, fee as well Maintenance Allowance of ₹ 9.64 crore had been claimed by these institutions in respect of the 2,441 students from the DWSCBC.

With regard to the above two issues/paragraphs (iv and v), the Department stated (October 2017) that they had already stopped the payment for the year 2014-15 and amounts paid on these accounts for the year 2012-14 and 2015-16 would also be adjusted while making the next payment. It further stated that no payment had been made for the year 2016-17.

⁹³ (i) GSSRS, Amritsar; (ii) GSSRS, Bathinda; (iii) GSSRS, Jalandhar (School shifted to Hoshiarpur in 2016-17); (iv) GSSRS, Ludhiana; (v) GSSRS, Mohali; and (vi) GSSRS, Patiala.

⁹⁴ Total claimed amount for 2014-17 ₹ 98.30 lakh—total admissible amount ₹ 32.77 lakh (₹ 98.30 lakh x 1/3) = ₹ 65.53 lakh

⁹⁵ (i) Hoshiarpur; (ii) Jalandhar; (iii) Moga; and (iv) Patiala.

(vi) Irregular collection of fee and deprival of benefits of the scheme to eligible students

Government institutions

(a) During 2013-17, 16 Government institutions of selected districts had collected examination fee/school funds/registration fee of ₹ 5.04 crore from 19,536 eligible SC students, in contravention of guidelines of scheme and Government instructions (March 2013), which provide that Government and recognized institutes are to ensure that non-refundable fee is not to be charged from the eligible SC students/candidates. Further, it was also noticed that these institutions had also claimed the said amount from the DWSCBC which was disbursed to the SC students after two years.

The Department stated (October 2017) that instructions had already been issued to the DPI (SE) (August 2015 and July 2016). However, matter would be referred to the implementing department for necessary action

(b) Test check of the records in respect of 11 Government institutions⁹⁶ under selected six districts revealed that these institutions had enrolled 11,830 SC students for two years duration courses i.e. 10+2 and Elementary Teacher Training during 2012-17 and also collected the fee/funds amounting to ₹ 147.51 lakh from these students who were otherwise eligible for scholarship under PMS scheme. Though these institutions had claimed the said amount from the DWSCBC for further reimbursement to the SC students, but the same had not been reimbursed by the Department (July 2017) for which no reasons were found on record. These students had already left the institutions (except 1st year students of 2016-17). This resulted in depriving the eligible SC students of the intended benefit of the scheme.

The Department replied (October 2017) that despite best efforts, this problem had occurred due to late and less release of funds by GOI. However, efforts would be made to make the payment timely to the concerned institutions as well as students as per availability of funds.

(c) As per paragraph (iv) of guidelines of the Scheme, scholarship was to be paid to the students whose parents'/guardians' income from all sources did not exceed ₹ 2.50 lakh per annum. It was, however, noticed that Government Girls Senior Secondary School, Bathinda denied scholarship amounting to ₹ 1.13 lakh to 31 students during 2013-16 by applying income criteria of ₹ two lakh per annum (instead of ₹ 2.50 lakh per annum) and imposing condition of minimum 55 *per cent* of marks, which was not in line with the guidelines of the Scheme. This resulted in depriving the eligible students of the benefits of the scheme.

The Department stated (October 2017) that instructions would be issued to the DPI (Schools) to follow the guidelines of the scheme properly.

⁹⁶ (i) GGSSS, Bagha Purana; (ii) GGSSS, Bathinda; (iii) GSSS, Garhshankar; (iv) GGSSS, Giddarbaha; (v) GGSSS, Railway Mandi, Hoshiarpur; (vi) GGSSS, Nehru Garden, Jalandhar; (vii) GGSSS, Moga; (viii) GGSSS, Muktsar; (ix) GGSSS, Nabha; (x) GGSSS, Phillour; and (xi) District Institute of Education and Training (DIET), Ajjowal (Hoshiarpur).

(d) An amount of ₹ 2.79 lakh was transferred to three⁹⁷ Government institutions by the DWSCBC during the year 2015-16 and 2016-17 on account of reimbursement of fee but the said amount was not disbursed to the beneficiaries till the date of audit (May-June 2017).

The Principal, District Institute of Education and Training (DIET), Hoshiarpur and Principal, GSSS (G) Giddarbaha replied (May-June 2017) that the amount could not be disbursed as the details of the beneficiaries as well as relevant year were not provided by the DWSCBC. It was further stated that the matter had been taken up (September 2016) with the Director but reply was awaited. No reply was furnished by the Principal, DIET Jalandhar.

The Department replied (October 2017) that details of students and concerned years would be sent to these institutions.

(e) As per paragraph V (i) of Scheme, Maintenance Allowance of ₹ 530 per month (day scholars) has been fixed for professional courses and post graduate courses i.e. M.A/M.Sc/M.Com.

Test check of the records in respect of Principal, Government College, Hoshiarpur revealed that Maintenance Allowance in respect of 45 students of professional and post graduate courses was claimed at the rate of ₹ 300 per month for the session 2012-13 and 2013-14 instead of ₹ 530 per month as admissible to these students under the said scheme. This resulted in denial of benefit of Maintenance Allowance to extent of ₹ 1.02 lakh.

The Department stated (October 2017) that the institution would be asked to recommend the Maintenance Allowance as per guidelines of the scheme in future.

Private institutions

(f) During 2013-17, 12 private institutions⁹⁸ in selected districts had collected ₹ 331.95 lakh on account of examination fee/admission fee/registration fee from 16,882 eligible SC students in contravention of Government instructions (March 2013) and also claimed the said amount from the DWSCBC, which was not reimbursed to SC students.

The Department stated (October 2017) that there was no such check available to ascertain whether any kind of fee were being taken from the students or not. However, if the institutions had collected any kind of fee from the students, the same would be adjusted in the next year's claim.

⁹⁷ (i) Principal, District Institute of Education and Training (DIET), Ajjowal (Hoshiarpur)- ₹ 2,06,679; (ii) Principal, DIET, Rampur Lallian (Jalandhar)- ₹ 15,154; and (iii) Principal, GSSS (Girls), Giddarbaha- ₹ 56,718.

⁹⁸ (i) Mother Marry Institute of Nursing, Hoshiarpur; (ii) Lyallpur Khalsa College for Boys, Jalandhar; (iii) Guru Nanak Nursing Training Institute Hospital, Jalandhar; (iv) Mehar Chand Polytechnic College, Jalandhar; (v) Satyam College of Polytechnic, Jalandhar; (vi) Partabpur, ITC, Partabpura, Jalandhar; (vii) MLM School for Nursing, VPO Killi Chahal, Moga; (viii) Lala Lajpat Rai Memorial Poly College, Ajitwal; (ix) MLM Polytech College, Moga; (x) Adesh Polytechnic College, Sri Muktsar Sahib; (xi) Patiala Polytechnic College, Rakhra; and (xii) Malwa ITC, Burar Patran, Patiala.

(g) *Wrong claim of fee and maintenance allowance*

Analysis of portal data of scholarship for SC students for the year 2015-16 revealed that Hi-Tech Polytechnic College, Bathinda had claimed fee and maintenance allowance from DWSCBC of 479 students. Whereas the actual number of students in the college was 398 students. This resulted in wrong claim of ₹ 26.02 lakh out of which ₹ 15 lakh (58 *per cent*) for 81 students had been paid. This was also indicative of lack of diligence in scrutinizing such claims before sanctioning the reimbursements.

The Department stated (October 2017) that amount paid in excess would be adjusted while making the final payment and directions would be issued to the implementing department to initiate necessary action against the institute.

(vii) *Short reimbursement of claims of Educational Institutions by DWSCBC*

Test check of records in respect of 46 institutions under selected districts revealed that these institutions had provided free education to SC students under the PMS scheme and claimed an amount of ₹ 171 crore on account of fee from DWSCBC as per GOP instructions (March 2013) during the period 2012-17. However, an amount of ₹ 83 crore only was reimbursed to these institutions and balance amount of ₹ 88 crore was still pending for reimbursement.

The Department stated (October 2017) that reimbursement of claims to the Institutions could not be made due to short release of funds by Government of India. The liability would be cleared as and when the funds were received.

2.4.8.2 *Pre-matric scholarship scheme*

The Pre Matric Scholarship scheme for SC students was launched (July 2012) with the objective of providing financial support to parents of SC children studying in classes IX and X so that the incidence of drop-out, especially in the transition from the elementary to the secondary stage is minimized and to improve participation of SC children in classes IX and X, so that they have a better chance of progressing to the post-matric stage of education. Under this scheme, scholarship of ₹ 2,250 per annum is to be paid to students whose parents/guardians' income from all sources does not exceed ₹ 2 lakh per annum and fulfill the other eligibility conditions.

(i) *In-admissible claim of scholarship in respect of dropped out SC students*

As per condition 4(iv) of the scheme, a student is eligible for this scholarship if she/he is regular, full time student in a Government school or in a school recognized by the Government or by a Central/State Board of Secondary Education.

During the session 2012-13 to 2016-17, seven⁹⁹ Government Senior Secondary Schools in five out of six selected districts claimed and paid scholarship amounting to ₹ 8.59 lakh to 385 students of 9th and 10th class who did not appear in the annual examination or had left the school during the session and were thus not eligible for this scholarship.

The Department stated (October 2017) that the matter had been referred to the implementing department for initiating suitable action.

(ii) *In-admissible claim/payment of scholarship in respect of re-appeared SC students*

As per condition 4(v) of the scheme, scholarship for study in any class is to be awarded for only one year and if a student repeats the same class, he/she will not be entitled for scholarship.

Test check of the records of Principal, Government Senior Secondary School (Girls), Gidderbaha, revealed that there were 15 students who failed in 9th (10 students) and 10th class (5 students) during the sessions 2013-14 and 2014-15 and got admission again in the same class during 2014-15 and 2015-16, respectively. However, the school authorities claimed ₹ 33,750 for the said sessions against the guidelines of the scheme. This resulted in irregular payment of ₹ 33,750.

The Department stated (October 2017) that the matter had been referred to the implementing department for initiating suitable action.

2.4.8.3 *Irregular utilisation of Central assistance under Pre-matric scholarship for children whose parents are engaged in unclean occupations*

Pre-matric scholarship for children whose parents are engaged in unclean occupations was launched with effect from 01 July 2011, which provides that Scholarship will be admissible to the children/wards of Indian Nationals whose parents are presently engaged in manual scavenging, tanning and/or flaying and waste picking/collecting. Full central assistance is provided by the GOI for the total expenditure under the scheme over and above the respective committed liability of State Government/U.T.

(i) DWSCBC had utilised the Central funds of ₹ 33.21 lakh (₹ 12.74 lakh + ₹ 20.47 lakh) in 2012-13 and 2014-15 to clear the backlog of 2010-11, 2011-12 and 2013-14 which was required to be cleared from the committed liability of State Government of ₹ 64.56 lakh per annum.

The Department stated (October 2017) that the funds of GOI were utilized due to non-release of funds by the State Government against committed liability.

⁹⁹ (i) GGSSS, Bathinda; (ii) GGSSS, Giddarbaha; (iii) GGSSS, Nehru Garden, Jalandhar; (iv) GGSSS, Moga; (v) GGSSS, Sri Muktsar Sahib; (vi) GSSS (B), Nabha; and (vii) GGSSS, Phillour.

(ii) Out of financial assistance of ₹ 156.35 lakh released by GOI prior to 2011-12, ₹ 77.69 lakh were lying unutilized with the State Government despite pending claims of ₹ 1.91 crore in respect of 10,322 beneficiaries for 2016-17 (March 2017).

The Department replied (October 2017) that the balance amount of Central funds of ₹ 77.69 lakh lying with Government of Punjab would be utilized shortly.

2.4.8.4 Scheme for setting up of Institute for training in stenography to SC students

A centrally sponsored scheme for setting up of an institute of training in typing and stenography was launched during 1987-88 with the objective of skill development of Below Poverty Line (BPL) SC candidates to help them get employment opportunities.

Dr. Ambedkar Institute of Careers and Courses, Mohali, under the administration of DWSCBC was providing training in typing and shorthand in English/Punjabi to the SC candidates under the said scheme. During 2012-16, out of 298 candidates trained, only 32 candidates (10.74 *per cent*) had passed the examination conducted by the Language Department. This showed the poor performance of the institute despite incurring an expenditure of ₹ 20.45 lakh as financial assistance to the beneficiaries.

The Principal stated (February 2017) that poor performance of the scheme was due to weak background of beneficiaries as they belonged to the rural areas and most of them were lacking communication skills and proficiency in language. The reply was not convincing as trainings should have been designed keeping in view the background of the candidates as the whole objective of the scheme was to provide better opportunities to the candidates from such background.

The Department also stated (October 2017) that necessary steps would be taken for improvement.

2.4.8.5 Setting up of institutions for pre examination

A centrally sponsored scheme of coaching and allied assistance for weaker sections of the society like Scheduled Castes, Other Backward Classes and Minorities having family income of below ₹ one lakh per annum was launched in September 2001. The purpose of the scheme was to assist the weaker sections of the society to enhance their skill and abilities for overall development.

(i) Short achievement of targets

During test check of records in the office of Principal, AICC Mohali, it was noticed that the institute had enrolled 739 trainees for coaching under various competitive examinations against the target of 1,200 during the years 2012-17.

Shortfall in enrolment ranged from 10 to 54 *per cent* as detailed in **Table 2.4.2** below.

Table 2.4.2: Detail of enrolment of students

Year	Target	Achievement (enrolment)	Shortage in percentage
2012-13	240	215	10.42
2013-14	240	136	43.33
2014-15	240	122	49.17
2015-16	240	156	35.00
2016-17	240	110	54.17
Total	1200	739	38.42

Source: Departmental data

The AICC stated that the low enrolment was due to the criteria of low income of the parents of the candidates and their consequent lack of awareness.

The Department stated (October 2017) that the criteria of family income had been revised and students whose parents' income was up to ₹ three lakh were also eligible and this would help to improve the enrolment.

(ii) Poor performance of the scheme

Scrutiny revealed that the said institute provided coaching to candidates for recruitment to Group 'A' and 'B' under the Central and State Governments, Public Sector Undertakings, banks as well as private sector. During 2012-17, coaching had been provided to 699¹⁰⁰ candidates under all the courses out of which only 93 candidates (13.30 *per cent*) were successful. Further, out of 699, 301 candidates who received coaching for appearing in Punjab Civil Service (PCS) and Indian Administrative Service (IAS) preliminary examinations, only eight candidates (2.66 *per cent*) had qualified the said examinations. This showed that performance of scheme was not satisfactory and more efforts were required to improve the quality of coaching being imparted.

The Department stated (October 2017) that necessary steps would be taken for improvement.

2.4.9 State schemes

2.4.9.1 Non-claiming/providing of financial assistance to SC girl students studying in post matric and post graduate classes

The scheme 'Special grant to SC girl students studying in post-matric and post graduate classes' was started by the State Government in 1980-81. From the year 2012-13, under this scheme, financial assistance at the rate of ₹ 50 and ₹ 60 per month is given to students studying in post-matric and post-graduate classes respectively whose parents/guardians' income does not exceed ₹ 60,965 per annum. This grant is in addition to Post-Matric Scholarship.

¹⁰⁰ Total enrolment was 739 during 2012-17 and training of 40 students was under process as on 31 March 2017.

(i) During scrutiny of scholarship records in respect of 46 institutions under six selected districts, it was noticed that 23,049 SC girl students who were studying in these institutions at post matric and post graduate level during the period 2012-17 were eligible to get financial assistance of ₹ 1.30 crore under the said scheme but neither were these students asked to apply nor was the financial assistance claimed by the institutions. This resulted in depriving the eligible students of the intended benefits of scheme.

The Department stated (October 2017) that wide publicity would be done for increasing awareness among the candidates as well as institutions to apply for scholarship under the scheme.

(ii) During scrutiny of scholarship records in respect of five¹⁰¹ Government Senior Secondary Schools under four districts for the years 2012-17, it was noticed that 2,965 SC girls students studying in 10+1 and 10+2 classes had applied for scholarship under the said scheme during the years 2012-13 to 2014-15 and their applications were also recommended and forwarded to DWSCBC by these institutions. However, no scholarship was paid to these students under this scheme by the DWSCBC for which no reasons were found on record. This resulted in deprivation of financial assistance of ₹ 16.43 lakh to SC girl students. Audit was informed by the Principal, GGSSS, Nabha (March 2017) that they faced problems in uploading the scholarship applications on to the portal in respect of eligible students during the years 2015-16 and 2016-17. Audit noted that even in respect of the applications for the years 2012-13 and 2013-14 which had been uploaded, no action to release the scholarship had been taken by DWSCBC.

The Department stated (October 2017) that this was due to non-release of funds by the Finance Department.

2.4.9.2 Non-refund of examination fee

Under a scheme 'Promotion of Education among educationally backward classes', the examination fee of SC students whose parents' annual income is less than ₹ 50,000 is required to be refunded by DWSCBC to the Punjab School Education Board (PSEB).

Test check of the records of DWSCBC revealed that an amount of ₹ 34.71 crore on account of examination fee of 10th class for the period from 1990-91 to 2016-17 was payable to PSEB by the DWSCBC as of 31 March 2017 in respect of eligible SC students. Non-payment of the due amount to PSEB resulted in un-discharged liability to that extent against the Department.

The Department stated (October 2017) that a proposal amounting to ₹ 34.71 crore had been sent to Finance Department (FD) during the year 2017-18, which was under consideration of the FD.

¹⁰¹ (i) GGSSS, Nabha (Patiala); (ii) GGSSS Nehru Garden, Jalandhar; (iii) GSSS, Garhshankar (Hoshiarpur); (iv) GGSSS, Hoshiarpur; and (v) GGSSS, Bathinda.

2.4.9.3 Unfruitful expenditure on scholarships in New Courses/vocational training in Industrial Training Institutes for SC students

New courses/vocational trainings in Industrial Training Institutes (ITIs) for SC students were started in the year 2008-09. The objective of the scheme was to provide skill development/vocational training to youth possessing certain minimum qualifications in National/State Council for vocational training (NCVT/SCVT) approved trades to the SC youth. Duration of these trades/courses ranged between one year to two years and during training, a scholarship of ₹ 750 per month per student was to be provided to the respective institute for further disbursement.

Test check of records of Government ITI (B) Patiala and ITI (B) Hoshiarpur revealed that during the years 2012-16, 167 students who got admission under the said scheme had left the institute after short period without completion of course/training but an amount of ₹ 5.78 lakh on account of scholarship for the period of attendance of these students was claimed and paid to these students by the institutions.

The Department stated (October 2017) that the matter had been referred to implementing department for initiating suitable action.

2.4.9.4 In-admissible claim/payment of attendance scholarship to SC primary girl students

The scheme, 'Attendance Scholarship to SC primary girl students' was introduced from the year 2008-09 under State Plan Sector. Under this scheme, the attendance scholarship at the rate of ₹ 50 per month for 10 months in a year is awarded to those SC girls studying in primary classes subject to the condition that their parents do not have more than five acre of land and are not income tax payees. A minimum of 75 *per cent* class attendance is required for becoming eligible for award of scholarship.

During test check of attendance records of 12 primary schools¹⁰² in six selected districts for the period 2012-17, it was noticed that scholarship of ₹ 9.48 lakh was claimed by the concerned schools and paid (up to the year 2015-16) by the DWSCBC to 1976 girl students whose attendance was below 75 *per cent*.

The Department stated (October 2017) that the matter had been referred to implementing department for initiating suitable action.

2.4.10 Other points of interest

2.4.10.1 Sustainable Development Goals

Test check of enrolment data for the period 2012-13 to 2016-17 in respect of 53 Educational Institutions at Primary, Upper Primary, Sr. Secondary &

¹⁰² (i) GPS, Kot Samir (Bathinda); (ii) GPS, Sanjay Nagar (Bathinda); (iii) GPS, Chhanga (Hoshiarpur); (iv) GPS, Puriharan (Hoshiarpur); (v) Shiv Devi Primary School, Jalandhar; (vi) GPS, Bilga (Jalandhar); (vii) GPS, Butter (Moga); (viii) GPS, Chirik (Moga); (ix) GPS, Krishna Basti (Samana); (x) GPS, Marouri (Patiala); (xi) GPS, West-2 Malout; and (xii) GPS, Abul Khurana (Muktsar).

Technical/Professional courses level covered in audit under various schemes revealed the numbers of SC students enrolled in Class I to Class VIII, 10+1/10+2, and Technical/professional level which is given in **Table 2.4.3** below.

Table 2.4.3: Details of SC students enrolled in Class I to VIII, 10+1/10+2 and Technical/professional level

Class	Total number of SC students enrolled in various institutions with percentage (Base year as 2012-13)									Decline/ increase in percentage with base year 2012-13
	2012-13	2013-14		2014-15		2015-16		2016-17		
	No. of students (percentage)	No. of students	Per- centage	No. of students	Per- centage	No. of students	Per- centage	No. of students	Per- centage	
1 to 5	1539 (100)	1463	95	1377	89	1415	92	1291	84	-16
6 to 8	1266 (100)	1242	98	1180	93	1181	93	1203	95	-5
10+1/10+2	2260(100)	2625	116	2634	117	2461	109	2576	114	+14
Technical/ Professional education	3850 (100)	5715	148	7605	198	8676	225	7938	206	+106

Source: Departmental data

The above table showed that the percentage of enrolment of SC students in the case of primary & upper primary level declined by 16 *per cent* and five *per cent* respectively in the year 2016-17 as compared to 2012-13 which reflected that the objective of the schemes to increase enrolment was not achieved.

The Department accepted (July 2017) the audit observations and stated that necessary steps will be taken to improve enrolment at primary and upper primary levels.

The table also showed that the percentage enrolment of SC students in the case of Higher Secondary and Technical/Professional courses increased by 14 *per cent* and 106 *per cent* respectively during the year 2016-17 in comparison to the year 2012-13 which reflected a positive trend of enrolment.

2.4.11 Internal control and monitoring

Audit observed that no separate Internal Audit Wing was set up in DWSCBC to conduct internal audit of field offices. The Department had not developed any system of monitoring and evaluation. As a result, it was unaware of the irregularities discussed in the preceding paragraphs.

The Department stated (October 2017) that action was already under way for evolving an effective monitoring mechanism within the Department.

2.4.12 Conclusion

The Department had not prepared any Perspective or Annual Plan for implementation of the schemes. Implementation of schemes suffered due to under utilisation as well as delayed release of grants. There were serious gaps in implementation of the schemes as a result of which reimbursement of fee as well as scholarships were made to ineligible students. Due to lack of adequate publicity, there was lack of awareness amongst the target population resulting

in a large number of students remaining deprived of scholarship benefits. Monitoring of the schemes was poor and no evaluation of the schemes was conducted to assess their impact.

2.4.13 Recommendations

In the light of audit findings, the State Government may consider the following:

- (i) Take immediate steps to carry out a survey of all eligible beneficiaries and update the database with valid details;
- (ii) Ensure allocation and timely release of adequate funds so that scholarships can be disbursed on time;
- (iii) Ensure integrity of applicants data by introducing strong validation controls in the system;
- (iv) Widely publicize schemes for creating awareness among potential beneficiaries;
- (v) Institute a robust mechanism for verification of applicants' data for ensuring the scholarships are disbursed only to eligible students;
- (vi) Set up an internal audit wing and evolve an effective monitoring mechanism to monitor the financial activities of the Department at headquarters and district levels to ensure proper implementation of schemes; and
- (vii) Institute a system of undertaking effective impact assessment studies of different scholarship schemes periodically.

The matter was referred to Government in August 2017; reply was awaited (November 2017).

Chapter-III

Compliance Audit

Chapter-III

Compliance Audit

CIVIL AVIATION, REVENUE, REHABILITATION & DISASTER MANAGEMENT AND FINANCE DEPARTMENTS

3.1 Avoidable payment of interest due to delay in payment of enhanced compensation

Delay in payment of enhanced compensation awarded by the Courts inflicted avoidable extra burden of ₹ 85.48 lakh on State exchequer on account of interest for the delayed payments. Besides, there was an overpayment of ₹ 5.12 lakh due to wrong calculation.

As per the Punjab Financial Rule 2.10 (b) (3), money indisputably payable should not be left unpaid and all inevitable payments should be liquidated at the earliest possible date.

Test check of records of the Director, Civil Aviation showed that the State Government acquired (between December 2001 and June 2010) land¹ for construction and development of Civil Enclaves each at Bathinda, Ludhiana and Pathankot. The land owners in case of all the three Civil Enclaves filed reference petitions under Section 18 of the Land Acquisition Act, 1894 (Act) for enhancement of the compensation awarded by the respective Land Acquisition Collectors. The Civil Courts of the respective districts enhanced (between February 2012 and February 2015) the compensation and allowed other benefits² payable under the Act on such enhanced value. It was, however, noticed that the payment of enhanced compensation ₹ 10.03 crore³ including interest of ₹ 3.11 crore to the land owners as awarded by the respective Hon'ble Courts was delayed by period ranging between 351 and 996 days⁴ resulting in avoidable payment of ₹ 85.48 lakh⁵ on account of interest for 91 to 321 days.

¹ Measuring (i) 39 Acre, 5 Kanal and 15 Marla at village Virk Kalan, district Bathinda (March 2009); (ii) 7 Acre, 4 Kanal and 1 Marla at village Khakat and Nandpur, district Ludhiana (June 2010); and (iii) 27 Acre, 6 Kanal and 9 Marla at village Mehra Mahantan, district Pathankot (December 2001).

² Interest at the rate of nine *per cent* per annum from the date of taking possession of the land to the date of payment. Where such excess or any part thereof was paid after expiry of a period of one year from the date on which possession was taken, interest at the rate of 15 *per cent* per annum was to be payable from the date of expiry of the said period of one year on the amount of such excess or part thereof which had not been paid before the date of such expiry.

³ Civil Enclaves: (i) Bathinda-₹ 5.18 crore during September 2014 to April 2016; (ii) Ludhiana-₹ 4.28 crore during March 2015 to July 2016; and (iii) Pathankot-₹ 0.57 crore during March 2015 to April 2016.

⁴ After excluding the month in which Court announced its decision plus one month thereafter except Pathankot court's decision dated 15 February 2012 where grace period of three months was allowed to make payment.

⁵ Civil Enclaves: (i) Bathinda-₹ 65.04 lakh; (ii) Ludhiana-₹ 19.03 lakh; and (iii) Pathankot-₹ 1.41 lakh.

It was further observed that Hon'ble Court of Pathankot also allowed 12 *per cent* per annum increase from the date of notification under Section 4 of the Land Acquisition Act till the date of the award of the LAC or taking possession, whichever was earlier. As the date of notification under Section 4 was 20 April 2001, date of taking possession was 10 October 2001 and the award was announced on 12 December 2001, the 12 *per cent* increase was payable from 20 April 2001 to 10 October 2001 i.e. for 174 days. However, the same was paid for 4,422 days from 20 April 2001 to 31 May 2013 resulting in overpayment of ₹ 5.12 lakh.

The Civil Aviation Department attributed (August 2017) the delay to various procedural formalities like time taken by the Land Acquisition Collectors (LACs) in submitting the calculation sheets for the additional compensation and Finance Department for according sanction of funds. Audit observed that the delays were avoidable and purely of administrative nature as the LACs took time ranging between 170 and 424 days in sending calculations sheets, Finance Department took from 50 to 372 days in according sanction of funds and clearance of bills by treasuries also took upto 98 days. As far as overpayment of ₹ 5.12 lakh is concerned, the LAC, Pathankot requested (September 2017) the Civil Aviation Department to initiate action for recovery of the overpayment.

Thus, delay in payment of enhanced compensation awarded by the Courts inflicted avoidable burden of ₹ 85.48 lakh on State exchequer on account of interest. Besides, there was an overpayment of ₹ 5.12 lakh due to wrong calculation.

EDUCATION DEPARTMENT

3.2 Implementation of EDUSAT programme in school education

Lack of planning and deficient monitoring severely affected the implementation of the EDUSAT programme. Many schools were yet to be covered under the programme and 25 to 100 *per cent* of 360 lectures delivered by the Punjab EDUSAT Society (PES) during the said period in the test checked districts were not attended by the students. Besides, all the Satellite Interactive Terminals (SITs) and many Receive Only Terminals (ROTs) were non-functional since June 2014. Generator sets were supplied to 56 schools which already had generators. Non-availability of required number of technical staff impacted the maintenance of equipment and hampered smooth running of the programme.

3.2.1 Introduction

EDUSAT was launched by Indian Space Research Organisation (ISRO) on 20 September 2004, exclusively for the education sector, as a collaborative project of Ministry of Human Resource Development, Government of India (GOI), Indira Gandhi National Open University and ISRO.

Realizing the importance of the EDUSAT project for addressing shortage of trained teachers, lack of quality teaching especially in the rural areas, teacher absenteeism and need for improvement in Science, Mathematics and English teaching, the Government of Punjab (GOP) set up (November 2007) the Punjab EDUSAT Society (PES) registered under Societies Registration Act, 1860 for providing quality education by Government educational institutions of Departments of School Education, Higher Education, Technical Education and Medical Education. The Director General, School Education, Punjab is the Chief Executive Officer of the Society. The EDUSAT network was dedicated to the State on 02 January 2008.

The PES has set up one Hub⁶ and three studios in the premises of Punjab School Education Board. The schools are provided with Satellite Interactive Terminals (SITs) with the facility of two way communication through which students can watch/listen and interact with lecturers and Receive Only Terminals (ROTs) where students can only watch and listen to the lectures.

The audit of PES for the period 2014-17 was conducted by test check of records of PES and in 145 out of 813 High Schools/Secondary Schools (Schools) in five⁷ (out of 22) selected districts. Districts were selected by adopting Probability Proportional to Size and Without Replacement (PPSWOR) method and 145 schools were selected by adopting Simple Random Sampling Without Replacement (SRSWOR) method to assess the achievement of deliverables⁸ of EDUSAT programme which is common to all schools as laid down in the Memorandum of Association (MoA) of the PES.

Audit findings

3.2.2 Planning

3.2.2.1 Non-preparation of perspective/annual plan

The MoA was the principal document for implementation of EDUSAT programme in the state. No provision for preparation of action plan was incorporated in MoA. Audit observed that the PES had neither prepared any long-term plan nor any annual action plan to set out the agenda of programme to be pursued during the audit period.

Further Executive Committee, which is authorised to take decisions regarding the implementation and expansion of the project, was to meet as and when necessary but not later than once in a quarter. However, audit noticed that the Executive Committee met only once (October 2015) as against 12 meetings required to be held during the audit period. As all decisions regarding implementation of the project were to be taken by the Executive Committee, non-convening of its meetings caused it to lose opportunities for course corrections and initiate remedial measures on crucial fronts such as repair of

⁶ Hub is a networking device that connects multiple computers or other network devices together.

⁷ (i) Fatehgarh Sahib; (ii) Gurdaspur; (iii) Jalandhar; (iv) Kapurthala; and (v) Moga.

⁸ Class-wise and subject-wise lectures.

key equipment, poor student participation, etc. as discussed in the succeeding paragraphs.

The PES stated (August 2017) that no perspective/annual plan was prepared. However, Project Director agreed to prepare the perspective/annual plan in future and conduct meeting of Executive Committee shortly to resolve the pending issues.

3.2.3 Financial management

As per clause (V) (a) of the MoA, the expenditure on IT Resources, operations and management of the PES was to be met from the State budget. In addition to this, Punjab Infrastructure Development Board (PIDB) was also funding the project. Budget provisions and expenditure incurred under the EDUSAT programme during the years 2014-17 is given in **Table 3.1** below.

Table 3.1: Funds proposed, allocated, released and utilized under EDUSAT programme

(₹ in crore)

Year	Opening Balance	Budget proposal	Approved by GOP	Released by GOP	From PIDB	Interest receipts	Total Funds	Funds Utilized (percentage)	Closing Balance
1	2	3	4	5	6	7	8	9	10
2014-15	9.86	62.02	10.00	1.11	2.50	0.32	13.79	8.03 (58)	5.76
2015-16	5.76	30.95	2.00	1.73	0	0.44	7.93	1.09 (14)	6.84
2016-17	6.84	49.06	20.00	15.53	0	0.27	22.64	0.57 (3)	22.07
Total		142.03	32.00	18.37	2.50	1.03		9.69	

Source: Departmental data

The analysis of above brought out the following:

- During 2014-17, as against the budget proposal for ₹ 142.03 crore, only ₹ 32 crore (23 per cent) was approved. Out of which, ₹ 18.37 crore i.e. 13 per cent of the budget proposal and 57 per cent of the approved budget were released by GOP. However, no reasons for short release of the funds were intimated (November 2017).
- Out of available funds of ₹ 31.76 crore⁹, expenditure of ₹ 9.69 crore (31 per cent) was incurred. Percentage of expenditure to available funds declined from 58 per cent in 2014-15 to three per cent in 2016-17.

Out of ₹ 5 crore sanctioned for ‘Online Tutorial Programme and Career Counseling in 100 Schools’, funds amounting to ₹ 2.50 crore released (November 2014) by PIDB were not utilized and were lying with PES (March 2017).

The PES stated (August 2017) that funds released by PIDB would be utilized after the decision of Executive Committee. Reply was not tenable as one meeting of the Executive Committee was already held in October 2015 i.e. one year after release of funds. Further, the reply was silent about reasons for short release of funds by PIDB and short utilisation of funds by PES.

⁹ Opening Balance ₹ 9.86 crore plus Funds released ₹ 18.37 crore plus PIDB ₹ 2.50 crore plus Interest ₹ 1.03 crore=₹ 31.76 crore.

3.2.4 Programme implementation

A review of the implementation of EDUSAT programme in the State revealed that the programme had not been implemented in all the schools and even the schools covered had very poor student response as discussed in paragraph 3.2.4.2.

3.2.4.1 Uncovered schools

As per clause III (6) of the MoA, PES was required to make use of EDUSAT network and other technologies for all the 3,605¹⁰ high schools and secondary schools of the State. However, Punjab EDUSAT Society in the year 2008 decided to provide SITs to all Sr. Secondary Schools having Science stream and ROTs were to be provided for students of Humanities stream.

Audit noticed that 436 schools had both SITs and ROTs and 3,289 schools had only ROTs. Besides SITs and ROTs, the schools were to be provided with E-Libraries for uniform quality education and Generator sets for uninterrupted power supply. However, out of 3,605 schools, E-Libraries were not available in 622 (17 per cent) schools and Generator sets were not provided in 2,602 (72 per cent) schools. Thus, shortage of key infrastructure, required for leveraging satellite technology for knowledge advancement, compromised the key objective of the EDUSAT programme.

The PES stated (August 2017) that uncovered schools would be identified and covered under EDUSAT programme in the next annual plan.

3.2.4.2 Poor attendance of students in EDUSAT programme

An amount of ₹1.98 crore was spent on content development during 2010-11 to 2016-17. As per EDUSAT time schedule, daily 7-8 lectures were delivered from the studio during 2014-17 by PES on all working days for 6th to 12th classes through ROTs.

As per information supplied by the 145 selected schools based on the attendance register of EDUSAT classrooms, in 91 schools (63 per cent), lectures delivered by the PES were not attended by the students during the period 2014-17. Audit verification of attendance register for the period December 2016 to February 2017 revealed that out of 145 selected schools, in 117 schools, 25 to 100 per cent of 360 lectures delivered by the PES during the said period were not attended by the students.

The Principals attributed (February-April 2017) non-attendance of lectures to signal problem and non-synchronization of lectures with syllabus. The PES stated (August 2017) that staff at field level would be deployed for monitoring attendance in EDUSAT classrooms.

¹⁰ High schools:1,690 and Senior Secondary Schools:1,915.

3.2.4.3 Poor infrastructure

In 24 out of 145 test checked schools, audit observed that ROTs/SITs were installed in rooms having seating capacity of not more than 40 students, whereas the strength of students in classes 6th to 12th ranged between 101 and 1,009.

The PES stated (August 2017) that overcrowded schools would be identified and proper infrastructure provided.

3.2.4.4 Non-collaboration with other institutions

One of the objectives of the PES, as provided in clause III (4) of MoA, was to collaborate with other institutions such as Indira Gandhi National Open University, Central Institute of Educational Technology, National Institute of Open Schooling, etc. having similar objectives for availing benefits of various schemes and programmes and seeking their help, support, guidance, etc. in rolling out various activities of the PES.

Audit observed that PES had not collaborated with other institutions having similar objectives for leveraging benefits of various schemes and programmes being run by them, thus, depriving PES of an opportunity to build synergy with the efforts of peer institutions for adding value to the delivery of the programme.

3.2.5 Asset management

Status of the assets installed at the schools, as of March 2017, was as shown in **Table 3.2** below.

Table 3.2: Status of the assets installed at the schools as of March 2017

Item	In the State		Value (₹ in lakh)	In test checked schools	
	Installed	Non-working (percentage)		Installed	Non-working (percentage)
SIT	436	436 (100)	1469.17	27	27 (100)
ROT	3289	250 (8)	214.68	145	30 (21)
E-Library	2983	186 (6)	760.02	139	19 (14)
Generator set	1003	225 (22)	62.96	74	56 (76)

Source: Departmental data

Since the EDUSAT programme is technology driven, it is important that the equipment required for delivering the programme is managed effectively. However, Audit found severe deficiencies in the management of assets as discussed below:

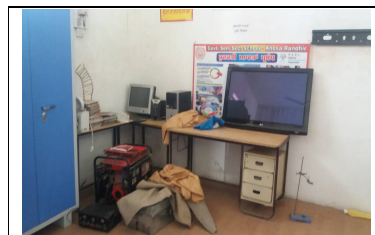
3.2.5.1 Non-functional equipment

The interactive part of the Hub installed (2007-08) in the Studio was non-functional since June 2014 for which no reasons were found on record. As a result, all the 516 SITs¹¹ (cost ₹ 14.69 crore) were rendered non-functional.

Annual Maintenance Contract (AMC) for 516 SITs and teaching end equipment was made (March 2012) with a firm¹² for a period of three years from 01 April 2012 to 31 March 2015 for ₹ 1.25 crore¹³, which was terminated (February 2013) due to unsatisfactory performance. No fresh AMC was done thereafter. As such, ROTs costing ₹ 2.15 crore, in 30 (21 per cent) test checked schools were non-functional for want of repair and maintenance.

As is evident from **Table 3.2**, an unusually high proportion of equipment, crucial for effective delivery of the programme, was non-functional.

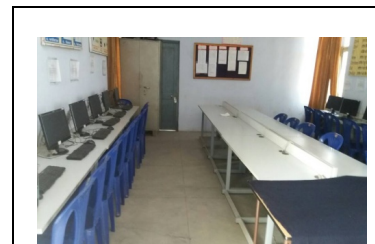
The PES stated (April 2017) that upgradation of network and Hub was under process. The reply was not convincing as the matter of upgradation of the network and Hub has been pending for more than three years. Such high incidence of equipment disrepair severely impacted the objective of providing extensive reach of quality education at all levels (May 2017).



SIT equipment and Generator set lying non-functional at GSSS, Khosa Randhir, District Moga (08.03.2017)



Non functional ROT at GSSS, Dhudike, Moga (08.03.2017)



Non functional E-Library at GSSS Naraingarh, District Fatehgarh Sahib (20.02.2017)

3.2.5.2 Non-installation of ROT and E-Library

In two schools¹⁴, ROTs provided during February 2012 and January 2013 and in two schools¹⁵, E-Libraries provided in February 2012 and March 2012 were not installed due to non-availability of adequate space in the school buildings. The expenditure of ₹ 9.89 lakh¹⁶ incurred on these equipment was, thus, yet to yield any benefits.

¹¹ (i) Department of School Education (436); (ii) Higher Education (47); (iii) Technical Education (29); and (iv) Medical & Dental Colleges (4).

¹² M/s. Hughes Communication India Ltd.

¹³ No payment was made to the firm.

¹⁴ (i) Government High School, Bhulle, District Jalandhar; and (ii) Government Girls Senior Secondary School, Ghoman, District Gurdaspur.

¹⁵ (i) Government High School, Bhulle, District Jalandhar; and (ii) Government Senior Secondary School, Model House, Jalandhar.

¹⁶ ROT=₹ 85,871x2 and E-Library=₹ 4,08,616x2: Total= ₹ 9,88,974.

The PES stated (September 2017) that E-Library of Government High School, Bhulle had been shifted and installed in Government Senior Secondary School, Mullewal and E-Library of Government Senior Secondary School, Model House, Jalandhar and ROT of Government Senior Secondary School, Ghoman had been installed. The reply was silent as to whether these were functional or not.

3.2.5.3 Idle generator sets

Out of 145 selected schools, 74 schools were provided with Generator sets. However, in 56 schools (76 per cent), Generator sets (cost ₹ 15.67 lakh¹⁷) were lying idle since installation as these schools already had high capacity Generator sets. It showed that Generator sets were provided without ascertaining their demand. Had proper survey been conducted, these could have been shifted to other schools, which were in need of Generator sets.

The PES stated (August 2017) that the facts would be verified from concerned schools and thereafter plan would be made to shift the idle Generator sets to needy schools.

3.2.5.4 Loss due to non-renewal of Insurance Policies

The PES had signed agreements with two Insurance Companies viz. HDFC Ergo and United India Insurance Company for insurance coverage of furniture and fixtures, office equipment, computer batteries, Generator sets and studio equipment in respect of 516 SITs and 3,289 ROTs for the period from 09 June 2009 to 08 June 2010. On expiry, the policies were renewed and premium of ₹ 1.17 crore was paid (June 2009-December 2014) to the Insurance Companies. Thereafter, the policies were not renewed. During 2010-17, 513 cases of theft of equipment and accessories costing ₹ 80 lakh were reported. Of these, 207 cases were reported during the currency period of insurance, out of which 53 cases (₹ 12.17 lakh) had been settled and balance 154 cases were pending (May 2017). Remaining 306 theft cases (February 2017) were reported beyond the coverage period of insurance. It was also observed that no action was taken by the PES to replace the stolen equipment to run the programme smoothly. Since the stolen equipment included items like LED screens which were crucial for delivery of lectures, failure to replace the stolen items undermined the effectiveness of the programme.

The PES stated (January 2017) that efforts were being made to get the claims settled in pending cases from Insurance Companies. However, the reply was silent regarding the 306 cases which occurred outside the insurance period. Further, PES stated (August 2017) that rather than insuring all the equipment, proper arrangements would be made to replace the stolen items.

¹⁷ ₹ 27,982 per unit x 56 Generator sets.

3.2.5.5 *Non-conducting of physical verification of EDUSAT equipment*

Rule 15.16 of the Punjab Financial Rules, Volume-I provides that physical verification of all stores and stock should be made at least once in a year. However, in 90 out of the 145 test checked schools, physical verification of EDUSAT equipment had not been conducted since its installation. The PES assured (August 2017) to carry out the physical verification.

3.2.6 Human resources management

Rule 14 (J) (i) of the Rules and Regulations of PES, as contained in the MoA, provides for deployment of operating, administrative, technical and other manpower on job work, contract or outsourcing basis on a case-to-case basis for ensuring the efficient operation and management of the EDUSAT programme.

Audit noticed that against the 32¹⁸ sanctioned posts, only eight posts (25 *per cent*) were filled¹⁹ (March 2017) for managing the network of SITs/ROTs. Out of 24 unfilled posts, 15 posts were those of technical staff, whose shortage affected the smooth running of the programme as was evident from the high incidence of equipment malfunction and disrepair.

The PES stated (August 2017) that proposal would be made to recruit the staff for proper implementation of the programme.

3.2.7 Internal control and monitoring

Internal control and monitoring is an essential component for the successful implementation of any programme. Effective mechanism of internal control and monitoring would ensure the achievement of the objectives of the programme.

However, PES had not formulated any internal control system for monitoring the implementation of the EDUSAT programme. As observed in the preceding paragraphs, this severely impacted the ability of PES to evaluate the effectiveness of the programme and design mid-course corrections to plug the gaps.

The PES stated (August 2017) that the subordinate staff would be directed to monitor the programme.

¹⁸ Co-ordination wing-Deputy State Project Director (01), Assistant Librarian (01), Data Entry Operator (02) Technical wing-General Manager, Tech. (01), Sr. Engineer (01), Studio Engineer (05), Junior Engineer (06), Technician (01), Electrician (01), Office Assistant (01) Data Entry Operator (02), Cameraman (02), Creative Auteur (01) Administrative & Finance wing-Assistant General Manager (01), Assistant Manager, Accounts (01), Assistant Manager, Admn. (01), Accountant-cum-cashier (01), Office Assistant (01), Data Entry Operator (02).

¹⁹ Co-ordination wing-One Data Entry Operator, Technical Wing-one Studio Engineer, four Junior Engineers and one Electrician and Administrative wing-one Assistance General Manager (Finance).

3.2.8 Conclusion

Lack of planning coupled with the absence of a monitoring system severely affected the implementation of EDUSAT programme. The General Body of PES and its Executive Committee met only once during the period of this audit review. Many schools were yet to be covered and even in covered schools, student participation was poor. The upkeep of the equipment left a lot to be desired as all the Satellite Interactive Terminals and many Receive Only Terminals were non-functional since June 2014. E-Libraries were also not installed due to non-availability of adequate space in the school buildings. Generator sets were supplied to 56 schools, where these were already available. Non-availability of required number of technical staff impacted the smooth running of network of SITs/ROTs. Thus, the objective of the Punjab EDUSAT Society to provide extensive reach of quality education remained largely unachieved.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

GENERAL ADMINISTRATION DEPARTMENT

3.3 Implementation of the Punjab Right to Service Act, 2011

Out of 489 Designated Officers (DO) and 11 Controlling Officers (CO) test-checked, 422 DOs did not maintain record of services provided in the prescribed RTS-1 form. None of the DOs and Appellate Authorities displayed the requisite information on the notice boards for making the public aware of the services being rendered under Punjab Right to Service Act (RTS Act). As many as 419 DOs did not provide acknowledgements to the applicants and delay of up to 1,005 days was noticed in delivery of services. Besides, there was weak monitoring at the levels of Additional Deputy Commissioners, Director Governance Reforms and the Punjab Right to Service Commission in effective implementation of RTS Act.

3.3.1 Introduction

Government of Punjab (GOP) notified (July 2011) Punjab Right to Service Ordinance which came into force with effect from 28 July 2011 and notified Punjab Right to Service Act, 2011 (RTS Act) on 20 October 2011. The Act provides for ensuring delivery of public services to the people of the State of Punjab in a time bound and hassle free manner. It also provides a mechanism to redress grievances in case the timelines are not observed. For enforcing the provisions of the Act, GOP notified (May 2012) Punjab Right to Service Rules, 2012 (Rules). Subsequently, GOP notified (July 2011-January 2016) 351 public services spread across 28 Government departments, designated officers and appellate authorities along with specified time limit for providing such services to the eligible persons. The Principal Secretary, Governance Reforms (PSGR) is the administrative head and the Director, Governance Reforms (DGR) is the departmental head. Punjab Right to Service Commission (Commission) constituted in November 2011 is

responsible for proper implementation of the Act and is also the highest forum of appeal under the Act. Governance Reforms Monitoring Unit (GRMU) under the control of DGR established in September 2014 is responsible for day-to-day monitoring and disposal of applications received under RTS Act, harmonizing the smooth and effective delivery of services and coordinates with all districts, other organizations²⁰ for collecting and collating the information in coordination with the concerned departments.

With a view to assessing the efficiency and effectiveness in implementation of the RTS Act, an audit for the period April 2014 to March 2017 was conducted by test-checking the records of 44 offices – 489 Designated Officers (DO) and 11 Controlling Officers²¹ (CO) who are also the Appellate Authorities (AAs) – of the selected five²² departments in the five²³ out of 22 districts. Further, one month²⁴ of each year in respect of five departments was selected, wherein 35 out of 110 notified services provided by 489 Designated Officers (DOs) were test-checked. Out of total 1,14,466 applications received in four (out of five) selected departments²⁵ during the selected months, only 10,290 applications were produced by the concerned departments, which were examined during the course of audit. As highlighted in the succeeding paragraphs, Audit observed that the Animal Husbandry Department was not maintaining records as required under the Rules as a result of which its compliance with the provisions of the RTS Act could not be verified in audit.

Audit findings

3.3.2 Implementation of the Act and the Rules

Section 4 of the RTS Act provides that the Designated Officers (DO) shall provide the service to the eligible person within the given timeline. Further, notification issued (May 2012) by GOP states that for all purposes with regard to the implementation of the Act, Additional Deputy Commissioner (General) (ADC) of the concerned district shall be the Nodal Officer in the district for all the departments whose services are notified under the Act.

Test-check of records in the selected districts revealed the following shortcomings in implementation of the RTS Act:

²⁰ Departments which are not under the direct control of Deputy Commissioners of any district.

²¹ Five Additional Deputy Commissioners (General) (ADC), two Sub-Divisional Magistrates (SDM) and four Controlling Officers (CO) of the Power Department.

²² (i) Animal Husbandry Department; (ii) Home Department; (iii) Power Department; (iv) Revenue Department; and (v) Transport Department selected by adopting Probability Proportional to Size Without Replacement (PPSWOR) method, based on number of applications received under RTS Act.

²³ (i) Tarn Taran; (ii) Ludhiana; (iii) Mansa; (iv) SAS Nagar; and (v) Patiala selected by adopting PPSWOR method, based on number of applications received under RTS Act.

²⁴ July (Home Department); May (Revenue Department) selected by adopting PPSWOR method, on the basis of month-wise applications received; and December (Transport, Animal Husbandry and Power Departments) was selected at random.

²⁵ Animal Husbandry Department did not produce any application to Audit as it was not maintaining records as per RTS Act.

3.3.2.1 Non-adherence to the provisions of RTS Act

Audit observed that:

➤ As many as 422 out of 489 DOs of five²⁶ departments were not maintaining record of services in the prescribed RTS-1 form containing details such as name of applicant, type of service applied for, date of receipt of application, date of disposal of application and remarks for service provided or rejected with reasons, as required under Rule 4(1) of RTS Rules, 2012. Only 47 DOs were maintaining records in RTS-1 form. Remaining 20 DOs did not furnish the requisite information (*Appendix 3.1*).

➤ Contrary to provisions under Rule 4 (3) of RTS Rules, 2012, 167 (out of 489) DOs of three departments and two (out of 11) Appellate Authorities (AA) (ADC, SAS Nagar and Deputy Chief Engineer (Regulations) of Power Department) did not place any notice board for making the public aware of the requisite information²⁷ relating to the notified services, application form and documents required for the purpose. Further, 300 DOs of five departments and five²⁸ AAs did not display the complete information on the notice board. Remaining 22 DOs of four departments and four²⁹ AAs did not supply the requisite information (*Appendix 3.2*).

➤ Contrary to provisions under Rule 3 of RTS Rules, 2012, 419 out of 489 DOs of five³⁰ departments were not providing acknowledgment receipt specifying the document, if any, required from the applicant and timeline for delivery of service. As many as 50 DOs were providing the requisite acknowledgment. Remaining 20 DOs did not furnish the requisite information (*Appendix 3.3*).

Due to non-adherence to these provisions, there was inadequate dissemination of requisite information to public. Also, due to non-maintenance of records of services, DOs could not analyse the pendency as well as cause of delay, if any in providing services.

The Commission stated (November 2017) that requisite instructions had been issued to the concerned departments/authorities to adhere to the provisions of the Act.

²⁶ (i) Animal Husbandry Department; (ii) Power Department; (iii) Revenue Department; (iv) Transport Department; and (v) Home Department. Though 45 out of 49 DOs of Home Department were maintaining record in RTS-1 form, four DOs did not furnish the requisite information.

²⁷ (i) Logo of Right to Service Act; (ii) Serial Number; (iii) Service; (iv) Stipulated time limit; (v) Designated Officer; (vi) First Appellate Authority; (vii) Second Appellate Authority; and (viii) Telephone numbers of the helpline, as per instructions issued under RTS Act in October 2011.

²⁸ Three ADCs, Mansa, Tarn Taran and Patiala; SDM, Tarn Taran; and one SE (Headquarter) Ludhiana.

²⁹ (i) ADC Ludhiana; (ii) SDM, Mansa; (iii) Superintending Engineer (SE), Tarn Taran; and (iv) SE (Headquarter), Patiala.

³⁰ (i) Animal Husbandry Department; (ii) Power Department; (iii) Revenue Department; (iv) Transport Department; and (v) Home Department. Though 47 out of 49 DOs of Home Department were issuing requisite acknowledgements, two DOs did not furnish the requisite information.

3.3.2.2 Delay in delivery of services by the departments

Audit observed that out of 10,290 applications test-checked, in 364 applications, there was a delay of up to 1,005 days in providing services under the RTS Act, as detailed in **Table 3.3**. Further, the delay beyond the timeline was not being projected in the Management Information Statement (MIS) reports. Delay, if any, in respect of 6,808³¹ applications could not be ascertained as the records produced to Audit did not depict the date of disposal of the applications (September 2017). There was no delay in disposal of 3,118 applications.

Table 3.3 : Delay in delivery of services

District	Department	Name of service	No of applications in which delivery of services delayed	Delay range (days)
Mansa	Home (SSP)	Character verification	15	1-1005
	Deputy Commissioner	Addition/Deletion of arms	36	2-62
		Issue of new arms licence	69	1-87
		Renewal of arms licence	129	1-147
Ludhiana	Revenue (SDM)	Natural heir	04	4-31
	Home (CP)	Entry of weapon on arms licence	04	6-19
SAS Nagar	Transport	Addition/Deletion of hire purchase	65	2-26
Patiala	Home (DC)	Renewal of arms licence	39	3-282
		Addition/Deletion of weapons	02	38 -134
		Entry of weapon on arms licence	01	64
Total			364	1-1005

Source: Departmental records

Examination of two out of 42 cases of Home Department, district Patiala, revealed that the Designated Officer i.e. District Magistrate (DM), Patiala received two requests (Application Nos. 1386808 and 1390121) for 'renewal of arms licence' on 11 June 2016 and 13 July 2016 respectively. As per notification under RTS Act, the service for this was to be provided within a period of 22 working days i.e. by 14 July 2016 and 12 August 2016 from receipt of applications. However, the same was actually provided on 28 February 2017 (i.e. after a delay of 228 days) and on 22 May 2017 (i.e. after a delay of 282 days) respectively. No specific reason for the delay was highlighted in the record of DM. Further perusal of case file (Application No. 1386808) revealed that the record being maintained by the Department indicated the date of receipt as 13 July 2016 i.e. after a lapse of 26 days from actual receipt on 11 June 2016.

Thus, there was delay in providing services without any justified reason which was not being projected in the MIS reports. This highlighted laxity on the part of respective departments in implementing the RTS Act.

³¹ (i) Power Department (1,127); (ii) Revenue Department (150); (iii) Transport Department (2,952); and (iv) Home Department (2,579).

The Commission stated (November 2017) that it was monitoring the delivery of services through MIS reports being received from the ADC/Nodal Officers and issued directions by taking *suo motu* notice of the delay. It was added that all the concerned had been asked to send accurate MIS reports.

3.3.2.3 Monitoring mechanism

The RTS Act, notifications and decisions taken by the respective departments provide for a three tier mechanism system for monitoring its implementation, which comprises of the Commission, Additional Deputy Commissioner-General (ADC), Nodal Officer of the department concerned. Besides, GRMU under DGR has also been formed for day-to-day monitoring, harmonizing smooth and effective delivery and coordinating with all districts, other organizations for collecting and collating the information in coordination with the concerned departments. During test-check of records in the selected five districts, Audit noticed the following:

(i) Four³² (out of five) selected ADCs and five³³ District Transport Officer (DTO) offices of Transport Department in the five selected districts were forwarding their MIS reports only to the Commission and not to DGR, in contravention of the decisions taken in the meetings held in August and September 2014 under the chairmanship of the Principal Secretary, Governance Reforms (PSGR) and the Chief Secretary respectively. Non-submission of MIS reports to DGR denied it the opportunity of monitoring the pendency and disposal of RTS services. Also there was projection of incorrect data in MIS reports as discussed in the succeeding paragraph. The reply of DGR in this regard was awaited (November 2017).

(ii) Though the respective Departments/DOs had received 1,43,561 applications between May 2014 and December 2016, the MIS reports compiled by the respective authorities depicted only 1,14,929 applications, as having been received during the same period, thereby disclosing less projection of 28,632 applications, as detailed in **Table 3.4** below.

Table 3.4 : Less projection of data in MIS reports

District	Department	Actual No. of application as per record of Department	Period to which the applications belong	No. of applications shown in the MIS reports	DO who compiled the data	Less projection
1	2	3	4	5	6	7 (3-5)
Ludhiana	Revenue	64723	May 2016	46872	ADC	17851
Mansa	Home	206	July 2014	73	SSP (District Saanjh Kendra)	133
Patiala	Revenue	4723	May 2015 and May 2016	3963	ADC	760

³² ADCs (i) Mansa; (ii) Patiala; (iii) SAS Nagar; and (iv) Tarn Taran. Fifth ADC, Ludhiana did not furnish any reply.

³³ (i) Ludhiana; (ii) Mansa; (iii) Patiala; (iv) SAS Nagar; and (v) Tarn Taran.

District	Department	Actual No. of application as per record of Department	Period to which the applications belong	No. of applications shown in the MIS reports	DO who compiled the data	Less projection
1	2	3	4	5	6	7 (3-5)
Tarn Taran	Transport	4133	December 2015 and December 2016	4019	DTO	114
	Revenue	319	May 2016	157	Tehsildar City Tarn Taran	162
		12802	May 2014 and May 2015	10234	ADC	2568
	Home	2053	July 2015 and July 2016	1784	ADC	269
		1595	July 2016	1185	ADC	410
		4163	July 2014, July 2015 and July 2016	3505	SSP	658
	Power	48844	December 2016	43137	SE (H)	5707
	Total	143561		114929		28632

Source: Departmental information

Thus, due to submission of incorrect picture in respect of the applications received at various levels, the fact of actual pendency and disposal of applications for delivery of various services under RTS Act was concealed from the authorities.

The Commission stated (November 2017) that requisite instructions had been issued to the concerned to ensure submission of correct figures to it.

(iii) Four out of five Deputy Directors³⁴ of Department of Animal Husbandry who are the district head responsible for implementation of the provisions of the Act, were sending nil MIS reports in respect of three³⁵ services notified (September 2013 and March 2015) under the RTS Act to the ADC-cum-Nodal officer during the period of audit, as the requests/applications were not being received in the format prescribed under RTS Act. The record was being maintained in the respective hospitals and dispensaries manually in the registers prescribed by the Department. Despite receipt of nil MIS Reports, none of the monitoring agencies i.e. ADCs (Nodal Officers), GRMU (DGR) and the Commission enquired into the matter or directed the Animal Husbandry Department to adhere to the provisions of RTS Act to ensure delivery of public services within the specified time limit.

The Commission stated (November 2017) that the Animal Husbandry Department had been asked to maintain records as per provisions under the RTS Act.

(iv) With a view to develop a Web Based System for monitoring timely delivery and pendency of services provided by various Government departments for the services notified under RTS Act, Government of India (GOI)

³⁴ Except for Deputy Director, Animal Husbandry, Ludhiana, who had submitted the figures in respect of receipt and disposal of requests in the selected month (December) during 2015-17. But the record of applications received/disposed of was not being maintained as per provisions of the Act.

³⁵ (i) Supply of medicine/vaccine at designated hospital as decided by Government; (ii) To provide artificial insemination subject to availability of semen; and (iii) Issue of veterinary health certificate to livestock owner.

approved (February 2013) a project proposal of the State Government for development of Right to Service Information System³⁶ (RTSIS). The Empowered Committee of the Punjab Right to Service Commission (Commission) approved (June 2013) the proposal of the National Informatics Centre (NIC) for development of RTSIS. As per proposal of NIC, 13 modules³⁷ in four phases were to be developed to make the RTSIS functional. The project was to start on 01 July 2013 and scheduled to be completed in June 2014. However, no formal agreement was entered into with NIC for execution of the project.

Audit observed (August 2017) that out of 13, only nine³⁸ modules had been developed. Of these, six modules were not implemented at all and three modules were partially implemented for seven³⁹ (out of 28) departments only by integrating 53 services under RTS Act. It was, however, noticed in the selected two (out of five) departments *viz.* Home and Revenue that though 18 services had been integrated with RTSIS, data in respect of none of the services was being used for generating MIS reports as these services still required automated updation of pendency. Audit noticed that lack of coordination between the Commission and the respective departments through DGR and supervision of the Commission over NIC was the main cause for non-implementation of RTSIS application. Besides, due to non-execution of any formal agreement binding the NIC to execute the work in a time bound and efficient manner, the Commission had to extend timelines repeatedly as per proposals of NIC.

The Commission stated (November 2017) that the software could not be utilized as the Government had decided that all departments would utilize the network of Unified Citizen Service Delivery Centres (UCSDC) for rendering services to the citizens, for which detailed modalities would be worked out by DGR in consultation with the concerned departments. It was further stated that the RTSIS application had been integrated with various departments/agencies. The reply was not acceptable as data in respect of none of the services integrated with RTSIS in the test-checked departments was being used for generating MIS reports.

Thus, RTSIS was an important tool to ensure extraction of factual position with regard to pendency and disposal of applications for delivery of various services under RTS, which was being otherwise concealed at various levels

³⁶ Web application for monitoring of delivery of services notified under Punjab Right to Service Act, 2011 and Establishment of Helpdesk (IVR) with Toll-free number.

³⁷ (i) Service Request; (ii) Receipt; (iii) MIS; (iv) User Management; (v) Access Control; (vi) Master Data; (vii) Delivery/Rejection; (viii) Appellate-I Authority Escalation; (ix) Appellate-II Authority Escalation; (x) Commission Appeal Escalation; (xi) Data Integration; (xii) SMS Interface; and (xiii) Mobile Application Interface.

³⁸ (i) Service Request; (ii) Receipt; (iii) MIS (partially implemented); (iv) Master Data (partially implemented); (v) Delivery/Rejection; (vi) Appellate-I Authority Escalation; (vii) Appellate-II Authority Escalation; (viii) Commission Appeal Escalation; and (ix) Data Integration (partially implemented).

³⁹ (i) Health; (ii) Home; (iii) Housing and Urban Development; (iv) Local Government; (v) Revenue; (vi) Social Security; and (vii) Welfare of Schedule Castes and Backward Classes.

while submitting manual MIS reports to the authorities, as discussed in paragraph 3.3.2.3 (ii). Due to non-implementation of RTSIS even after three years of its scheduled completion, the objective for monitoring timely delivery and pendency of services provided under RTS Act could not be achieved (November 2017).

3.3.3 Conclusion

The provisions under the Punjab Right to Service Act which envisaged delivery of public services to the people of the State in a time bound and hassle free manner, were not being implemented fully and effectively. This is evident from the fact that record of services was not being maintained in the prescribed RTS-1 form by many departments. Requisite and complete information for making the public aware of the services being rendered under the RTS Act had not been displayed on notice boards. Acknowledgements to the applicants were not being issued and delay in delivery of services was noticed. Non-submission of MIS reports to the Director, Governance Reforms, projection of incorrect data in MIS reports, non-implementation of Web based monitoring system showed poor coordination and weak monitoring at the levels of the Additional Deputy Commissioners, Director Governance Reforms and the Punjab Right to Service Commission in effective implementation of the RTS Act.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4 Idle expenditure arising from non-functional healthcare machines

Eight healthcare machines received under Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) and National Programme of Family Planning (NFPF) could not be made functional even after the period ranging from 12 to 25 months from their receipt due to non-availability of skilled manpower. This not only resulted in idle expenditure of ₹ 7.21 crore, but the objective of providing quality medical education and tertiary healthcare under PMSSY and NFPF could also not be achieved in full measure.

(i) With a view to correcting regional imbalances in the availability of affordable/reliable tertiary healthcare services and augmenting facilities for quality medical education in the country, Government of India (GOI) launched Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) in the year 2003. The objectives of PMSSY were to be achieved through its two components viz. setting up of institutions like AIIMS and upgradation of Government Medical College institutions.

Test-check of records of Government Medical College (GMC), Amritsar showed that in accordance with a proposal submitted (February 2009) to GOI

under PMSSY, 92 machines⁴⁰ valuing ₹ 49.20 crore were received (March 2012-January 2017) for upgradation of GMC, Amritsar. The proposal submitted to GOI *inter alia* included requirement of requisite medical and paramedical staff for making the machines functional. Audit noticed that as many as 49 out of 92 machines were installed/made functional after a period ranging from 2 to 44 months from their receipt. In addition, two machines⁴¹ valuing ₹ 6.51 crore received from GOI during July-September 2016 could not be made functional even after more than 12 months from their receipt due to non-availability of technically qualified manpower⁴². It was noticed that though the process for procurement of Complete Cath Lab had started in June 2014, GMC took up the matter for creation of post of Lab Technician with the Department of Research and Medical Education (DRME) after more than two years i.e. in August 2016. Further, the Perfusionist for making the Heart Lung Machine functional could not be deployed in spite of taking up the matter for the same by GMC with DRME since October 2007 i.e. well before submitting the proposal to GOI in February 2009.

The Department attributed (September 2017) the reasons for non-availability of staff to less emoluments given to super-speciality faculty in public sector as compared to private sector. It, however, stated that efforts were being made to recruit staff to make the machines functional.

(ii) Test-check of records of the Punjab Health Systems Corporation (PHSC) showed that PHSC procured (July 2015) 23 Laparoscope machines for Civil Hospitals (CH) in 22 districts (two for Ludhiana district and one each for remaining 21 districts) at a cost of ₹ 2.70 crore under National Programme of Family Planning (NPFP). However, 6 out of 23 Laparoscope machines valuing ₹ 0.70 crore received/installed (September-October 2015) in six CHs⁴³ were not put to use due to non-availability of skilled manpower and the machines were lying idle for 24-25 months.

Thus, total eight healthcare machines (two under PMSSY and six under NPFP) could not be made functional even after the period ranging from 12 to 25 months from their receipt due to non-availability of skilled manpower. This not only resulted in idle expenditure of ₹ 7.21 crore, but the objective of providing quality medical education and tertiary healthcare under PMSSY and NPFP could also not be achieved in full measure.

The matter was referred to Government in May and June 2017; reply was awaited (November 2017).

⁴⁰ Eighty six machines valuing ₹ 28.09 crore were procured by GMC, Amritsar out of the funds received from Government of India and six machines valuing ₹ 21.11 crore were received from Government of India under PMSSY.

⁴¹ (i) Complete Cath Lab to visualize the arteries and chambers of heart (₹ 5.73 crore) received on 08.09.2016 and (ii) Heart Lung Machine for cardiopulmonary bypass (₹ 0.78 crore) received on 27.07.2016.

⁴² Cath Lab Technician for Complete Cath Lab and Perfusionist for Heart Lung Machine.

⁴³ (i) Fazilka (Surgeon not trained); (ii) Ludhiana (shortage of skilled staff); (iii) Ropar (vacant post of surgeon); (iv) SAS Nagar (Gynecologist not trained); (v) Sangrur (Surgeon not trained); and (vi) Sri Muktsar Sahib (vacant post of Surgeon).

HIGHER EDUCATION DEPARTMENT

3.5 Non-levy of Stamp Duty and Registration Fee on a concession agreement**Non Levy of Stamp Duty and Registration Fee resulted in a loss of revenue amounting to ₹ 24.73 lakh to the State exchequer.**

Under the provisions of Clause (d) of sub-section (1) of Section 17 of the Registration Act, 1908, leases of immovable property from year to year, or for any term exceeding one year, or reserving yearly rent are to be compulsorily registered. Schedule 1A of the Indian Stamp Act, 1899 stipulates that stamp duty at the rate of three *per cent* is leviable on lease deed on the value determined considering twice of average annual rent reserved, premium or fine paid and money advanced.

Scrutiny of records revealed that a Concession Agreement was entered into (August 2014) amongst Guru Nanak Dev University (Concessing Authority) and Punjab Heritage and Tourism Promotion Board, Chandigarh (Confirming Authority) and M/s JMD Heritage Lawns Pvt. Ltd, New Delhi (Concessionaire) for "Operation and Maintenance of Heritage Village at Amritsar through Public Private Partnership mode", with a concession period of 30 years at an Annual Concession Fee (ACF) of ₹ 1.94 crore to be increased by 10 *per cent* after every 3 years, over the previous amount (Article 5.1.b of Concession Agreement).

Under the concession agreement, the Concessionaire had agreed to develop "Heritage Village" at Amritsar on 10 acres of land and was to enjoy the benefits of the project for a concession period of 30 years during which it would have the license to use the project to determine, demand, collect, enforce, retain and appropriate commercial charges. In lieu of this concession, the Concessionaire was to pay annual concession fee in accordance with the terms and conditions of the Concession Agreement. Thus, the Concession Agreement fell under the Indian Stamp Act and was also to be compulsorily registered as mentioned *ibid*.

However, the said agreement was not registered with the concerned registering authorities resulting in a loss of revenue to the State amounting to ₹ 24.73 lakh⁴⁴ on account of non-levy of Stamp Duty (₹ 18.55 lakh) and Registration Fee (₹ 6.18 lakh) as detailed in *Appendix 3.4*.

The Assistant Registrar stated (December 2015) that the expenses pertaining to stamp duty and registration fee were not to be borne by the University as these were to be borne by the Concessionaire. The reply was silent about the reasons for not registering the said agreement and was not acceptable since the University failed to get the document registered as was required, as per Act *ibid*, thereby resulting in loss of revenue to the State Government.

⁴⁴ Stamp duty calculated as per Schedule 1A of the Indian Stamp Act, 1899 and Registration fee on the basis of letter 25/46/13-ST.1/9812.13 dated 17 May 2013 of Revenue, Rehabilitation and Disaster Management Department, GOP.

The matter was referred to Government in February 2016; reply was awaited (November 2017).

HOME AFFAIRS AND JUSTICE DEPARTMENT

3.6 Enforcement of Narcotic Drugs and Psychotropic Substances Act, 1985

Action plans and annual plans were not prepared. Adequate surveillance and modern equipment and narcotic trained sniffer dogs were not available in the State. The Department was not equipped with trained staff to deal with cases under the Narcotic Drugs and Psychotropic Substances (NDPS) Act. As many as 532 accused were acquitted by the courts due to deficiencies in testimony statements of police officials. Samples of seized NDPS were sent to the laboratory with delay of up to 476 days.

3.6.1 Introduction

In order to control and regulate operations relating to narcotic drugs⁴⁵ and psychotropic substances⁴⁶, Government of India (GOI) enacted (September 1985) 'The Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985'. The Act extends to the whole of India and is the major legal instrument for curbing illicit drug trafficking and abuse.

The Narcotic Control Bureau (NCB) is the apex coordinating agency of GOI which exercises the powers and functions of the Central Government for taking measures with respect to coordination of actions by various offices, State Governments and other authorities in connection with the enforcement of the NDPS Act. At State level, the Additional Chief Secretary (ACS), Department of Home Affairs and Justice (DoHAJ), is the administrative head and Director General of Police (DGP) is the departmental head.

The Government of Punjab (GOP) constituted (September 2009) an Anti-Narcotic Task Force (ANTF) under the supervision of Additional Director General of Police (Intelligence) to establish coordination and sharing of information regarding drug trafficking and related crimes amongst various States and Central Law Enforcement Agencies. In addition, the Punjab State Narcotic Control Bureau (PSNCB) was also established (May 2015) under the control of Inspector General of Police-cum-Director to ensure strict implementation of NDPS Act.

As per report (2014) of the National Crime Records Bureau, Ministry of Home Affairs, Punjab was ranked first in the country for registering 31 *per cent* of the total cases under NDPS Act. Further, drug addicts ranging between

⁴⁵ Narcotics drugs means coca leaf, cannabis (hemp), opium, poppy straw and includes all manufactured goods.

⁴⁶ Psychotropic substance means any substance, natural or synthetic, or any natural material or any salt or preparation of such substance or material that changes brain function and results in alternations in perception, mood, consciousness or behaviour, included in the list of psychotropic substances specified in the Schedule to the NDPS Act, 1985.

1,80,825 and 2,86,936 were registered (January 2014⁴⁷ to March 2017) with Government Drug De-addiction Centres in the State. With a view to assessing the efficiency and effectiveness of the enforcement of NDPS Act, an audit for the period 2013-14 to 2016-17 was conducted by test-checking the records of PSNCB and seven⁴⁸ (out of 27) police districts.

In the selected police districts, 9,050 drug peddlers had been identified by the Police Department; drug addicts ranging between 214 and 44,561 were registered⁴⁹ with Government Drug De-addiction Centres; and 82,450 kg of NDPS⁵⁰ was seized during 2013-17.

Audit findings

3.6.2 Planning and financial management

3.6.2.1 Non-preparation of action plan

GOI launched (October 2004) a scheme for “Assistance to States and UTs” to finance State Governments to strengthen their enforcement capabilities for combating illicit drug trafficking for a period of five years i.e. till 31 March 2009, which was extended (November 2009) for a period of five years (2009-14) with an estimated budget of ₹ 15 crore. The Scheme was again extended (December 2014) for further three years i.e. from 2014-15 to 2016-17 with an estimated budget of ₹ 15 crore. As per guidelines of the Scheme, the State Government was to submit an action plan for five/three years’ duration and split it up into annual plan in respect of each year for release of financial assistance under the Scheme. The action plan was to include *inter alia* identification of regions which were sensitive to drug trafficking, required focused attention and strategy for action in these regions.

Audit observed that PSNCB prepared an action plan for the period 2014-18 only at the instance of audit in March 2017 i.e. after a lapse of more than two years from the extension of the Scheme by GOI. It also did not mention the strategies of other agencies like Customs, Central Excise, Directorate of Revenue Intelligence, Border Security Force, Forests, State Excise etc. with a view to draw synergies with the efforts of these agencies. Though the action plan so prepared was submitted to DGP in March 2017, the same was not approved by the Department (April 2017). The annual plans for the years 2013-14 to 2016-17 which were to be derived from the action plans were also

⁴⁷ Information for the period April 2013 to December 2013 was not provided by the Department of Health and Family Welfare, Punjab. Data in respect of drug addicts registered with private drug de-addiction centres was not available (August 2017).

⁴⁸ (i) Amritsar (Rural), (ii) Fazilka, (iii) Gurdaspur, all being border areas and (iv) Jalandhar due to higher number of NDPS cases reported, were selected; and (v) Bathinda; (vi) Hoshiarpur; and (vii) SAS Nagar were selected on the basis of Random Sampling method.

⁴⁹ (i) Amritsar-Rural (peddlers:2,437 and addicts:6,475-11,830); (ii) Bathinda (peddlers:2,357 and addicts:214-40,367); (iii) Fazilka (peddlers:1,682 and addicts:16,115-42,543); (iv) Gurdaspur (peddlers:0 and addicts:4,236-44,561); (v) Hoshiarpur (peddlers:1,921 and addicts:600-9,839); (vi) Jalandhar (peddlers:653 and addicts:6,288-19,791); and (vii) SAS Nagar (peddlers:0 and addicts:1,473-6,103).

⁵⁰ Heroin (498 kg); Opium (552 kg); Poppy Husk (81,386 kg); and Smack (14 kg) and other drugs viz. charas, ganja, pills/capsules, injections, etc.

not prepared for seeking financial assistance under the Scheme *ibid*. This showed laxity on the part of PSNCB/Department in combatting drug trafficking and drug abuse in the State.

The Inspector General of Police-cum-Director (IGP), PSNCB, instead of furnishing reasons for non-preparation and submission of action plan to NCB (GOI) timely, stated (August 2017) that the Police Department had prepared a comprehensive strategy for controlling supply by drug smugglers which aimed at ensuring zero tolerance towards this aspect.

3.6.2.2 Funding pattern

There was no separate allocation of budget for PSNCB, ANTF and the field units for enforcement of NDPS Act. The expenditure on salary and other office expenses was being met out of the general budget under the Police Head of Accounts. However, for procurement of surveillance and other equipment and vehicles, funds were being provided by GOI under the Scheme for ‘Assistance to States and UTs’ as per action and annual plans and by the State Government out of the Punjab State Cancer and Drug Addiction Treatment Infrastructure (CADA) Fund created with the Punjab Health Systems Corporation (PHSC), as per requirement.

The position of funds received for procurement of surveillance and other equipment and vehicles under the Scheme from GOI and out of CADA funds from the State Government (PHSC) is given in **Table 3.5** below.

Table 3.5: Details of funds received and expenditure incurred there-against during 2013-17.

(₹ in crore)

Year	Allocation of funds under		Funds released under		Expenditure		Balance	
	Scheme (GOI)	CADA (State)	Scheme (GOI)	CADA (State)	Scheme (GOI)	CADA (State)	Scheme (GOI)	CADA (State)
2013-14	--	--	--	--	--	--	--	--
2014-15	--	--	--	--	--	--	--	--
2015-16	--	--	--	--	--	--	--	--
2016-17	0.32	2.80	0.32	1.95	--	0.21	0.32	1.74
Total	0.32	2.80	0.32	1.95	--	0.21	0.32	1.74

Source: Departmental records

Audit observed that funds were neither received under GOI Scheme nor out of CADA funds during 2013-16 as the Department did not send any action/annual plan to NCB (GOI) or demanded funds out of CADA for procurement of surveillance and other equipment and vehicles for combating drug-trafficking and drug abuse in the State. However, on being asked (April 2015) by NCB (GOI), PSNCB submitted (January 2016) a proposal for obtaining financial assistance (₹ 10.04 crore) for the purpose under the Scheme. GOI sanctioned and released (October 2016) an amount of ₹ 0.32 crore⁵¹ to be utilized within a period of 12 months from the date of

⁵¹ Out of ₹ 32,15,500/- sanctioned (October 2016) by GOI, ₹ 2,041/- were released after revalidating/adjusting ₹ 32,13,459/- already lying unspent out of the earlier grants released in March and April 2011.

release i.e. by September 2017. However, the funds were yet to be utilized as the same were not released by the State Government to PSNCB (September 2017). An amount of ₹ 1.95 crore⁵² was received (May and August 2016) out of CADA funds to strengthen the enforcement capabilities for combating illicit drug trafficking. However, only ₹ 0.21 crore were spent for the purpose, leaving a balance of ₹ 1.74 crore lying unspent with the Department. The implication of non-release/non-utilisation of funds of ₹ 2.06 crore (₹ 0.32 crore+₹ 1.74 crore) out of ₹ 2.27 crore (₹ 0.32 crore+₹ 1.95 crore) (91 *per cent*) has been discussed under paragraph 3.6.3.2.

3.6.3 Availability of capacity for combatting drug trafficking

Combatting illicit drug trafficking requires resources in terms of police personnel trained specifically to deal with the drug menace and suitable equipment for surveillance, detection and seizure of drugs. Audit observed that though the State of Punjab had been confronted with the drug problem for a while, it still lacked adequate resources to effectively combat this problem, as discussed below.

3.6.3.1 Lack of skilled manpower and inadequate training

As per para 2.1 of Annual Report of NCB (GOI), the task of combating drug trafficking is complex because of its linkages with other crimes like corruption, tax evasion, human trafficking, money laundering and crimes of violence including terrorism. It further stipulates that field experiences often show that lack of awareness of procedures and processes to be followed under NDPS Act results in poor investigation, improper and insufficient documentation and non-compliance of statutory provisions which ultimately lead to failure of the prosecution case thereby undermining the objectives of drug law enforcement. Therefore, it is necessary to build a team of dedicated officers in the field of drug law enforcement who are well trained and equipped with updated knowledge and allied skills to effectively combat this menace. To attain this objective, training programmes need to be conducted at all levels in order to enhance and hone the specialized skills required to improve performance and effectiveness of the personnel involved in drug law enforcement in India.

While reviewing the adequacy of the human resource available with the police force in dealing with the drug situation in the State, Audit noticed that though a dedicated ANTF (September 2009) and PSNCB (May 2015) had been established in the State besides availability of Anti Narcotic Wings in all police districts, no specialized and dedicated staff to deal with the enforcement of the provision of NDPS Act was provided at 107 police stations in seven test-checked police districts. The police officials dealing with drug law enforcement were also handling general duties of maintaining law and order.

⁵² ₹ 0.75 crore (May 2016) (out of the sanctioned amount of ₹ 1.60 crore) for procurement of incinerators; and ₹ 1.20 crore (May and August 2016) for procurement of sniffer dogs out of CADA funds.

Further, only 1.26 to 17.89 *per cent* of the officers/officials posted in police stations of five⁵³ test-checked districts were imparted training on drug law enforcement. No training on the subject was imparted in remaining two test-checked districts i.e. Bathinda and SAS Nagar (*Appendix 3.5*).

The IGP, PSNCB stated (August 2017) that due to shortage of manpower in police stations, exclusive force had not been earmarked for investigation of cases under NDPS Act. However, police officials were exposed to legal, procedural and investigational aspects of dealing with such cases. Besides, short term trainings were also being conducted at training schools established at the district level. The reply was not acceptable as only 182 out of 3,739 police officers/officials (4.87 *per cent*) had been imparted training in the test-checked police districts during 2013-17.

Audit observed that lack of dedicated and trained staff severely compromised drug enforcement in the State as evidenced by large number of court cases being dropped due to improper testimony of police investigators, delay in sending samples for testing, inability of the force to use modern techniques etc., as discussed in the succeeding paragraphs.

3.6.3.2 *Inadequate surveillance and other modern equipment and sniffer dogs*

Section 42 of NDPS Act empowers the State Police to search, seize and arrest for NDPS in an enclosed place like a private house, godown, office or a garage, while Section 43 empowers them to search, seize and arrest in a public place like a railway station, bus terminus, airport and highways etc.

(i) Audit observed in seven test-checked police districts and PSNCB that no surveillance/modern equipment⁵⁴ useful for enforcement of illicit drug trafficking had been installed at the exit points of various vulnerable public places like railway station, bus terminus, highway, etc. as the Department did not prepare any action plan to seek requisite financial assistance under the scheme, “Assistance to States and UTs” during 2013-17. Even the grant of ₹ 0.32 crore sanctioned by NCB in October 2016 for the procurement of surveillance and other equipment and vehicles could not be utilized as the same was not released by the State Government till September 2017, as discussed in paragraph 3.6.2.2.

The IGP, PSNCB stated (August 2017) that the requisite equipment/technical gadgets were available in intelligence wing of Punjab Police for supplementing efforts of field units and they requisitioned these services for apprehending drug smugglers from time to time. It was added that installation of total vehicle scanners at interstate barriers was a highly expensive solution. The reply should be seen in view of the fact that the information/report on ‘drug situation in Punjab’ provided by PSNCB showed that Punjab State’s international border was used for transiting heroin consignments to the

⁵³ (i) Amritsar-Rural (1.26 *per cent*); (ii) Fazilka (3.74 *per cent*); (iii) Gurdaspur (17.89 *per cent*); (iv) Hoshiarpur (4.84 *per cent*); and (v) Jalandhar (9.73 *per cent*).

⁵⁴ Full body vehicle scanners, flexible fibre optic scope, video scopes, ION scanners, Buster K910B Density Meter, X-ray machines, etc.

national and international market. Audit noticed that during 2013-17, 82,450 kg⁵⁵ of NDPS (heroin, opium, poppy husk, smack, etc.) was seized in seven test-checked police districts. In spite of availability of funds under GOI Scheme and CADA, the PSNCB/Department did not take steps to procure and install proper surveillance equipment, which could compromise its ability to effectively tackle the problem of illicit drug trafficking in the State.

(ii) As the two existing incinerators, one each in Mansa and Kapurthala, were not sufficient to dispose of the large quantity of NDPS lying in the *malkhanas*⁵⁶ in the State, an amount of ₹ 1.60 crore was sanctioned (April 2016) out of CADA Fund for procurement of four new incinerators to be installed at Amritsar, Ludhiana, Faridkot and Patiala. Out of the sanctioned amount of ₹ 1.60 crore, PHSC released (May 2016) ₹ 0.75 crore and the remaining funds of ₹ 0.85 crore were to be released as per requirement. However, the drug disposal incinerators could not be procured (November 2017). The Department attributed (June 2017) the reasons to non-participation of any bidder in the tenders floated twice for the purpose, as the terms and conditions of the tender did not have any provision for making advance payment to contractor, which was not acceptable to the bidders. It was added that the matter was under consideration and the tenders for the purpose would be called for again. Thus, the Department did not have sufficient number of incinerators to dispose of the NDPS⁵⁷ lying in *malkhanas* in spite of availability of funds under GOI Scheme and CADA Fund. Delay in destruction of contraband entails the risk of substance pilferage which could then again find its way into the markets.

(iii) NCB (GOI) in its handbook on Drug Law Enforcement stipulated that it would be extremely useful to carry a sniffer dog trained to detect drugs for search operations as dogs can smell drugs much faster and better than any human and hence the entire search operation can be completed much faster.

Audit noticed that there was no narcotic trained sniffer dog in the State (May 2016). The Department placed (May 2016) a supply order with the Commandant, Combined Punjab Home Guards and Civil Defence Institution (a canine training and breeding institute)⁵⁸ for procurement of 40 trained sniffer dogs for the entire State at a cost of ₹ 1.20 crore (₹ three lakh per dog). The funds for the purpose were received from CADA Fund in May 2016 (₹ 0.60 crore) and August 2016 (₹ 0.60 crore). However, as of March 2017, only seven trained sniffer dogs at a cost of ₹ 0.21 crore could be procured and the supply order for remaining 33 dogs was cancelled (December 2016), as these dogs could not pass the required trade test. It was further noticed that out of seven selected police districts, one sniffer dog each in only Bathinda and Jalandhar districts (temporarily deployed at Amritsar district) was available and no sniffer dog was deployed in police stations of remaining

⁵⁵ 2013-14 (60,435 kg); 2014-15 (10,040 kg); 2015-16 (8,466 kg); and 2016-17 (3,509 kg).

⁵⁶ A *malkhana* is a store-room to preserve "case properties (evidence)" in all cases registered with a police station, till these are disposed of in court.

⁵⁷ 4,71,145 kg of poppy husk, heroin, ganja, etc.; 2,24,47,847 pills/capsules, 1,07,594 bottles, injections, vials; and 256 litres of intoxicant liquid of contrabands as of May 2017.

⁵⁸ A joint venture with M/s. ESD Network Private Limited.

five selected police districts. Thus, out of three selected border districts, sniffer dog was temporarily deployed only in one border district of Amritsar in spite of the fact that these border areas were vulnerable to illicit drug trafficking in the national and international market.

The IGP, PSNCB stated (August 2017) that earlier (prior to May 2016) narcotics trained sniffer dogs were not sanctioned for PSNCB. Now, seven narcotics trained sniffer dogs were working with district police. However, the fact remains that Punjab Police initiated action for induction of sniffer dogs into the force only in 2016 and it was not yet equipped with sufficient narcotics sniffer dogs to combat illicit drug trafficking in the State.

3.6.4 Detection, investigation and prosecution

The fight against drugs requires a holistic approach with close coordination among all law enforcement agencies dealing with various aspects of this complex problem. Audit noticed the following weaknesses in the Department's actions to effectively detect, investigate and prosecute cases of illicit drug trafficking:

3.6.4.1 Non-application of controlled delivery technique for identifying real persons behind illicit drug trafficking

Section 50A of the NDPS Act, 1985 empowers the Director General, NCB to authorize controlled delivery⁵⁹ of any contraband drugs to India or abroad.

Audit observed in seven test-checked police districts that although PSNCB had been established specifically to focus on unearthing the network of smuggling from end to end (origin to final destination) by working out forward and backward linkages of the network, yet the Punjab Police never followed/adopted 'controlled delivery' technique to identify the real persons behind the operation and ultimate recipients of the illicit consignment during the period of audit.

The concerned Senior Superintendents of Police (SSP)/Commissioner of Police (CP) stated (April 2017) that the persons involved in illicit drug trafficking were arrested on the basis of information provided by the informers. They further attributed the reasons for non-adoption of controlled delivery technique to non-availability of vehicle and modern equipment; and also to the risk that information regarding impending raid might alert the accused who might escape from police by disposing or hiding the drug consignment.

⁵⁹ 'Controlled delivery' is a technique of allowing illicit or suspected consignments of narcotic drugs, psychotropic substances, controlled substances or substances substituted for them to pass out of, or through or into the territory of India with the knowledge and under the supervision of an officer empowered in this behalf or duly authorized under Section 50A, with a view to identifying persons involved in the commission of the offence under NDPS Act, 1985.

3.6.4.2 *Delay in sending samples to laboratory for chemical test of NDPS*

As per guidelines (March 2011) contained in the hand book on NDPS Act and Drug Trafficking⁶⁰, a sample of seized NDPS must be sent immediately and not later than 72 hours from the time of seizure to the proper and authorized laboratory as its report is essential for conviction.

Audit noticed in seven test-checked police districts that the samples of NDPS seized in 8,011 out of 10,642 cases (75 *per cent*) during the period 2013-17 were sent to the laboratory with a delay ranging up to 476 days (*Appendix 3.6*).

The IGP, PSNCB attributed (August 2017) the reasons for delay in sending samples to availability of only two laboratories in the State prior to November 2015, which used to accept samples only once in a week. It was added that in order to ensure timely acceptance and testing of samples, GOP had established (November 2015) new regional Forensic Science Laboratories at Ludhiana, Bathinda and Amritsar. Despite this Audit observed that there was delay ranging from 23 to 476 days in sending samples to laboratories in seven test-checked police districts during 2013-17, which refuted the contention of the IGP that delays were on account of the laboratories accepting samples only once in a week. Thus, due to time limit prescribed for sending samples to the laboratories not being adhered to delayed the criminal proceedings against the accused.

3.6.4.3 *Follow-up of under-trial cases*

PSNCB was established (May 2015) with the objective of ensuring that the field units conduct systematic and proper investigation of cases registered under the NDPS Act and present final reports of such cases before competent courts within stipulated period to obviate any default bail. PSNCB was further to ensure that proper follow up of under-trial cases registered under NDPS Act is done by the field units.

Audit observed in seven test-checked districts that during 2013-17, 5,099 accused were convicted and 756 were acquitted by the Courts, of which 532⁶¹ (70 *per cent*) accused were acquitted on the ground that there was difference in the statements of the witnesses. It was further noticed that the witnesses in most of these cases were police officers/officials who were involved in arresting the culprits.

The IGP, PSNCB stated (August 2017) that the investigating officers dealing with cases registered under the provisions of NDPS Act were very well exposed to legal, procedural and all other aspects relating to investigation of these cases by arranging training courses at training schools, from time to time. Besides, every district had law officer to guide the investigating officers

⁶⁰ This hand book has been brought out by the Punjab Police and contains the interpretations of the various provisions from the investigation and prosecution perspective for the agencies working in the field of checking illegal trafficking of narcotic drugs.

⁶¹ (i) Amritsar-Rural (89); (ii) Bathinda (9); (iii) Fazilka (59); (iv) Gurdaspur (34); (v) Hoshiarpur (105); (vi) Jalandhar (188); and (vii) SAS Nagar (48).

regarding legal aspects of investigation. The fact, however, remains that 532 accused were acquitted during 2013-17 mainly due to deficiencies in the testimony statements of the investigating officials. As already pointed out, this was also corroborative of the fact that Punjab Police was not equipped with specialized, dedicated and trained staff to deal with cases under the NDPS Act to ensure that investigation process results in conviction.

3.6.5 Conclusion

Although the State of Punjab is ranked the highest in the country for drug abuse and shares a long international border which makes it particularly vulnerable to illicit drug trafficking in the national and international market, yet the enforcement of the NDPS Act left a lot of scope for improvement. Action and annual plans were not prepared. Adequate surveillance and other modern equipment and narcotic trained sniffer dogs were not available for effective policing. The Department was neither equipped with specialized staff nor did it impart adequate training to the existing police officials to deal with cases under the NDPS Act. As a result, as many as 532 accused were acquitted by the Courts due to deficiencies in testimony statements of police officials. Samples of seized NDPS were sent to the laboratory with a delay of up to 476 days, which in turn delayed the prosecution of the offenders.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

INDUSTRIES AND COMMERCE DEPARTMENT

3.7 Revenue from minor minerals

Government dues of ₹ 35.56 crore and interest of ₹ 12.61 crore thereon were not realised from the contractors of mines and Brick Kiln Owners. Measures for prevention of irregular mining were inadequate as agreements with the contractors were not entered into, returns regarding excavation of minerals were not obtained from the contractors, check posts for checking irregular mining were not set up, vital records were either not maintained or were in poor state, fines of ₹ 18.90 crore imposed for irregular mining were not enforced and meetings of State and District Mineral Foundations were not held at required intervals.

3.7.1 Introduction

As per Mines and Minerals (Development and Regulation) Act, 1957, minor minerals means building stones, gravel, ordinary clay, ordinary sand other than the sand used for prescribed purposes and any other mineral which the Central Government may by notification declare to be a minor mineral. Revenue from minor minerals mainly consists of royalty and various fee prescribed under Schedule C and D to the Punjab Minor Minerals Rules, 2013 (PMMR). The contractors are also required to contribute towards

Environment Management Fund, District Mineral Foundation, environment clearance expenses, fines and penalties, interest on delayed payments, etc.

With a view to assessing the efficiency and effectiveness in levy and collection of receipts from minor minerals, an audit covering the period 2014-17 was conducted (February-April 2017) by test checking the records of the Director Mining, Punjab under the Department of Industries and Commerce (Department) and five⁶² out of 22 General Manager-cum-Mining Officers (GMs) were selected⁶³ on the basis of number of irregular cases reported by the Department during the last three years, who were managing 80 mines and 1066 brick kilns.

3.7.2 Audit findings

3.7.2.1 Amounts recoverable from contractors

Rule 4.1 of Punjab Financial Rules Volume I states that, “It is the duty of the Revenue or the Administrative Department concerned, to see that dues of Government are correctly and promptly assessed, collected and paid into the treasury.” The rule further states that the Departmental Controlling Officers should see that all sums due to Government are regularly and promptly assessed, realised and duly credited into the treasury.

(i) In the five test-checked districts, an amount of ₹ 28.91 crore was recoverable as on 31 March 2017 from contractors on account of Contract Money, Environment Management Fund (EMF), contribution towards District Mineral Foundation (DMF), Environment Clearance Expenditure (ECE), short collection of tax at source (TCS) and payment of land compensation as depicted in **Table 3.6** below.

Table 3.6: Details of various dues outstanding against contractors

(₹ in crore)

Amount recoverable on account of	Description and Authority	District and number of mines	Amount recoverable as on March 2017	Total (number of mines)
Contract money	Rule 38(4) of PMMR read with paragraph 3 of Form L. For contracts < ₹ 10 lakh, payable in advance within 2 days of provisional acceptance of bid in the first year and by 15 April in subsequent years. For contracts > ₹ 10 lakh, payable in four quarterly installments.	Amritsar-5	4.89	19.93 (64)
		Ferozepur-20	4.07	
		Hoshiarpur-23	6.73	
		Moga-3	3.08	
		SBS Nagar-13	1.16	
Environment Management Fund	Equal to 10 per cent of contract money to be utilized for restoration, repair, reclamation and rehabilitation works, etc. of adjoining areas/external damages caused by the mining activities under Rule 70(1) and (2) of PMMR.	Amritsar-5	0.69	3.50 (62)
		Ferozepur-17	0.62	
		Hoshiarpur-25	1.52	
		Moga-2	0.34	
		SBS Nagar-13	0.33	

⁶² (i) Amritsar (including Tarn Taran); (ii) Ferozepur (including Fazilka); (iii) Hoshiarpur; (iv) Moga; and (v) SBS Nagar.

⁶³ Selected by adopting Probability Proportional to Size With Replacement Method.

Amount recoverable on account of	Description and Authority	District and number of mines	Amount recoverable as on March 2017	Total (number of mines)
Contribution towards District Mineral Foundation	Equal to one-third of royalty as per notification dated 14.03.2016 of Government of Punjab to be utilized for an aim to check irregular mining in the district and take preventive measures from time to time.	Amritsar-3	0.27	3.42 (53)
		Ferozepur-17	0.80	
		Hoshiarpur-16	1.39	
		Moga-4	0.50	
		SBS Nagar-13	0.46	
Environment Clearance Expenditure	Expenses incurred on obtaining environmental clearance by the department to be recovered from the contractor and are to be deposited within 30 days of final approval of contract.	Amritsar-2	0.04	0.82 (37)
		Ferozepur-0	0.00	
		Hoshiarpur-32	0.74	
		Moga-2	0.03	
		SBS Nagar-1	0.01	
Short collection of income tax	Two <i>per cent</i> of the contract amount is to be collected at source as income tax as per Section 206C of Income Tax Act, 1961.	Amritsar-5	0.14	0.47 (60)
		Ferozepur-16	0.12	
		Hoshiarpur-23	0.11	
		Moga-3	0.08	
		SBS Nagar-13	0.02	
Land compensation	As per condition of e-auction notice (June 2011), the contractor shall pay land compensation to the General Manager to be paid to the owner of land wherefrom the minor minerals will be extracted.	Amritsar-1	0.01	0.77 (9)
		Ferozepur-7	0.25	
		Hoshiarpur-0	0.00	
		Moga-1	0.51	
		SBS Nagar-0	0.00	
Total				28.91

Source: Calculated on the basis of records of the Department

Out of ₹ 28.91 crore recoverable, an amount of ₹ 0.81 crore was pending in nine⁶⁴ cases since 01 April 2014, two⁶⁵ cases involving an amount of ₹ 4.19 crore was outstanding since cancellation (05 November 2014) of these contracts and ₹ 7.50 crore was pending in 18⁶⁶ cases pertaining to the period December 2014 to July 2015.

An analysis by audit of the reasons attributable for accumulation of such huge recoverable amount revealed that in a large number of mining contracts, the agreements had not been entered into, which deprived the Department of any legal remedies for recovering the outstanding amount. It was also observed that except in Hoshiarpur, the Department did not pursue the matter regularly with the defaulters. Basic records like cash books and contractors' ledgers were either not maintained at all or were in a very poor state which compromised the Department's ability to monitor and enforce recoveries.

In respect of recoveries other than on account of land compensation payments, the GM, Amritsar stated (February-March 2017) that two contracts had been cancelled and action was being taken to forfeit the security amount. The reply was not acceptable as the amount of security was much less (₹ 74 lakh) than

⁶⁴ GM, Amritsar (one), Moga (one) and Ferozepur (seven).

⁶⁵ Two cases of GM, Amritsar (Wazir Bhullar ₹ 2.05 crore and Gaggrewal ₹ 2.14 crore).

⁶⁶ 18 cases of GM, Hoshiarpur.

recoverable amount (₹ 4.19 crore). The rest of GMs stated (February-March 2017) that efforts were being made to recover the amounts.

As regards recoveries on account of land compensation, it was stated that as per decision taken in a meeting on 10 June 2015, the land compensation was to be paid directly by the contractors to the land owners. The reply was not acceptable as the amount of compensation was outstanding prior to the decision of 10 June 2015 and hence was to be deposited by the contractors with the Department for further payment to the land owners. No action was taken to suspend mining operations of those contractors who had defaulted in payment of compensation though a provision to this effect existed in Clause 29(d) of Form L of PMMR.

(ii) Further, as per condition 3A of Form L of PMMR, interest at the rate of 18 *per cent* was leviable on delayed or non-payment of Government dues by the contractors. The district-wise details of recoverable amount of ₹ 10.10 crore as on 31 March 2017 on account of interest on delayed or non-payment of dues against contractors are depicted in **Table 3.7** below.

Table 3.7: Outstanding interest against contractors as on 31 March 2017

(₹ in crore)

Sr. No.	Name of district	No. of cases	Outstanding against mines' contractors	Interest
1.	Amritsar	5	6.04	3.00
2.	Ferozepur	24	5.86	1.41
3.	Hoshiarpur	34	10.49	4.02
4.	Moga	4	4.54	1.27
5.	SBS Nagar	13	1.98	0.40
	Total	80	28.91	10.10

Source: Calculated on the basis of records of the Department

As shown in the table above, the GMs had neither levied nor recovered (March 2017) interest amounting to ₹ 10.10 crore on delayed receipt of Government dues of ₹ 28.91 crore from the contractors of 80 mines.

The replies of the GMs were same as discussed in the paragraph 3.7.2.1 (i). Although partial action was taken by the GM, Amritsar, however, the replies of the GMs were not acceptable as the Department had neither terminated the contracts nor forfeited the security nor encashed the performance guarantee as provided in paragraphs 17 and 17 A of Form L, thus extending undue financial favour to the contractors despite their continued default in payment of Government dues.

3.7.2.2 Non-realisation of dues from brick kiln owners

Rule 4.1 of Punjab Financial Rules Volume I requires the Revenue or the Administrative Department concerned to ensure that dues of Government are correctly and promptly assessed, collected and paid into the treasury. The rule further states that the Departmental Controlling Officers should see that all sums due to Government are regularly and promptly assessed, realised and duly credited into the treasury.

(i) As per the Schedule ‘A’ of PMMR, annual royalty⁶⁷ is fixed as per category of brick kiln. An amount of ₹ 6.65 crore was recoverable as on 31 March 2017, on account of royalty and EMF from Brick Kiln Owners (BKO) as depicted in Table 3.8 below.

Table 3.8: Outstanding dues in respect of BKOs

(₹ in crore)				
Amount recoverable on account of	Description and Authority	Districts and number of BKOs	Amount recoverable	Total (number of BKOs)
Royalty	Rule 27(1) of PMMR read with condition 11 of Form K (permit for brick earth). Royalty is payable in advance in quarterly installments.	Amritsar-398	3.43	5.71 (1066)
		Ferozepur-278	0.98	
		Hoshiarpur-122	0.46	
		Moga-192	0.32	
		SBS Nagar-76	0.52	
EMF	Equal to 10 per cent of royalty under Rule 70(1) and (2) of PMMR.	Amritsar-398	0.36	0.94 (1066)
		Ferozepur-278	0.24	
		Hoshiarpur-122	0.11	
		Moga-192	0.17	
		SBS Nagar-76	0.06	
		Total	6.65	6.65 (1066)

Source: Calculated on the basis of records of the Department

Out of the ₹ 5.71 crore recoverable from 1,066 BKOs on account of royalty, 231 BKOs had not deposited even a single quarterly instalment of royalty during 2014-17. As a result, ₹ 3.96 crore⁶⁸ were outstanding (March 2017) against these BKOs. The remaining 835 BKOs were not depositing the royalty quarterly in advance and as such, ₹ 1.75 crore⁶⁹ were outstanding (March 2017) against them. With regard to the outstanding amount of EMF, audit observed that, though, out of the recoverable amount of ₹ 0.94 crore, EMF had been received in some cases, but due to non-accountal of same in the ledger and non-maintenance of cash book, it could not be linked as to which BKOs had deposited the EMF.

As in the case with the dues from mining activities, audit observed that lack of regular and effective pursuance of the matter by the Department with the BKOs and poor maintenance of basic records like cash books and BKO ledgers and absence of internal control resulted in the non-recovery of Government dues. It was also observed that though the Department was responsible for managing the brick kiln operations, the permits for the same were being issued by the Food and Supplies Department. This created a

⁶⁷ Brick kilns category A:manufacturing >20 lakh bricks, category B:manufacturing 16.66-20 lakh bricks, category C:manufacturing 13.33-16.66 lakh bricks, category D:manufacturing 3.66-13.33 lakh bricks per annum. Royalty for Brick kilns category A:₹ 36,000, category B:₹ 30,000, category C:₹ 24,000, category D:₹ 7,500 per annum.

⁶⁸ Amritsar (including Tarn Taran)-₹ 2.75 crore, 131 BKOs; (ii) Ferozepur (including Fazilka)-₹ 0.48 crore, 45 BKOs; (iii) Hoshiarpur-₹ 0.27 crore, 18 BKOs; (iv) Moga-₹ 0.14 crore, 15 BKOs; and (v) SBS Nagar-₹ 0.32 crore, 22 BKOs.

⁶⁹ (i) Amritsar (including Tarn Taran)-₹ 0.68 crore, 267 BKOs; (ii) Ferozepur (including Fazilka)-₹ 0.50 crore, 233 BKOs; (iii) Hoshiarpur-₹ 0.19 crore, 104 BKOs; (iv) Moga-₹ 0.18 crore, 177 BKOs; and (v) SBS Nagar-₹ 0.20 crore, 54 BKOs.

peculiar situation as it compromised the authority of the Department to enforce compliance with various conditions and to enforce recovery of outstanding Government dues by resorting to cancellation of permits or non-renewal of permits of defaulting BKO.

(ii) Further, as per condition 11 of Form K of PMMR, interest at the rate of 15 *per cent* was leviable on delayed or non-payment of Government dues by BKOs. The district-wise details of recoverable amount of ₹ 2.51 crore, as on 31 March 2017, on account of interest on delayed or non-payment of dues against BKOs are depicted in **Table 3.9** below.

Table 3.9: Outstanding interest against BKOs

(₹ in crore)				
Sr. No.	Name of district	No. of cases	Outstanding against BKOs (as per Table 3.8)	Interest
1.	Amritsar	398	3.79	1.69
2.	Ferozepur	278	1.22	0.32
3.	Hoshiarpur	122	0.57	0.20
4.	Moga	192	0.49	0.11
5.	SBS Nagar	76	0.58	0.19
	Total	1066	6.65	2.51

Source: Calculated on the basis of records of the Department

As shown in the above table, the GMs had neither levied nor recovered (March 2017) interest amounting to ₹ 2.51 crore on delayed or non-payment of Government dues of ₹ 6.65 crore from 1,066 BKOs on account of advance quarterly instalments of dues.

The GMs of the concerned districts stated that action would be taken and efforts would be made to recover the amount. The replies of the GMs were not acceptable as despite continued default by the contractors in payment of Government dues, the Department had not cancelled the permits of BKOs as provided in condition 13 of Form K, thus extending undue financial favour to the BKOs.

3.7.2.3 *Non-obtaining of Environmental Performance Guarantee*

Rule 57 of PMMR stipulates that Environmental Performance Guarantee (EPG), applicable to mines spread over an area of more than two hectares, at the minimum rate of ₹ 15,000 per hectare, was to be furnished by every mine contractor to cover all costs required to be incurred for the complete implementation of the approved Environment Management Plan. Further, as per e-auction notice, it is to be submitted to the competent authority within 30 days of final approval of the mineral concession.

Out of the five test checked GMs, record of four GMs showed that the successful bidders of 38 mines did not furnish (March 2017) EPG amounting to ₹ 78.70 lakh⁷⁰, in violation of the above rule. The replies of the GMs were

⁷⁰ (i) Amritsar (including Tarn Taran)-₹ 3.95 lakh in two cases; (ii) Hoshiarpur-₹ 64.96 lakh in 32 cases; (iii) Moga-₹ 6.56 lakh in three cases; and (iv) SBS Nagar-₹ 3.23 lakh in one case.

same as discussed in the paragraph 3.7.2.1 (i). Although partial action was taken by the GM, Amritsar, however, the replies of the GMs were not acceptable as the EPG was to be obtained within 30 days of final approval of the mineral concession.

3.7.2.4 Irregular retention of money outside Government account

In none of the five test checked districts, the amount received on account of EMF was being deposited into the treasury, in violation of Rule 70 of PMMR, but was being retained in bank accounts. In three districts, ₹ 1.29 crore⁷¹ received (as of March 2017) on account of EMF was kept in separate savings/current bank accounts (Hoshiarpur-savings account and Amritsar and Ferozepur in current accounts), while in the remaining two districts (Moga and SBS Nagar), amount of EMF was kept in current account along with all receipts viz. contract money, auction and earnest money, etc. In the absence of separate accounting of EMF, the amount of EMF not deposited into treasury could not be ascertained.

The GM, Amritsar did not furnish any reply and the remaining GMs stated (March 2017) that needful would be done.

3.7.3 Inadequate measures for checking irregular mining

The Department is responsible for managing the entire mining operations in the State and is thus also responsible to ensure that no irregular mining takes place under its watch. Audit observed that the controls put in place to prevent irregular mining were inadequate, as discussed in the succeeding paragraphs.

3.7.3.1 Non-execution of agreement

Test check of records of five GMs showed that out of 73 (total 80 *minus* 7 were non-operational) contracts of mines operational during 2014-2017, agreements were not executed in 56 cases⁷² (77 *per cent*) and the contractors carried out the mining operations without any agreement in violation of Rule 40 (1) of PMMR. This amounted to irregular mining. However, the GMs had not taken any action as required under the rules.

The reply of the GM, Amritsar was same as discussed in the paragraph 3.7.2.1 (i). The GM, Ferozepur did not furnish any reply, the GM, Hoshiarpur stated (March 2017) that the agreement could not be executed due to writ petition in the Hon'ble High Court. The GM, Moga stated (March 2017) that needful would be done and the GM, SBS Nagar stated (March 2017) that the matter was being pursued effectively, though no details of such pursuance or action were given. The replies also did not justify or explain the reasons for non-execution of agreements.

⁷¹ (i) Amritsar (including Tarn Taran)-₹ 71.78 lakh; (ii) Ferozepur (including Fazilka)-₹ 0.34 lakh; and (iii) Hoshiarpur-₹ 56.64 lakh.

⁷² (i) Amritsar (including Tarn Taran)-five cases; (ii) Ferozepur (including Fazilka)-15 cases; (iii) Hoshiarpur-20 cases; (iv) Moga-three cases; and (v) SBS Nagar-13 cases.

3.7.3.2 *Non-receipt of returns on excavation of minerals*

In 73⁷³ mining contracts of the five test checked districts, though the monthly returns in Form N as per Rule 84 of PMMR were not furnished, the Department did not take any action to suspend mining operations as provided under Clause 29 (e) of Form L of PMMR. In the absence of monthly returns, the Department had no means to check the quantity of mineral excavated and possibility of excavation of minor minerals beyond permissible limits prescribed in the contracts could not be ruled out.

The reply of the GM, Amritsar was same as discussed in the paragraph 3.7.2.1 (i). The GM, Ferozepur stated (February 2017) that the point had been noted and action would be taken according to rules. The GM, Moga stated (March 2017) that the returns would be called for from the contractors. The GM, Hoshiarpur stated (March 2017) that letters were written to contractors to furnish the returns and the GM, SBS Nagar stated (March 2017) that efforts would be made. The replies confirm the inaction on the part of the Department to ensure the submission of requisite monthly returns and lack of initiation of necessary action to suspend mining operations in case of default.

3.7.3.3 *Outstanding recovery of penalty for irregular extraction of minerals*

Though five GMs reported 649 cases of irregular mining of minor minerals as of March 2017 and imposed fines and penalties amounting to ₹ 18.90 crore⁷⁴ as required under Rule 75 of PMMR, the penalty so imposed had not been recovered (March 2017). The GM, Amritsar stated (April 2017) that efforts were being made to recover the amounts. The GM, Ferozepur (February 2017) stated that matter was being taken up with the District Collector, Ferozepur and Tehsildar to recover royalties for irregular mining and that recovery was not effected due to shortage of field and office staff. The GMs, Moga, Hoshiarpur and SBS Nagar stated (March 2017) that efforts would be made to recover the outstanding amounts.

3.7.3.4 *Non-setting up of check posts to check irregular mining*

In spite of reporting of a large number of cases of irregular mining (as discussed in paragraph 3.7.3.3), check posts to check transportation and storage of minerals raised without lawful authority were not set up as required under Rule 74 (1) of PMMR, in all the five test checked districts. All five GMs attributed (February-March 2017) non-setting up of check posts to shortage of manpower. It was the responsibility of the Department to check irregular mining and thus had to make suitable manpower available for this purpose. Non-setting up of check posts was also an indication of the cavalier approach in which the matter of irregular mining was being handled by the Department.

⁷³ (i) Amritsar (including Tarn Taran)-05; (ii) Ferozepur (including Fazilka)-17; (iii) Hoshiarpur-34; (iv) Moga-04; and (v) SBS Nagar-13.

⁷⁴ (i) Amritsar (including Tarn Taran)-₹ 5.12 crore; (ii) Ferozepur (including Fazilka)-₹ 8.55 crore; (iii) Hoshiarpur-₹ 0.83 crore; (iv) Moga-₹ 4.26 crore; and (v) SBS Nagar-₹ 0.14 crore.

3.7.4 Internal control and monitoring

3.7.4.1 Non-maintenance of cash books

In all the five test checked districts, neither any receipt was being issued to the contractors of minor minerals and Brick Kiln Owners on account of receipt of money (royalty, land compensation, interest, Environment/District Management Fund, etc.) deposited by them nor was the cash book maintained, in violation of Rule 2.2 of Punjab Financial Rules Vol-I. In the absence of cash books, reconciliation of amount actually received with those deposited in bank/treasury was not feasible. In reply, all the GMs stated (February-March 2017) that point had been noted for future compliance.

3.7.4.2 Non/improper maintenance of contractors' ledgers

Test check of records of five GMs showed that no contractor ledger was being maintained in respect of contractors of quarries except in Hoshiarpur district where the same was maintained from 2015-16 onwards; however, it was also incomplete as the amounts due on account of DMF and interest on delayed payments were not mentioned. In case of BKO's, ledgers maintained were incomplete as amounts of EMF and interest on outstanding amounts were not mentioned. In the complete absence of or improper maintenance of contractors' ledgers, exact amount due and amounts received from the contractors could not be ascertained. All the five GMs noted (February-March 2017) the point for compliance or stated that needful would be done.

3.7.4.3 Appointment of non-technical officers as mining officer

Of the five test-checked districts, only in one district viz. Hoshiarpur, the post of mining officer was filled with a technically qualified person whereas in other four districts, General Managers, District Industries Centres who did not possess the required qualifications⁷⁵ as prescribed by the Government, were working as GM-cum-Mining officers. The reply of the Director, Mining was awaited (October 2017).

3.7.4.4 Shortfall in meetings

Table 3.10: Details showing shortfall in meetings

Description and Authority	Level	During the period	Meetings required	Meetings Held	Short fall	Percentage of shortfall
Under Rule 66 (A) of PMMR, a State Level Environment Management Cell (SLEMC) was to meet every two months and approved a proforma for obtaining monthly reports from District Level Environment Management Cell (DLEMC) besides initiating steps for conducting Mineral Replenishment Study and Digital Mapping of Mining Sites.	State	2014-16	12	0	12	100
Vide notification dated 14 March 2016, the SLEMC was replaced with State Mineral Foundation (SMF) headed by Director, Mining which was to meet monthly.	State	2016-17	12	1	11	92

⁷⁵ For direct recruitment (i) a degree of Master of Science in Geology or a degree of B.Sc. in Mines from recognised university or institution; or (ii) a Diploma in Mining from the Indian Schools of Mines, Dhanbad. For promotion, from Technical Assistant working under the control of the Director, having experience of working as such for a minimum period of five years.

Description and Authority	Level	During the period	Meetings required	Meetings Held	Short fall	Percentage of shortfall
<u>For 2014-16</u> Under Rule 66 (B) of PMMR, a District Level Environment Management Cell (DLEMC) in each district was to ensure compliance of conditions imposed in the environment clearance and mining plan and to submit the monthly monitoring reports of the quarries in operation to SLEMC in the prescribed Proforma. <u>For 2016-17</u> Further, vide notification dated 14 March 2016, DLEMCs were substituted by District Mineral Foundation (DMF) headed by Deputy Commissioner to ensure compliance of conditions imposed in the environment clearance and mining plan and to check irregular mining in the district by holding monthly meetings.	Amritsar	2014-16	24	2	22	92
		2016-17	12	2	10	83
	Ferozepur	2014-16	24	0	24	100
		2016-17	12	2	10	83
	Moga	2014-16	24	0	24	100
		2016-17	12	1	11	92
	Hoshiarpur	2014-16	24	0	24	100
		2016-17	12	2	10	83
	SBS Nagar	2014-16	24	3	21	88
		2016-17	12	2	10	83

Source: Calculated on the basis of records of the Department

(a) From **Table 3.10**, it is evident that SLEMC had not met even once during 2014-16 whereas SMF met only once during 2016-17.

(b) In five test checked districts, there was a shortfall of 83 to 100 *per cent* in the number of meetings held during 2014-17.

Thus, shortfall in conducting meetings at state and district level had defeated the objectives of ensuring compliance of environmental conditions and initiation of action against irregular mining.

The GM, Amritsar and SBS Nagar stated (April 2017) that meetings could not be convened due to Vidhan Sabha elections in 2017. The GM, Ferozepur stated (April 2017) that meetings would be conducted monthly. The GM, Moga stated (April 2017) no reasons for shortfall in meetings. The GM, Hoshiarpur did not furnish a reply. The Director, Mining, who is responsible for review of the monthly reports submitted by the districts, also did not furnish any reply (July 2017).

3.7.5 Conclusion

The failure of Director to effectively monitor the activities related to mining resulted in mining being allowed to be carried out in the State without entering into valid legal agreements. Vital records like cash book, contractors' ledgers, which were essential for proper control over the receipt and account of Government dues were either not maintained at all or were in very poor state. As a result, Government dues of ₹ 35.56 crore and interest of ₹ 12.61 crore could not be realised from the contractors of mines and brick kiln owners. Measures for prevention of irregular mining were inadequate as agreements with the contractors were not entered into, returns regarding excavation of minerals were not obtained from the contractors, fines of ₹ 18.90 crore imposed for irregular mining were not enforced, check posts for checking of irregular mining were not set up and meetings of State and District Mineral Foundations were not conducted at required intervals.

The matter was referred to Government in July 2017; reply was awaited (November 2017).

3.8 Avoidable payment of interest due to delay in payment of subsidy

Delay in making committed payments of subsidy to industrial units as per the industrial policies of the State even after Court's order led to avoidable payment of interest amounting to ₹ 1.55 crore and additional liability of ₹ six crore.

As per Punjab Financial Rule 2.10 (b) (3), money indisputably payable should not be left unpaid; and all inevitable payments should be liquidated at the earliest possible date.

Audit scrutiny (January 2017) of records in the office of Director, Industries and Commerce, Punjab (Director) revealed that the State Government did not release the sanctioned amount of subsidy/incentive, admissible under various⁷⁶ industrial policies of the State Government to 1650 industrial units. Aggrieved by this, 70 industrial units filed 44 Civil Writ Petitions (CWP) in the High Court of Punjab and Haryana for release of subsidy. The Hon'ble Court in its decision (20 May 2011) stated that the State of Punjab had repeatedly admitted its liability to pay the amount of subsidy/incentive to the industrial units and sanctioned the amount but had not released the same on grounds of non-availability of funds and closure of some units in the meantime, etc. The High Court, therefore, directed the State Government to release the amount of subsidy/incentive and other benefits within a period of six months from the date of receipt of certified copy of the judgment, failing which, thereafter the petitioner industries would also be entitled to interest at the rate of six *per cent* per annum on the accrued benefits till the realization of the amount.

The Department filed (December 2011) 37 Letters Patent Appeals (LPA) along with applications for condonation of delay in filing appeals against the order dated 20 May 2011. The delay in filing LPAs ranged between 145 days and 396 days. The Punjab and Haryana High Court, on the request of Additional Advocate General, heard the matter on merits and dismissed the appeals vide its order dated 12 August 2013. The Department filed (12 February 2014) Petitions for Special Leave to Appeal (SLP) in the Supreme Court of India along with applications for condonation of delays⁷⁷ in filing SLP. The Supreme Court of India found no merit in these petitions and dismissed (05 September 2014) the same. The Department filed (24 December 2014) Review Petitions along with application for condoning the delay⁷⁸ in filing the review petitions which were also dismissed (March 2015) by the Supreme Court of India.

The Department paid (July 2015-May 2016) ₹ 8.17 crore to 62 industrial units on account of principal amount of subsidy along with interest of ₹ 1.55 crore

⁷⁶ Industrial Policies of 1978, 1987, 1989, 1992, 1996 and 2003.

⁷⁷ 94 days after allowing 90 days' time admissible for filing an SLP from the date of the order i.e. 12 August 2013.

⁷⁸ 80 days after allowing 30 days' time admissible for filing a Review Petition from the date of the order i.e. 5 September 2014.

to 52 industrial units for the period 20 May 2011 to 20 May 2015 for delay in payment of subsidy. It was further stated by the Department that payment of subsidy to the remaining 1,580 units amounting to ₹ 116.12 crore (including interest of ₹ six crore) was still pending.

The Department stated (June 2017) that the decision not to disburse subsidy to closed/sold/shifted units was taken in the meetings held on 28 August 2006, 13 November 2007 and 20 February 2009. As regards creation of liability, it was stated by the Department (June 2017) that Finance Department had been requested to allocate ₹ 50 crore in the annual budget for 2017-18. The reply was not acceptable as against the liability of ₹ 116 crore, only ₹ 50 crore was demanded from Finance Department which would further enhance the interest liability.

Audit observed that even in its averments made before the Hon'ble High Court, the Department had admitted its liability to pay the amount of subsidy/incentive to the industrial units and had also sanctioned the amount but had not released it due to non-availability of funds and on the grounds of some units having been closed down. There was also a lack of urgency in pursuing the cases, as at every stage, the Department took a long time in filing appeals, first in the High Court and then in the Supreme Court, which added to the interest liability of the State.

Thus, delay in making committed payments of subsidy to the industrial units as per the Industrial Policies of the State, even after the Court's order, led to an avoidable payment of interest amounting to ₹ 1.55 crore and to the creation of liability of ₹ six crore on account of interest on the outstanding payment of subsidy, besides resulting in wastage of Government's resources in unnecessary litigation which was delayed at each stage.

The matter was referred to the Government in March 2017; reply was awaited (November 2017).

INFORMATION AND PUBLIC RELATIONS DEPARTMENT

3.9 Advertisement and Publicity Campaigns of the Government of Punjab

An expenditure of ₹ 44 crore was incurred by the Director of Information and Public Relations, Punjab on advertisements and publicity campaigns which were not in conformity with the fundamental principles governing expenditure from public funds and the guidelines approved by the Hon'ble Supreme Court. Weak internal controls resulted in lack of assurance on the reasonability and justification for the expenditure incurred.

Under the provisions of advertisement policy of the Punjab Government Director of Information and Public Relations (DIPR) is the nodal agency for issuing advertisements by all departments and agencies of the Government of Punjab (GOP). The DIPR empanels agencies for design, production and release of advertisements/programmes/campaigns on the rates fixed by the Directorate of Advertising and Visual Publicity (DAVP) or Director Public

Relation (DPR). In February 2008, GOP set up ‘Punjab State Media Society’ under the Societies Registration Act, 1860 to route all the government advertisements through it.

The Hon’ble Supreme Court, in its judgment (May 2015), approved the ‘Guidelines on Content Regulation of Government Advertising’ with a view to preventing arbitrary use of public funds for advertising without any attendant public interest. The Hon’ble Supreme Court enunciated five principles of content regulation, viz. (1) advertising campaigns should be related to government responsibilities, (2) advertisement material should be presented in an objective, fair and accessible manner and should be designed to meet the objectives of the campaign, (3) advertisement materials should be objective and not directed at promoting political interests of ruling party, (4) advertisement campaigns should be justified and undertaken in an efficient and cost-effective manner, and (5) Government advertising must comply with legal requirements and financial regulations and procedures.

In pursuance of the directions of the Hon’ble Supreme Court, the Union Ministry of Information and Broadcasting instructed (May 2015) all Ministries/Agencies to issue suitable directions to take note of all aspects of the judgment for compliance. Subsequently, GOP constituted (November 2016) a five member committee to regulate advertisements in line with the directions of GOI and the Hon’ble Supreme Court. During the year 2015-17, an amount of ₹ 236.73 crore was spent on information and publicity out of which as much as ₹ 184.94 crore (78 *per cent*) was spent in 2016-17, which was also the election year for the State.

An audit of publicity campaigns and advertisements released during 2015-17 was conducted for assessing and evaluating whether these adhered to the guidelines and principles approved by the Hon’ble Supreme Court and Advertisement Policy framed by the Department, by test checking (April and May 2017) the records of the DIPR and all District Public Relation Officers (DPROs), Punjab. The results of this examination are discussed below:

3.9.1 Content of the publicity material

3.9.1.1 Projecting the ruling personalities/parties in advertisements

The guidelines (clause 6 (3)) of the Hon’ble Supreme Court stipulate that government advertisement materials should be objective and should not be directed at promoting political interests of ruling party.

(i) During April 2016 to January 2017, the DIPR, Punjab produced 60 video clips, on the social welfare schemes⁷⁹ of GOP out of which 27 video clips of duration ranging between 60 seconds and 5 minutes for television telecast at a cost of ₹ 2.12 crore and incurred ₹ 9.64 crore for telecast. These clips were telecast between April 2016 and January 2017 on different television channels. In 20 video clips, the personalities of Shri Parkash Singh Badal (referred to as Badal Saab) and Shri Sukhbir Singh Badal were depicted

⁷⁹ Atta Dal Scheme, Cancer treatment scheme, Bhagat Puran Singh Bima Yojana etc.

and the social schemes highlighted in the clips were projected to be the personal initiatives of these two political leaders. In seven video clips, the Punjab Government was referred to as 'Badal Sarkar'.

(ii) In order to advertise the achievements/initiatives/policies/welfare schemes of the GOP, the DIPR started advertisement campaign (July 2016 to November 2016) by hiring 50 LED vans through a contract, to cover the rural/urban areas of the State. These vans showed an animated movie⁸⁰ which was interspersed with short videos that disseminated information about the schemes/achievements of the Government and four intervals were inserted by editing and re-voicing. In the first and second interval, Punjab Government was referred to as 'Badal Government' and individual personalities of Shri Parkash Singh Badal and Shri Sukhbir Singh Badal were projected. The DIPR incurred an expenditure of ₹ 12.52 crore⁸¹ on the organization of 6,018 shows of the movie.

(iii) Test check of the advertisement vouchers (May 2016-July 2016) of the DIPR revealed that nine display advertisements with the title, 'Achievements of the GOP in the last nine years' and 'Gratitude to Prime Minister' were published in 85 editions (May to July 2016) of different newspapers, referring to the Punjab Government as 'Shiromani Akali Dal and Bhartiya Janata Party Government'. An expenditure of ₹ 66.05 lakh was incurred on these advertisements. Similarly, under the directions of the DIPR office, 14⁸² out of 22 DPROs had installed 3,306 hoardings/banners during September 2016 to January 2017 to advertise the achievements/ programmes of the 'Shiromani Akali Dal and Bhartiya Janata Party Government' at a cost of ₹ 20.21 lakh.

(iv) The DIPR released and broadcast 11 audio clips through 234 broadcasts on seven radio stations (September 2016-December 2016) at the cost of ₹ 45.94 lakh for the advertisements of the schemes/programmes/ achievements⁸³ of the GOP. These audio clips referred to 'Punjab Government' as 'Badal Sarkar'.

Thus, the expenditure of ₹ 25.60 crore was incurred on projecting either the individual personalities of the leaders of the ruling party or the political party which was against the spirit of the guidelines of the Hon'ble Supreme Court.

Department stated (August 2017) that audit observations had been noted for future compliance and projection of the individuals in the advertisements would be avoided in accordance with the Hon'ble Supreme Court Guidelines.

⁸⁰ A religious 'Char Sahibzaade' movie provided free of cost by the 'Shiromani Gurudwara Parbandhak Committee'.

⁸¹ ₹ 2.94 crore dated 12-08-16, ₹ 2.34 crore dated 21-09-16, ₹ 2.88 crore dated 18-11-16, ₹ 2.35 crore dated 10-01-17 and ₹ 2.01 crore dated 16-03-17 paid to the contractor.

⁸² (i) Barnala; (ii) Bathinda; (iii) Fatehgarh Sahib; (iv) Ferozepur; (v) Kapurthala; (vi) Ludhiana; (vii) Mansa; (viii) Moga; (ix) Mohali; (x) Nawanshahar; (xi) Pathankot; (xii) Patiala; (xiii) Roop Nagar; and (xiv) Sri Muktsar Sahib.

⁸³ Atta Dal Scheme, Cancer patients facilities, Girls Empowerment scheme, achievements of the Government in last nine years, etc.

3.9.1.2 Inclusion of photographs of Ministers in advertisements

The guidelines (clause 6 (3) (iv)) of the Hon'ble Supreme Court stipulate that government advertisements should avoid photographs of political leaders and if it is felt essential for effective government messaging, only the photographs of the President/Prime Minister or Governor/Chief Minister should be used. Subsequently, the Hon'ble Supreme Court stated on 18 March 2016 in a review petition that in lieu of the photograph of the Chief Minister, the photograph of the departmental (Cabinet) Minister/Minister in charge of the concerned Ministry may be published, if so desired.



The DIPR, Punjab released 71 advertisements which were published in 943 editions of different newspapers during April 2016 to January 2017. These advertisements, highlighting the achievements of schemes/policies/programmes of the GOP, carried the photographs of the Deputy Chief Minister, Member of Parliament (MP)



from one of the constituencies of Punjab and Central Minister and Ministers of the GOP even though none of them held the charge of the concerned ministry or department to which these schemes pertained. As a result, the expenditure of ₹ 7.55 crore incurred on these advertisements was against the guidelines of the Hon'ble Supreme Court. Similarly, 18 DPROs⁸⁴ had also printed and installed 6,961 hoardings/banners costing ₹ 29.53 lakh with the photographs of Deputy Chief Minister and other ministers not holding the charge of the concerned ministry. Thus, the expenditure of ₹ 7.85 crore was incurred against the guidelines.

The Department stated (August 2017) that the photographs of the Union Minister were published in advertisements in public interest. Reply was not acceptable since as per the Hon'ble Supreme Court guidelines, the photograph of only the Chief Minister or Minister in charge of the concerned department was allowed to be displayed in advertisements.

3.9.1.3 Use of inappropriate phrase in the advertisements

A key premise of the clause 6 (I) of the guidelines was that publicity and advertisement campaigns must serve specific objectives and the content of

⁸⁴ (i) Amritsar; (ii) Barnala; (iii) Bathinda; (iv) Fatehgarh Sahib; (v) Fazilka; (vi) Ferozepur; (vii) Gurdaspur; (viii) Hoshiarpur; (ix) Jalandhar; (x) Kapurthala; (xi) Ludhiana; (xii) Mansa; (xiii) Moga; (xiv) Patiala; (xv) Pathankot; (xvi) Roop Nagar (xvii) Sangrur; and (xviii) Sri Muktsar Sahib.

advertisements should be relevant to the government's constitutional and legal obligations as well as citizen's rights and entitlements.

Audit observed that the DIPR had approved 114 advertisements (August 2016-November 2016) relating to the welfare schemes/programs/policies of the GOP which were published in 1,409 editions of different newspapers at the cost of ₹ 9.79 crore⁸⁵ contained the caption "*Punjab Punjabian Da*" (Punjab belongs to Punjabis) in contravention of the guidelines of the Hon'ble Supreme Court. Similarly, out of 22, 18⁸⁶ DPROs had also used the same phrase in the 13,669⁸⁷ display hoardings/banners on outdoor advertisements (June 2016-December 2016) at the cost of ₹ 46.60 lakh. The phrase used in the advertisements was inappropriate and against the spirit of the guidelines.

The Department stated (August 2017) that it was the policy of the State Government to promote the Punjabi language. It was further explained that no political party had objected to the use of the phrase 'Punjab Punjabian Da' or filed a suit in the Court/Election Commission against the Government. The reply was not acceptable since the Hon'ble Supreme Court guidelines stipulated that the content of advertisements should be relevant to the Government's constitutional and legal obligations as well as citizen's rights and entitlements.

3.9.2 Effectiveness of the advertisements

(i) As laid down in the guidelines of the Hon'ble Supreme Court (clause 6 (4) (a)), it should be the policy of Governments to use public funds in such a manner so as to obtain maximum value for tax payer's money.

While releasing advertisements for broadcast/telecast on radio and television channels under different advertisement campaigns from June 2016 to December 2016, the DIPR prescribed schedule in the release orders that the audio clips should be broadcast between 7 AM to 11 AM and 5 PM to 10 PM and video clips should be telecast between 6 AM to 11 PM. Audit noticed from the broadcast details of a radio station⁸⁸ that 181 audio advertisements were broadcast between 11:01 AM to 12:59 PM and 88 audio advertisements were broadcast from 10:02 PM to 12:24 AM from June 2016 to December 2016, costing ₹ 0.91 lakh. This resulted in broadcast of 269 clips beyond the scheduled time prescribed by the DIPR, though the total number of broadcast per day was kept as mentioned in the release orders. Similarly, a television channel⁸⁹ had also telecast 16 advertisements before the scheduled time (1:39 AM to 5:59 AM) and seven advertisements after the scheduled time

⁸⁵ 47 advertisements having 494 editions costing ₹ 3.67 crore (out of ₹ 9.79 crore) is included in expenditure of ₹ 7.85 crore in paragraph 3.9.1.2.

⁸⁶ (i) Amritsar; (ii) Barnala; (iii) Bathinda; (iv) Fazilka; (v) Ferozepur; (vi) Gurdaspur; (vii) Hoshiarpur; (viii) Jalandhar; (ix) Kapurthala; (x) Ludhiana; (xi) Mansa; (xii) Moga (xiii) Muktsar; (xiv) SBS Nagar; (xv) Patiala; (xvi) Pathankot; (xvii) Roop Nagar; and (xviii) Sangrur.

⁸⁷ 4013 hoarding/banners costing ₹ 17.25 lakh (out of ₹ 46.60 lakh) is included in expenditure of ₹ 7.85 crore in paragraph 3.9.1.2.

⁸⁸ 'Desh Bhagat Radio' station.

⁸⁹ 'Living India' television channel.

(11:01 PM to 12:25 Mid night), on which an amount of ₹ 0.57 lakh was spent. Due to non-adherence to the prescribed schedule for broadcasting/telecasting of advertisements, reduction in their impact and hence in their cost effectiveness could not be ruled out.

(ii) Test check of payment vouchers of the DIPR for the year 2016-17 revealed that certificates or broadcast details of the advertisements were not given by a Radio station⁹⁰ along with invoices. The payment of ₹ 13.79 lakh was made by the DIPR on the basis of list of broadcast programmes without the details/certificate. In the absence of proper certificate of same, it could not be ascertained whether the advertisements had actually been broadcast.

The Department stated (October 2017) that instructions have been issued to all the concerned radio stations and television channels to follow the time schedule specified by the DIPR.

3.9.3 Approvals for the design and content of hoardings and banners

(i) The work of printing and installation of hoardings and banners was got done from July 2016 to January 2017 by the DPROs in all the districts, under the direction of the DIPR, to advertise the achievements, policies and developmental works of the State Government. On being enquired about the procedure for approval of designs of hoardings and banners, the Department replied that the soft copy of the design of advertisement was sent to the Chief Minister, Deputy Chief Minister or the Minister concerned. After the verbal consent of Chief Minister, Deputy Chief Minister or the Minister concerned, the design was directly sent to all DPROs through e-mail or WhatsApp for printing and installation without any further approvals on paper. No approval of design was found on records produced to audit. The absence of policy/manual/guidelines for approval of designs and record thereof compromised internal control regarding payment of charges for the printing and installation of hoardings and banners. As a result, the authenticity of design and authorization of payment made by the DPROs of ₹ 2.43 crore made for printing and installation of 41,819 hoardings and banners could not be ascertained in audit.

(ii) Test check of records revealed that out of 22, nine DPROs⁹¹ made payment of ₹ 1.24 crore relating to 22,771 hoardings/banners printing and installation to the various agencies during July 2016-January 2017 without any certificate of verification of approved design and actual installation of the banners and hoardings.

The Department stated (August 2017) that it was difficult to maintain approval files for design of each hoarding and banner. However, it agreed that there was a need to build internal controls to ensure that payments were released after ensuring that hoardings and banners were actually installed in accordance with the approved design, numbers and at requisite places.

⁹⁰ Avtar Radio Station, Jalandhar.

⁹¹ (i) Barnala; (ii) Bathinda; (iii) Fazilka; (iv) Ferozepur; (v) Kapurthala; (vi) Ludhiana (vii) Moga; (viii) SAS Nagar; and (ix) Sri Muktsar Sahib.

3.9.4 Non-deduction of tax at source

Under Section 194C of Income Tax Act, 1961, if payments of more than ₹ 30,000 are made to the contractors or sub-contractors for carrying out any work of Central Government/State Government/local Authority/Company, tax at the rate of 20 *per cent* is to be deducted at source (TDS) from each payment if firm/individual is not able to provide the Permanent Account Number (PAN). On production of PAN, TDS would be deducted at the rate of two *per cent* and one *per cent* from the firms and individual respectively.

Out of 22, 18⁹² DPROs had not deducted tax at source in 65 bills of ₹ 1.61 crore from various contractors/firms. This resulted in a loss of ₹ 32.20 lakh to the Government exchequer.

The Department stated (October 2017) that the instructions had been issued to all the DPROs to deduct the due tax from the pending payments of the agencies.

3.9.5 Setting up of PUNMEDIA Society

Punjab State Media Society (PUNMEDIA) was established in February 2008 with various objectives⁹³. As per the decision (August 2010) of the Punjab Government, advertisements of all departments were to be issued through PUNMEDIA and budgetary allocation of the DIPR Punjab in this regard was to be passed on to PUNMEDIA. The commission/facilitation charges (15 *per cent*) earned on the display advertisements published in vernacular newspapers would be retained by PUNMEDIA.

PUNMEDIA undertakes work of editing and publishing of two⁹⁴ magazines. As per decision (August 2010) of GOP, ₹ two crore and ₹ 9.09 crore were released by the DIPR during 2015-17 to PUNMEDIA as grant-in-aid and commission/ facilitation charges respectively as detailed in **Table 3.11** below.

Table 3.11: Details of receipts and expenditure of PUNMEDIA

(₹ in crore)					
Year	Grant-in-Aid	Commission	Total Receipt	Expenditure (percentage)	Balance
2015-16	1.00	1.90	2.90	1.96	0.94
2016-17	1.00	7.38	8.38	2.46	5.92
Total	2.00	9.28	11.28	4.42 (39)	6.86 (61)

Source: Information submitted by PUNMEDIA

⁹² (i) Amritsar; (ii) Barnala; (iii) Bathinda; (iv) Fazilka; (v) Ferozepur; (vi) Gurdaspur; (vii) Hoshiarpur; (viii) Jalandhar; (ix) Kapurthala; (x) Ludhiana; (xi) Mansa; (xii) Moga; (xiii) Pathankot; (xiv) Patiala; (xv) Roop Nagar; (xvi) Sangrur; (xvii) Sri Muktsar Sahib; and (xviii) Tarn Taran.

⁹³ (i) To implement and carry out in a professional, creative technology driven manner, various activities related to various programmes of the DIPR; (ii) to assess creative, professionals and technical skills available in the media and communication sector and emerging new technologies in this field for improving the professional skills in the department and also the quality of message; (iii) to upgrade the professional skill of the department through training and orientation programmes; (iv) to carry out all activities incidental to all related to the above objects; the business of advertising agents and contractors; (v) to undertake any project, programme or activity which may be calculated to enhance the business of the Society; and (vi) to carry on the business of TV, internet, radio and wireless sets and its repair leasing business.

⁹⁴ 'Vikas Jagriti' (Hindi and Punjabi) and 'Punjab Advance'.

The above table showed that PUNMEDIA had spent only ₹ 4.42 crore (39 *per cent*) during 2015-17 out of ₹ 11.28 crore and an amount of ₹ 6.86 crore⁹⁵ (61 *per cent*) remained unutilized as of 31 March 2017.

Department stated (August 2017) that un-utilized money would be utilized. Reply was not acceptable as facilitation charges collected on display advertisements should be treated as Government revenue and deposited in the Government treasury since the expenditure on putting out advertisements was being met out of Government Budget.

The matter was referred to Government in July 2017; reply was awaited (November 2017).

IRRIGATION AND FINANCE DEPARTMENTS

3.10 Avoidable payment of interest due to delay in contractual payments to the contractor

Due to commencement of work during on-going inter-state dispute between Punjab and Jammu and Kashmir, funding required for settling the contractor's bills was stopped. As a result, the Department had to make an avoidable payment of interest of ₹ 2.17 crore to the contractor on account of delayed payments.

With a view to enhance their irrigation and power potential, states of Punjab and Jammu and Kashmir (J&K) signed an agreement (January 1979) to build two projects on river Ravi viz. Ranjit Sagar Dam (RSD) and Shahpur Kandi Dam (SPK), with both states providing land for the same. SPK was to be built downstream to RSD, it being the balancing reservoir for RSD and was to be synchronized with the construction of RSD. As per the agreement, construction and management of the projects was the responsibility of Punjab. Though RSD was completed in March 2001, Government of Punjab (GOP) failed to complete SPK due to paucity of funds, despite starting its construction by the Department of Irrigation, GOP in May 1999. To revive the project, SPK dam was declared National Project (February 2008)⁹⁶ and this led to restart of construction of SPK dam in February 2013. Meanwhile, GOP enacted the Punjab Termination of Agreements Act, 2004 which provided for terminating and discharging the GOP from its obligations under all previous agreements relating to the waters of the rivers Ravi and Beas. Passage of this act along with huge delay in construction of SPK by GOP and certain structural alterations by GOP in the original design of SPK led to reservations from J&K regarding sharing of water as envisaged in original agreement. This inter-state dispute finally led to stoppage of work in August 2014.

Test check of records (October 2016) of the Financial Advisor & Chief Accounts Officer, SPK Dam Project, Shahpurkandi (FA & CAO), showed that the Executive Engineer, SPK Dam Division No. IV awarded (February 2013-

⁹⁵ ₹ 92 lakh was as opening balance as on 01 April 2015.

⁹⁶ Under which the Government of India provides 90 *per cent* of the cost of the irrigation component (28.61 *per cent* of project cost) and the funds for other component viz. power component (71.39 *per cent* of project cost) are to be provided by Punjab State Power Corporation Limited.

March 2015) three works for a total cost of ₹ 110.01 crore⁹⁷ to a contractor, though the inter-state dispute had not been resolved yet. These works pertained to power component⁹⁸ being funded by Punjab State Power Corporation Limited (PSPCL) who in turn had tied up a loan for this purpose from Rural Electrification Corporation (REC). The sanction of loan by REC was subject to a pre disbursement stipulation that all pending issues with the J&K State would be resolved. However, this condition was relaxed and first disbursement of the loan was started in July 2014 with the condition that the pending issues with the J&K State would be resolved within six months i.e. up to 29 January 2015 which was further extended up to 29 May 2015. As the dispute was not settled, the flow of funds for the project was stopped (May 2015).

Clause 43 of the standard agreement with the contractor provides that if the employer makes a late payment, the contractor shall be paid interest on the late payment at the time of the next payment and interest shall be calculated from the date by which the payment should have been made up to the date when the late payment is made at 6 *per cent* per annum if any payment is delayed beyond a period of 90 days. It was noticed that payments of running bills of the contractor were delayed by periods ranging between 101 and 630 days beyond their due date. As a result of delay in payments, the Department had to pay (February 2017) an amount of ₹ 2.17 crore⁹⁹ as interest during 09 January 2014 to 15 February 2017 to the contractor.

The FA & CAO stated (October 2016) that the payments were not made to the contractor within the scheduled time due to non-receipt of funds. The Chief Engineer stated (July 2017) that J&K authorities had stopped the work in their territory and all out efforts were made to resume the work without success. It was also stated that the payments were being made on receipt of funds from PSPCL up to date of relaxation (29 May 2015). The reply was not acceptable as the dispute was in the knowledge of the Department since May 2012 i.e. well before the award of the works.

Thus, due to award and commencement of works without ensuring settlement of inter-state dispute eventually resulted in stoppage of works and consequent

⁹⁷ (i) Construction of Shahpurkandi Hydel Channel from RD 41.825 M to RD 3172 M with concrete lining on item rate basis for ₹ 53.71 crore with time limit of 30 months from the date of start; (ii) Construction of Shahpurkandi Hydel Channel from RD 3936 M to RD 6283 M with concrete lining on item rate basis for ₹ 36.04 crore with time limit of 30 months from the date of start; and (iii) Construction of bridges, approaches and their allied works on EPC mode at RD 920 M, RD 2000 M, RD 4760 M and RD 5698 M of Shahpurkandi Hydel Channel for ₹ 20.26 crore with time limit of 24 months from the date of start.

⁹⁸ Having two components viz. (i) Irrigation; and (ii) Power.

⁹⁹ (i) Construction of Shahpurkandi Hydel Channel from RD 41.825 M to RD 3172 M with concrete lining on item rate basis: ₹ 1.28 crore for the period 09.09.2014 to 15.02.2017; (ii) Construction of Shahpurkandi Hydel Channel from RD 3936 M to RD 6283 M with concrete lining on item rate basis: ₹ 0.80 crore for the period 09.01.2014 to 15.02.2017 and (iii) Construction of bridges, approaches and their allied works on EPC mode at RD 920 M, 2000 M, RD 4760 M and RD 5698 M of Shahpurkandi Hydel Channel: ₹ 0.09 crore for the period 19.05.2016 to 15.02.2017.

freezing of funding required for settling the contractor's bills. As a result, the Department had to make an avoidable interest payment of ₹ 2.17 crore.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

LOCAL GOVERNMENT AND WATER SUPPLY AND SANITATION DEPARTMENTS

3.11 Construction of toilets under Swachh Bharat Mission

The State Swachh Bharat Mission was not set-up as was required as per guidelines. Shortfall in achievement of targets was noticed as Individual House Hold Latrine (IHHL) for 94,353 households and 1,146 Community toilets/Public toilets under Swachh Bharat Mission (Urban) and IHHL for 2,14,647 households under Swachh Bharat Mission (Gramin) in the State were yet to be constructed despite availability of funds.

3.11.1 Introduction

Government of India (GOI), Ministry of Urban Development and Ministry of Drinking Water and Sanitation launched (October 2014) the Swachh Bharat Mission (Urban) (SBM-U) and Swachh Bharat Mission (Gramin) (SBM-G) with the objective of eliminating, open defecation and manual scavenging by 02 October 2019 and to generate awareness about sanitation and its linkage with public health in the State of Punjab. Under SBM (G), Punjab has taken up Mission Swachh Punjab to make rural Punjab Open Defecation Free (ODF) by 31 December 2017 whereas the target date under SBM (U) continues to be 02 October 2019. Punjab Municipal Infrastructure Development Company (PMIDC) and Water Supply and Sanitation Department (WSSD) are the nodal agencies for SBM-U and SBM-G respectively.

To assess the efficiency and effectiveness of implementation of the SBM (U), an audit was conducted (December 2016-May 2017) by test check of records for the period 2014-17 maintained by PMIDC and 11¹⁰⁰ out of 164 ULBs selected by adopting Probability Proportional to Size without Replacement (PPSWOR) method, covering three components i.e (i) Household Toilets; (ii) Community Toilets; and (iii) Public Toilets. Similarly, under SBM(G), an audit was conducted by test check of records for the period 2014-17 of the office of the Director Sanitation, WSSD, Government of Punjab (GOP) and six¹⁰¹ out of 22 districts selected by adopting PPSWOR method, covering two components i.e. (i) Individual Households Latrines; and (ii) Community Sanitary Complexes. Besides, 141 out of 12,012 beneficiaries of SBM (U) and 375 out of 48,912 beneficiaries of SBM (G) were selected by adopting Simple Random Sampling Method for physical verification which was carried out alongwith representatives of ULBs and WSSD respectively.

¹⁰⁰ Municipal Corporations: (i) Amritsar; (ii) Bathinda; Municipal/Town Councils: (iii) Chauke; (iv) Fatehgarh Churian; (v) Mandi Gobindgarh; (vi) Kharar; (vii) Lohiankhas; (viii) Moonak; (ix) Nihal Singh Wala; (x) Rayya; and (xi) Zirakpur.

¹⁰¹ (i) Fatehgarh Sahib; (ii) Gurdaspur; (iii) Pathankor; (iv) Patiala; (v) SAS Nagar; and (vi) Sri Muktsar Sahib.

Audit findings

3.11.2 Planning

3.11.2.1 Lack of mechanism for coordination

According to paragraph 7.3.1 of SBM (G) guidelines, State Swachh Bharat Mission (Gramin) (SSBM) was to be set up as a registered society at the State level for achieving co-ordination and convergence among State Departments. Further, paragraphs 10.1 to 10.3 provide that corporate houses were to be encouraged to participate in SBM (G) as an essential part of their Corporate Social Responsibility (CSR).

Scrutiny of records of Director Sanitation, Punjab (DSP) revealed that SSBM had not been set up in the State under the provision of guidelines. As a result, the State lacked a formal mechanism to ensure co-ordination between different departments. Further, a dedicated person was neither appointed at the state level nor at the district level to identify CSR projects to construct IHHL/community toilets, etc. as required under guidelines. However, in district Ludhiana, Bharti Foundation Airtel had constructed 17,628 Individual Household Latrines (IHHL) and 14 school toilets under CSR.

The Department stated (October 2017) that State Water and Sanitation Mission (SWSM) had been duly constituted through Government notification for doing all the work related to SBM (G) and there was no need to register it as a society. It further added that various corporate houses had now been involved in the programme under CSR. Moreover, the availability of funds under CSR was limited. The reply of the Department was not acceptable as the guidelines (paragraph 7.3) clearly provide that the SSBM was to be constituted separately. Besides, the SWSM was established for implementation of a world bank project¹⁰².

3.11.3 Financial management

3.11.3.1 Funding pattern–SBM (U)

As per SBM (U) guidelines, GOI and Government of Punjab (GOP) were to provide funds in the ratio of 75:25. Accordingly, an incentive of ₹ 5,333 (₹ 4,000: GOI share and ₹ 1,333: GOP share) to each beneficiary was payable in two installments of ₹ 2,000 and ₹ 3,333 each. The second installment was to be released to the beneficiaries who had been verified to have physically completed the work with photographic evidence uploaded on the SBM Portal.

The position of budget allotment and expenditure during 2014-17 is given in **Table 3.12** below.

¹⁰² World Bank assistance project was started in 2015 for water supply schemes and other components.

Table 3.12: Budget allotment and funds released by PMIDC

(₹ in crore)						
Year	Opening balance	Central share	State share	Total (3+4)	Funds released	Savings(+)/Excess (-) (5-(6+2))
1	2	3	4	5	6	7
2014-15	-	-	-	-	-	-
2015-16	-	13.00	-	13.00	14.45	(-) 1.45 ¹⁰³
2016-17	(-) 1.45	15.00	9.33	24.33	3.79	19.09
Total		28.00	9.33	37.33	18.24	

Source: Departmental Data

Against the available funds of ₹ 37.33 crore in respect of SBM (U), only ₹ 18.24 crore (49 per cent) were released by PMIDC to 163 ULBs.

In reply, PMIDC stated (January 2017) that the funds were not released because the ULBs had not demanded the same and evidence of construction of toilets was also not uploaded on SBM portal.

3.11.3.2 Non-release of financial incentive by PMIDC

The examination of records of PMIDC and 11 test-checked ULBs showed the following shortcomings:-

(i) PMIDC released ₹ 18.24 crore to 91,224 beneficiaries at the rate of ₹ 2000 each as 1st instalment out of central assistance between July 2015 and August 2016 to 163 ULBs. Out of 11 selected ULBs in 3 ULBs 1st installment of ₹ 2,000 each to 382 beneficiaries amounting to ₹ 7.64 lakh were not released even after a delay ranging between 670 and 802 days as of September 2017. This was in contravention of paragraph 4.4.2 of SBM (U) guidelines which provides that ULB shall verify each application before release of any incentives, verification of the application should be completed within seven working days of its submission of application by the beneficiary.

The concerned ULBs stated (January-May 2017) that funds were lying unspent due to furnishing of incorrect details such as bank account number/IFSC code by the beneficiaries. The reply of the ULBs should be seen in view of the fact that it was the responsibility of the ULBs concerned to disburse the incentive to the beneficiaries as per guidelines (Clause 4.3.1-IV). On enquiry about the efforts made by them to contact these deprived beneficiaries, the ULBs did not respond.

(ii) Audit examination of records of PMIDC showed (May 2017) that 18,671 out of 20,375 beneficiaries across the State who had completed the construction of IHHL as of May 2017 were denied the benefit of second instalment (₹ 3,333 each) of ₹ 6.22 crore. In selected districts, 6,486 beneficiaries were denied the said benefit of ₹ 2.16 crore.

¹⁰³ ₹ 1.45 crore were released out of funds of solid waste management component for SBM (U).

The PMIDC attributed (May 2017 and September 2017) non-release of funds to failure of the ULBs to upload requisite data on the SBM portal. It further stated that second installment to 1,704 beneficiaries of ₹ 3,333 each amounting to ₹ 56.79 lakh had been released to 12 ULBs who had uploaded the data and demanded second installment. However, audit noticed that though two out of eleven selected ULBs (Kharar and Fatehgarh Churian) had uploaded the pictures of all the 62 constructed IHHL¹⁰⁴ on the portal, yet the second installment had not been released (September 2017) to these ULBs.

(iii) Instructions were issued by PMIDC (October 2015) that a separate account would be opened by the ULB for SBM (U) and funds received under this scheme were to be maintained separately. Out of selected 11 ULBs, M.C Amritsar received an amount of ₹ 1.64 crore from the PMIDC, but neither separate cash book nor separate bank account was maintained for the funds received under SBM (U) for construction of IHHL, which was in contravention of the instruction issued by PMIDC (October 2015). The lack of this basic internal control increased the risk of diversion of funds.

The concerned ULB stated (February 2017) that the detailed reply would be furnished shortly. No reply was received (December 2017).

3.11.3.3 Issuance of incorrect utilization certificates by PMIDC

Under IHHL component, GOI released ₹ 13 crore in March 2015 to State Government who further released the same to PMIDC. It was observed that utilization certificate (UC) furnished (February 2016) by PMIDC to GOI for ₹ 13 crore was on the basis of funds released to ULBs whereas ₹ 1.27 crore were still lying with the ULBs (September 2017).

The PMIDC stated (January 2017) that the UC was submitted to GOI after the funds were transferred to ULBs. The reply was not tenable as the UC was to be issued as per actual expenditure incurred by the ULBs.

3.11.3.4 Funding pattern-SBM (G)

As per guidelines, an amount of ₹ 12,000 (₹ 9,000 by GOI, ₹ 3,000 by State Government) was to be given to the selected beneficiaries under SBM (G). However, the State Government was free to spend additional funds. State Government had provided incentive of ₹ 15,000 to each beneficiary. The budget allotment and expenditure during the period 2014-17 under SBM (G) is given in **Table 3.13** below.

¹⁰⁴ (i) Fatehgarh Churian:52; and (ii) Kharar:10.

Table 3.13: Budget allotment and expenditure (SBM (G))

(₹ in crore)

Year	Opening Balance		Funds received				Total	Expenditure		Total	Closing Balance	
			CS	SS	Interest			CS	SS			
	CS	SS			CS	SS					CS	SS
2014-15 ¹⁰⁵	12.24	8.59	0	0	0.69	0.01	21.53	7.34	2.08	9.42	4.69 ¹⁰⁶	7.42
2015-16	5.54	6.57	38.70	53.60	0.27	0.25	104.93	59.61	40.93	100.54	-15.10	19.49
2016-17	-15.10	19.49	197.02	141.88	0	0	343.29	163.70	161.37	325.08	18.22	0
Total			235.72	195.48	0.96	0.26	469.75	230.65	204.38	435.04		

Source: Utilisation certificates submitted to GOI

The above table shows that during the year 2015-16, against the total central funds of ₹ 44.51 crore (opening balance ₹ 5.54 crore + ₹ 38.70 crore received from GOI and ₹ 0.27 crore interest), ₹ 59.61 crore were spent on the scheme which resulted in excess expenditure of ₹ 15.10 crore from CS which was met out of the funds available for world bank project. In spite of this, the targets were not achieved fully, as discussed in paragraph 3.11.4.3.

3.11.3.5 Diversion of funds-SBM (G)

As per provision of sanctions issued (October 2015 to August 2016) by GOI, all funds were to be utilized for the purpose for which it was being released and no part of it shall be diverted for use under any other purpose.

Executive Engineers, Water Supply and Sanitation Division, (EE, WSSD), Fatehgarh Sahib diverted (May 2016) ₹ 9.59 lakh to make payment for construction of IHHL (₹ 9.59 lakh) under NABARD-XVI work, in contravention of the guidelines of SBM (G).

The Department stated (October 2017) that due to shortage of funds, the payment was made to the contractor temporarily utilizing the funds available under SBM (G) to comply with the orders of the court. The reply was not acceptable as diversion of funds was prohibited under the sanction.

3.11.3.6 Non-creation of revolving funds-SBM (G)

As per paragraph 5.6 of SBM (G) guidelines, a revolving fund was to be created by State Government out of SBM (G) funds at the district level to be given to societies, self help groups or other groups as decided by the State to be accessed by Above Poverty Line (APL) households not covered under incentive under the guidelines.

Scrutiny of records of selected districts revealed that neither the revolving fund was created nor any proposal for creation of revolving fund was included in the five year plan.

The Department stated (October 2017) that no revolving fund had been created in the districts and nor was it needed. The reply was not acceptable as

¹⁰⁵ Opening balance for the year 2014-15 was unspent balances lying with the State under Total Sanitation Campaign/Nirmal Bharat Abhiyan.

¹⁰⁶ Difference in CB/OB for ₹ 0.85 crore was due to transfer of funds from Central Share to State Share which was refunded and included in OB of 2015-16.

the revolving fund was required to be created as per provision of guidelines *ibid*.

3.11.4 Implementation

3.11.4.1 Money not-spent on public awareness in SBM (U)

An amount of ₹ 5.76 crore (GOI: ₹ 4.32 crore and GOP: ₹ 1.44 crore) was received by PMIDC during March 2016 and December 2016 under Information, Education and Communication (IEC) component of SBM (U). Under this component, the key strategy was to bring about behaviour change and ensure that sanitation as an issue was mainstreamed with general public at large. It was to cover issues of Open Defecation, prevention of manual scavenging, hygiene practices, proper use and maintenance of toilet facilities, etc.

During test check of records of eleven selected ULBs, it was noticed that funds amounting to ₹ 71.69 lakh were released by PMIDC to nine ULBs¹⁰⁷ for IEC and public awareness, out of which an expenditure of ₹ 17.23 lakh (24 *per cent*) only was incurred as of March 2017. No funds were released to two ULBs¹⁰⁸ (March 2017). This showed that efforts made by the Department to undertake a public awareness campaign on sanitation and establishing its link to public health were not adequate.

The PMIDC stated (August 2017) that the mission period would be over by 02 October 2019, and thus, the objective of public awareness already initiated would be achieved in due course. The reply was not acceptable because creating public awareness is crucial for the success of the scheme. Awareness camps should have been conducted prior to release of incentive to the beneficiaries, which would have resulted in better achievement of targets.

3.11.4.2 Non-creation of District Swachh Bharat Mission (G)

As per paragraph 7.4.1, District Swachh Bharat Mission (DSBM) was to be formed at the district level. This may be done by making suitable changes in the existing District Water and Sanitation Mission/Committee (DWSM/C). It was envisaged that the line departments¹⁰⁹ would play a catalytic role in implementation of the programme.

Scrutiny of records of Director Sanitation revealed that the requisite DSBM was not established. The role of DSBM was to involve all the concerned departments like Education, Women and Child Development, Rural Development, etc. at the planning stage and co-ordinate their efforts in achieving the objectives of SBM (G). As per information collected

¹⁰⁷ (i) Amritsar: ₹ 45.29 lakh; (ii) Bathinda: ₹ 11.43 lakh; (iii) Kharar: ₹ 3.72 lakh; (iv) Zirakpur: ₹ 4.78 lakh; (v) Mandi Gobindgarh: ₹ 3.66 lakh; (vi) Fatehgarh Churian: ₹ 0.65 lakh; (vii) Rayya: ₹ 0.73 lakh; (viii) Lohia Khas: ₹ 0.52 lakh; and (ix) Moonak: ₹ 0.91 lakh.

¹⁰⁸ (i) Chauke; and (ii) Nihal Singh Wala.

¹⁰⁹ (i) Education; (ii) Women and Child Development; (iii) Rural Development Department, etc.

(May 2017) from Women and Child Development Department (WCDD), toilet facility was not available in 11,622 out of 26,656 Anganwadi centres. Thus, due to the absence of DSBM, a co-ordinating mechanism at the district level to build synergy between the efforts of different Departments was lacking.

The Department stated (October 2017) that District Water and Sanitation Committees (DWSC) had been constituted in every district and officers of Women and Child Development Department (WCDD) were its members. The reply was not acceptable as the requisite DSBM was not established. Further, in the notification regarding DWSC, the WCDD was not included as a member.

3.11.4.3 Short achievement of targets

Paragraph 4.3.3 of SBM (U) guidelines provides that the States and ULBs must ensure that the maximum number of beneficiaries for individual household toilets is limited to the numbers indicated in the census of India 2011 for each town who did not have access to toilets and defecate in open. GOI, while making (July 2016) revision/modification to the SBM guidelines, gave the State High Powered Committees the flexibility to re-determine the targets for IHHLs subject to state-wise availability of funds.

The PMIDC fixed the target of construction of 1,38,010 IHHL upto 02 October 2019 (i.e. mission period) against 1,96,654 beneficiaries as per census of India 2011. Out of this, the target of construction of 1,13,318 IHHLs was fixed for the period 2015-17.

Water Supply and Sanitation Department fixed target of SBM (G) of construction of 7,92,542 IHHL by 31 December 2017. Out of this, the target of construction of 3,99,851 IHHLs was fixed for the period 2015-17.

The status of construction of IHHLs under SBM (U) and SBM (G) against the targets fixed is given in **Table 3.14 to 3.17** below.

Table 3.14: Detail of target and achievement of SBM (U) during 2015-17

Year	IHHL under SBM (U)			Community & Public Toilets under SBM (U)		
	Target	Achievement	Shortfall (Percentage)	Target	Achievement	Shortfall (Percentage)
2014-15						
2015-16	47216	-	47216 (100)	1146	-	1146 (100)
2016-17	66102	18965	47137 (71)	1146	-	1146 (100)
Total	113318	18965	94353 (83)	1146	-	1146 (100)

Source: Departmental record

Table 3.15: Detail of target and achievement of selected ULBs during 2015-17

Sr. No.	Name of selected ULB	Target	Achievement	Shortfall (Percentage)
1	Municipal Corporation, Amritsar	7780	5943	1837 (24)
2	Municipal Corporation, Bathinda	1501	89	1412 (94)
3	Nagar Panchayat, Chauke	964	410	554 (57)
4	Municipal Council, Kharar	139	10	129 (93)
5	Municipal Council, Zirakpur	95	72	23 (24)
6	Municipal Council, Mandi Gobindgarh	87	9	78 (90)

Sr. No.	Name of selected ULB	Target	Achievement	Shortfall (Percentage)
7	Municipal Council, Fatehgarh Churian	392	52	340 (87)
8	Nagar Panchayat, Rayya	215	55	160 (74)
9	Nagar Panchayat, Lohiakhas	137	3	134 (98)
10	Nagar Panchayat, Moonak	454	196	258 (57)
11	Nagar Panchayat, Nihal Singh Wala	248	4	244 (98)
Total		12012	6843	

Source: Departmental Data

Table 3.16: Details of target and achievement of SBM (G) during 2014-17

Year	IHHL under (SBM-G)		
	Target	Achievement	Shortfall (Percentage)
2014-15	Nil	9887	(+) 9887
2015-16	165002	71309	(-) 93693 (57)
2016-17	234849	104008	(-) 130841 (56)
Total	399851	185204	214647

Source: Departmental record

Table 3.17: Details of targets and achievements of construction of IHHL (SBM-G) in selected districts

District	2014-15			2015-16			2016-17		
	Target	Achievement	Shortfall (percentage)	Target	Achievement	Shortfall (Percentage)	Target	Achievement	Shortfall (Percentage)
Fatehgarh Sahib	1690	500	1190 (70)	3169	3416	0	12403	4497	7906 (64)
Gurdaspur	4950	923	4027 (81)	8017	5105	2912 (36)	23320	4028	19292 (83)
Pathankot	7526	0	7526 (100)	-	-	-	14201	1331	12870 (91)
Patiala	5000	1137	3863 (77)	6156	5135	1021 (17)	23974	2346	21628 (90)
SAS Nagar	3500	501	2999 (86)	957	4681	0	9079	6287	2792 (31)
Sri Muktsar Sahib	5000	371	4629 (93)	6801	4826	1975 (29)	24921	7260	17661 (71)

Source: Departmental data

Analysis of the above tables showed that:

- Against the target of construction of 47,216, no IHHL was constructed during 2015-16 under SBM (U). The shortfall in achievement of targets ranged between 71 and 100 *per cent* at state level and 24 and 98 *per cent* in test checked ULBs under SBM (U) during the years 2015-17.
- Despite lapse of more than two and half years, the PMIDC could only achieve 17 *per cent* (18,965 as of May 2017 against the target of 1,13,318) of the target fixed during 2015-17.
- The PMIDC set the target of construction of 1,146 toilets (646 community toilets and 500 public toilets) upto March 2017, against the target of construction of 6,435 toilets in the mission period i.e. 02 October 2019. However, no funds were released during 2015-16 to achieve the targets as stated in paragraph 3.11.3.1. No community or public toilets had been built so far (October 2017).
- The IHHL were constructed under SBM (G) without preparation of Annual Implementation Plan (AIP) during the year 2014-15. The shortfall of construction against targets ranged between 56 and 57 *per cent* during the years 2015-17. State Government had taken up Mission Swachh

Punjab to make it ODF by 31 December 2017. However, as against 3,99,851 households identified, only 1,85,204 (46 *per cent*) IHHL were constructed till 2016-17 with shortfall of 56 *per cent* (2,14,647).

- So far as target and achievement in selected districts of SBM (G) was concerned, shortfall ranged between 70 and 100 *per cent* during the years 2014-15, 17 and 36 *per cent* during 2015-16 and 31 and 91 *per cent* during 2016-17.

The PMIDC stated (June 2017) that concerned ULBs have been directed to fix responsibility and disciplinary action as deemed fit be initiated against those responsible for shortfall in achievement of targets. It was further stated by the PMIDC that one of the reasons for shortfall of achievement of targets was time taken by the beneficiaries to arrange funds in addition to the incentive amount of ₹ 2,000 for the completion of construction of toilets. The WS&SD stated that the shortfall was due to short release of funds.

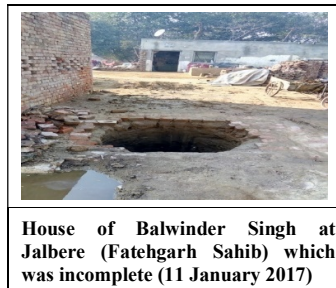
3.11.4.4 Impact assessment by Audit through beneficiary survey

In order to assess the impact of SBM (U) on the urban population, Audit interacted with 141 out of 12,012 beneficiaries of 11 ULBs selected by Simple Random Sampling Method alongwith the representative of the Department. Responses of the beneficiaries to some important parameters relating to status of construction of toilets, receipt of instalments, satisfaction level, etc. are given below:

- Percentage of beneficiaries who had not started or completed the construction of household toilets was 19 and 41 *per cent* respectively, due to time taken by the beneficiaries to arrange funds in addition to the incentive for the construction of toilets. Besides this, the ULBs concerned did not conduct awareness camps before release of first instalment to the beneficiaries, which resulted in short achievement of targets
- Paragraph 4.2.2 of guidelines of SBM (U) provides that where the sewerage system is not available within 30 metres from the proposed household toilet, the onsite treatment should be adopted by beneficiary himself. However, 71 *per cent* of proposed household toilets were beyond the 30 meters from the availability of sewerage system.
- Even where the sewerage system was available within 30 metres, 27 *per cent* (38 out of 141) of completed household toilets were not connected to the sewerage system.
- All the beneficiaries reported that the financial assistance of ₹ 5,333 was insufficient, quoting the minimum cost being ₹ 15,000 (as provided in the rural areas under SBM (G)) to construct the household toilet as per guidelines.

A similar survey and physical verification of 375 out of 48,912 beneficiaries under SBM (G) in the selected districts during December 2016 to April 2017, revealed the shortcomings in 53 cases (14 *per cent*) as given below:

- In seven cases, payment was made to the beneficiaries without completion upto the requisite stage.
- In 15 cases, the toilet was lying incomplete (May 2017) but the records showed the works as completed (April 2017).
- In nine cases, the payment was made to households which already had toilets.
- In four cases, the toilet was constructed in the vacant plot of the beneficiaries whereas they were not living there.
- In 14 cases, the toilets were being used as a store.
- In one case, the toilet was closed by the beneficiary.
- In three cases, though 1st installment of incentive was paid, work had not commenced.



The concerned EEs stated (December 2016 to April 2017) that facts would be verified and necessary action would be taken accordingly.

3.11.5 Other irregularities

The PMIDC issued instructions (December 2016) that notices be served to the beneficiaries for recovery of the already released funds for the households who had not completed the corresponding work within three months of release of funds. Audit observed that out of the total 12,012 beneficiaries in the 11 test-checked ULBs, as many as 5,169 had not constructed toilets within three months of incentive being released to them. Out of 11 ULBs, only four ULBs issued notices to 745¹¹⁰ out of 2,139 beneficiaries who had not constructed the household toilets within three months of release of funds. Remaining seven ULBs did not issue any notices in spite of the fact that 3,030 beneficiaries had not completed the household toilets as of May 2017.

The concerned ULBs, while admitting (January-May 2017) the audit observation, did not submit any reasons for non-issue of notices.

3.11.6 Monitoring and evaluation

3.11.6.1 Non-conducting of evaluation of the programme

As per paragraphs 16.1 of SBM (G) guidelines, the State Government had to conduct periodical evaluation studies on the implementation of the SBM programme. Evaluation studies were to be conducted through reputed institutions and organizations as decided by the State.

¹¹⁰ (i) Bathinda:18 out of 1,412; (ii) Kharar 129 out of 129; (iii) Fatehgarh Churian:340 out of 340; and (iv) Moonak:258 out of 258.

Scrutiny of records revealed that though the scheme was launched in October 2014 and 1,85,204 IHHLs had been constructed under SBM (G), however, no evaluation study had been conducted in the State to review the implementation of the scheme and initiate course of corrections in areas which required improvement. Audit had also physically verified 375 beneficiaries in selected districts under SBM (G) and 141 beneficiaries of 11 ULBs under SBM (U) and various shortcomings were noticed (as discussed in paragraph 3.11.4.4), which could have been flagged had the scheme been evaluated as prescribed.

3.11.7 Conclusion

State Swachh Bharat Mission was not set-up as per guidelines. Though Punjab had taken up Mission Swachh Punjab to make it Open Defecation Free by 02 October 2019 and 31 December 2017 under Swachh Bharat Mission (Urban) and Swachh Bharat Mission (Gramin) respectively, as of March 2017, Individual Household Latrines for 94,353 (83 *per cent*) households and 1,146 Community Toilet/Public Toilet (100 *per cent*) under Swachh Bharat Mission (Urban) and Individual Household Latrines for 2,14,647 households under Swachh Bharat Mission (Gramin) in the State were yet to be constructed. Thus, the target of making the State open defecation free by 02 October 2019 and 31 December 2017 in Rural and Urban areas appear to be hard to achieve.

The matter was referred to Government in May 2017; reply was awaited (November 2017).

PUBLIC WORKS (BUILDINGS AND ROADS) DEPARTMENT

3.12 Implementation of e-Procurement System in Public Works Department (Buildings and Roads)

Threshold limit for e-tendering was not brought down to ₹ one lakh as suggested by GOI. Various tender provisions in respect of resubmission and withdrawal of bids, opening of single bids in first instance, selection of bid openers, etc. were not mapped in the System. Instances of non-updation of tender status, inconsistencies between bill of quantity and tender summary report and other System related discrepancies were also noticed. Besides, non-secure use of private key for opening of bids, non-segregation of duties, non-execution of agreement with National Informatics Centre, etc. showed weak system control mechanism in the Department.

3.12.1 Introduction

The Government of Punjab implemented (July 2010) the e-Procurement System in Public Works Department (Building and Roads) (PWD-B&R) with a view to enhancing transparency in tendering process and non-discrimination amongst bidders. The System also enables free access to tender documents, clarifications, secure online bid submission and access to bid opening event to all from any place on 24x7 basis.

A generic e-Procurement software application, as a part of Mission Mode Projects (MMPs), called Government e-Procurement Solution of National Informatics Centre (GePNIC) was developed by the National Informatics

Centre (NIC) using web and portal technologies along with PostgreSQL as RDBMS¹¹¹. The e-Procurement system (GePNIC) consists of the following processes: Registration (consists of departmental users as well as bidders), publishing of tender, bid submission, tender opening, technical evaluation, uploading of technical evaluation summary, financial bid opening, financial evaluation, uploading of financial summary and award of contract. The e-Payment gateway for online payment of tender fee and earnest money was implemented in May 2016.

The Secretary, PWD (B&R), Punjab is the administrative head and the Chief Engineer, PWD (B&R) is the departmental head, who is assisted by the Superintending Engineers and Executive Engineers at Circle and Divisional levels respectively. Besides, Punjab Roads and Bridges Development Board¹¹² (PRBDB) is the nodal agency for implementation of e-Procurement System in PWD (B&R).

The audit was conducted to assess the efficiency and effectiveness of implementation of the e-Procurement System in PWD (B&R) with regard to IT controls, mapping of business processes and functioning of system. The audit covered the period from July 2010 to December 2016¹¹³ and was conducted between January 2017 and August 2017. IDEA (Interactive Data Extraction and Analysis) tool was used for the analysis of data, in respect of nine¹¹⁴ out of 74 divisions of PWD (B&R), Punjab. Besides, records of PRBDB were also test-checked. The data dump provided to audit had 9,823 work items, in total. No assurance regarding completeness of data dump was provided by PRBDB.

The data relating to the test-checked divisions consisted of 2,381 work items. The attachments/information on the uploads by the departmental officers as well as bidders, were not furnished to Audit (July 2017). The audit findings were discussed with the Secretary, PWD (B&R) and NIC in October 2017 and the replies furnished by the Department have been suitably incorporated in the report.

Audit findings

3.12.2 Implementation issues

3.12.2.1 Non-execution of agreement with NIC

GePNIC application was got customized as per requirements of the Department. The roles and responsibilities of the stakeholders i.e. PWD, NIC

¹¹¹ Relational Database Management System.

¹¹² PRBDB was constituted by GOP vide Punjab Act No. 22 of 1998 and notified (July 1998) as an undertaking of the State Government to act as a catalyst for infrastructure development in Road Sector in the State of Punjab.

¹¹³ The PRBDB provided (March 2017) data dump of e-Procurement System up to December 2016.

¹¹⁴ Construction Divisions No. 1 (i) Amritsar, (ii) Ferozepur, (iii) Hoshiarpur, (iv) Ludhiana, (v) Mohali; Provincial Divisions (vi) Amritsar, (vii) Ferozepur, (viii) Hoshiarpur and (ix) Ludhiana, selected on judgemental basis after analyzing the database.

and National Informatics Centre Services Inc. had been defined in the proposal of NIC which was duly accepted (May 2010) by the Department.

Audit observed that no documentation i.e. agreement or Memorandum of Understanding (MOU) for customization/implementation of the e-Procurement System was entered into with NIC for procuring its services. In response to an audit query on data backup and archiving of e-Tenders, PRBDB stated (February 2017) that database of the portal was being maintained and managed by NIC. Whereas, the proposal of NIC accepted by the Department vested the responsibility for maintaining data backup archives on the user department i.e. PWD.

The NIC stated (October 2017) that the agreement could now be made in respect of this application as it was being implemented in all other departments in the State as well.

3.12.2.2 Business Continuity Plan, Disaster Recovery plan and IT Security policy

The objective of having a Business Continuity and Disaster Recovery Plan and associated controls is to ensure that the organization can still accomplish its mission and it would not lose the capability to process, retrieve and protect information maintained in the event of an interruption or disaster leading to temporary or permanent loss of computer facilities. Audit, however, noticed that no such Business Continuity Plan, Disaster Recovery Plan and IT Security policy was formulated by the Department.

The Department stated (October 2017) that the draft IT policy was in process of formulation.

3.12.2.3 Segregation of duties and User Access

Segregation of duties and proper user access is essential in an IT system to ensure that transactions are properly authorized, recorded and that assets are safeguarded. Segregation of duties occurs when one person provides a check on the activities of another. It is also used to prevent one person from carrying out an activity from start to finish without the involvement of another person.

➤ It was seen that only two officers/officials viz. Executive Engineer (EE) and Superintendent or Senior Assistant of the respective divisions had been authorized to access the e-Procurement application, to whom five¹¹⁵ common roles were assigned. In Construction Division No. 1, Ferozepur, only EE was authorized to access the e-Procurement application. Role of Auditor had not been assigned to any user in the test-checked divisions. Further, the System had no provision to capture transfer details of the officers/officials. As a result, in the hierarchy mapping, the officers remained mapped with the same division even after being relieved. Assigning common roles to all users defeated the purpose of role mapping and accountability thereby causing various inconsistencies in the System, as discussed in the report.

¹¹⁵ Procurement Officers (i) Admin; (ii) Opener; (iii) Evaluator; (iv) Publisher; and (v) Generation of Departmental Reports.

The Department stated (October 2017) that these issues would be resolved after conducting a workshop on the same for awareness of the users. It was added that mapping of roles would be looked into and redefined.

➤ As per e-Procurement guidelines of Department of Electronics and Information Technology (DeitY), handing over of private key by one officer to another officer both in case of digital signature as well as in case of encryption should not be allowed. Further, Section 42(1) of the IT Act, 2000 prescribes that every subscriber is to exercise reasonable care to retain control of the private key corresponding to the public key listed in his DSC and take all steps to prevent its disclosure.

It was noticed that the private key of officials were used for opening the bids when they were on leave or had retired, in contravention of DeitY guidelines *ibid.* The Department, while admitting the audit observations, stated (October 2017) that such issues could be avoided if Aadhaar validation was introduced in the System.

➤ Bid opener is a departmental official selected by the Department at the time of tender creation, who is authorized to open bids received against the tender, both for technical as well as financial bids. The e-Procurement System contains four options for selection of number of bid openers i.e. 'two of two', 'two of three', 'three of three' and 'two of four'. However, NIC recommended selection of two of four option, as any two bid openers can open bids from the list of four officials configured during tender creation.

As per Standard Bidding Document (SBD) and approval (July 2010) of the Chief Engineer, PWD (B&R), Punjab, only two bid openers *viz.* the Executive Engineer and the Divisional Superintendent of the concerned division were selected as first and second bid openers respectively to open bids. Accordingly, the Department selected 'two of two' option. Audit noticed that due to non-selection of four bid openers, as recommended by NIC, in 579 instances the bid openers were opted from other Divisions/Circle to open the bids instead from the concerned Division, which was not in line with the SBD and orders (July 2010) of the Chief Engineer.

The Department assured (October 2017) that 'two of four' option would be operated in future.

3.12.2.4 Threshold values for e-tendering

The PWD (B&R), Government of Punjab (GOP) fixed (June 2010) a threshold limit of ₹ ten lakh for each tender in respect of e-tendering in the Department. Whereas, for the other application (Tender Wizard) implemented in other departments, the threshold limited was fixed (January 2011) at ₹ five lakh. Further, Government of India (GOI) suggested (March 2015) to bring down the threshold value for e-tendering to ₹ one lakh in a time bound and phased manner by March 2016 for uniformity.

Audit observed that there was no uniformity in threshold limit among the e-Procurement solutions implemented in the State and the Department did not

take any action to bring down the threshold limit to ₹ one lakh as suggested by GOI (March 2015).

The Department agreed (October 2017) to bring down the threshold value to ₹ five lakh. However, compliance to GOI's suggestion was awaited (November 2017).

3.12.3 Non adherence to rules

Analysis of the data pertaining to nine test-checked divisions showed the following deficiencies:

3.12.3.1 Inadequate time for bidding

GOP notified (July 1996) bidding time of 10 days, 15 days and 21 days from the date of publication of tender notices for the works costing between ₹ 5 lakh to ₹ 50 lakh; ₹ 50 lakh to ₹ 2 crore; and above ₹ 2 crore respectively.

It was seen that out of 2,381 tender notices published on the portal, reduced duration for submission of bid to the extent of only three days were provided in 1,116 tender notices (47 *per cent*), as detailed in *Appendix 3.7*, in contravention of the provisions *ibid*. Of these, in 480 tenders, number of bids received in each tender was less than three. Further, there was gap of one to four days and five to 11 days in 868 and 15 work items respectively between publishing and sale period. Audit noticed that the provisions of the notification (July 1996) were not mapped in the System, thereby giving inadequate time to contractors for bidding. The Department stated (October 2017) that the requisite timelines would be mapped in the System.

3.12.3.2 Opening of single bid in first instance

The Central Vigilance Commission (CVC) guidelines¹¹⁶ prescribe that single bid shall not normally be accepted for the first time, and the same can be considered for acceptance only in emergent situations, that too subject to recording of detailed justifications in support of acceptance with the approval of competent authority. Paragraph 2.67 (3) of PWD Code specifies that should necessity arise of making any change in the specifications after tenders have been invited but before they have been received or accepted, fresh tenders should as a rule be invited. Further, as per instructions (October 2014) of GOP, registered Labour and Construction (L&C) Societies are to be preferred for works costing up to ₹ 40 lakh.

Analysis of database and its corroboration with manual records in respect of nine test-checked divisions revealed that single bids were received in 415 out of 1,743 work items (24 *per cent*) in first instance and contract was awarded in these cases. The said CVC guidelines had not been mapped in the System, in

¹¹⁶ As referred to in the instructions issued (April 2008) by the Ministry of Shipping, Road Transport and Highways, GOI to the State PWDs and also in the circular dated 15.01.2013 of National Rural Roads Development Agency, Ministry of Rural Roads Development, GOI (under PMGSY).

the absence of which, neither did the System alert before opening¹¹⁷ single bid nor was there any provision for posting of justification for considering/accepting single bid tenders. Corroboration with manual records in test-checked cases further revealed that for 26 work items, Detailed Notice Inviting Tender (DNIT) amount was revised twice, ranging between 7.15 *per cent* and 89.60 *per cent* after reducing the scope of work. The Department instead of retendering awarded the works after negotiating with the bidder on the basis of undertaking for acceptance of reduction in scope of work and DNIT amount, in contravention of the provisions *ibid*. In six¹¹⁸ out of 26 cases, the revised DNIT amount came down to less than ₹ 40 lakh, but no opportunity was given to the registered L&C Societies as well as other bidders with lower bid capacity to participate in the tender.

The Department stated (October 2017) that the requisite feature would be incorporated in the System which would allow opening of single bid in first instance only after posting the detailed justification along with approval of the higher authority. It was further added that in cases where scope of work had been reduced before award of contract, fresh tenders would be called for.

3.12.3.3 *Provision for resubmission and withdrawal of bids*

As per SBD for e-tendering, bid once submitted cannot be resubmitted or withdrawn.

Analysis of database revealed that resubmission of bids in 1,920 work items and withdrawal of bids in 1,018 work items was allowed¹¹⁹ at the time of uploading tender. Audit noticed that the functionality of resubmission and withdrawal existed in the System as per DeitY guidelines¹²⁰. However, the SBD provisions to which the Department was liable to follow during e-procurement process had not been mapped in the System.

The Department stated (October 2017) that the provision would be got mapped according to SBD so as to avoid such discrepancies in future.

3.12.3.4 *Short period between uploading of technical bid evaluation summary on portal and opening of financial bid*

Upon completion of technical evaluation of bids by the Tender Processing Committee (TPC), technical evaluation summary is uploaded on the portal after which, the bidder comes to know whether his bid has been technically

¹¹⁷ Ordinary text or plain text or other data is transformed into coded form by encryption (during uploading of bid); and translated back to plain text or data by decryption (during opening of bid).

¹¹⁸ Tender reference Nos. (i) 17.8 dated 24.10.2013; (ii) No. EE/Prov/Asr/33/11 dated 22.10.2013; (iii) No. 25 (B) dated 22.10.2013; (iv) No. 25 (D) dated 22.10.2013; (v) No. 25 (E) Dated 22.10.2013 and (vi) No. 25 (G) dated 22.10.2013.

¹¹⁹ Resubmission and withdrawal in Construction Divisions No. 1 (i) Amritsar (146 & 169); (ii) Ferozepur (313 & 141); (iii) Hoshiarpur (157 & 81); (iv) Ludhiana (148 & 86); (v) Mohali (151 & 80); Provincial Divisions (vi) Amritsar (214 & 94); (vii) Ferozepur (249 & 105); (viii) Hoshiarpur (228 & 106); and (ix) Ludhiana (314 & 156).

¹²⁰ A bidder has a right to submit 'modification bid', 'substitution bid' or 'withdrawal bid' for all his bid submissions.

accepted/rejected by the TPC. As per guidelines (May 2013) for evaluation of bids and award of contract under Pradhan Mantri Gram Sadak Yojana (PMGSY) in respect of tenders published on GePNIC website, the process of technical evaluation in all cases was to be completed within a period of five workings days from the date of opening the technical bids. From 6th to 10th day, the period was required to be reserved for receiving complaints, if any, and the resolution of complaints was to be done between 11th and 15th day. This can be taken as a benchmark for good practice.

It was noticed that in 194 out of 2,381 cases (eight *per cent*), financial bids were opened in less than five days¹²¹ from uploading the summary of technical bid evaluation on the portal, thereby not giving ample time to a bidder to represent against rejection. The Department assured (October 2017) that sufficient time would be given to a bidder for representing against rejection.

3.12.4 Other System related issues and discrepancies

3.12.4.1 Uploading of status of tender activities on portal

The results of an analysis of e-Procurement database in respect of nine test-checked divisions are summarized below:

- Status of processing tenders on the portal was not updated in 1,507 out of 1,743 work items (86 *per cent*) pertaining to the nine test-checked divisions.
- Portable Document Format (pdf) versions of non-related documents (documents containing designations of the committee members who evaluated the technical and financial bids, Detailed Notice Inviting Tenders, etc.) were uploaded¹²² instead of proceedings of technical and financial committees.

This impaired the objective of the e-Procurement System of enhancing transparency in the tendering process. The Department stated (October 2017) that standard templates would be introduced in the System and it would be made mandatory to choose reasons for rejection after technical evaluation to make the System more transparent.

3.12.4.2 Inconsistency in values of bill of quantity and tender summary report

Bill of quantity (BoQ) is uploaded along with DNIT by the tender inviting authority at the time of publishing the tender. This is an Excel template in which the bidder has to quote the rates and this forms part of the bid. BoQ comparative chart is generated from the BoQ uploaded by the bidders.

¹²¹ Between 00:00:02:08 and 04:17:47:14 days.

¹²² (i) Techsummary_9308.pdf (2016_CEPW_8729_1), techsummary_9309.pdf (2016_CEPW_8730_1), techsummary_9314.pdf (2016_CEPW_8735_1), finance_9308.pdf (2016_CEPW_8729_1), finance_9309.pdf (2016_CEPW_8730_1), finance_9314.pdf (2016_CEPW_8735_1); and (ii) Techsummary_10196.pdf (2016_CEPW_9548_1).

Test-check of documents available on public portal of e-Procurement System in respect of five test-checked divisions revealed that in 26¹²³ instances, the Tender Summary Report was depicting incorrect financial bid values or/and bid ranks. The financial bid values and bid ranks were being posted on portal under Tender Summary Report manually and the System was not publishing the same automatically from the BoQ comparative chart. Manual re-entry of data, which is already available in the system entails risk of errors in data capture making the system unreliable.

The Department admitted (October 2017) that in order to ensure data integrity, there should not be any human interface.

3.12.4.3 Absence of functionality in the system for generation of divisional record

Analysis of e-Procurement database and corroboration with manual records in respect of two¹²⁴ test-checked divisions revealed that there was no functionality in the System to generate divisional record (tender register report). The respective divisions were maintaining the tender register manually, in which following discrepancies were noticed:

- A tender¹²⁵ was published (February 2013) on the portal wherein bid was received and the technical bid was opened but entry in the manually maintained tender register had been made as “No tender received”.
- In the tender register, under Tender Reference No. 12 dated 16.07.2015, details of some other tender (Tender Reference No. 15 dated 12.08.2015) had been shown. This showed that the manual tender register was not being maintained properly.

In the absence of generation of online tender register report from the System, the chances of missing entries or misleading status in respect of other tenders could not be ruled out and such inconsistencies defeated the objectives of the e-Procurement System.

The Department stated (October 2017) that suitable instructions would be issued in this regard to the concerned. Further action of the Department was awaited (November 2017).

3.12.4.4 Discrepancies in registration of bidders

The SBD prescribes that each bidder shall submit only one bid for one project/work/package. A bidder who submits more than one bid will cause all the proposals with the bidder’s participation to be disqualified.

It was seen that multiple users were having common e-mail IDs and mobile numbers for correspondence (delivery of e-mails and SMS alerts). As many

¹²³ Construction Division No. 1 (i) Ferozepur (11), (ii) Hoshiarpur (1), (iii) Ludhiana (3), Provincial Division (iv) Amritsar (8) and (v) Ferozepur (3).

¹²⁴ Provincial Division (i) Ferozepur and (ii) Hoshiarpur.

¹²⁵ Tender Reference No. 16 dated 13.02.2013.

as 51 common e-mail IDs were used by 146 users where the System transmitted mail messages on these IDs. Similarly, in 18 work items, SMS alerts to two or more bidders (bidding for same work) were sent on the common mobile numbers.

In seven (out of nine) test-checked divisions users registered as bidders appeared to be related to each other directly or indirectly¹²⁶ via common e-mail IDs/mobile numbers/PANs. During analysis of bids table, 100¹²⁷ works were identified where two or more bidders having common e-mail IDs/mobile numbers/PANs had submitted bids for the same work. Out of these 100 works, bids in respect of 86 works¹²⁸ were technically or/and financially accepted by TPC.

The e-procurement System had a functionality of generating reports on cartel bidding. However, Audit did not come across any case where the bids were rejected on the basis of this report on Cartel bidding.

The Department stated (October 2017) that the specific cases would be looked into.

3.12.4.5 Other discrepancies

Data analysis of e-Procurement System in respect of nine test-checked divisions showed the following discrepancies:

- Analysis of login session details revealed that session ID 111888 was missing from the table. Further, in two instances (IDs 2658 and 86721), IDs generated by the System had timestamp earlier than that of the ID just preceding them.
- System creates a unique ID for every bid being submitted by the bidder. Analysis of bids table revealed two gaps in IDs (ID 4766 and 9007).
- Data analysis revealed that three bids (ID 3262, 9068 and 17623) were placed after the bid closing date and time. However, only one BID ID 17623 was generated by the system. The bid submission closing date/time was 04 August 2015 at 13:00:00 but the bid was placed on 04 August 2015 at 13:00:10. Further, the said bid with ID 17623¹²⁹ was considered and the work was awarded in this case. Reasons for this though called for from PRBDB, were awaited (November 2017).

¹²⁶ Let there be three bidders A, B and C. The bidders A and B have same mobile numbers; and A and C have same email IDs. Though B and C have different mobile number and email IDs, they are related indirectly via A.

¹²⁷ Construction Division No. 1 (i) Amritsar (7); (ii) Ferozepur (27); (iii) Hoshiarpur (10); (iv) Ludhiana (1); Provincial Division (v) Amritsar (11); (vi) Ferozepur (37); and (vii) Hoshiarpur (7). In 100 works, 37 bidders were identified as directly related and 63 bidders as indirectly related to each other.

¹²⁸ Bids for 11 works were technically rejected and in three cases, bids status was blank in the System.

¹²⁹ Work Item Ref No. 2015_CEPW_7664_3.

- The System did not check the validation of e-mail IDs and mobile numbers entered by the users in the registration details, as dummy or invalid records in respect of e-mail IDs¹³⁰ (18 records) and mobile numbers (372 records) were identified in the user master.
- The digital signature stamp was not recorded in any of the corrigendum/addendum and other documents uploaded by the Department and the bidders respectively.
- There was no check available in the System to control duplicate user creation in case of departmental user, as user master had duplicate records where different User IDs had been allotted to the same user. Five users were identified with multiple User IDs.
- Fourth character of PAN can only be from the prescribed characters (A,B,C,F,G,H,L,J,P,T,K). It was seen that PAN details in 40 out of 3,502 records were invalid/blank. There was no check available in the System to validate PAN as per the prescribed format.
- The date of birth of the departmental users entered in the System had not been validated, as in four cases¹³¹, the same was found as incorrect on corroboration with manual record. Correct date of birth is required to deactivate/block user post-retirement.
- There was no provision in the System for enlistment of vendors, so as to categorise the vendors based on past performance.

The Department stated (October 2017) that the discrepancies pointed out by Audit would be looked into. Further action/reply of the Department was awaited (November 2017).

3.12.5 Conclusion

The objective of implementing the e-Procurement System in PWD (B&R) to enhance transparency in tendering process and non-discrimination amongst bidders was not achieved satisfactorily. In order to maintain uniformity, threshold limit for e-tendering was not brought down to ₹ one lakh as suggested by GOI. Adequate time was not provided to the bidders for submitting their bids and for redressing grievances against rejection of technical bid. Various tender provisions in respect of resubmission and withdrawal of bids, opening of single bids in first instance, selection of bid openers, etc. were not mapped in the System. Functionality available in the System for generating reports on cartel bidding was not used or customized to detect possible cartelization amongst bidders. Instances of non-updation of tender status, inconsistencies between bill of quantity and tender summary report and other System related discrepancies were also noticed. Besides, non-secure use of private key for opening of bids, non-segregation of duties,

¹³⁰ Having incorrect domain.

¹³¹ User ID-3717, User ID-3285, User ID-1178 and User ID-309.

non-execution of agreement with NIC, etc. showed weak system control mechanism in the Department.

3.13 Unproductive expenditure on idle staff

Non-adjustment of idle staff of the Mechanical Circle, Patiala, its three Divisions and nine Sub-divisions, in other wings of the Department rendered the expenditure of ₹ 46.91 crore incurred on salary of the staff and office expenses, unproductive.

The Mechanical Circle, PWD (B&R)¹³², Patiala, along with its three Mechanical Divisions and nine Sub-divisions, was established in 1973 and tasked with the procurement and distribution of new machinery and repair of government machinery. The Circle had two stone crushers, six hot mix plants, two diesel pumps and one foundry shop, which were used to supply/issue material to the contractors as per the practice in vogue at that time. Besides repair of government vehicles in its workshops, the Circle also supplied bituminous macadam and pre-mix carpet material for laying of roads. In July 2004, PWD dispensed with the practice of issuing material to the contractual agencies from the stores of PWD. Henceforth, the contractual agencies were to arrange material at their own level i.e. the works were to be executed on through rate basis.

Test check of the records (July 2017) of the Superintending Engineer, Mechanical Circle, PWD (B&R Branch), Patiala (SE) showed that due to introduction of through rate system, the assignment of work to hot mix plants for preparing and supplying material to the contractors, and procurement and repair of machinery had been stopped. As a result, the workshops had been left with no work and the two diesel pumps and the foundry shop had been shut down, thereby rendering the entire staff deployed on these works idle after 2007-08.

The SE informed (June 2011, March 2012, July 2012 and January 2013) the Engineer-in-Chief, Punjab PWD (B&R Branch), Patiala and the Secretary to Government of Punjab, PWD (B&R Branch), Chandigarh that the services of staff deployed in the Mechanical Circle/Divisions/Sub-divisions could be utilized gainfully in other wings of the Department. In view of the complete idling of the staff of the Mechanical Wing, the SE again sent (May 2014) a recommendation to the Chief Engineer (Headquarter) Punjab, PWD (B&R Branch), Patiala for converting the Mechanical Circle into Quality Control Cell or attaching it with the Technical Advisor to the Chief Minister, Punjab as the three¹³³ divisional offices under the circle were spread across the entire State which would facilitate checking quality of works, wherever required. Since the officers deployed in the Mechanical Wing were Civil Engineers, they were fully competent to perform the quality control duties. However, no action either to adjust the staff in other wings of the Department or to allot any work had been taken so far (November 2017) and the staff posted in the Mechanical Circle/Divisions/Sub-divisions continued to remain idle.

¹³² Public Works (Buildings & Roads) Department.

¹³³ Mechanical Divisions at (i) Ferozepur; (ii) Jalandhar; and (iii) Patiala.

The Superintending Engineer, Mechanical Circle, PWD (B&R Branch), Patiala (SE) stated (November 2017) that the Mechanical Circle had no field work except maintaining the record of the departmental machinery, their condemnation, disposal, maintenance of vehicles of Head Office and checking of Hot Mix Plants and allied machinery for MORTH. It was thus clear from the reply that staff of Mechanical Wing had not been left with their mandated work. A proposal of Chief Engineer (Electrical) to transfer their work to Mechanical Wing in view of more work load than their available strength was stated to be under process for finalization. With regard to non-adjustment/allotment of any work to Mechanical Wing, the SE stated that reply was to be given by the Chief Engineer's office. The Chief Engineer's office, however, did not furnish any reply.

Thus, non-adjustment of idle staff of the Mechanical Circle, Patiala, its three divisions and nine sub-divisions in other wings of the Department rendered the expenditure of ₹ 46.91 crore¹³⁴ incurred on salary of the staff (ranging between 118 and 189) and other expenses¹³⁵ during April 2011 to October 2017 unproductive, which would further increase if the *status quo* continues.

The matter was referred to the Government in July 2017; reply was awaited (November 2017).

3.14 Undue burden on road users and financial benefit to concessionaires

Inclusion of bridges, not constructed by the concessionaires, in calculation of the toll rates put extra burden of ₹ 4.35 crore on users of the road and extended undue financial benefit to the concessionaires.

Protection of users' interests and the need to secure value for public money are the key elements to be kept in view while formulating Public Private Partnership (PPP) projects and the Government entities entering into PPP contracts should safeguard public interest by managing PPP economically, efficiently and effectively. Further, paragraph 21 of the policy (July 2004) of the Government of Punjab, Department of Public Works (B&R Branch) provides for collection of toll fee for only those bridges which are constructed, operated and maintained under the concession agreement.

The Chief Engineer (IP), Punjab PWD (B&R Branch) awarded (June 2011 and August 2012) two¹³⁶ works to two private agencies (concessionaires) on Design, Build, Finance, Operate and Transfer basis. As per the approved

¹³⁴ Mechanical Circle, Patiala-₹ 6.07 crore; Mechanical Divisions at (i) Ferozepur-₹ 6.66 crore; (ii) Jalandhar-₹ 14.71 crore; and (iii) Patiala-₹ 19.47 crore (amount taken from April 2011 to October 2017).

¹³⁵ Expenses on Travelling, Medical, Telephone, POL, Rent, Rate and Taxes, Electricity and Water Charges, etc.

¹³⁶ (i) Morinda-Kurali-Siswan road upto Border of Himachal Pradesh (MDR-31); and (ii) Ropar-Chamkaur Sahib-Neelon-Doraha Road (upto NH-1).

Detailed Project Report of Morinda-Kurali-Siswan road, four existing minor bridges were to be retained and only repair as required was to be carried out. Similarly, in the project Ropar–Chamkaur Sahib–Neelon–Doraha road, two existing major bridges, being in good condition, were to be retained.

(i) Test check of records of the Executive Engineer, Central Works Division, Mohali (EE) showed (January 2017) that the EE declared Morinda–Kurali-Siswan road fit for entering into commercial operations with effect from 02 June 2015. Though the report submitted (February 2016) by the Sub-Divisional Officer confirmed construction of only two new bridges, yet rates for four¹³⁷ bridges, two of which were not new constructions, were included in the calculation of toll rates. This had inflicted extra burden of ₹ 3.56 crore on the users of the road during the period June 2015 to December 2016. The extra burden on road users would continue, unless rectified, till expiry of the concession period¹³⁸.

(ii) Similarly, test check of records of the Executive Engineer, Construction Division, Ropar (EE) showed (February 2017) that the EE provisionally declared Ropar–Chamkaur Sahib–Neelon–Doraha road fit for entering into commercial operations with effect from 09 November 2016. It was further noticed that rates for two existing bridges, which were not constructed by the concessionaire and were in good condition and, thus, were to be retained, were included in the calculation of the toll rates. This had inflicted an extra burden of ₹ 0.79 crore on the road users during November 2016 to February 2017. The extra burden on road users would continue, unless rectified, till expiry of the concession period¹³⁹.

In respect of Morinda-Kurali-Siswan road, the Deputy Secretary, PWD stated (July 2017) that out of six bridges on the road, the concessionaire constructed two new bridges and repaired and rehabilitated the remaining four. It was further stated that as per the agreement, only four bridges (two newly constructed and two upgraded) having length more than 50 metre were considered for calculation of toll rates, and the remaining two bridges each having length less than 50 metre were not considered. In respect of Ropar–Chamkaur Sahib–Neelon–Doraha road, the Deputy Secretary stated (July 2017) that out of five bridges on the road, only two having length more than 50 metre had been considered for calculation of toll rates while the remaining three each having length less than 50 metre were not considered. The reply was not acceptable as inclusion of those bridges, which were not constructed, in the calculation of toll rates was in violation of the said policy.

Thus, the Department failed to safeguard the users' interests and to ensure value for public money resulting in extra burden of ₹ 4.35 crore¹⁴⁰ on the users of the road, besides extending undue financial benefit to the concessionaires.

¹³⁷ (i) At km 10.738; (ii) at km 15.484; (iii) at km 24.283 ; and (iv) at km 26.833.

¹³⁸ Starting on and from the Appointed Date (23 December 2013) and ending on the Transfer Date. The concession period is 18 years commencing from the Appointed Date i.e. date of commencement of concession period.

¹³⁹ Starting on and from the Appointed Date (15 April 2013) and ending on the Transfer Date. The concession period is 16.5 years commencing from the Appointed Date.

¹⁴⁰ (i) Morinda-Kurali-Siswan road upto Border of Himachal Pradesh- ₹ 3.56 crore; and (ii) Ropar-Chamkaur Sahib-Neelon-Doraha Road- ₹ 0.79 crore.

PUBLIC WORKS (BUILDINGS AND ROADS) AND AGRICULTURE DEPARTMENTS

3.15 Follow-up audit on Performance Audit of Construction and improvement of rural roads under Pradhan Mantri Gram Sadak Yojna

Public Accounts Committee gave its recommendations on eight paragraphs out of which recommendations in four cases have been fully implemented and substantial progress was made in case of four recommendations.

3.15.1 Introduction

A Performance Audit on construction and improvement of rural roads under Pradhan Mantri Gram Sadak Yojna (PMGSY) featured in the Audit Report of the Comptroller and Auditor General of India on Social, General and Economic Sector (Non-Public Sector Undertakings) for the year ended 31 March 2012. The Public Accounts Committee (PAC) reviewed all paragraphs of the Performance Audit in its various meetings from November 2014 to 12 August 2016. The Performance Audit highlighted issues relating to progress of PMGSY works, financial management, maintenance and repair funds, target and achievements, programme execution, etc. With a view to assessing the implementation of recommendations made by PAC, an audit was conducted from October 2016 to March 2017 covering the period from January 2015 to March 2017.

3.15.2 Follow-up Audit

With a view to examining the corrective actions taken by the Departments on the recommendations of the PAC in respect of the issues raised in the Performance Audit, a Follow-up audit was conducted between October 2016 and March 2017 by examining the records of three¹⁴¹ Chief Engineers.

There were 27 observations, of which PAC gave recommendations on eight observations, seven were still under consideration of PAC and the remaining 12 had been dropped by the PAC during various meetings on the basis of replies of the Department. The replies to the Follow-up audit/PAC recommendations were kept in view while finalizing this Follow-up audit. The status of action taken by the Department on recommendations has been categorised as follows:

- Insignificant/no progress
- Partial implementation
- Full implementation

3.15.3 Status of recommendations

The PAC gave recommendations against eight observations. With regard to implementation of PAC's recommendations, no case was found under the

¹⁴¹ (i) Punjab Roads and Bridges Development Board (PRBDB), Mohali; (ii) Punjab Mandi Board, Mohali; and (iii) Public Works Department (B&R), Patiala.

category of insignificant or no progress, there are four cases under partial implementation and four cases under full implementation. One paragraph was settled without any recommendation by the PAC which has been taken under other category, as discussed below:

3.15.4 Audit findings

A. Insignificant or No progress

Nil

B. Partial implementation

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
2.1.8 Progress of PMGSY It was observed that seven habitations with population of above 1000 and 112 habitations with population 500-1000 were not connected under the PMGSY at the end of Tenth Five Year Plan (2002-07). Even after lapse of five more years (March 2012), these remained unconnected. Neither any physical target for preparation of DPRs for new connectivity was fixed nor any new habitation covered under the PMGSY during the period from 2007-08 to 2011-12.	The Committee ordered (December 2014) the Department to ensure construction of those roads for which funds are released by the Government. After discussion, the Committee decided to drop this paragraph.	The Secretary to Government of Punjab, PWD (B&R), Punjab took up (October 2016) the matter with the Ministry of Rural Development, Government of India to relax the condition of land width from 10 mtr to 8.38 mtr for upgradation of roads under PMGSY in Punjab.	Though the CE intimated (October 2017) that all feasible and unconnected habitations had been provided connectivity, this highlights poor planning during initial identification of core network as roads were identified without checking availability of land. The CE did not furnish any reply on the issue of poor planning during initial identification of core network. Further, as per the data downloaded from Online Management Monitoring System (OMMS) on 28 November 2017, eight habitations having population of 1,000 and above were still unconnected. Similarly, three habitations having population between 500 and 999 were still unconnected. When viewing details of these three habitations, OMMS displayed list of thirteen unconnected habitations of this category. From the above, it is clear that the State still had unconnected habitations.
2.1.9.1 Programme fund Phase-VII (63 works) and Phase-VIII (71 works) commenced in 2007-08 and 2009-10 respectively. All the works of Phase-VII were completed between January 2009 and November 2012. Of Phase-VIII, 64 works were completed	The Committee agreed that Forest department normally takes time for giving clearance, however, the Committee directed the Department to regularly monitor the progress of the incomplete work to ensure its completion. After discussion, the Committee decided to drop the paragraph.	The work stands completed on 31 December 2014.	Though the works pointed out in the observation had been completed but the similar lapse in other cases was still persistent. During audit of Construction Division, PWD (B&R), Mukerian, it was noticed that the works of two roads were allotted in June 2016 without obtaining forest clearance which was sought in March 2016 and actually received in July 2017 i.e. after lapse of the intended date of completion of the

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
<p>(March 2012), one work was deleted and six works with sanctioned cost of ₹ 44.33 crore, were incomplete after incurring expenditure of ₹ 24.08 crore. No DPR was prepared for phase IX and no funds were therefore sanctioned.</p> <p>An expenditure of ₹ 1160.04 crore had been incurred against total receipt of ₹ 1311.10 crore during 2007-08 to 2011-12 leaving an unspent balance of ₹ 203.61 crore as of March 2012.</p>			<p>works (15 May 2017). The road length completed as per OMMS dated 27 November 2017 was 4.5 km out of 10.600 km in respect of 'Dagan to Budhabarh via Bhavnauli road' and 10.5 km out of 15.00 km in respect of 'Inspection road along Kandi Canal'. The CE admitted (October 2017) that the works had been delayed on account of delay in forest clearance which was received in July 2017.</p>
<p>2.1.13 Targets and Achievements</p> <p>It was observed that there was shortfall of 387.60 km and 319.37 km in upgradation of roads during 2007-08 and 2008-09 respectively. No targets were fixed for the year 2010-11 and 2011-12, yet 199.02 km roads were upgraded during 2010-11.</p>	<p>The Department admitted that some mistakes might have occurred at the time of uploading data on the website. The Committee directed the Department that such mistakes should not occur in future. After discussion, the Committee decided to drop the paragraph.</p>	<p>The Chief Engineer, Punjab Roads and Bridges Development Board (PRBDB) (CE) cum Nodal Officer of PMGSY, Punjab issued (March 2017) instructions to the Chief Engineers and concerned field units of PMB and PWD (B&R) to avoid the discrepancy in uploading the data on website in future.</p>	<p>Out of 131 roads sanctioned (07 March 2016) under PMGSY II, only 35 roads were completed as per OMMS data as on 27 November 2017. As per para 13.2 of PMGSY guidelines, these roads were to be completed upto 06 June 2017, within 15 months of sanction. Thus, 96 roads (73 per cent of the sanctioned roads) were still lying incomplete. In terms of kms, only 873.965 kms (65 per cent) out of 1347.28 kms sanctioned under PMGSY-II were completed.</p> <p>Further, discrepancies in data of OMMS were noticed as the State Rural Road Development Agency (SRRDA) intimated (February 2016) GOI that there was no unconnected habitation in the State having population of 1000 and above, and 500-999. However, OMMS data showed (28 November 2017) unconnected habitations under these categories (details given under current audit findings/comment against paragraph 2.1.8- 'Progress of PMGSY' of Audit Report of the Comptroller and Auditor General of India on Social, General and Economic Sector (Non-Public Sector Undertakings) for the year ended 31 March 2012).</p>

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
<p>2.1.15.2 Non-provision of insurance In four out of 14 selected divisions, insurance policies of 19 works with cost of ₹ 117.49 crore were not provided and the amount of ₹ 0.54 crore was not deducted by the divisions for non-compliance.</p>	<p>The Committee directed (January 2015) the Department to issue instructions to the field offices that insurance of the works should be ensured in future. The Department assured that it had been made compulsory to attach insurance of the work with the first bill of the contractor for release of payment. After this, the Committee decided to drop the paragraph.</p>	<p>The CE issued (March 2017) instructions to the Chief Engineers and concerned field units of PMB and PWD (B&R) to ensure compliance.</p>	<p>Despite assurance given to the Committee by the Department, the irregularity was still persisting as non-providing of insurance by the contractors and non-deduction of amount from their bills by the respective Executive Engineers for getting the insurance of the works was noticed in three PMGSY roads (<i>Appendix 3.8</i>) during recent audit of PWD divisions. The CE did not furnish (October 2017) reply. The Executive Engineer, Construction Division No. 1, Kapurthala stated (October 2017) in respect of work at Sr. No. 3 of the <i>Appendix 3.8</i> that the para was liable to be settled as the work was completed on 29 January 2014 i.e prior to review of the paragraph 2.1.15.2 by the PAC. The reply of the Executive Engineer was not acceptable as the work was financially completed on 15 January 2016 as per OMMS i.e one year after the PAC's recommendation on the para. Moreover, the CE had already directed (January 2015) not to repeat the mistakes pointed out in the Performance Audit. Thus, the EE had opportunity to recover the deductibles from the bills of the contractor on account of non-providing of insurance which was not done. Further, obtaining insurance from the contractor or deduction in lieu thereof from the bills required no special directions as it was to be done as per the agreement.</p>

C. Full Implementation

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
<p>2.1.11 Land acquisition from State funds Against the requirement of ₹ 135 crore for acquisition</p>	<p>The Committee ordered (December 2014) the Department to pay attention in</p>	<p>The Chief Engineer, PRBDB cum Nodal Officer of PMGSY issued (March 2017)</p>	<p>No further audit findings were noticed.</p>

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/ comment
of 864 acre land for phase-VIII and IX, the GOP released ₹ 77.52 crore and land measuring 373.82 acre for Phase-VIII and IX was acquired for ₹ 68.09 crore. An amount of ₹ 10.81 crore remained unspent and balance 490.18 acre land for 41 works of phase-IX was yet to be acquired (March 2012) which had resulted in non-preparation of three DPRs and their non-submission to the GOI for approval.	future and dropped the paragraph.	instructions to the Chief Engineers and concerned field units of PMB and PWD (B&R) to ensure compliance.	
<p>2.1.14.1 Execution of excess length than approved in Core Network</p> <p>In four divisions out of 14 selected divisions, it was noticed that against the approved Core Network length of 140.92 km, the execution of 169.53 km was done in 10 roads leading to excess execution of 28.61 km. Excess execution of 28.61 km resulted in irregular diversion of PMGSY funds amounting to ₹ 10.02 crore.</p>	The Committee dropped (November 2014) this paragraph with an order to the Department to be more careful in future with regard to planning.	The Chief Engineer, PRBDB cum Nodal Officer of PMGSY issued (March 2017) instruction to the Chief Engineers and concerned field units of PMB and PWD (B&R) to ensure compliance.	No further audit findings were noticed.
<p>2.1.14.7 Execution of work without sanction of estimates</p> <p>The record of the Chief Engineer, PWD (B&R) revealed that in seven districts, an expenditure of ₹ 40.23 crore was incurred on seven works without sanction of estimates by competent authority from 2006-07 to 2008-09 resulting in irregular expenditure.</p>	The Committee directed (November 2014) the Department to be careful and avoid execution of work before sanction of estimates in future. After consideration, the Committee dropped the paragraph.	The Chief Engineer, PRBDB cum Nodal Officer of PMGSY issued (March 2017) instruction to Chief Engineers and concerned field units of PMB and PWD (B&R) to ensure compliance.	No further audit findings were noticed.

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
2.1.14.11 Sub-standard work The examination of records of the EE Construction Division, Muktsar disclosed that open graded 20 mm (PC) was laid (October 2006) in upgradation of Mahabadhar-Sammewali Road without laying of seal coat in contravention of the provisions, resulting in execution of sub-standard work of 20 mm PC of ₹ 0.58 crore.	The Committee directed (January 2015) the Department to issue warning to the concerned officers who prepared the deficient DPR and ordered that it should be taken care of in future from this angle. In view of reply of the Department, the Committee decided to drop the paragraph.	The Chief Engineer, (South II), Punjab PWD (B&R) issued (January 2015) instruction to the concerned Superintending Engineer (SE) for issue of warning to the concerned officers/officials involved in the matter. The SE had also issued (February 2015) the necessary warning.	No further audit findings were noticed.

D. Others

Besides above, in one case (detailed below), the PAC dropped the observation on the basis of the reply of the Department but the similar irregularity was still persisting.

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
2.1.15.3 Audit observed that in nine divisions, 30 works (Appendix 2.1) were completed with delay of upto 22 months.	The Committee decided to drop the paragraph after consideration.	Not required as there was no recommendation of the Committee.	Non-completion of PMGSY works within the stipulated time period was still persistent as nine PMGSY roads (<i>Appendix 3.9</i>) were noticed to have been completed with delay ranging between 190 and 1,111 days beyond the stipulated date of completion. The CE did not furnish reply (October 2017).

3.15.5 Conclusion

The follow up audit showed that though the Department had taken remedial action in some of the areas, concrete action was still to be taken in other areas as per the recommendations of the Public Accounts Committee. In some of the cases, action had been taken in individual cases only, as persistence of similar issues in divisions other than those mentioned in the observations of the Performance Audit indicated that action taken was deficient so far as eradication of these irregularities across the organization was concerned.

The Department should, therefore, develop a well formulated plan for taking prompt action on the audit observations and recommendations of Public

Accounts Committee for further improving its performance so as to avoid recurrence of the irregularities/deficiencies pointed out earlier by the audit.

The matter was referred (September 2017) to the Government for their comments; reply was awaited (November 2017).

PUBLIC WORKS (BUILDINGS & ROADS) AND CULTURAL AFFAIRS DEPARTMENTS

3.16 Construction of entrance plaza at Golden Temple, Amritsar

Due to deficient planning, scope of work was irregularly enhanced thereby vitiating the tendering process. Work of main plaza and additional work were allotted to an ineligible firm against single tender besides extending financial favour by pre-mature release of security deposit of ₹ 2.53 crore and non-obtaining of insurance cover. Overpayment of ₹ 86.11 lakh to the consultant and non-deduction of cultural cess of ₹ 1.06 crore from two contractors was also noticed.

For developing the open space in front of the Golden Temple, Amritsar into a plaza, Punjab Heritage and Tourism Promotion Board (PHTPB) appointed (January 2011) a consultant who prepared an estimate of ₹ 61 crore against which PHTPB invited (January 2011) tenders. Two agencies submitted their bids. Citing lack of competition, the Chief Secretary, Punjab ordered (March 2011) re-tendering. Cost of the project was revised to ₹ 78 crore on the basis of Delhi Schedule Rates¹⁴² and PHTPB invited (April 2011) tenders. Seven firms purchased the tender documents and a pre bid meeting was held with these firms on 03 May 2011. In the meantime, it was decided (02 May 2011) to hand over the project to the Department of Cultural Affairs (DCA), Government of Punjab (GOP). Before expiry of the last date of receipt of tenders (20 May 2011), it was decided (12 May 2011) to get the work executed on turnkey basis for its expeditious completion and to ensure that only companies of highest standard who had undertaken works of similar nature in the past qualify. As a result, the tenders invited in April 2011 were also cancelled. For preparation of bidding documents on turnkey basis, a committee¹⁴³ was constituted. Based on its recommendations, DCA *inter alia* prescribed (June 2011) the eligibility/qualifying criteria for the bidders which included the condition of having executed at least one project having ornamental dome made up of RCC or structural steel. It was also decided that the project would be executed by PWD as the Department of Cultural Affairs had no technical staff. The funds were to be provided by Punjab Infrastructure Development Board. The Department of Cultural Affairs accorded (June 2011) administrative approval to the project for ₹ 77.84 crore and asked (June 2011) the Chief Engineer, PWD, Punjab (CE) to allot the work on turnkey basis.

¹⁴² It was decided (March 2011) to prepare the project on these rates since Public Works Department's common schedule of rates did not cater to all items of the work.

¹⁴³ (i) Technical Advisor to Chief Minister; (ii) Chief Engineer (Buildings), Punjab PWD (B&R); (iii) A Civil Engineer, (R&I), PHTPB; and (iv) Representative of the consultant.

During test check of records (July 2017) of the Executive Engineer (EE), Central Works Division No. 2, PWD, Amritsar and information collected from the Department of Cultural Affairs, the following was observed:

3.16.1 Allotment of work of construction of plaza on single tender and to an ineligible firm

The Chief Engineer, PWD invited (July 2011) tenders for the work of construction of plaza at main entrance of Sri Harmandir Sahib on item rate basis in violation of the decision taken on 12 May 2011 to allot the work on turnkey basis. It was further observed that the Tender Processing Committee (TPC) evaluated (August 2011) the technical bid of the sole bidder against Notice Inviting Tender (NIT) of July 2011 and declared it as technically responsive without considering the criteria of execution of work having ornamental dome made up of RCC or structural steel. The financial bid was opened on 18 August 2011. The rates quoted by the agency were 18 *per cent* above the NIT rates which after negotiations were reduced (25 August 2011) to four *per cent* above the NIT amount by the agency. The EE allotted (06 September 2011) the work to the agency for ₹ 78.09 crore to be completed within one year, which was subsequently enhanced to ₹ 94.48 crore in May 2015 due to change in scope of work. The work was completed on 15 September 2016 after five years from date of allotment at a cost of ₹ 94.84 crore against the stipulated time limit of 12 months.

Audit reviewed the process of award and planning of the work and observed as under:

➤ The first tender floated in January 2011 was cancelled owing to lack of competition as only two firms had participated. Yet, the work was finally awarded (September 2011) to an ineligible firm on the basis of a single bid and that too above the NIT rates. While presenting the case to the Council of Ministers (CoM) (February 2012) for their *post-facto* approval for the award of work on item rate basis instead of turnkey basis, it was mentioned that the rates at which the work was awarded were 1.24 *per cent* lower than the DNIT/present day market rates. CoM decided (February 2012) that the proposal be re-examined by the Chief Secretary, Punjab and the Technical Advisor to CM and submit the same to the CM who was authorised to take final decision in the matter. The proposal was finally approved by the CM on 02 March 2012.

It was, however, observed that the EE enhanced the DNIT rates (₹ 75.08 crore) to ₹ 78.02 crore on the basis of receipt of higher tendered rates. These were further increased to ₹ 79.06 crore by adding ₹ 1.04 crore¹⁴⁴. These rates (₹ 79.06 crore) were assumed as present day rates without undertaking any analysis of prevailing market rates. The rates tendered by the contractual agency (₹ 78.09 crore) were then compared with these so called present day rates (₹ 79.06 crore) and were projected as being 1.24 *per cent*

¹⁴⁴ ₹ 0.78 crore on account of one *per cent* labour cess on the tendered rates and ₹ 0.26 crore on account of provision of disposal of 50 *per cent* earth free of cost by the contractor.

lower than the present day rates. Hence, the basis of the proposal submitted to the CoM stating that the rates tendered by the agency were 1.24 *per cent* below the present day market rates was misleading and without any rational basis. It is evident that the facts were falsified to justify and obtain approval for award of contract to the sole bidder.

➤ The second tendering process started in April 2011 was terminated in order to invite offers on turnkey basis to save time and also to ensure that only companies of highest standard participated in the tender. The whole process of calling bids on turnkey basis was nullified as the bids were eventually invited on item rate basis.

➤ From the bid documents furnished in support of fulfilment of eligibility criteria, audit observed that the sole bidding agency had not executed any project having ornamental dome made up of RCC or structural steel. This condition was specifically added (June 2011) after cancelling (May 2011) the earlier tender, to ensure that only the companies of highest standard and those which had undertaken works of similar nature could qualify. TPC altogether ignored (August 2011) this vital condition of execution of work having ornamental dome made up of RCC or structural steel while evaluating the technical bid and declared (August 2011) the agency technically responsive without considering eligibility of the agency against the said important criteria.

➤ The time limit of 12 months prescribed for completion of the work seemed inadequate as was evident from the fact that the work was actually completed on 15 September 2016 i.e. after five years from the date of allotment. The unrealistic time limit of 12 months might have acted as deterrent for other prospective bidders, since interest had been shown by two and seven firms during the initial biddings in January and April 2011 respectively.

➤ Besides the above, the work 'additional works for construction of plaza at main entrance of Sri Harmandir Sahib' was also allotted (February 2014) to the same agency for ₹ 39.10 crore against a single bid after giving only 10 days¹⁴⁵ for tendering against the minimum 21 days prescribed by PWD. Due to increase in scope of work in the shape of an additional dome in front of the Joda Ghar, the tendered amount of this work was also enhanced (02 October 2014) to ₹ 46.77 crore without calling fresh bids and the work was completed on 20 October 2014 at a cost of ₹ 46.76 crore.

The agency was eventually paid ₹ 141.60 crore¹⁴⁶ for the two works against their combined tendered cost of ₹ 141.25 crore¹⁴⁷. This amounted to extending undue favour to the agency despite not meeting the crucial

¹⁴⁵ Tenders invited on 21.01.2014 were to be received by 31.01.2014.

¹⁴⁶ (i) ₹ 94.84 crore for 'construction of plaza at the main entrance'; and (ii) ₹ 46.76 crore for the work 'additional works of construction of plaza at main entrance'.

¹⁴⁷ (i) ₹ 94.48 crore (enhanced from ₹ 78.09 crore) for 'construction of plaza at the main entrance'; and (ii) ₹ 46.77 crore (enhanced from ₹ 39.10 crore) for the work 'additional works of construction of plaza at main entrance'.

eligibility criterion. The agency was also extended other financial favours as discussed in paragraph 3.16.4 below.

➤ Though an architectural consultant was appointed in January 2011 for designing the work but the scope of the work was not finalised prior to inviting tenders and was changed or enhanced frequently. Just after 10 days of allotment of the work (September 2011) to the contractor number of items¹⁴⁸ were added to the project at the instance of PIDB. During execution three¹⁴⁹ other works were also added (February 2014, March 2014 and July 2015) to this project by awarding these additional works to same agency (one work) and other agencies (two works). Even the scope of all the four individual works was enhanced. As a result, the administrative approval of the entire project was enhanced five times with the final value being ₹ 221.76 crore (July 2016) as compared to the initial amount of ₹ 77.84 crore (June 2011). Change in design and enhancement of scope of work after award of work reflects poor planning. Further, the enhanced scope of all the four individual works was got executed from the firms who were allotted the original work by enhancing their tendered value without inviting fresh bids, which not only vitiated the entire tendering process but was also in violation of the orders (August 2011) of PWD, GOP which *inter alia* prohibited any major increase in the scope of work after award. Even technical sanction which was required to be accorded prior to invitation of tenders was accorded in March 2013, much after award of work (September 2011) rendering it a mere formality.

3.16.2 Overpayment to the consultant

Para 3.01 of the agreement with the consultant provides that the consultant was to be paid at the rate of two and half *per cent* of the project cost restricted to a maximum project cost of ₹ 52 crore. For payment in respect of the additional works¹⁵⁰ not covered in the original scope of the consultant, the CE, PWD recommended (January 2015) that the fee be calculated at the agreed rate of 2.50 *per cent* of 50 *per cent*¹⁵¹ of the actual work executed at site in respect of these additional works. Scrutiny of the last running bill¹⁵² of the consultant paid so far (October 2017) showed that fee in respect of works in basement was calculated on the basis of the estimated cost of ₹ 62.85 crore instead of 50 *per cent* of the actual work executed at site which was ₹ 50.83 crore. This resulted in overpayment of ₹ 86.11 lakh (*Appendix 3.10*)

¹⁴⁸ (i) Provision for construction of Jorah Ghar on RHS; (ii) provision for dispensary; (iii) provision for locker room for deposit of weapons; (iv) provision for clock room for deposit of valuable items; (v) provision for tourist information centre fully equipped with touch screens (four nos.); (vi) design of water body on ground floor; (vii) interior design of plaza; (viii) provision for furniture and electronic equipment; and (ix) installation of informatory boards at different locations.

¹⁴⁹ (i) 'additional works of construction of plaza at main entrance'; (ii) 'furnishing work of basement of plaza except four halls of interpretation centre at main entrance' (four halls were also added to the work later on); and (iii) 'providing, fixing and maintenance of outdoor fixtures'.

¹⁵⁰ (i) On account of facade around the plaza; (ii) extension of facade connection the old Jorah Ghar and new Jorah Ghar; and (iii) architectural lighting, façade illumination and external lighting scheme.

¹⁵¹ Considering repetitive in nature of the work.

¹⁵² 12th running bill paid in September 2016.

to the consultant. The Director, Cultural Affairs, Punjab admitted (November 2017) the fact of payment of consultancy fee at the rate of 100 *per cent* of the estimated value of the work and stated that matter was being verified with the executive agency. Final reply was awaited

3.16.3 Avoidable payment of price escalation

The work of construction of plaza at the main entrance allotted on 06 September 2011 for ₹ 78.09 crore was to be completed within one year i.e upto 05 September 2012. However, the work was delayed due to non-clearance of site, non-availability of layout as well as structural drawings, etc. and was completed on 15 September 2016. This resulted in payment of ₹ 34.73 lakh to the agency on account of price escalation for the period September 2012 to April 2014.

3.16.4 Undue favour to the contractors

(i) Non-deduction of cultural cess

Punjab Ancient, Historical Monument, Archaeological Sites, and Cultural Heritage Maintenance Board Act, 2013, notified on 15 April 2013, (as amended in December 2013) provides that cultural cess shall be levied on all buildings costing more than 15 crore constructed by the agencies of the State out of their own or state resources. However, cultural cess amounting to ₹ 1.06 crore at the rate of one *per cent* was not deducted from final payments of ₹ 105.87 crore¹⁵³ made (June 2015 and May 2017) to the contractors in respect of two works allotted at a cost of ₹ 105.93 crore¹⁵⁴ in violation of the instructions *ibid*.

(ii) Non-revalidation of bank guarantees

In respect of the work of construction of main plaza, performance security of ₹ 3.90 crore obtained from the agency was not got revalidated (June 2017) after its expiry (January 2015) though it was required to be revalidated up to 12 October 2017¹⁵⁵. Similarly, in respect of the work 'additional works for construction of plaza', bank guarantee of ₹ 1.96 crore was not got revalidated after its expiry on 27 August 2014, which ought to have been revalidated up to 16 November 2015¹⁵⁶.

¹⁵³ (i) 'Additional works of construction of plaza at main entrance'-₹ 46.76 crore; and (ii) 'furnishing work of basement of plaza except four halls of interpretation centre at main entrance'-₹ 59.11 crore.

¹⁵⁴ (i) 'Additional works of construction of plaza at main entrance'-₹ 46.77 crore (enhanced from ₹ 39.10 crore); and (ii) 'furnishing work of basement of plaza except four halls of interpretation centre at main entrance'-₹ 59.16 crore (enhanced from ₹ 50.83 crore).

¹⁵⁵ 28 days beyond the expiry of defect liability period which in turn was one year after actual date of completion i.e. 15 September 2016.

¹⁵⁶ 28 days beyond the expiry of defect liability period which in turn was one year after actual date of completion i.e. 20 October 2014.

(iii) Premature release of security

As per clause 45 of the agreement, the amount of security deposits deducted from the running payments of the agency were to be released¹⁵⁷ after successful completion of the work. However, the EE prematurely released (January 2014) security deposit of ₹ 2.53 crore¹⁵⁸ which should have been released only after three months of completion of the work i.e. September 2016. It was further observed that the security was released against two bank guarantees aggregating to ₹ 2.60 crore valid upto 07 July 2014 which were not got revalidated after 07 July 2014.

(iv) Non-provision of insurance cover

As per clause 15 of the agreement, the contractor was to provide an insurance cover¹⁵⁹ in the joint name of the employer and the contractor from the start date to the end of the defect liability period. Further, clause 15.3 of the agreement stated that if the contractor failed to provide such insurance cover, the employer could effect the insurance and deduct the premium from the bills of the agency as per the rates stated in the contract data.

However, neither the agency provided the insurance cover in case of the work ‘additional works of construction of plaza at the main entrance of Sri Harmandir Sahib’ nor the EE recovered the insurance premium from the bills of the contractors as required. In case of the work ‘construction of main plaza at the main entrance of Sri Harmandir Sahib’, the insurance cover was obtained for intermittent periods¹⁶⁰ and that too was not enhanced according to the enhanced value of the contract amount (from ₹ 78.09 crore to ₹ 94.48 crore). Further, in absence of rates of the deductibles in the agreement in case of non-providing of insurance cover, the amount required to be deducted from the agency’s payments could not be worked out.

The Director, Cultural Affairs, Punjab while replying to paragraph 3.16.2 stated (November 2017) that the reply of the other paragraphs was to be furnished by PWD which had not furnished reply.

3.16.5 Conclusion

Despite hiring a consultant architect, the planning of the project was found deficient, as the works were irregularly enhanced after award without passing through a transparent process of tendering thereby vitiating the tendering process. The works of construction of main plaza and that of additional works were allotted to an ineligible firm against a single tender and was paid ₹ 141.60 crore as against the bid amount of ₹ 117.19 crore. Other financial favours were also extended to the same firm by way of premature release of

¹⁵⁷ 50 per cent after three months of completion viz. 15 December 2016, and the balance after expiry of defect liability period viz. 12 October 2017.

¹⁵⁸ Deducted from running payments No. 1 to 27 of the agency.

¹⁵⁹ For (i) loss of or damage to the work; (ii) loss of or damage to equipment; (iii) loss of or damage of property in connection with the contract; and (iv) personal injury or death.

¹⁶⁰ 19 January 2012 to 18 January 2014 and 19 January 2016 to 18 January 2017.

security deposit of ₹ 2.53 crore and non-obtaining of insurance cover for the works. Overpayment of ₹ 86.11 lakh to the consultant and non-deduction of cultural cess of ₹ 1.06 crore from two contractors were also noticed.

The EE stated (July 2017) that detailed reply would be given after scrutiny of records.

The matter was referred to the Government in September 2017; reply was awaited (November 2017).

PUBLIC WORKS (BUILDINGS & ROADS) AND IRRIGATION DEPARTMENTS

3.17 Non-deduction of cultural cess

Cultural cess of ₹ 2.52 crore had not been deducted from the payments released to the contractors in violation of notification issued by the Department of Legal and Legislative Affairs, Punjab.

The Government of Punjab notified (15 April 2013) the Punjab Ancient, Historical Monuments, Archaeological Sites and Cultural Heritage Maintenance Board Act, 2013 (Punjab Act No. 29 of 2013) to provide for a dedicated fund for the conservation and preservation of the protected and unprotected built heritage of the State as well as funding for heritage memorials to be created/constructed and operation and maintenance thereof. The Act provides for the levy of one *per cent* cultural cess on the project cost of roads, bridges, flyovers, railway over bridges/railway under bridges undertaken, among others, by the Public Works Department (PWD) and the Irrigation Department out of their own or the State's resources. The cess is also leviable on all buildings costing more than ₹ 15 crore constructed by the agencies of the State out of their own or State's resources. The amount of cess so imposed and collected is to be deposited into the Consolidated Fund of the State.

Examination of records (April-June 2017) of six Executive Engineers¹⁶¹ (EE), three of PWD (Buildings and Roads Branch) and three of Irrigation Department revealed that the cultural cess in respect of 24 works amounting to ₹ 2.52 crore¹⁶² at the rate of one *per cent* from the total payments of ₹ 252.86 crore made to the contractors during June 2015 to October 2017, in respect of works awarded between July 2013 and June 2016, was not recovered/deducted from the contractors' bills by the concerned divisions in violation of the above notification. Out of 24 works, final bills of five works had already been paid (June 2015-October 2017) without deducting cultural

¹⁶¹ EEs of B&R: (i) Central Works Division No. 2, Amritsar; (ii) Provincial Division, Mohali; (iii) Provincial Division, SBS Nagar; EEs of Irrigation Department: (iv) Bist Doab Division, Jalandhar; (v) Ropar Headworks Division, Ropar; and (vi) Kotra Canal Lining Division, Sangrur.

¹⁶² EEs: (i) Central Works Division No. 2, Amritsar-₹ 87.17 lakh (one work); (ii) Provincial Division, Mohali-₹ 73.06 lakh (one work); (iii) Provincial Division No. 2, SBS Nagar-₹ 0.36 lakh (one work); (iv) Bist Doab Division, Jalandhar-₹ 68.35 lakh (12 works); (v) Kotra Canal Lining Division, Sangrur-₹ 5.63 lakh (five work); and (vi) Ropar Headworks Division, Ropar-₹ 16.95 lakh (four works).

cess of ₹ 1.27 crore¹⁶³. In the remaining 19 works, the required deduction of cultural cess of ₹ 1.25 crore from the running bills of the contractors was yet to be recovered (November 2017).

The EEs without giving any reasons/justification for not deducting the cultural cess stated (April–June 2017) that matter would be examined and reply would be submitted later on. Final action taken by the EEs was awaited (November 2017).

Thus, non-deduction of cultural cess of ₹ 2.52 crore from the payments of the contractors led to undue financial benefit to them and loss to the State exchequer to that extent.

The matter was referred to the Government in July 2017; reply was awaited (November 2017).

REVENUE, REHABILITATION & DISASTER MANAGEMENT AND IRRIGATION DEPARTMENTS

3.18 Avoidable extra burden on State exchequer due to delay and overpayment of compensation

Delay of 12 and 24 months in announcement of award in two cases coupled with excess payment due to wrong computation of award inflicted avoidable extra burden of ₹ 2.35 crore on the State exchequer.

To eliminate the delay in land acquisition proceedings, the Government of Punjab, (Department of Revenue, Rehabilitation & Disaster Management) formulated (December 2006) a new policy for acquisition of land for public purpose under the Land Acquisition Act, 1894 (Act), which stipulates that declaration under Section 6 (declaration) of the Act is to be issued within six months of issue of notification under Section 4 (notification) of the Act and the award is to be announced within six months of issue of declaration under Section 6 of the Act. The District Land Price Fixation Committee (DLPFC) is to determine, within three months of the issue of notification, the market value of land as on the date of publication of such notification, which then is to be incorporated in the declaration. The onus for conducting meeting of DLPFC in a purposeful manner is on the Deputy Commissioner concerned. As per para 71 of the Standing Order¹⁶⁴ No. 28 (Land Acquisition No. 28), the payment of compensation of the acquired land is to be made at the time of announcement of award by the Land Acquisition Collector. ‘Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013’ (New Act) came into force with effect from 01 January 2014 which *inter alia* provided for payment of solatium amount equal to 100 *per cent* of the market value of land whereas under the previous act, solatium was payable at the rate of 30 *per cent* of the market value.

¹⁶³ (i) Central Works Division No. 2, Amritsar-₹ 87.17 lakh (one work); (ii) Bist Doab Division, Jalandhar-₹ 27.05 lakh (two works); and (iii) Ropar Headworks Division, Ropar-₹ 12.43 lakh (two works).

¹⁶⁴ Dealing with the acquisition of land for public purposes.

(i) Test check of records (March 2017) of the Executive Engineer, Drainage Construction Division, Faridkot at Gidderbaha (EE) revealed that the Department of Irrigation issued (18 February 2013) notifications under Section 4 of Act for acquisition of land measuring 26.80 acre falling in two villages¹⁶⁵ for construction of Kuttianwali Link Drain out falling into Wahabwala Drain. Declarations under Section 6 were issued on 02 August 2013 without incorporating the rates of land therein as required. The possession of land was taken on 04 June 2012 and 29 May 2012 respectively.

For acquisition of 18 acre land in village Khuban, DLPFC, Fazilka fixed the rates on 27 June 2014, after a delay of more than 13 months¹⁶⁶ from the stipulated period allowed for determining the rates. The Department of Irrigation, Government of Punjab, approved the rates in July 2014 and the Land Acquisition Collector, Abohar announced the award amounting to ₹ 7.39 crore on 02 February 2015 i.e. after 12 months from the stipulated date of 17 February 2014 (within one year of issue of notification under Section 4) which includes interest of ₹ 0.86 crore for the period 18 February 2014 to 02 February 2015. However, the amount could not be paid immediately due to non-availability of funds. As a result, there was further accrual of interest amounting to ₹ 0.82 crore for the period from 03 February 2015 to 31 December 2015. Payment of ₹ 8.20 crore¹⁶⁷ against the award was drawn from treasury on 25 July 2016 i.e. after 18 months from the announcement of award (02 February 2015). Had the award been announced within the stipulated period and payment made at the time of award as required, the Department would have saved ₹ 1.68 crore paid on account of 15 *per cent* interest for the period 18 February 2014 to 31 December 2015.

As regards acquisition of 8.80 acre land in village Kuttianwali (now Sheranwali), DLPFC, Sri Muktsar Sahib fixed the rates of the land on 28 November 2013 and submitted the proposal to the Department of Irrigation, which directed (March 2014) that payment of compensation be made as per the New Act, which had come into force with effect from 01 January 2014. The Deputy Commissioner of Sri Muktsar Sahib (DC) proposed (May 2015) the compensation in accordance with the New Act at the rate of ₹ 8,27,354.16 per acre worked out after multiplying the market value of ₹ 6,61,883.33 per acre with distance factor¹⁶⁸ of 1.25. The Department of Irrigation, Government of Punjab while approving the rate of ₹ 8,27,354.16 per acre in August 2015, mentioned that the multiplier, solatium and interest as per the New Act would be extra to this amount. Accordingly, the Land Acquisition Collector, Malout, while announcing (September 2016) the award, multiplied the rate of ₹ 8,27,354.16 per acre with distance factor of 1.25 which inflated

¹⁶⁵ (i) 18 acre in village Khuban, Tehsil Abohar, District Fazilka; and (ii) 8.80 acre in village Kuttianwali (now Sheranwali), Sri Muktsar Sahib RD 12800-19500.

¹⁶⁶ Taken from 18 May 2013 i.e. three months from date of notification under Section 4.

¹⁶⁷ *Inter alia* including interest at the rate of 15 *per cent* amounting to ₹ 1.68 crore for the period 18.02.2014 to 31.12.2015. This interest is payable as per the Act, if the awarded compensation is delayed beyond a period of one year from the date of notification under Section 4.

¹⁶⁸ In accordance with the New Act and is based on the distance of project from the urban area.

the market value to ₹ 10,34,192.70 per acre instead of ₹ 8,27,354.16 per acre (since the distance factor was applied twice). Thus, application of distance factor twice resulted in excess payment of ₹ 4.14 lakh¹⁶⁹ per acre after adding 100 *per cent* solatium, paid as per the New Act. The excess payment for 8.80 acre aggregated to ₹ 36.43 lakh.

No reply regarding excess payment was furnished by the EE (November 2017).

(ii) Test-check of records (July 2016) of Sub-Divisional Magistrate-cum-Land Acquisition Collector (LAC), Rajpura revealed that a notification under Section 4 of the Act for acquisition of 9 bigha 19 biswa of land of village Neelpur falling under Tehsil Rajpura for construction of Sewerage Treatment Plant (STP) was issued on 17 November 2011. The DLPFC fixed the market value of the land at ₹ 0.70 crore per acre on 21 March 2012 i.e. after a delay of more than one month and sent (28 March 2012) the same for approval of the Principal Secretary, Local Government Department (PSLGD). The declaration under Section 6 was issued on 07 November 2012 with a delay of almost six months and that too without incorporating therein the market value of land as required under the policy. The LAC sent (11 March 2013) the draft award of 10 bigha 14 biswa land for ₹ 2.46 crore for approval of PSLGD increasing the area by 15 biswa than earlier notified. The PSLGD, after one year and three months from the date (28 March 2012) on which the DLPFC had sent to him the market value of land fixed by it and after more than three months from the sending (11 March 2013) of the draft award by the LAC for his approval, sought (02 July 2013) clarification from the Deputy Commissioner, Patiala (DC) about the basis for fixation of rate of ₹ 0.70 crore per acre of the land and increasing the area of land by 15 biswa respectively. The DC clarified (September 2013) that DLPFC, after reviewing the rate of land fixed earlier, had unanimously agreed to the rate of ₹ 0.70 crore per acre of land for the purpose. The matter regarding actual area of land to be acquired remained under consideration till January 2014 when it was decided in a meeting of Punjab Water Supply and Sewerage Board, to reduce the acquisition of land from 9 bigha 19 biswa to 7 bigha 17 biswa for construction of STP in Village Neelpur, Tehsil Rajpura.

In the meanwhile, the New Act came into force with effect from 01 January 2014. Accordingly, the market value of the land was re-fixed to ₹ 0.40 crore per acre under New Act. In addition to this, 10 *per cent* severance allowance, 30 *per cent* equity justice benefit on market value and 100 *per cent* solatium on total market value (including severance allowance and equity justice benefit) was also payable under the New Act 2013. Whereas, under the LA Act 1894, apart from the market value (i.e. ₹ 0.70 crore per acre), 10 *per cent* non-litigation compensation and 30 *per cent* solatium on market value was payable. Besides, 12 *per cent* interest for the delayed period was also payable under both the Acts. In accordance with the approval (04 November 2014) of PSLGD, LAC announced (05 November 2014) the award under New Act in respect of land measuring 7 bigha and 17 biswa for ₹ 2.05 crore and disbursed

¹⁶⁹ ₹ 10,34,192.70 minus ₹ 8,27,354.16=₹ 2,06,838.54 plus 100 *per cent* solatium i.e. ₹ 2,06,838.54=₹ 4,13,677.08 (Say ₹ 4.14 lakh).

the compensation to land owners in December 2014. Thus, due to laxity on the part of LAC and the Local Government Department, the award for acquisition of land was announced after a delay of about two years, in contravention of the provisions *ibid*, which resulted in excess payment of compensation amounting to ₹ 0.31 crore to land owners (*Appendix 3.11*).

The LAC stated (October 2016) that on receipt (11 December 2012) of copy of declaration under Section 6, the draft award was sent to PSLGD on 11 March 2013 for his approval, for which the Government was reminded from time to time. The PSLGD did not furnish any reply (June 2017). The reply of LAC was an admission of the delay. Had the award been announced within one year of the issue of notification under Section 4 as provided in the Policy *ibid*, extra expenditure of ₹ 0.31 crore on account of compensation to land owners could have been avoided.

Thus, delay in announcement of award beyond the stipulated period coupled with over payment due to application of distance factor twice inflicted avoidable extra burden of ₹ 2.35 crore on the State exchequer.

The matter was referred to the Government in April and June 2017; reply was awaited (November 2017).

REVENUE, REHABILITATION & DISASTER MANAGEMENT AND PUBLIC WORKS (BUILDINGS AND ROADS) DEPARTMENTS

3.19 Excess payment of solatium to land owners and loss of interest

Incorrect computation of solatium amount by Sub Divisional Magistrate resulted in excess payment of ₹ 5.24 crore to land owners. Further, non-adherence to the instructions of GOI by the Executive Engineer, Hoshiarpur to ensure credit of interest as applicable to a term deposit as per bank card rates resulted in loss of interest of ₹ 4.67 crore.

The Sub-Divisional Magistrate (SDM), Hoshiarpur, on behalf of Ministry of Road Transport and Highways (MoRTH), Government of India (GOI), acquired (April 2016) land for widening/four laning of National Highway (NH-70) (new NH-3) on a stretch from km 25.200 to km 59.000 in district Hoshiarpur. During test-check of records (April 2017) of SDM, Hoshiarpur, Audit noticed the following irregularities:

- (i) As per decision (April 2015) of MoRTH, GOI, all the awards of compensation made on or after 01 January 2015 for acquisition of land under National Highways Act, 1956 (NH Act) will be as per the First Schedule of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act). Section 30 (1) read with the First Schedule of the RFCTLARR Act provides that the Collector having determined the total compensation to be paid, shall, to arrive at the final award, impose a “Solatium”¹⁷⁰ amount equivalent to

¹⁷⁰ Solatium is a sort of compensation given for consolation.

one hundred *per cent* of the compensation amount. Further, Section 30(3) of the RFCTLARR Act provides that in addition to the market value of the land provided under Section 26, the Collector shall, in every case, award an amount calculated at the rate of twelve *per cent per annum* on such market value for the period commencing on and from the date of the publication of the notification of the Social Impact Assessment (SIA) study under Section 4, in respect of such land, till the date of the award of the Collector or the date of taking possession of the land, whichever is earlier.

Audit observed that GOI authorized (November 2014) SDM, Hoshiarpur as Competent Authority, Land Acquisition (CALA) under NH Act for acquisition of the said land for widening/four laning of NH-70 (new NH-3) in district Hoshiarpur. GOI issued notifications under Sections 3(A) and 3(D) of NH Act in June 2015 and November 2015 respectively for acquisition of 41.6511 hectares of land in district Hoshiarpur. The notification for SIA study under Section 4 of RFCTLARR Act was issued by the Department of Revenue, Rehabilitation and Disaster Management, Government of Punjab (GOP) on 02 September 2015.

The CALA prepared the draft award of the said land for ₹ 286.36 crore in February 2016, which included a solatium amount of ₹ 143.15 crore computed as one hundred *per cent* of compensation amount plus interest payable under Section 30(3) of RFCTLARR Act, although it was payable only on the compensation amount¹⁷¹ and not on the interest component. This resulted in inflating the solatium amount by ₹ 9.93 crore (*Appendix 3.12*). The GOI transferred (April 2016) funds of ₹ 286.36 crore in the bank account¹⁷² of SDM, Hoshiarpur (i.e. CALA) who announced (April 2016) the final award of the land for ₹ 286.36 crore inclusive of solatium of ₹ 143.15 crore instead of ₹ 133.22 crore, thereby awarding inadmissible excess amount of solatium of ₹ 9.93 crore, in contravention of the provisions *ibid* of the RFCTLARR Act. As of September 2017, CALA had disbursed the compensation of ₹ 141.36 crore to the land owners involving excess payment of solatium of ₹ 5.24 crore.

The SDM, Hoshiarpur (i.e. CALA) stated (August 2017) that the error had been brought to the notice of the concerned higher authorities and further action would be taken on receipt of directions from them regarding this excess payment. Further reply of the Department was awaited (September 2017).

(ii) As per instructions issued (February 2008 and September 2014) by National Highways Authority of India (NHAI), MoRTH, GOI, the amount of compensation, as determined by the Competent Authority, Land Acquisition

¹⁷¹ ₹ 133.22 crore (value of land: ₹ 124.07 crore + value of buildings and structures: ₹ 9 crore + value of trees : ₹ 0.15 crore).

¹⁷² Savings bank account No. 023601001762 with ICICI Bank Limited jointly operated in the names of SDM, Hoshiarpur and Executive Engineer, Central Works Division, PWD (B&R), Punjab, Hoshiarpur.

(CALA) and approved by NHAI (MoRTH) was required to be deposited in a savings bank account jointly operated by CALA and the Project Director (PD), NHAI. Further, with a view to avoiding idling of funds, PD before opening of such CALA account, was to interact with the bank and ensure that interest as applicable to a term deposit as per card rates was given by the bank to the CALA account.

Audit observed that in addition to authorizing (November 2014) SDM, Hoshiarpur as CALA under NH Act for acquisition of the said land for widening/four laning of NH-70 (new NH-3) in district Hoshiarpur, GOI had also notified (February 2016) the Executive Engineer (EE), Central Works Division (CWD), PWD, (B&R) Hoshiarpur as the authority for Highway Administration i.e. PD for this project. A savings bank account¹⁷³ in the joint names of SDM, Hoshiarpur (i.e. CALA) and EE, Hoshiarpur was opened but without getting the bank to agree that it would give interest as applicable to a term deposit as per card rates.

In accordance with the draft award prepared by CALA, GOI transferred (April 2016) funds of ₹ 286.36 crore in the jointly operated savings bank account. The CALA announced the final award of the land for ₹ 286.36 crore in April 2016. After incurring expenditure¹⁷⁴ on disbursement of compensation to the land owners and other expenses between 26 April 2016 and 06 July 2016, the balance amount of ₹ 146.23 crore¹⁷⁵ remained lying idle in the said savings bank account till 29 August 2017, out of which no further payment was made (September 2017). Subsequently, the Division started keeping the idle funds in FDRs with effect from 30 August 2017. During the period from 07 July 2016 to 29 August 2017, the bank kept crediting savings bank account interest at the rate of four *per cent* on the balance amounts, which otherwise would have earned higher rate of interest (i.e. 6.50 to 6.85 *per cent*) as applicable to a term deposit as per card rates during the same period. Non-adherence to the instructions *ibid* by EE, Hoshiarpur led to loss of interest of ₹ 4.67 crore during the period from 07 July 2016 to 29 August 2017 (*Appendix 3.13*).

The EE, Hoshiarpur stated (September 2017) that the matter was taken up (May-June 2016) with the concerned bank for placing the entire amount in flexi/short term deposit.

Thus, failure of the EE to ensure at the time of opening of bank account that the bank would give interest as applicable to a term deposit as per card rates, resulted in loss of interest of ₹ 4.67 crore.

The matter was referred to the Government in July and August 2017; reply was awaited (November 2017).

¹⁷³ Savings bank account No. 023601001762 with ICICI Bank Limited, which carried interest rate at the rate of four *per cent*.

¹⁷⁴ Compensation (₹ 141.36 crore); TDS deposited in advance (₹ 0.10 crore); office expenses (₹ 0.01 crore).

¹⁷⁵ Includes amount of ₹ 1.34 crore on account of interest credited by bank up to 28-06-2016.

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

3.20 Implementation of National Rural Livelihoods Mission

The Governing Body and Executive Committee of State Mission Management Unit (SMMU) held only one meeting each since their constitution in 2010 which showed inadequate monitoring of implementation of National Rural Livelihoods Mission in the State. SMMU could not have access to funds of ₹ 20.30 crore during 2014-17 due to huge unspent balance in previous years. Shortage of manpower ranging between 20 and 74 per cent at State, District and Sub-district levels adversely impacted implementation of the programme. Only 11 to 57 per cent of the targeted Self Help Groups could be provided with credit linkage through banks.

3.20.1 Introduction

The Ministry of Rural Development (MORD), Government of India (GOI) approved (December 2010) the Framework for Implementation of National Rural Livelihoods Mission (NRLM) and launched (June 2011) NRLM by restructuring Swarnajayanti Gram Swarozgar Yojna (SGSY) with the objective of reducing poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, by building strong grassroots institutions for the poor. The Mission envisages mobilizing poor women into functionally effective institutions by providing continuous support. This includes formation of Self Help Groups (SHG) to provide space, voice and resources to the poor for reducing their dependence on external agencies; capacity building of the members to provide them with the requisite skills for managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness; provision of revolving fund and capital subsidy to meet their credit needs in the long-run and immediate consumption needs in the short-run; and credit linkage to SHGs based on their micro-investment plans and marketing support.

At State level, Secretary, Rural Development and Panchayats Department (RDPD) is the administrative head and Joint Development Commissioner (JDC) is the departmental head, who is also the Director-cum-Chief Executive Officer of Punjab State Rural Livelihoods Mission Society¹⁷⁶ designated as State Mission Management Unit (SMMU), which functions as an apex coordinating organization for the implementation of NRLM in Punjab. The Scheme was initially implemented (up to November 2015) in five districts viz. Ferozepur, Gurdaspur, Patiala, Sangrur and Tarn Taran. Two additional districts (Bathinda and Muktsar) were covered from December 2015 and the remaining districts except for Hoshiarpur, Jalandhar, Kapurthala, Mansa and SBS Nagar were covered from the year 2016-17.

With a view to assessing the efficiency and effectiveness of implementation of NRLM, an audit for the period 2014-17 was conducted (November 2016–

¹⁷⁶ Registered in May 2011 under the Societies Registration Act.

July 2017) by test-checking the records of SMMU and three¹⁷⁷ (out of seven) District Mission Management Units (DMMUs) in the State. Further, records of 71 SHGs (out of 1,403), 41 village organizations (VO) (out of 107)¹⁷⁸ and all existing four cluster level federations (CLFs) and *one* block level federation (BLF) of the selected DMMUs were also test-checked (*Appendix 3.14*).

Audit findings

3.20.2 Financial management

Under NRLM, GOI and State Government provided funds¹⁷⁹ in the ratio of 75:25 (2014-15); and 60:40 (2015-17) on the basis of approved Annual Action Plans (AAP). The position of receipt and expenditure incurred by the Punjab State Rural Livelihoods Mission Society (SMMU) during 2014-17 is given in **Table 3.18** below.

Table 3.18: Details of receipt and expenditure incurred by SMMU during 2014-17

(₹ in crore)									
Year	Opening balance	Central share approved in AAP	Funds received from GOI	State share approved in AAP	Funds received from State	Other receipts (including interest)	Total funds available	Expenditure	Closing balance (percentage of total available funds)
1	2	3	4	5	6	7	8 (2+4+6+7)	9	10 (8-9)
2014-15	16.65	6.28	0.00	2.82	0.00	2.87*	19.52	11.89	7.63 (39)
2015-16	7.63	7.27	3.13 [#]	1.75	4.90 ^{\$}	0.65	16.31	11.55	4.76 (29)
2016-17	4.76	7.99	2.75 [@]	2.31	1.55 [^]	0.43	9.49	8.20	1.29 (14)
Total		21.54	5.88	6.88	6.45	3.95	45.32	31.64	

Source: Departmental data

* include ₹ 2.08 crore refunded by districts to SMMU as unspent funds of SGSY.

\$ include ₹ 3.25 crore and ₹ 1.65 crore pertaining to the year 2012-13 and 2013-14, respectively.

include ₹ 0.85 crore pertaining to the year 2014-15.

^ include ₹ 0.82 crore pertaining to the year 2015-16 and excludes matching State's share of ₹ 0.12 crore received in July 2017.

@ include ₹ 1.22 crore pertaining to the year 2015-16.

Examination of receipt and expenditure under NRLM during 2014-17 revealed the following:

(i) In addition to the funds of ₹ 5.88 crore (**Table 3.18**), GOI also released (March 2017) ₹ 0.34 crore to GOP as second instalment of Central share under NRLM during 2016-17. However, GOP did not release the amount along with its own share of ₹ 0.23 crore to SMMU (July 2017), which was required to be released within three days from the date of receipt from GOI. The Special Secretary, RDPD stated (July 2017) that the funds were not sanctioned by the

¹⁷⁷ (i) Patiala, (ii) Sangrur and (iii) Tarn Taran selected by adopting Probability Proportional to Size Without Replacement method based on quantum of funds released by SMMU.

¹⁷⁸ 71 SHGs and 41 VOs were selected for test-check through Systematic Sampling Method.

¹⁷⁹ Except for Rural Self Employment Training Institutes (RSETIs) and Sale of Articles of Rural Artisans Society (SARAS) components for which 100 per cent central assistance was provided by GOI.

Finance Department despite regular efforts by Punjab State Rural Livelihood Mission (PSRLM) (SMMU).

(ii) Chapter-VIII of NRLM guidelines provides that the opening balance of SMMU should not exceed 10 *per cent* of the allocation of the previous year and in case the opening balance exceeds this limit, the Central share would be proportionally reduced.

Audit observed that SMMU could not spend the available funds and the opening balance during 2014-17¹⁸⁰ remained between 53 and 95 *per cent* of the allocation of the previous years. As per guidelines *ibid*, the amount retained by the Centre was to be allocated to better performing states. SMMU, therefore, lost the opportunity to have access to the financial assistance of ₹ 20.30 crore (Central share: ₹ 15.32 crore¹⁸¹ and State share: ₹ 4.98 crore) under NRLM.

The Special Secretary, RDPD attributed (July 2017) the reasons for huge unspent balances to shortage of staff stating that NRLM was a programme which could not be implemented without human resource. It was added that with the recruitment of staff in the current financial year, the allocated funds would be utilized.

3.20.3 Planning and implementation

3.20.3.1 Non-preparation of State perspective and implementation plan

Chapter IX of the NRLM guidelines stipulates that SRLM (SMMU) shall prepare a State perspective and implementation plan (SPIP) for five to seven years for reducing poverty comprehensively in the State, outlining the results, core strategies and key activities in a phased manner. Based on the broad indication of resource availability to the State in a particular year, SRLM (SMMU) was to undertake a prioritization exercise and prepare Annual Action Plan (AAP) dovetailing it with SPIP.

Audit observed that though AAPs had been prepared during 2014-17 and submitted to NRLM (GOI) against which requisite funds were also received, SPIP for five to seven years as required under the guidelines *ibid* was not prepared. The AAPs so prepared were short term programmes and lacked a long term perspective, which impacted the implementation of NRLM in the State, as discussed in the succeeding paragraphs.

The Special Secretary, RDPD attributed (July 2017) the reasons for non-preparation of SPIP to shortage of staff and assured to prepare the same.

¹⁸⁰ ₹ 16.65 crore (95 *per cent*) against the allocation of ₹ 17.56 crore in 2013-14; ₹ 7.63 crore (84 *per cent*) against the allocation of ₹ 9.10 crore in 2014-15; and ₹ 4.76 crore (53 *per cent*) against the allocation of ₹ 9.02 crore in 2015-16.

¹⁸¹ Includes ₹ 0.44 crore (out of ₹ 0.70 crore) towards 100 *per cent* contribution of GOI on account of Sale of Articles of Rural Artisan Society fairs organized at Bathinda (₹ 0.09 crore out of ₹ 0.35 crore during 2014-15) and Hoshiarpur (₹ 0.35 crore during 2015-16).

3.20.3.2 Inter-loaning by Self Help Groups

Framework for Implementation of NRLM (June 2011) provides for reduction in poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor. It further provides that the poor move gradually on the continuum from consumption to debt swapping, to enhancement of existing livelihoods and thereafter, to diversification.

As of March 2017, 4,131 Self Help Groups (SHG) had been formed in the State. Test-check of records of 67¹⁸² (out of 71) selected SHGs, each consisting of 10-15 members as of March 2017, revealed that 60 SHGs did inter-loaning of ₹ 73.58 lakh during 2014-17 out of corpus¹⁸³ created with each SHG, as detailed in **Table 3.19**. Seven SHGs did not do inter-loaning for any purpose till March 2017, out of which one SHG viz. Kalgidhar, district Patiala was not functional since December 2015.

Table 3.19: Details of inter-loaning done by selected SHGs during 2014-17

(₹ in lakh)

District	Block	No. of SHGs, who did inter-loaning (Total No. of SHGs)	Amount of inter-loaning for		
			Domestic needs	Livelihood activities	Total
Patiala	Sanour	26(27)	29.47	7.46	36.93
	Patran	04(05)	0.59	0.05	0.64
Sangrur	Sunam	18(18)	19.04	7.49	26.53
	Sangrur	02(05)	0.50	0.05	0.55
Tarn Taran	Valtoha	10(12)	4.83	4.10	8.93
Total		60(67)	54.43	19.15	73.58

Source: Departmental information

During the period 2014-17, out of ₹ 73.58 lakh, inter-loaning of ₹ 54.43 lakh (74 per cent) was done by SHGs for fulfilling the domestic needs of the members and only ₹ 19.15 lakh (26 per cent) was used for livelihood activities. It was further observed that out of 60 SHGs:

- 29 SHGs¹⁸⁴ did inter-loaning of ₹ 16.37 lakh solely for meeting their domestic needs and no inter-loaning was done to enhance their livelihood activities for a period ranging up to 29 months from their formation (March 2017).
- 31 SHGs did inter-loaning of ₹ 57.22 lakh for both purposes, of which only ₹ 19.15 lakh (33 per cent) was used for livelihood activities. The

¹⁸² Four SHGs did not provide data relating to inter-loaning.

¹⁸³ The corpus with SHG consists of their own savings, Revolving Fund, Community Investment Fund received under the Scheme and interest earned, if any.

¹⁸⁴ Two SHGs viz. Harkrishan and Jyoti of district Patiala were not functional since September 2016.

percentage of inter-lending for livelihood activities by these SHGs ranged between 5 and 85 *per cent*.

Thus, a major portion of loaning catered only to consumption and not for creating livelihood opportunities that would enable the loanee to move up the livelihood ladder.

The State Programme Manager stated (July 2017) that NRLM's implementation had not gained proper momentum due to shortage of staff and with the recruitment of staff in 2017-18, efforts would be made to motivate SHGs for more inter-lending towards livelihood.

3.20.3.3 Provision of credit linkage to SHGs

Chapter II of Framework for Implementation of NRLM provides that access to repeat finance at affordable price and in desired amounts and convenient repayment terms is critical for the poor to smoothen consumption, exit debt trap and invest in livelihoods assets. Making poor the preferred clients of the banking system and mobilizing bank credit is core to the NRLM financial inclusion and investment strategy. For this purpose, GOI approved (May 2013) interest subvention component for availing of loans by women SHGs from banks¹⁸⁵ (with effect from 1 February 2014) up to ₹ three lakh at seven *per cent* per annum. Besides, these SHGs would get further three *per cent* subvention on prompt repayment, thereby reducing the effective charge on all such loans to four *per cent* only.

The target vis-à-vis achievement in providing credit linkage to SHGs in the State during the period 2014-17 is given in **Table 3.20** below.

Table 3.20: Target vis-à-vis achievement in providing credit linkage to SHGs during 2014-17

Year	Total number of SHGs at the end of the year	Physical (No. of SHGs)		Percentage shortfall	Financial (₹ in crore)		Percentage shortfall
		Target	Achievement		Target	Achievement	
2014-15	961	200	114	43	2.00	1.54	23
2015-16	2218	403	89	78	2.02	1.08	47
2016-17	4131	1950	209	89	19.50	1.45	93

Source: Departmental data

It was observed that there was shortfall in achievement of physical and financial targets ranging from 43 to 89 *per cent* and 23 to 93 *per cent* respectively in providing credit linkage to SHGs during 2014-17.

Audit further observed that out of 71 selected SHGs, only six SHGs had availed credit linkage from banks. Of these, two SHGs¹⁸⁶ of Sunam block (district Sangrur) had repaid their loans timely and thus were eligible for interest subvention of ₹ 0.15 lakh. However, interest subvention was not

¹⁸⁵ Public Sector Banks, Regional Rural Banks, Cooperative Banks and private banks.

¹⁸⁶ (i) Baba Ravidass; (ii) Baba Balmik.

extended by SMMU to these two SHGs despite availability of ₹ 2.09 crore¹⁸⁷ for the purpose, thereby denying the financial assistance to SHGs under NRLM.

The Special Secretary, RDPD stated (July 2017) that NRLM was in initial stage of implementation in Punjab State and SHGs were not in a position to avail credit for projects which required preparation of Micro Credit Plans by them. It was added that bankers were also not familiar with NRLM and now steps were being taken to organize trainings of Bank Managers in this regard. It was further assured that during current financial year, the position of credit linkage would improve and interest subvention would also be granted to the eligible SHGs. The reply needs to be seen in light of the fact that NRLM had been in operation since 2011-12 and the key to its success was the provision of access to the SHGs to micro credit, which could not be achieved satisfactorily in the State.

3.20.3.4 *Non-release of community investment fund to SHGs*

Paragraph 3.2 of Community Operational Manual (COM) stipulates that before formation of Cluster Level Federation (CLF)/Village Organisation (VO), the Mission gives one instalment of Community Investment Fund (CIF) to SHGs against their Micro Credit Plans (MCPs). Once VO is formed and prepares its own MCP (aggregation of all SHGs' MCPs), it would receive the next instalments of CIF. The VO then disburses the CIF to SHGs as per the MCPs. Similarly, when CLF is formed, the fund is disbursed to the CLF (against MCP) which in turn disburses it to VOs.

Audit observed that DMMU, Tarn Taran released (March 2015-March 2016) CIF amounting to ₹ 68.75 lakh to eight test-checked VOs for disbursement to 83 SHGs. Five¹⁸⁸ out of eight VOs did not disburse CIF of ₹ 36.96 lakh to 48 SHGs¹⁸⁹. Of these, three VOs transferred (March-April 2016) ₹ 22.90 lakh¹⁹⁰ to Valtoha cluster level federation and VO Gajjal disbursed ₹ 2.60 lakh to six SHGs for whom CIF was not sanctioned by DMMU. However, VO Gajjal did not produce MCPs in respect of these six SHGs to Audit. Remaining amount of ₹ 11.46 lakh was still lying with these VOs (May 2017).

The DMMU, Tarn Taran, while admitting the fault on the part of VOs, stated (August 2017) that the credit needs of SHGs to whom the CIF was not released would be assessed afresh. It was added that the MCPs in respect of six SHGs were not traceable and the same would be supplied to Audit, which

¹⁸⁷ SMMU received ₹ 1.57 crore received from GOI (75 per cent) on 07 November 2013 and ₹ 0.52 crore from GOP (25 per cent) on 22 January 2016.

¹⁸⁸ (i) Eknoor (Gharyala Khurd): ₹ 7.96 lakh (out of ₹ 13.20 lakh) to 12 SHGs; (ii) Gajjal (Gajjal): ₹ 8 lakh (out of ₹ 11 lakh) to 10 SHGs; (iii) Khalsa (Bhura Khona): ₹ 2.13 lakh (out of ₹ 4.95 lakh) to five SHGs; (iv) Lucky (Mastgarh): ₹ 7.87 lakh (out of ₹ 9.90 lakh) to 11 SHGs; and (v) Azad (Ratoke): ₹ 11 lakh (out of ₹ 19.25 lakh) to 10 SHGs. Besides, one VO Nari Shakti (Mehdipur) did not produce record in respect of eight SHGs to Audit.

¹⁸⁹ No CIF was released to 27 SHGs and partial CIF was released to 21 SHGs.

¹⁹⁰ (i) Azad: ₹ 11 lakh; (ii) Gajjal: ₹ 5.40 lakh; and (iii) Lucky: ₹ 6.50 lakh.

were awaited (October 2017). Thus, the SHGs were deprived of adequate financial assistance under NRLM.

3.20.3.5 Non-implementation of Mahila Kisan Sashaktikaran Pariyojana

To improve the present status of women in Agriculture and to enhance the opportunities for their empowerment, GOI announced (December 2010) the Mahila Kisan Sashaktikaran Pariyojana (MKSP) as a sub-component of NRLM and asked (January 2011) the State Government to submit its proposals to GOI for providing financial support¹⁹¹ under the Scheme.

Audit observed (January 2017) that the Department did not initiate any action to implement MKSP to enhance productive participation of women in agriculture and to create sustainable agricultural livelihood opportunities for them even after about six years from launching the Scheme by GOI due to non-availability of manpower (June 2017).

The Special Secretary, RDPD stated (July 2017) that two blocks, namely Dhariwal in Gurdaspur district and Valtaha in Tarn Taran district, had been selected under MKSP in the current financial year and the Scheme would be implemented as per the guidelines of GOI. The fact, however, remains that action was taken by SMMU only after being pointed out in audit, which was indicative of a casual approach of SMMU/Department in the implementation of an important sub-component of NRLM in the State.

3.20.3.6 Shortage of staff

As per Chapter VI of Framework for Implementation of NRLM, the success of the Mission is critically linked to the quality and professional competence of dedicated sensitive support structures at various levels and their staff.

The position of staff under NRLM at State, District and Sub-district levels during 2014-17 is given in **Table 3.21** below.

Table 3.21: Position of staff under NRLM at State, District and Sub-district levels during 2014-17

Level	Position as of	Sanctioned strength	Men-in-position	Shortage (per cent)
State (SMMU)	March 2015	14	9	5 (36)
	March 2016	14	6	8 (57)
	March 2017	16	8	8 (50)
District (DMMU)	March 2015	25	19	6 (24)
	March 2016	29	18	11 (38)
	March 2017	32	21	11 (35)
Sub-district (BMMU)	March 2015	60	48	12 (20)
	March 2016	67	51	16 (24)
	March 2017	172	45	127 (74)

Source: Departmental data

¹⁹¹ Sharing pattern of 75:25 (Centre:State), revised to 60:40 (Centre:State) w.e.f. 01 April 2015.

Audit noticed that there was shortage of staff ranging between 20 and 74 *per cent* at State, District and Sub-district levels during 2014-17. Though this remained one of the main causes for weak implementation of NRLM in the State, the issue of shortage of staff was not taken on agenda in the only meeting of Executive Committee of SMMU held (August 2015) during 2011-17, wherein the matter regarding salary of staff only was discussed.

The SMMU attributed (July 2017) the reasons for inadequate manpower to non-finalization of Human Resource (HR) Manual. It was stated that the HR Manual had been approved by the Executive Committee of PSRLM Society in May 2017 and adequate staff would be recruited during 2017-18. Thus, in spite of NRLM having been launched in June 2011 and the Framework of its Implementation prescribing the State to have its own HR Policy and Manual, the same was approved only in May 2017 i.e. after six years from the launch of the Scheme.

3.20.3.7 Impact assessment

In order to assess impact of NRLM on SHGs, Audit along with the District Programme Manager of the three test-checked DMMUs interacted with members of 16 out of 71 selected SHGs¹⁹² (23 *per cent*). Response of SHGs with respect to some important parameters under NRLM are discussed as under:

- No collective initiatives for social and economic development were taken by any of the SHGs, as required under paragraph 2.1 of Community Operational Manual (COM).
- Five SHGs were released Revolving Fund¹⁹³ (RF) of ₹ 10,000 each against the stipulated amount of ₹ 15,000 as per paragraph 3.2 of COM.
- As many as 13 out of 16 SHGs were released RF with delay ranging up to 225 days from the dates on which SHGs became eligible¹⁹⁴ for RF.
- One SHG (Nagar Khera of Patiala district) reported that it had not received Community Investment Fund (CIF) despite submission of micro credit plan to Village Organization (Marda Heri).

No reply was furnished by SMMU (July 2017) to the issues brought out in the survey.

3.20.4 Lack of monitoring at State level

As per Chapter VI of Framework for Implementation of NRLM, the State Rural Livelihood Mission Society's (SMMU) Governing Body under the

¹⁹² Selected by adopting 'Systematic Sampling' method.

¹⁹³ As per guidelines, Revolving Fund would be provided to SHGs as an incentive to inculcate the habit of thrift and accumulate their own funds towards meeting their credit needs in the long-run and immediate needs in the short-run.

¹⁹⁴ SHGs which are six months old (practising panchasutra for the last 15 weeks w.e.f. 05.01.2015) and SHGs three months old w.e.f. 10.08.2015 and adhering to panchasutra (i.e. regularity in meetings, savings, internal lending, repayment and book-keeping), having active savings bank account and minimum three days of training on SHG concept, leadership and functioning.

chairmanship of the Chief Minister or the Chief Secretary and the Executive Committee under the chairmanship of the Chief Secretary or Development Commissioner with the Principal Secretary, Rural Development as vice chairperson, are to provide guidance and advice in all aspects of planning and implementation of NRLM.

Audit observed that the Governing Body and Executing Committee of SMMU were constituted in December 2010. However, Governing Body met only once in January 2011 and no meeting was held thereafter against the requirement of meeting at least once in a year. Similarly, Executive Committee of SMMU met only once in August 2015 after four years of registration of Punjab State Rural Livelihood Mission Society (May 2011) against the requirement of meeting at least twice in a year.

The Special Secretary, RDPD stated (July 2017) that meeting of Executive Committee of SMMU was held in May 2017 and the meeting of Governing Body would be conducted shortly. Thus, the implementation of NRLM in the State lacked direction, monitoring and guidance from the top as the apex bodies meant to provide such interventions did not meet as envisaged.

3.20.5 Conclusion

The implementation of the National Rural Livelihoods Mission in the State suffered due to various reasons. The Governing Body and Executive Committee of SMMU held only one meeting each since their constitution in 2010 which indicated inadequate monitoring over implementation of NRLM in the State. In the absence of proper monitoring, NRLM did not take off and SMMU could not have access to funds of ₹ 20.30 crore during 2014-17 due to huge unspent balance in previous years. There was shortage of manpower ranging between 20 and 74 *per cent* at State, District and Sub-district levels combined with lack of capacity building of SHGs to enable them to avail the micro credit facility. As a result, only 11 to 57 *per cent* of the targeted SHGs could be provided with credit linkage through banks. Mahila Kisan Sashaktikaran Pariyojana under NRLM was not implemented even after six years of its launch by GOI.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

3.21 Suspected misappropriation of funds

Failure of the Rural Development and Panchayats Department to adhere to the codal provisions/instructions/rules led to suspected misappropriation of funds amounting to ₹ 3.26 crore in the Panchayati Raj Division, Jalandhar.

Rule 7.130 of Departmental Financial Rules (DFR) provides that funds received by the Divisional Officer on account of Deposit Works should be credited in the accounts to the head “Public Works Deposits” against which all expenditure will be debited. The Finance Department (FD), Government of Punjab, had also issued (December 2004) instructions based on Rule 10 of Punjab Treasury Rules that no Drawing and Disbursing Officer (DDO) in the

State Government can open a bank account without the explicit permission of FD. Further, Rule 2.2 of Punjab Financial Rules (Volume-I) provides that every officer receiving money on behalf of the Government should maintain a cash book and all monetary transactions should be entered in the cash book as soon as they occur and should be attested by the head of the office in token of check.

Test-check of records (January 2017) in the office of Executive Engineer (XEN), Panchayati Raj Division (PRD), Jalandhar and examination of bank account statements revealed that PRD, Jalandhar had opened eight¹⁹⁵ bank accounts out of which five accounts in Axis Bank, HDFC Bank and Yes Bank had been disclosed whereas other three were not disclosed in official records. The requisite permission of FD for operation of any of these eight bank accounts was not shown to Audit.

Audit observed that XEN, PRD, Jalandhar reported (June 2016) refund of unspent funds of ₹ 1.02 crore (including interest) to Punjab Infrastructure Development Board (PIDB) pertaining to works of Small Bore Sewer System, vide cheque No. 605745 dated 30.06.2016 from savings bank account No. 007194600000340 operative in its name in Yes Bank and closed the cash book (June 2016) with Nil balance. The closing balance of cash book (cash in chest and bank) for the months July 2016 to December 2016 was also shown as Nil. However, examination of bank statement of the said account in Yes Bank revealed that the cheque No. 605745 dated 30.06.2016 was never presented in the bank for payment. Instead, payments amounting to ₹ 0.46 crore were made during August 2016 to September 2016, which were neither accounted for in the cash book nor were vouchers supporting thereof made available to Audit. The balance amount of ₹ 0.59 crore¹⁹⁶ (including interest and other deposits) was transferred (October 2016-January 2017) by XEN, PRD, Jalandhar to a new bank account No. 1488104000022862 opened in its name in IDBI Bank on 20 June 2016 and the savings bank account No. 007194600000340 of Yes Bank was closed in January 2017.

Further examination of IDBI Bank Account No. 1488104000022862 and other two bank accounts in Kotak Mahindra (Account No. 8911604645) and Axis Bank (Account No. 916010025439747) operational in the name of XEN, PRD, Jalandhar revealed that funds amounting to ₹ 2.80 crore received from various departments/agencies for deposit works and other receipts were deposited (June 2015-February 2017) in these bank accounts. Of this, ₹ 2.80 crore was paid (July 2015-February 2017) through cheques, leaving a balance of ₹ 577 in IDBI Bank account, as detailed in *Appendix 3.15*. However, neither the cash book depicting entries of receipts/payments nor the vouchers supporting the payments of ₹ 2.80 crore¹⁹⁷ in respect of these three

¹⁹⁵ Axis Bank Account Nos. (i) 915010014422108; (ii) 914010055220807; (iii) 916010025439747 (disclosed by the Division vide its reply dated 28.04.2017 after being pointed out by Audit); (iv) HDFC Bank Account No. 50100073132685; IDBI Bank Account Nos. (v) 073104000049595; (vi) 1488104000022862; and (vii) Kotak Mahindra Bank Account No. 8911604645; and (viii) Yes Bank Account No. 007194600000340.

¹⁹⁶ ₹ 30,00,000 on 05.10.2016; ₹ 28,50,000 on 09.11.2016; and ₹ 20,233 on 16.01.2017.

¹⁹⁷ IDBI Bank: ₹ 2,35,82,279; Kotak Mahindra Bank: ₹ 19,13,655; and Axis Bank: ₹ 24,61,418 (as confirmed (April 2017) by the Division with regard to non-accounting of transactions of Axis Bank account in cash book).

bank accounts were shown to Audit despite issue of reminders during February and November 2017.

On this being pointed out in audit (January 2017), the XEN, PRD, Jalandhar stated (April 2017) that an F.I.R. against the concerned Executive Engineer had been registered by the Superintending Engineer, PRD, Jalandhar on 07 March 2017. It was added that there was a high possibility of other accounts being operational in the name of XEN, PRD, Jalandhar without the knowledge of the division, for which the division had written to the lead bank, Jalandhar. Further reply of the Department was awaited (November 2017).

Thus, failure of the Department to adhere to the codal provisions/instructions/rules *ibid* led to suspected misappropriation of funds amounting to ₹ 3.26 crore¹⁹⁸ in the Panchayati Raj Division, Jalandhar.

The matter was referred to Government in March 2017; reply was awaited (November 2017).

3.22 Loss of interest due to delay in renewal of Fixed Deposit Receipts

Inordinate delay in renewal of Fixed Deposit Receipts by the Director, Rural Development and Panchayats, in contravention of the Punjab Financial Rules and instructions of the Finance Department, resulted into loss of interest amounting to ₹ 1.50 crore.

Rule 2.10 of Punjab Financial Rules (Volume I) provides that every Government employee incurring or sanctioning expenditure from the revenue of the State should be guided by high standards of financial propriety. Each Head of Department is responsible for enforcing financial order of strict economy at every step. The Government of Punjab (GOP), Department of Finance issued (March 2001) instructions for placement of temporary surplus funds by the State Government Departments with scheduled commercial banks for best possible returns and safety of funds.

Test-check of records (September 2016) of the Director, Rural Development and Panchayats, Punjab (Department) revealed that the Department received (July 2008) funds of ₹ 80.48 crore from Sub-Divisional Magistrate-cum-Land Acquisition Collector, SAS Nagar for making payment of compensation to the claimants of village Jheourheri in lieu of their land acquired for construction of International Airport at Mohali (SAS Nagar). Audit noticed that out of ₹ 80.48 crore, the Department kept (July 2008) ₹ 76.48 crore in Fixed Deposit Receipts (FDRs) in Punjab National Bank (PNB), Chandigarh without looking for best possible return from other banks¹⁹⁹. The remaining amount of ₹ 4.00 crore was transferred (July 2008) to Punjab and Sind Bank (PSB), Chandigarh on which interest of ₹ 0.64 crore was earned through FDRs till May 2011, as reported (October 2017) by the Department. The amount of

¹⁹⁸ Yes Bank: ₹ 45,50,496; IDBI Bank: ₹ 2,35,82,279; Kotak Mahindra Bank: ₹ 19,13,655; and Axis Bank: ₹ 24,61,429.

¹⁹⁹ Except for the period from January 2012 to February 2013 when the funds were kept in four different private banks at competitive interest rates.

₹ 4.64 crore was further kept (April-May 2011) in 13 FDRs having maturity value of ₹ 5.26 crore between November 2011 and August 2012. Thereafter, these FDRs were not renewed.

On this being pointed out (September 2016) in audit, the Department took up (October and December 2016) the matter with PSB for renewal of 13 FDRs amounting to ₹ 5.26 crore. The PSB, after giving credit of interest of ₹ 0.76 crore at the rate of four *per cent* (as per bank policy) on the maturity value (₹ 5.26 crore) of FDRs during the intervening period (November 2011-December 2016), renewed (December 2016) 13 FDRs amounting to ₹ 6.02 crore for one year i.e. up to December 2017. Had the Department renewed the FDRs immediately on their maturity between November 2011 and August 2012, it could have earned interest amounting to ₹ 2.26 crore at the rate 7.00 to 9.60 *per cent* (**Appendix 3.16**). However, the Department did not furnish reasons for not renewing the FDRs immediately on their maturity.

Thus, inordinate delay in renewal of FDRs by the Department, in contravention of the Rules and instructions *ibid*, resulted in loss of interest amounting to ₹ 1.50 crore, besides showing lack of internal control mechanism over financial transactions in the Department.

The matter was referred to Government in July 2017; reply was awaited (November 2017).

3.23 Idle expenditure on non-functional Village Haats

Due to non-formation of Rural Haat Management Committees and lack of monitoring by the Department, the Village Haats could not be made functional even after more than six years of their completion, thereby not only resulting in idle expenditure of ₹ 1.71 crore but also denying the rural masses of benefits under the Scheme.

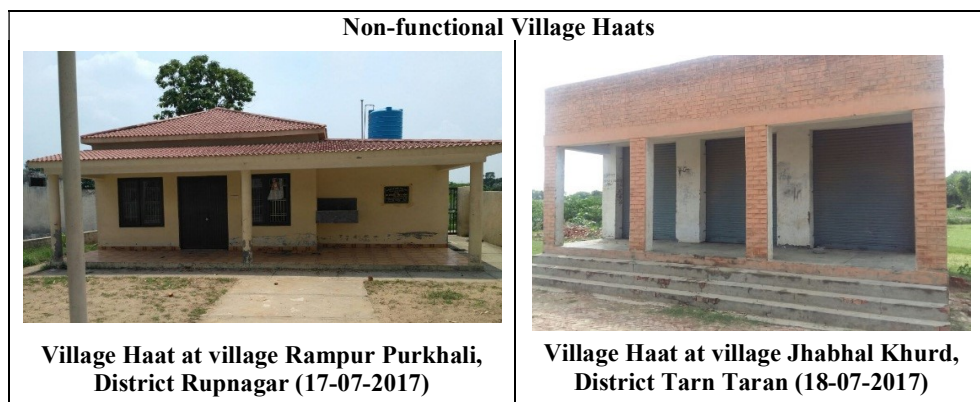
With a view to providing permanent marketing centres to the rural artisans who did not have the wherewithal to market their products due to lack of adequate capacity, market intelligence and negotiation skills, Government of India (GOI), Ministry of Rural Development decided (February 2009) to set up Village Haats²⁰⁰ (VH) for promotion of rural products at village, district and State levels under “Swarnjayanti Gram Swarozgar Yojana” (SGSY). As per guidelines, the funds were to be released for creation of VHs for an amount up to ₹ 15 lakh each, to be shared between Centre and the State in the ratio of 75:25. Further, a Rural Haat Management (RHM) Committee²⁰¹ was to be constituted, which would be responsible for management, maintenance and allotment of built-up VHs. The Department of Rural Development, Punjab was to monitor the progress of VHs periodically.

Audit examination of records of Additional Deputy Commissioners (ADC) Kapurthala (December 2015), Rupnagar (January 2016) and the Joint Development Commissioner, Department of Rural Development and

²⁰⁰ A market, especially one held on a regular basis in a rural area.

²⁰¹ Comprising of Gram Pradhan, representatives of Gram Panchayat, representatives of Self Help Group/leader of Village Federation and Gram Panchayat Officer/Gram Development Officer.

Panchayat, Punjab (Department) (May 2016 and July 2017) showed that funds of ₹ 1.99 crore²⁰² were released (March 2009-March 2013) for construction of 15 VHs in five districts of Kapurthala, Muktsar, Rupnagar, Sangrur and Tarn Taran (three in each district) to be utilised by 31 March 2014. Audit observed that 14 (out of 15) VHs had been constructed (March 2011-August 2015) in these districts while one VH at Tarn Taran was incomplete (November 2017). Twelve out of the 14 VHs which were constructed with an expenditure of ₹ 1.71 crore had not been put to use after a period ranging from two to more than six years of their completion (*Appendix 3.17*). Of these, one VH at Amargarh, district Sangrur constructed (March 2011) with an expenditure of ₹ 0.15 crore had been demolished to construct a community centre.



The Department attributed (July-November 2017) the reasons for non-functioning of VHs to non-formation of RHM Committees and non-allotment of VHs owing to closure/restructuring of SGSY and lack of funds for maintenance. The reply was not acceptable as the closure/restructuring of scheme had no impact on formation of RHM Committees and allotment of VHs.

Thus, the Department did not ensure that all conditions and requirements for operationalizing the VHs had been met. This resulted in idle expenditure of ₹ 1.71 crore besides denying the rural masses of the benefits under the Scheme.

The matter was referred to Government in June 2016; reply was awaited (November 2017).

WATER SUPPLY AND SANITATION DEPARTMENT

3.24 Ungainful expenditure due to non-finalisation of specifications of filtration plant

Non-finalisation of specifications of Pressure Sand Filtration Plant resulted in non-completion of work leading to blockade of ₹ 1.57 crore.

The work of construction of new water works for villages Jagga Ram Tirth and Jumber Basti was technically sanctioned (August 2014) for ₹ 277.06 lakh

²⁰² ₹ 1.52 crore (Central share) and ₹ 0.47 crore (State share).

to provide safe drinking water to these villages. The scope of work consisted of construction of inlet channel, storage and sedimentation tank, clear water tank distribution system, construction of Over Head Service Reservoir (OHSR) and Continuous Dyna Sand Filtration Plant, etc. The work was bifurcated into two packages i.e. providing of water supply scheme including OHSR (package-I), etc. and installation of Continuous Dyna Sand Filtration Plant (package-II).

Scrutiny of records (July 2017) of Executive Engineer, Water Supply and Sanitation Division No. 2, Bathinda (EE) revealed that the work of package-I was allotted (October 2014) to a contractor for ₹ 1.72 crore to be completed by July 2015. The work of package-I was completed (September 2017) after a delay of more than 26 months incurring expenditure²⁰³ of ₹ 1.57 crore. Further, it was observed that the tender for package-II floated in November 2014 for installation of Continuous Dyna Sand Filtration Plant (CDSFP) could not be finalized as none of the bidders was found eligible. It was then decided to install Pressure Sand Filtration Plant (PSFP) instead of the earlier proposed CDSFP. The Detailed Notice Inviting Tender (DNIT) of package-II was submitted (September 2015) to the competent authority with the proposal of setting up of PSFP which was returned in February 2016 with the remark that the specifications were to be changed. The DNIT of filtration plant had not been finalized (November 2017). Thus, due to non-finalisation of the specification of filtration plant, the work of package-II could not be started (November 2017). Resultantly, the work done in package I could not be put to use even after lapse of 39 months of sanction of the estimate (August 2014).

Thus, non-finalisation of the DNIT of package-II not only resulted in ungainful expenditure on package-I but also deprived the people of the area of the benefits of the scheme.

The matter was referred to the Government in September 2017; reply was awaited (November 2017).

3.25 Misappropriation of pay and allowances

Failure to observe codal provisions by the Drawing and Disbursing Officer facilitated misappropriation of pay and allowances amounting to ₹ 1.22 crore.

Rule 215 and 219 of the Punjab Treasury Rules provide that the Drawing and Disbursing Officers (DDO) shall be responsible for the proper disbursement of funds drawn from the treasury. The vouchers must bear a pay order duly signed/initialed by the DDO specifying the amount payable both in words and figures which must be signed personally by hand in ink. Further, Rule 220 of the Punjab Treasury Rules provides that in case of an over charge, the responsibility shall rest primarily with the drawer of the bill and (failing recovery from him) the overcharges shall be recovered from the Treasury Officer or from the countersigning officer, only in the event of culpable

²⁰³ Upto 6th running bill (June 2017).

negligence of either of them. Further, Rule 2.2 of the Punjab Financial Rules provides that all monetary transactions shall be entered in the cash book as soon as they occur and attested by the head of the office in token of check.

Test check of records (January 2017) of the Executive Engineer, Water Supply and Sanitation Division Malout (EE) revealed that a Junior Assistant, while preparing the pay bills (between October 2013 and March 2016), either inflated the gross total of the pay bills or inflated the pay of the employees by adding some amount to it before submitting the bills to the treasury online. The inflated amount was posted against his own name and got credited through treasury in his three different bank accounts²⁰⁴. This resulted in fraudulent drawal and disbursement of pay and allowances of ₹ 1.34 crore as the DDO did not exercise the prescribed checks as per rules before drawal and disbursement of the pay and allowances from treasury. Further, it was observed that out of misappropriated amount of ₹ 1.34 crore, ₹ 11.96 lakh were recovered (May 2016) from the Junior Assistant but no legal action against him was taken by the Department.

On this being pointed out in audit (January 2017), the Secretary, Water Supply and Sanitation Department constituted (16 March 2017) a committee to investigate the matter, which reported (19 May 2017) that the pay bills were prepared (October 2013 to March 2016) by inflating the pay of the most of the employees by adding some amount to the actual pay and while entering the data online, the inflated amount was got credited through treasury in his three bank accounts. The committee noted that no precautionary measures were adopted by the Divisional officer. The committee further observed that no cash book was maintained during the said period and the password of DDO was also passed on to the Junior Assistant. The committee also recommended that the matter was required to be investigated by the police after registering an FIR against the Junior Assistant and recovery suit should be filed in the competent court of law for recovery of the loss of government money. The Department lodged an FIR in October 2017 but no further recovery has been made (November 2017).

Thus, failure of the DDO to observe codal provisions facilitated misappropriation of pay and allowances amounting to ₹ 1.22 crore²⁰⁵.

3.26 Ungainful expenditure due to non-laying of sewerage system

An expenditure of ₹ 1.27 crore incurred on a water supply scheme to run the sewerage system which was not laid even after a lapse of more than eight years, was rendered ungainful.

The work of augmentation of water supply scheme from the existing 70 litres per capita per day (lpcd) to 135 lpcd, at village Ghudda, Block Sangat, District Bathinda was administratively approved (February 2009) for ₹ 1.54 crore and technically sanctioned (October 2010) for ₹ 1.44 crore. The project had its

²⁰⁴ (i) State Bank of India, Malout, Account No. 30684551376; (ii) Punjab and Sind Bank, Malout, Account No. 00331000113435; and (iii) HDFC Bank, Malout, Account No. 13441140001192.

²⁰⁵ Total misappropriated amount: ₹ 1.34 crore minus ₹ 11.96 lakh recovered from the official= ₹ 1.22 crore.

genesis in the 'sangat darshan' of the Chief Minister, Punjab (CM) held (February 2009) in village Ghudda, in which the CM approved the demand of the villagers to provide sewerage system in the village. However, as the existing water supply scheme of 70 lpcd, though adequate to meet the drinking water requirements of the village up to the year 2020, was not enough to sustain the sewerage system, the CM simultaneously approved the proposal to augment the water supply to 135 lpcd to run the sewerage system.

Test check of records (July 2017) of Executive Engineer, Water Supply and Sanitation Division No. 1, Bathinda (EE) revealed that after getting approval from the competent authority (October 2010) for augmentation of existing water supply scheme to 135 lpcd, the work was allotted to a contractor in January 2011 for ₹ 1.36 crore and completed (December 2011) with an expenditure of ₹ 1.27 crore. However, it was observed that the sewerage system, which was the prime requirement of the villagers and for which the existing water supply scheme was augmented, had not been laid (September 2017) in the village even after a lapse of more than five years. Thus, the expenditure of ₹ 1.27 crore incurred on the augmentation of water supply was rendered ungainful as the existing water supply scheme was sufficient to cater to the water requirements up to the year 2020 and as such, no augmentation for this purpose was required.

The EE stated (September 2017) that the Department had been directed by the CM to lay the sewerage system during 'sangat darshan' in February 2009 and water supply scheme was got approved with the expectation that the sewerage scheme would be approved. The EE, further stated (October 2017) that sewerage system was not got approved under any programme. However, no reasons were furnished by the Department for not moving ahead with the proposal for laying the sewerage system even after a lapse of eight years.

Thus, expenditure of ₹ 1.27 crore incurred on the water supply scheme was ungainful.

The matter was referred to the Government in September 2017; reply was awaited (November 2017).

3.27 Ungainful expenditure on non-functional water supply schemes

Failure of the Department to ensure all factors required for the successful operationalization of three water supply schemes not only rendered the expenditure of ₹ 82.45 lakh incurred on these schemes unfruitful as all three water supply schemes were non-functional, but also deprived the benefits of the schemes to the residents of the area.

Government of India launched (April 2010) the National Rural Drinking Water Programme to provide every rural person with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis. Accordingly, the works of construction of two water supply schemes in Dharamgarh and New Rakhra in Patiala district and 10 handpumps in Fatehgarh Sahib district were sanctioned for ₹ 22.58 lakh (June 2013),

₹ 51.16 lakh (January 2015) and ₹ 20 lakh (August 2010) respectively. The civil work, installation of tubewell and construction of Over Head Service Reservoir (OHSR) in New Rakhra were allotted in April 2015 to two contractors with stipulated date of completion upto October 2015. The hand pumps were allotted to various contractors and installed in May and July 2013 within stipulated time of completion. Audit findings are discussed in the succeeding paragraphs:

(i) Test check of records of Executive Engineer (EE), Water Supply and Sanitation Division, Rajpura (village Dharamgarh) and Water Supply and Sanitation Division No. 2, Patiala (village New Rakhra) revealed that the works of these water supply schemes were completed in May 2014 and January 2016 after incurring an expenditure of ₹ 21.36 lakh and ₹ 41.09 lakh respectively. During physical verification of these two projects (April 2017-May 2017) by Audit alongwith representatives of the Department, it was noticed that water supply scheme of village Dharamgarh was non-functional ever since its completion (May 2014) due to leakage in the already laid pipe lines of the existing distribution system, as it was very old²⁰⁶. Similarly, water supply scheme of village New Rakhra was also non-operational since January 2016 due to non-payment of electricity bills of the existing water supply scheme.

(ii) Similarly, 10 hand pumps installed (May and July 2013) at a cost of ₹ 20 lakh in District Fatehgarh Sahib by EE, Water Supply and Sanitation Division, Fatehgarh Sahib without testing of water sample of the area was also non-functional since August 2014 due to poor water quality and the residents were using water from their own source. The EE, Fatehgarh Sahib also admitted (September 2017) that water from these hand pumps was contaminated due to presence of lead, selenium, Total Dissolved Solids, etc. beyond the acceptable limits. Had the water quality of area been got checked by the Department before installation of hand pumps, expenditure of ₹ 20 lakh could have been avoided.

It was, therefore, apparent that the Department had undertaken these schemes without ensuring the capability of old pipe lines in village Dharamgarh to carry the water, clearance of electricity bills of old water supply scheme at village Rakhra and non-testing of quality of water prior to installation of hand-pumps. As a result, these schemes were non-functional for a period ranging between 22 and 42 months from their dates of completion and the expenditure of ₹ 82.45 lakh²⁰⁷ incurred on these water supply schemes was rendered unfruitful.

²⁰⁶ In Dharamgarh village, the water was being supplied to the villagers through old distribution system from Basantpura village (a multi village scheme) since March 2004. After construction of new water supply scheme in village in May 2014, it was connected with the old pipe lines already laid in the village since laying of new pipelines was not included in the scope of work. Due to leakage in pipe lines of the old distribution system, the new scheme could not be functional.

²⁰⁷ Dharamgarh: ₹ 21.36 lakh; New Rakhra: ₹ 41.09 lakh; and Fatehgarh Sahib: ₹ 20 lakh.

In respect of village Dharamgarh water supply scheme, the EE, Rajpura stated (April 2017) that efforts were being made to make the scheme functional. However, it was non-functional as of October 2017.

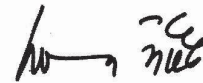
The matter was referred to the Government in September 2017; reply was awaited (November 2017).



CHANDIGARH
The 9 February 2018

(JAGBANS SINGH)
Principal Accountant General (Audit),
Punjab

Countersigned



NEW DELHI
The 13 February 2018

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

(Referred to in paragraph 1.9, page 4)

Details of performance audits/paragraphs of the Reports of the Comptroller and Auditor General of India for which departmental replies were not received up to 31 October 2017

Sr. No.	Name of the Department	2012-13		2013-14		2014-15		2015-16		Total number of	
		Performance Audit	Para No.	Performance Audit	Para No.	Performance Audit	Para No.	Performance Audit	Para No.	Performance audit	Para No.
1.	Agriculture, Dairy Development & Fisheries and Soil & Water Conservation	-	3.5	2.1	-	2.5*	3.1, 3.2	-	-	01	03
2.	Finance	-	-	-	-	-	3.15*	2.2	3.10*	01	-
3.	Governance Reforms and Food, Civil Supplies and Consumer Affairs	-	-	-	-	-	3.4, 3.5	-	-	-	02
4.	Health & Family Welfare	-	-	-	-	-	-	2.3	3.2, 3.3, 3.4	01	03
5.	Higher Education	-	-	-	-	2.2	3.17*	-	-	01	-
6.	Home Affairs and Justice	-	-	-	-	-	-	-	3.5, 3.6	-	02
7.	Horticulture	-	-	-	-	-	3.12	-	-	-	01
8.	Housing and Urban Development	-	-	-	-	-	-	-	3.7	-	01
9.	Irrigation	-	3.12	-	3.10	-	3.15	-	3.8, 3.9, 3.10, 3.17*	-	06
10.	Public Works (B&R)	-	-	-	-	2.5	3.17	-	3.11, 3.12, 3.13, 3.14	01	05
11.	Revenue, Rehabilitation & Disaster Management	-	-	-	3.17	-	3.23	-	3.15, 3.16, 3.17	-	05
12.	School Education	-	-	-	-	-	3.3	2.1	-	01	01
13.	Science Technology and Environment	-	-	-	-	-	-	-	3.18	-	01
14.	Sports and Youth Affairs	-	-	-	-	-	-	2.4	-	01	-
15.	Social Security, Women and Child Development	-	-	-	-	-	-	-	3.19	-	01
16.	Technical Education and Industrial Training	-	-	-	-	-	-	-	3.20	-	01
	Total	-	02	01	02	02	09	04	19	07	32

Source: Office records

* Para No. 2.5, 3.15 and 3.17 of 2014-15, though pertains to two departments (Sr. Nos. 1, 2, 9 and 10), have been counted once.
Para No. 3.10 and 3.17 of 2015-16, though pertains to two departments (Sr. Nos. 2, 9 and 11), have been counted once.

Appendix 2.1

(Referred to in paragraph 2.1.6.6, page 12)

Details of submission of Utilisation Certificates against funds received by GADVASU from various funding agencies without its actual utilisation

(₹ in crore)

Sr. No.	Purpose	Funding agency	Funds received	When the funds received	Total funds received	Funds			Amount of submission of UC without its actual utilization	When UC submitted	Audit observation
						Utilised	Diverted for other works	Lying un-utilised			
1.	Educational Museum of Animal Systems and Diseases	ICAR	0.17	22.06.2009	1.00	0	1.00	0	0.17	02.08.2010	The University diverted (March 2016) the same for construction of second floor of School of Animal Bio-technology.
			0.50	29.03.2010					0.50	03.07.2012	
			0.33	25.03.2011					0.33	13.06.2011	
2.	Boys Hostel	ICAR	0.30	25.03.2011	1.00	0	1.00	0	0.30	13.06.2011	The University diverted funds of ₹0.65 lakh for other works executed by GLADA and ₹35 lakh for girls hostel (July 2014).
			0.35	24.08.2011					0.35	03.07.2012	
			0.35	15.12.2011					0.35	03.07.2012	
3.	New Boys Hostel	ICAR	0.30	19.03.2012	1.00	0	1.00	0	0.30	03.07.2012	The University diverted (July 2014) the entire funds for construction of girls hostel .
			0.70	03.08.2012					0.70	28.06.2013	
4.	Examination Hall	ICAR	0.05	22.06.2009	1.00	0.03	0.95	0	0.10	13.06.2011	The University diverted ₹45 lakh for other works executed by GLADA, ₹50 lakh for College of Dairy Science and Technology (March 2016) which were lying unutilized with DSW. Funds of ₹two lakh were surrendered.
			0.10	11.10.2010							
			0.35	25.03.2011					0.35	13.06.2011	
			0.50	15.12.2011					0.50	03.07.2012	
5.	Critical Care Unit and Small Animal Hospital	State Government	2.42	March 2010	2.42	0	0	2.42	2.42	July 2010	The University provided (March 2010) the funds to GLADA who refunded (July 2012) the same and were lying unutilized (May 2017) with DSW.
6.	Research Centre and Referral Hospital for equines	State Government	2.50	March 2009	2.50	0	0.00	2.50	2.50	July 2010	The University provided (March 2009) the funds to the GLADA who refunded the same in July 2012. Funds of ₹2.50 crore were lying unutilized (May 2017) with DSW.

Sr. No.	Purpose	Funding agency	Funds received	When the funds received	Total funds received	Funds			Amount of submission of UC without its actual utilization	When UC submitted	Audit observation
						Utilised	Diverted for other works	Lying un-utilised			
7.	Advance Diagnostic Unit	State Government	2.75	March 2009	2.75	0	0	2.75	2.75	July 2010	The University provided (March 2009) the funds of ₹2.75 crore to GLADA and it refunded (July 2012) the same which were lying unutilized (May 2017) with DSW.
8.	Critical Care Unit	ICAR	0.99	26.09.2011	0.99	0.51	0	0.48	0.48	29.08.2012	₹48.50 lakh were lying unutilized (May 2017) with DSW.
9.	Animal Disease Registry Lab, Tissue Bank and Diagnostic and Analytical lab	ICAR under "Niche Area Excellence"	0.50	23.03.2012	0.50	0	0	0.50	0.50	14.08.2012	Funds received were lying unutilized (May 2017) with DSW.
10.	Electrical work for animal disease registry & tissue bank	ICAR under "Niche Area Excellence"	0.13	29.10.2012	0.13	0	0	0.13	0.13	05.06.2013	Funds received were lying unutilized (June 2017).
11.	Establishment of Postgraduate Institute of Veterinary Education and Research (PGIVER)	State Government	0.25	24.05.2006	9.00	0	9.00	0	4.00	05.11.2009	The University diverted ₹one crore. Funds of ₹3.23 crore and ₹4.77 crore were transferred to GLADA for construction of School of Animal Bio-technology and Auditorium respectively. GLADA utilized ₹2.82 crore for other works and refunded (July 2012) ₹5.18 crore. The University diverted (August 2014) ₹0.42 crore for girls hostel and ₹4.76 crore for construction of College of Dairy Science and Technology.
			0.75	04.06.2006					5.00	05.04.2011	
			3.00	27.11.2007							
			5.00	14.03.2011							
12.	International Hostel	ICAR	0.64	2009-10	0.94	0	0.94	0	0.64	02.08.2010	Entire funds were diverted (July 2014) for construction of girls hostel. However, no international hostel is available at GADVASU and NRI girls students were residing at Scientists' Home.
			0.15	29.09.2010					0.15	13.06.2011	
			0.15	25.03.2011					0.15	13.06.2011	

Sr. No.	Purpose	Funding agency	Funds received	When the funds received	Total funds received	Funds			Amount of submission of UC without its actual utilization	When UC submitted	Audit observation
						Utilised	Diverted for other works	Lying un-utilised			
13.	Construction of new girls hostel	ICAR	0.50	23.12.2008	1.00	0	1.00	0	0.50	04.06.2009	Entire funds were diverted by GLADA for other works.
			0.25	25.03.2011					0.25	13.06.2011	
			0.25	25.03.2011					0.25	13.06.2011	
14.	Construction of girls hostel	PIDB	0.50	29.04.2011	1.00	0.50	0.50	0	0.50	03.06.2013	Funds of ₹ 50 lakh were diverted by GLADA for other works and ₹50 lakh refunded to the University which were utilised for girls hostel.
			0.50	25.08.2011							
15.	Construction of sports facilities	ICAR	0.25	26.07.2016	0.25	0	0	0.25	0.25	25.05.2016	Entire funds were lying un-utilised with DSW (May 2017).
16.	College of Fisheries	State Government	0.38	07.07.2010	3.00	1.98	0	1.02	1.80	April 2011	Funds of ₹ 0.78 crore provided (August 2013) to PWD to initiate construction work of College of Fisheries approved/funded under NABARD project. ₹1.02 crore were lying unutilized with DSW (May 2017).
			1.12	04.01.2011							
			1.50	31.03.2011							
17.	College of Dairy Science & Technology		9.49	Between March 2008 and February 2011	9.49	9.49	0	0	6.98	August 2011	The University provided (2007-11) ₹6.50 crore to GLADA and it refunded (July 2012) ₹6.45 crore to the University. The University transferred (March 2013 to June 2014) ₹6.98 crore to PWD.
Total					37.97	12.51	15.39	10.05	33.20		

Source: Departmental information

Appendix 2.2

(Referred to in paragraph 2.1.7.4 (ii), page 16)

Details of utilisation/diversion of funds received by GADVASU from various funding agencies

(₹ in crore)

Sr. No.	Purpose	Funding agency	Funds received	When the funds received	Funds			Audit observation and reply of the University
					Utilised	Diverted for other works	Lying unutilised	
1.	New Boys Hostel (ICAR share against estimated cost of ₹2.29 crore)	ICAR	1.00	March 2012 and August 2012	0	1.00	0	The University diverted (July 2014) the entire funds for construction of Girls Hostel. DSW stated (May 2017) that decision of diversion of funds was taken (April 2014) in the meeting of the Committee for re-examining the funds status/allocation in various departments. Reply was not acceptable as the decision of diverting the funds has been taken without approval of the funding agency i. e. ICAR.
2.	Critical Care Unit building	ICAR	0.50	September 2011	0.02	0	0.48	₹48.50 lakh were lying unutilized (May 2017) with DSW. Reply of the University was awaited.
3.	Animal Disease Registry Lab, Tissue Bank and Diagnostic and Analytical lab	ICAR under “Niche Area Excellence”	0.50	March 2012	0	0	0.50	Funds received were lying unutilized (May 2017). DSW stated (May 2017) that funds would be utilized for the same purpose.
4.	Super Speciality-cum-Research Centre, a Bovine Hospital and State-of-Art Advance Clinical Diagnostic Centre	GOI under RKVY	7.00	November 2010	0	7.00	0	The University diverted (November 2014) the funds of ₹seven crore for construction of Referral Hospital funded by NABARD. The Professor-cum-Head, Department of TVCC stated (May 2017) that the proposal under RKVY was for a separate building for diagnostic imaging only and not for all the super speciality services. However, no reasons for non-commencement of the work under RKVY were intimated and the University time and again diverted the funds as initially seven crore were diverted from the project of ‘enhancing livestock production in Punjab’ to the work of Super Speciality-cum-Research Centre,

Sr. No.	Purpose	Funding agency	Funds received	When the funds received	Funds			Audit observation and reply of the University
					Utilised	Diverted for other works	Lying unutilised	
								a Bovine Hospital and State-of-Art Advance Clinical Diagnostic Centre. Thereafter, these funds were diverted for construction of Advanced Diagnostic Unit, Small Animal Referral Hospital from where the funds were again diverted (November 2014) to Referral Hospital funded by NABARD. Reply of the University was awaited.
		Interest	2.86	For the period November 2010 to November 2014	0	2.20	0.66	The University allocated/diverted (November 2016) ₹2.86 crore for purchase of accessories for Referral Hospital. An expenditure of ₹2.19 crore was incurred for the same. Reply of the University was awaited.
5.	Electrical work for animal disease registry and tissue bank	ICAR under “Niche Area Excellence”	0.13	March 2013	0	0	0.13	Funds received were lying unutilized (June 2017). Reply of the University was awaited.
6.	KVK Majra	ICAR	0.26	March 2012	0	0	0.26	₹0.10 crore transferred (May 2013) to Panchayati Raj Division, Mohali for construction of KVK Majra and balance ₹0.16 crore were lying unutilized (May 2017) with DSW. The work could not be started due to non demarcation of site. DSW admitted (June 2017) that funds were lying unutilized.
7.	Poultry shed and water harvesting structures	ICAR	0.12	March 2010	0	0	0.12	Funds received under the scheme “Sustainable livestock based farming system for livelihood security in Hoshiarpur district of Punjab” were lying unutilized (May 2017) with DSW. Senior Scientist-cum-Director stated (May 2017) that funds would be utilized as scientists are exploring the possibility of construction of Water Harvesting System at Talwara. The reply did not explain abnormal delay of more than seven years.

Sr. No.	Purpose	Funding agency	Funds received	When the funds received	Funds			Audit observation and reply of the University
					Utilised	Diverted for other works	Lying unutilised	
8.	Establishment of small animal (sheep, goat, pigs) slaughter house	ICAR	0.65	August 2010	0.40	0.11	0.14	₹0.11 crore diverted and utilized (February 2011) for renovation of Instructional Poultry Processing Unit, ₹0.14 crore lying unutilized (May 2017) with the University and purchased machinery of ₹0.40 crore which was being utilized for teaching and training only. The University (May 2017) admitted the fact.
9.	Repair and renovation of Pig firm		0.10	March 2010	0	0	0.10	Funds were lying unutilized with DSW (May 2017). Reply was awaited.
10.	Renovation of experimental room and construction of changing area at small animal colony		0.04	March 2016	0	0	0.04	Funds were lying unutilized with DSW (May 2017). Reply was awaited.
11.	Construction of sports facilities	ICAR	0.50	February 2016 and October 2016	0	0	0.50	Funds were lying un-utilised with DSW (May 2017) who stated (May 2017) that as soon as all formalities of e-tendering would be completed, tender for creating sports facilities would be floated.
12.	Extension of mess & TV room for hostel No. 8		0.29		0	0.29	0	The entire funds were diverted for external works for construction of girls hostel. Reply was awaited.
Total			13.95		0.42	10.60	2.93	

Source: Departmental information

Appendix 2.3

(Referred to in paragraph 2.2.9.1, page 32)

Staff position under National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS) during 2012-17

Designation	2012-13			2013-14			2014-15			2015-16			2016-17		
	Required	SS	MIP	Required	SS	MIP	Required	SS	MIP	Required	SS	MIP	Required	SS	MIP
At State level															
State Programme Officer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
State Programme Coordinator/ Programme Assistant	1	0	0	1	0	0	1	0	0	1	0	0	1	0	0
Finance-cum-Logistic Officer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Data Entry Operator	1	1	1	1	2	2	1	2	2	1	2	2	1	2	2
At District and CHC level															
District Programme Officer	4	0	0	4	0	0	7	0	0	14	0	0	22	0	0
District Programme Coordinator/ Programme Assistant	4	0	0	4	0	0	7	0	0	14	0	0	22	0	0
Finance-cum-Logistic Officer	4	3	1	4	3	3	7	3	3	14	3	3	22	3	3
Physiotherapist	4	3	2	4	2	2	7	2	2	14	2	2	22	2	2
Data Entry Operator	41	39	20	41	39	38	77	39	38	131	39	38	235	39	38
General Physician	37	33	22	37	33	18	70	33	18	117	33	18	213	33	18
Specialist	1	2	1	1	1	1	1	1	1	14	1	1	14	1	1
General Nursing Midwifery (GNM)	45	82	53	45	80	74	81	80	74	187	80	74	291	80	74
Technician	37	4	4	37	2	2	70	2	2	117	2	2	213	2	2
Counsellor	37	38	16	37	38	30	70	38	30	117	38	30	213	38	30
Total	218	207	122	218	202	172	401	202	172	743	202	172	1271	202	172
Shortfall (percentage)	44			21			57			77			86		

Source: Departmental data

(SS= Sanctioned strength; MIP= Men-in-position)

Appendix 2.4

(Referred to in paragraph 2.4.1, 2.4.4 and 2.4.7, page 64, 65 and 66)

List of schemes and funding pattern for education of SC students

Sr. No.	Name of Scheme	Funding pattern
A	Centrally Sponsored Schemes (CSS)	
1.	Post Matric scholarship scheme for SC students	CSS 100 <i>per cent</i> over and above the committed liability of state i.e. ₹60.80 crore
2.	Pre Matric Scholarship for SC students studying in Class 9 th and 10 th	CSS 100 <i>per cent</i>
3.	Up gradation of merit of SC students	CSS 100 <i>per cent</i>
4.	Pre-matric Scholarship to the children whose parents are engaged in Unclean Occupation	CSS 100 <i>per cent</i>
5.	Free Coaching for SC and OBC Students	CSS 100 <i>per cent</i>
6.	Scheme for setting up of Institute for training to SC candidate in Stenography	CSS 100 <i>per cent</i>
B	Centre and State shared Schemes	
7.	Babu Jagjivan Ram Chhatrawas Yojana Construction for Hostel for SC Boys and Girls in School and College	GOI and GOP (50:50)
8.	Babu Jagjivan Ram Chhatrawas Yojana Construction of Hostel for SCs Girls in School and College	For private institutions:(GOI 90 <i>per cent</i> +10 <i>per cent</i> by the institutions) Government Institutions:(100 <i>per cent</i> GOI)
9.	Setting up of institutions for pre examination (AICC, SAS Nagar, Mohali) coaching and allied assistance for weaker sections including SCs, OBCs and Minorities	GOI and GOP (50:50)
C	State sponsored Schemes	
10.	Grant to SC Students studying in Medical and Engineering Colleges	GOP:100 <i>per cent</i>
11.	Grant to SC girls studying in Post Matric and Post Graduate Classes	
12.	Coaching for Stenography	
13.	Award to Brilliant SC students	
14.	Free Books to SC students (1st to 10 th Classes)	
15.	Free Text Books to SC girls students studying in 10+1 and 10+2 classes (SC girls living below poverty line)	
16.	Encouragement award to SC girls students for pursuing 10+2 Education	
17.	Promotion of education among Educationally Backward Classes	
18.	50-other Charges (Refund of the examination fee) (100% State)	
19.	New Courses Vocational Training in ITIs for SC students	
20.	Attendance Scholarship to SCs Primary Girl Students	
21.	Award to SC sports students (6-12 classes)	

Source: Detail of schemes supplied by the department

Appendix 3.1

(Referred to in Paragraph 3.3.2.1, page 94)

Maintenance of record of services in RTS-I form by Designated Officers (DO)

Sr. No	Department	Offices test-checked	Total No. of DOs	No. of DOs maintaining record in RTS-I form	No. of DOs not maintaining record in RTS-I form	Information not furnished by DOs	Reasons furnished by the Department
1.	Animal Husbandry	5	410	0	410	0	The Nodal Officers in respect of 410 DOs of Animal Husbandry Department in five test-checked districts, while admitting the fact, stated (January-March 2017) that the services notified under the RTS Act were of routine nature for which requests were received telephonically, verbally or through messengers and the record was being maintained in the registers prescribed by the Department. Audit, however, noted that the non-maintenance of record in the prescribed format of applications received, compromised the ability of the Animal Husbandry Department to monitor the provision of public services as required under the Act.
2.	Home	7	49	45	0	4	--
3.	Power	4	8	0	1	7	One DO of Power Department, Tarn Taran attributed the reasons for this to complaints not being received. Audit, however, observed from the departmental reports that the services were actually being provided by the Power Department at Tarn Taran.
4.	Revenue	11	15	0	6	9	Eleven DOs (Revenue Department: six and Transport Department: five) either furnished no reasons for non-maintenance of records in RTS-I form or attributed the same to shortage of staff, lack of awareness of provisions of the Act and applications being handled by <i>Sewa Kendras</i> .
5.	Transport	6	7	2	5	0	
	Total	33	489	47	422	20	

Source: Departmental information

Appendix 3.2

(Referred to in Paragraph 3.3.2.1, page 94)

Display of information on the notice boards by Designated Officers (DO) and Appellate Authorities (AA)

Sr. No.	Department	Offices test-checked		Total No. of DOs and AAs		Notice boards not displayed by DOs and AAs		Display of incomplete information on notice boards by DOs and AAs		Information not furnished by DOs and AAs		Reasons furnished by the Department
		DO	AA	DO	AA	DO	AA	DO	AA	DO	AA	
1.	ADC	0	5	0	5	0	1	0	3	0	1	ADC, Mansa attributed the reasons for not displaying the requisite information on notice boards to non-availability of budget and lack of space on display board. ADCs, SAS Nagar and Patiala stated (April-May 2017) that requisite action was being taken. ADC, Tarn Taran did not furnish any reasons.
2.	Animal Husbandry	5	0	410	0	164	0	246	0	0	0	The Nodal Officers in respect of 410 DOs of Animal Husbandry Department in five test-checked districts, while admitting the fact, either did not furnish reasons for non/incomplete display of notice board or attributed the same to shifting of office and non-receipt of information about this from the respective ADCs.
3.	Home	7	0	49	0	0	0	47	0	2	0	47 DOs did not furnish any reasons for displaying incomplete information on notice board.
4.	Power	4	4	8	4	0	1	1	1	7	2	The Deputy Chief Engineer (Regulation), Patiala (AA) stated (January 2017) that information was initially displayed on flex boards which had damaged. It was added that instructions had been issued for placing fresh display boards. One DO (SDO, Tarn Taran) and one AA (SE-Hqrs, Ludhiana) did not furnish any reasons for displaying incomplete information on notice board.
5.	Revenue	11	2	15	2	1	0	5	1	9	1	Six DOs and one AA did not furnish any reasons for non/incomplete display of information.
6.	Transport	6	0	7	0	2	0	1	0	4	0	DTO, Mansa attributed the reasons for this to non-availability of budget for the purpose. DTO, Patiala did not furnish any reasons.
	Total	33	11	489	11	167	2	300	5	22	4	

Source: Departmental information

Appendix 3.3

(Referred to in Paragraph 3.3.2.1, page 94)

Issue of acknowledgement to applicants by Designated Officers (DO)

Sr. No.	Department	Offices test-checked	Total No. of DOs	Acknowledgement issued	Acknowledgement not issued	Information not furnished by DOs	Reasons furnished by the Department
1.	Animal Husbandry	5	410	0	410	0	The Nodal Officers in respect of 410 DOs of Animal Husbandry Department in five test-checked districts attributed the reasons for non-issue of acknowledgements to requests being received telephonically, verbally, through messenger or on plain paper.
2.	Home	7	49	47	0	2	--
3.	Power	4	8	0	1	7	One DO (SDO, Tarn Taran) did not furnish relevant reply.
4.	Revenue	11	15	2	4	9	Three DOs stated (March-May 2017) that the acknowledgements were being issued by <i>Sewa Kendra</i> and <i>Suwidha Kendra</i> as the applications were being received by them. However, they did not furnish reasons in respect of the services being provided by them. One DO (SDM-East, Ludhiana) stated (March 2017) that the applications were being received on plain paper and the case of issuing acknowledgement did not arise.
5.	Transport	6	7	1	4	2	Three DOs of Transport Department either furnished no reasons for non-issue of acknowledgement or stated (March-May 2017) that they were not aware of the provisions of the RTS Act and applicants were being informed verbally to collect the relevant papers within the period stipulated in the Act. One DO (DTO, Mansa) stated (March 2017) that acknowledgement was being issued by <i>Suwidha Kendra</i> up to March 2016 and thereafter no acknowledgement was being issued, as the office had been shifted to the Automated Driving Test Track building at Mansa where only computer-generated receipt of fee was being issued. The fact, however, remains that acknowledgement as prescribed under RTS Act was not being issued to the applicants.
	Total	33	489	50	419	20	

Source: Departmental information

Appendix 3.4

(Referred to in Paragraph 3.5, page 101)

Statement showing year-wise lease rent due to Punjab Heritage and Tourism Promotion Board

Sr. No.	Year	Amount of annual lease Rent (in ₹)
1.	1 st	19400000.00
2.	2 nd	19400000.00
3.	3 rd	19400000.00
4.	4 th	21340000.00
5.	5 th	21340000.00
6.	6 th	21340000.00
7.	7 th	23474000.00
8.	8 th	23474000.00
9.	9 th	23474000.00
10.	10 th	25821400.00
11.	11 th	25821400.00
12.	12 th	25821400.00
13.	13 th	28403540.00
14.	14 th	28403540.00
15.	15 th	28403540.00
16.	16 th	31243894.00
17.	17 th	31243894.00
18.	18 th	31243894.00
19.	19 th	34368283.40
20.	20 th	34368283.40
21.	21 st	34368283.40
22.	22 nd	37805111.74
23.	23 rd	37805111.74
24.	24 th	37805111.74
25.	25 th	41585622.91
26.	26 th	41585622.91
27.	27 th	41585622.91
28.	28 th	45744185.21
29.	29 th	45744185.21
30.	30 th	45744185.21
Total		927558111.78
Average annual rent		30918603.73

Source: Departmental information

- (i) Stamp duty calculated as per Schedule 1A of the Indian Stamp Act, 1899. : $30918604 \times 2 \times 3\% = ₹ 18,55,116$ (a)
- (ii) Registration fee calculated on the basis of letter 25/46/13-ST.1/9812.13 dated 17 May 2013 of Revenue, Rehabilitation and Disaster Management Department, GOP : $30918604 \times 2 \times 1\% = ₹ 06,18,372$ (b)

Total (a+b) **₹24,73,488**

Appendix 3.5

(Referred to in paragraph 3.6.3.1, page 106)

Details of officers/officials who were imparted training under NDPS Act during April 2013 to March 2017

Name of police district	No. of officers/officials posted in police station	No. of officers/officials trained in NDPS	Percentage
Jalandhar	750	73	9.73
Amritsar (Rural)	476	6	1.26
Fazilka	294	11	3.74
Bathinda	814	0	--
SAS Nagar	454	0	--
Hoshiarpur	599	29	4.84
Gurdaspur	352	63	17.89
Total	3739	182	4.87

Source: Departmental information

Appendix 3.6*(Referred to in paragraph 3.6.4.2, page 109)***Delay in sending samples to State Forensic Laboratory**

Sr. No.	District	2013-14			2014-15			2015-16			2016-17		
		Total No. of cases	Delayed cases	Maximum delay	Total No. of cases	Delayed cases	Maximum delay	Total No. of cases	Delayed cases	Maximum delay	Total No. of cases	Delayed cases	Maximum delay
1.	Hoshiarpur	471	293	48 days	458	362	315 days	393	314	58 days	298	241	117 days
2.	Amritsar	798	631	371 days	1011	901	476 days	358	305	283 days	183	161	250 days
3.	Jalandhar	1245	903	374 days	453	377	154 days	277	248	259 days	227	179	167 days
4.	Gurdaspur	190	154	131 days	111	102	81 days	76	64	90 days	202	172	88 days
5.	Bathinda	761	470	172 days	665	384	134 days	169	108	154 days	252	151	63 days
6.	Fazilka	495	299	23 days	485	343	29 days	269	202	23 days	146	117	39 days
7.	SAS Nagar	167	142	55 days	199	163	136 days	139	115	184 days	144	110	118 days
	Total	4127	2892		3382	2632		1681	1356		1452	1131	

*Source : Departmental information***Total number of cases = 10,642; Delay cases= 8,011; and Maximum delay = 476 days.**

Appendix 3.7

(Referred to in paragraph 3.12.3.1; page 144)

Details showing short duration for bidding

Sr. No.	Name of division	No. of instances	Min	Max
			(Days)	
1.	Construction Division No. 1, Amritsar	127	1	15
2.	Construction Division No. 1, Ferozepur	152	1	15
3.	Construction Division No.1, Hoshiarpur	65	1	15
4.	Construction Division No.1, Ludhiana	85	1	13
5.	Construction Division No.1, Mohali	93	1	16
6.	Provincial Division, Amritsar	163	1	18
7.	Provincial Division, Ferozepur	139	1	17
8.	Provincial Division, Hoshiarpur	81	1	11
9.	Provincial Division, Ludhiana	211	1	12
Total		1116		

Details showing difference in period between publishing date and the tender documents sale start date

Sr. No.	Name of division	No. of instances	Min	Max
			(Days)	
1.	Construction Division No. 1, Amritsar	121	1	3
2.	Construction Division No. 1, Ferozepur	83	1	4
3.	Construction Division No. 1, Hoshiarpur	87	1	5
4.	Construction Division No. 1, Ludhiana	86	1	7
5.	Construction Division No. 1, Mohali	37	2	11
6.	Provincial Division, Amritsar	111	1	3
7.	Provincial Division, Ferozepur	14	1	4
8.	Provincial Division, Hoshiarpur	160	1	8
9.	Provincial Division, Ludhiana	184	1	6
Total		883		

Source: e-Procurement database

Appendix 3.8

(Referred to in paragraph 3.15.4 (B), page 156)

Details of cases where insurance of the works have not been obtained from the contractor

Sr. No.	Name of Division	Name of work	Allotted cost of the work	Amount of the insurance due but not deducted*
1.	Executive Engineer, Construction Division, PWD, B&R, Batala	Up-gradation of Shalla Chack Sharif road to Kahnuwan upto Seikhwana Adda km. 8.01 to 14.99, 17.73 to 30.00 under PMGSY Phase XI Package No, 0650 (World Bank Funded) RRP-II	1186.55 lakh	5.46 lakh
2.	Executive Engineer, Construction Division No. I, PWD B&R, Ferozepur	Up-gradation of road Sukhera Bodla village to Jodhewala village in Block Jalalabad Package No. PB 0558	426.54 lakh	1.96 lakh
3.	Executive Engineer, Construction Division No. I, P.W.D. B&R, Kapurthala	Upgradation and maintenance of Naadala Dhilwan Road Kapurthala Package No. PB 0916	456.40 lakh	2.10 lakh
Total				9.52 lakh

Source: Departmental information

- * (i) @ of 0.40 per cent of the contract amount for work plants and materials.
(ii) @ of 0.40 per cent of the 10 per cent of contract amount for loss of damage of equipment.
(iii) @ of 0.40 per cent of the 5 per cent of contract amount for other properties.

Appendix 3.9

(Referred to in paragraph 3.15.4 (D), page 158)

Details of the PMGSY works completed after delay beyond the stipulated date of completion

Sr. No.	Name of Division	Period of LAR	Para No.	Name of the work	Due date of completion	Actual date of completion	Delay in days
1.	Executive Engineer (C) PMB, Abohar at Fazilka	12/2014 to 01/2016.	Para 2: Delay in completion of work	1. Up-gradation of L/R (NH-10) (Malout Fazilka) km 382.00 to Patti Teja to Muradwala Dal Singh to Kundal (ODR ABH-MKS) under World Bank (RRP-II), PMGSY Phase XI, Distt Fazilka Package No. PB 05-072	17.06.2014	30.06.2017	1111
				2. Upgradation of L/R MDR -40 to Mandi Roran Wali (Halimiwala via Aliana Nukerian) under World Bank (RRP-II) PMGSY Phase XI, Package No. PB-05-087	14.07.2014	30.06.2016	718
2.	Executive Engineer, Punjab Mandi Board, Tarn Taran	2015-2016	Para 4: Delay in completion of work	3. Upgradation of ABK road to Mari Kamboke under World bank (RRP-II), PMGSY Phase XI, district TarnTaran , Package No.01-062	05.09.2014	15.11.2016	803
3.	Executive Engineer (C), Punjab Mandi Board, Ludhiana	04/2014 to 01/2016	Para 2: Delay in completion of work	4. Upgradation of L/R (A) (i). Sohian to N.H. -95 (l.f. road) (ii). Braich to Dhollan road (MDR- 51) under World Bank (RRP-II),	22.07.2014	31.12.2015	528
				5. PMGSY Phase XI in Distt, Ludhiana Package No. PB10-048	22.07.2014	31.03.2016	619
4.	Executive Engineer (C) Punjab Mandi Board, Bathinda	12/2014 to 12/2015	Para 3: Delay in completion of work and non-levy of liquidated damages	6. Upgradation of link road Vareh to Mandali under World Bank (RRP-II) under PMGSY Phase XII Package No.11-028	25.05.2015	30.11.2015	190
5.	Executive Engineer, Construction Division No. I, PWD B&R, Ferozepur	10/2014 to 09/2015	Para 1: Incomplete work	7. Upgradation of Road Sukhera Bodla village to Jodhewala village in Block Jalalabad Package No. PB 0558	10.06.2014	30.11.2016	905
6.	Executive Engineer, Provincial Division, PWD (B&R), Amritsar	01/2016 to 03/2017	Para 1: Incomplete work under PMGSY	8. Upgradation & maintenance for five years of Through Route from Tarsikka to Udho Nangal (PB-0175), Phase XI	14.08.2014	30.06.2017	1052
7.	Executive Engineer, Construction Division, PWD, B&R, Batala	05/2014 to 05/2015	Para 7: Delay in completion of work	9. Up-gradation of Shalla Chack Sharif road to Kahnuwan upto Seikhwan Adda km. 8.01 to 14.99, 17.73 to 30.00 under PMGSY Phase XI Package No, 0650 (World Bank Funded) RRP-II	13.11.2014	31.01.2017	811

Source: Departmental information

Appendix 3.10

(Referred to in paragraph 3.16.2, page 162)

Statement showing over payment of professional/consultancy fee to the consultant of the works of construction of entrance plaza at Golden Temple, Amritsar

(₹ in lakh)

Sr. No.	Name of the work	Actual work executed at site upto 06/2017	Professional/Consultancy fees due					Professional/Consultancy fees paid to the consultant			Excess payment made to the consultant
			Amount to be taken for calculation of fee payable to the consultant	Percentage of the payable fee	Amount payable to the consultant as per the 12th bill	Service Tax paid @ 15 % on payable amount due	Total amount due for payment	Amount paid to the consultant	Service Tax paid @ 15 %	Total amount paid to the consultant	
1	2	3	4	5	6	7	8	9	10	11	12=11-8
1.	Furnishing work of basement of the Plaza except for halls of interpretation centre at Main Entrance of Shri Harmandir Sahib, Amritsar	5083 [@]	2033.2 [*]	2.50	50.83	7.62	58.45	125.70	18.86	144.56	86.11

Source: Departmental information

[@] cost excluding four interpretation halls. Contractor was paid ₹ 59.11 crore including for work of four halls which were designed by another consultant and hence excluded for the purpose of calculation of consultancy fee to M/s Design Associates, Noida

^{*} 80% of 50 % of ₹ 5083 lakh

Appendix 3.11

(Referred to in paragraph 3.18 (ii), page 169)

Avoidable extra payment of compensation to land owners

(Amount in ₹)

Description of land acquired	Compensation as per Act, 1894		Compensation as per RFCTLARR Act, 2013	
	Rate fixed by DLPFC and other provisions under the Act	Amount	Rate fixed and other provisions under the Act	Amount
Vill. Neelpur Teh. Rajpura (Hadbast-71) 7 Bigha 17 Biswa (157 Biswa)	₹ 7000000/- per acre	11447917	₹ 3976512/- per acre	6503254
	Non litigation compensation (10%)	1144792	Severance allowance (10%)	650325
	Solatium 30%	3434375	30% Equity Justice benefit	1950976
	12% interest for 12 months	1373750	Solatium 100 %	9104555
			12% interest for 1085 days	2319791
	Total	17400834		20528901

Source: Departmental records

1 Bigha= 20 Biswa and 1 Acre= 96 Biswa

Avoidable extra payment of compensation = ₹2,05,28,901 - ₹1,74,00,834 = ₹31,28,067

Appendix 3.12*(Referred to in paragraph 3.19 (i), page 170)***Excess payment of solatium to land owners***(Amount in ₹)*

Sr. No.	Particulars	Compensation awarded by SDM	Compensation due as per RECTLARR Act, 2013	Excess amount of solatium
1	Total value of land	1240700750	1240700750	
2	Interest @ 12 per cent for eight months i.e. from 9/2015 to 4/2016	99256060	99256060	0
3	Value of buildings and structures	90000000	90000000	0
4	Value of trees	1500000	1500000	0
5	Total (1+2+3+4)	1431456810	1431456810	0
6	Solatium	1431456810 (100% of Sr. Nos. 1 to 4)	1332200750 (100% of Sr Nos. 1+3+4)	99256060
7	Office Expenses	700000	700000	
	Total	2863613620	2764357560	99256060

Source: Departmental records

Appendix 3.13

(Referred to in paragraph 3.19 (ii), page 171)

Details of loss of bank interest for the period from 07.07.2016 to 29.08.2017

(Amount in ₹)

Period	Balance amount in the bank as per bank statement	Interest credited by bank at the rate of 4 per cent	Days	Bank card rate on FDs	Interest creditable at bank card rate on FDs on progressive amount	Progressive amount inclusive of interest as per bank card rate	Loss of interest
1	2	3	4	5	6	7 (2+6)	8 (6-3)
07.07.2016 to 28.09.2016	1462356586	13461694	84	6.50	21875252	1484231838	6730846
29.09.2016 to 29.12.2016	1477111559	14892522	92	6.85	25626381	1509858219	10733859
30.12.2016 to 30.03.2017	1492004081	14879164	91	6.85	25785483	1535643702	10906319
31.03.2017 to 28.06.2017	1506883245	14862410	90	6.50	24612372	1560256074	9749962
29.06.2017 to 29.08.2017	1521745655	10339532	62	6.50	17226937	1577483011	6887405
Total		68435322			115126425		46691103

Source: Bank statements and rates of interest provided by ICICI Bank

Appendix 3.14

(Referred to in paragraph 3.20.1; page 173)

Details of self-help groups, village organizations, cluster level federations and block level federation selected for test-check

Sr. No.	District	Block	Name of SHG	Village of SHG	Name of V.O. covering SHG	Name of CLF covering SHG	Name of BLF
1.	Patiala	Sanour	Harkrishan	Bibipur	Rakhi	Shabri Prasad	---
2.	Patiala	Sanour	Nari Shakti	Boler Kalan	Baba Deep Singh	Sanjhi Chaan	---
3.	Patiala	Sanour	Jai Laxmi	Bosar Kalan	Navi Lehar	Sanjhi Chaan	---
4.	Patiala	Sanour	Gurjot	Chaura	Khalsa	Sanjhi Chaan	---
5.	Patiala	Sanour	Mehnat	Darola	---	---	---
6.	Patiala	Sanour	Nagar Khera	Dera Bazigar	---	---	---
7.	Patiala	Sanour	Sandesh	Dudhar	Lakshmi	Milaap	---
8.	Patiala	Sanour	Jyoti	Hari Nagar Kherki	---	---	---
9.	Patiala	Sanour	Labh	Jalal Khera	---	---	---
10.	Patiala	Sanour	Guru Ravi Das Ji	Jogipur	Ekta	Sanjhi Chaan	---
11.	Patiala	Sanour	Jyoti	Kamalpur	---	---	---
12.	Patiala	Sanour	Guru Ravidas Ji	Karhali	Sangh	---	---
13.	Patiala	Sanour	Kesari	Khera Jattan	Udaan	Milaap	---
14.	Patiala	Sanour	Bibi Bhani	Khudda	Guru Teg Bahadur	Sanjhi Chaan	---
15.	Patiala	Sanour	Jai Luxmi	Kule Majra	---	---	---
16.	Patiala	Sanour	Banda Bahadur	Mahadipur	---	---	---
17.	Patiala	Sanour	Kalgidhar	Mardanheri	Guru Pind	Shabri Prasad	---
18.	Patiala	Sanour	Bebe Nanki	Nanansu	Chardikalan	Shabri Prasad	---
19.	Patiala	Sanour	Guru Nanak Dev Ji	Noor Kherian	---	---	---
20.	Patiala	Sanour	Ekta	Partapgarh	---	---	---
21.	Patiala	Sanour	Khushi	Randawan	---	---	---
22.	Patiala	Sanour	Waheguru	Rathian	Nai Soch	Sanjhi Chaan	---
23.	Patiala	Sanour	Lakshmi	Sassa Gujran	---	---	---
24.	Patiala	Sanour	Aadhar	Sullar	Anmol	Milaap	---
25.	Patiala	Sanour	Laxmi	Tarain	Udaan	Milaap	---
26.	Patiala	Sanour	Mata Sahib Kaur	Akaut	Guru Nanak Dev Ji	Shabri Prasad	---
27.	Patiala	Sanour	Nari Shakti	Assarpur	Navi Disha	---	---

Sr. No.	District	Block	Name of SHG	Village of SHG	Name of V.O. covering SHG	Name of CLF covering SHG	Name of BLF
28.	Patiala	Sanour	Tarakki Mahila	Balbera	---	---	---
29.	Patiala	Sanour	Jai Mata Di	Bathoi Khurd	Kirpa	Shabri Prasad	---
30.	Patiala	Sanour	Akam	Bhanri	Ardas	Milaap	---
31.	Patiala	Patran	Suraj	Tugo Patti-Shutrana	---	---	---
32.	Patiala	Patran	Jot	Galoli	---	---	---
33.	Patiala	Patran	Jago	Hamjheri	Jagriti Mahila	---	---
34.	Patiala	Patran	Nari Mukti	Sadharanpur	---	---	---
35.	Patiala	Patran	Nari Shakti	Taeipur	---	---	---
36.	Sangrur	Sunam	Mai Bhago	Daulla Singh Wala	---	---	---
37.	Sangrur	Sunam	Baba Mehar Dass Ji	Ganduan	---	---	---
38.	Sangrur	Sunam	Shaheed Bhagat Singh	Gobindgarh Jeijen	Pani Bachao	---	Shaheed Udham Singh
39.	Sangrur	Sunam	Baba Bishangiri	Jharon	Saheed Bhagat Singh	---	Shaheed Udham Singh
40.	Sangrur	Sunam	Baba Ravidas	Khadial	Meera Bai	---	Shaheed Udham Singh
41.	Sangrur	Sunam	Hariyali	Kotra Amru	----	---	---
42.	Sangrur	Sunam	Nanak Veer	Mojowal	---	---	---
43.	Sangrur	Sunam	Sri Guru Gobind Singh	Nilowal	Nari Shakti	---	Shaheed Udham Singh
44.	Sangrur	Sunam	Shiv Shankar	Ramgarh Jawandhay	Ekta	---	Shaheed Udham Singh
45.	Sangrur	Sunam	Bhagat Ravidass Singh	Satoj	Baba Deep Singh	---	Shaheed Udham Singh
46.	Sangrur	Sunam	Sant Atar Singh	Sheron	Shri Guru Hargobind	---	Shaheed Udham Singh
47.	Sangrur	Sunam	Chardhi Kala	Sheron	Kalgidhar	---	Shaheed Udham Singh
48.	Sangrur	Sunam	Baba Balmik	Ugrahan	Baba Tikkam Dass	---	Shaheed Udham Singh
49.	Sangrur	Sunam	Sri Guru Gobind Singh	Bakhshiwala	Bharat Mata	---	Shaheed Udham Singh
50.	Sangrur	Sunam	Baba Valmik	Birghwal	Saheed Udham Singh	---	Shaheed Udham Singh
51.	Sangrur	Sunam	Mata Gujri	Chatha Nanherah	Vishwas	---	Shaheed Udham Singh
52.	Sangrur	Sunam	Guru Gobind Singh	Chhahar	Chardi Kala	---	Shaheed Udham Singh
53.	Sangrur	Sunam	Sant Nirankari	Chhajli	---	---	---
54.	Sangrur	Sangrur	Guru Gobind Singh Ji	Mander Kalan	---	---	---
55.	Sangrur	Sangrur	Guru Ravidas	Tungan	---	---	---
56.	Sangrur	Sangrur	Guru Gobind Singh	Balian	---	---	---
57.	Sangrur	Sangrur	Dashmesh	Chhate Sekhwan	---	---	---
58.	Sangrur	Sangrur	Yishu Masih	Duggan	Chardi Kala	---	Shaheed Udham Singh
59.	Sangrur	Sangrur	Baba Deep Singh	Loha Khera	---	---	---

Sr. No.	District	Block	Name of SHG	Village of SHG	Name of V.O. covering SHG	Name of CLF covering SHG	Name of BLF
60.	Tarn Taran	Valtoha	Khushbu	Gharyala Khurd	Eknoor	Valtoha CLF	---
61.	Tarn Taran	Valtoha	Roshni	Kalia	---	Valtoha CLF	---
62.	Tarn Taran	Valtoha	Baba Jhare Shah Ji	Machhike	Shaktishali	Valtoha CLF	---
63.	Tarn Taran	Valtoha	Amar	Mastgarh	Lucky	Valtoha CLF	---
64.	Tarn Taran	Valtoha	Baba Kheta Pal Ji	Mehdipur	Nari Shakti	Valtoha CLF	---
65.	Tarn Taran	Valtoha	Jago	Ratoke	Azad	Valtoha CLF	---
66.	Tarn Taran	Valtoha	Aashish	Valtoha	---	Valtoha CLF	---
67.	Tarn Taran	Valtoha	Ekam	Amarnkot	---	Valtoha CLF	---
68.	Tarn Taran	Valtoha	Chetna	Bhandal	Chardi Kalan	Valtoha CLF	---
69.	Tarn Taran	Valtoha	Baba Nanak	Bhura Khona	Khalsa	Valtoha CLF	---
70.	Tarn Taran	Valtoha	Pritam Dass	Dasuwal	---	Valtoha CLF	---
71.	Tarn Taran	Valtoha	Jagriti	Gajjal	Gajjal	Valtoha CLF	---

Source: Departmental information

Appendix 3.15

(Referred to in paragraph 3.21, page 181)

**Details showing deposits and withdrawals in banks during the period
June 2016 to February 2017**

Name of bank	Bank account No.	Deposits (Period)	Withdrawals (Period)	Balance
IDBI Bank	1488104000022862	23582856.00* (10/2016 – 01/2017)	23582279.00* (07/2016 – 02/2017)	577.00
Kotak Mahindra Bank	8911604645	1913635.00# (06/2015– 12/2016)	1913635.00# (07/2015 – 01/2017)	0.00
Axis Bank	916010025439747	2461429.00 (05/2016 – 02/2017)	2461429.00 (05/2016 – 02/2017)	0.00
Total		27957920 (06/2015 – 02/2017)	27957343 07/2015 – 02/2017)	577.00

Source: Bank account statements

* Includes ₹58,70,233/- transferred from Yes Bank Account No. 007194600000340 and ₹17,12,813/- (30.06.2016) from Kotak Mahindra Bank Account No. 8911604645. Further, ₹20.00 lakh received from Commissioner, Jalandhar on 13.10.2016, was refunded on 29.11.2016. Thus, the amount of ₹20.00 lakh has not been taken into account in deposits as well as in withdrawals.

Excludes ₹17,12,813/- received from various agencies/departments were transferred (30.06.2016) to IDBI Bank.

Appendix 3.16

(Referred to in paragraph 3.22, page 183)

Loss of interest due to non-renewal of Fixed Deposit Receipts

(amount in ₹)

Sr. No.	Date of issue of FDR	Amount	Date of maturity	Maturing amount of FDR	Details of FDRs renewed by PSB on 23.12.2016		Details of interest due as per prevailing rate [#] on FDRs as of August/November						Loss of interest
					Amount	Interest @ 4 % (6-5)	2012	2013	2014	2015	2016 (up to 22.12.2016)	Total (8 to 12)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	21.04.11	10353828	28.08.12	11731203	13425905	1694702	1055808	1150831	1254406	1215380	365014	5041439	3346737
2.	16.04.11	82993	28.08.12	94411	107966	13555	8497	9262	10095	9965	3110	40929	27374
3.	16.04.11	10353870	28.08.12	11731250	13425963	1694713	1055813	1150836	1254411	1215385	365015	5041460	3346747
4.	16.04.11	495068	28.08.12	563178	644032	80854	50686	55248	60220	59441	18550	244145	163291
5.	16.04.11	517633	28.08.12	588847	673387	84540	52996	57766	62965	62150	19396	255273	170733
6.	16.04.11	2578721	28.08.12	2933495	3354650	421155	264015	287776	313676	309615	96625	1271707	850552
7.	16.04.11	10353870	28.08.12	11731250	13425959	1694709	1055813	1150836	1254411	1215385	365015	5041460	3346751
8.	16.04.11	724412	28.08.12	824075	942387	118312	74167	80842	88118	86977	27144	357248	238936
9.	16.04.11	10353870	28.08.12	11731250	13425957	1694707	1055813	1150836	1254411	1215385	365015	5041460	3346753
10.	16.04.11	82950	28.08.12	94362	107909	13547	8493	9257	10090	9959	3108	40907	27360
11.	16.04.11	82950	28.08.12	94362	107909	13547	8493	9257	10090	9959	3108	40907	27360
12.	16.04.11	82951	28.08.12	94363	107911	13548	8493	9257	10090	9960	3108	40908	27360
13.	27.05.11	367778	27.11.11	379827	469145	89318	36463	37466	40838	44514	44877	204158	114840
Total		46430894		52591873	60219080	7627207	4735548	5159468	5623820	5464073	1679084	22661992	15034785

Source: Departmental records

[#]Rate of interest prevailing on FDRs during 2012-16

Date	Below ₹1 crore	Above ₹1 crore – upto ₹5 crore	Date	Below ₹1 crore
28.08.2012	9.00 per cent	9.00 per cent	27.11.2011	9.60 per cent
28.08.2013	9.00 per cent	9.00 per cent	27.11.2012	9.00 per cent
28.08.2014	9.00 per cent	9.00 per cent	27.11.2013	9.00 per cent
28.08.2015	8.15 per cent	8.00 per cent	27.11.2014	9.00 per cent
28.08.2016	7.40 per cent	7.00 per cent	27.11.2015	7.80 per cent
			27.11.2016	7.10 per cent

Source: Punjab and Sind Bank (PSB)

Appendix 3.17

(Referred to in paragraph 3.23, page 184)

Non-functional Village Haats (VH) in five districts

(₹ in lakh)

Name of District	No. of VHs		Amount released by			Since completed	Expenditure on non-functional VHs	Reasons for non-functional VHs
	App- roved	Constructed (Non- functional)	GOI	State	Total			
Kapurthala	3	3 (3)	33.75	11.25	45.00	March 2013	45.00	Not allotted to beneficiaries due to non-availability of funds for maintenance
Sri Muktsar Sahib	3	3 (3)	33.75	11.25	45.00	September 2011 - August 2015	46.70	RHM Committee has not been formed due to closure/ restructuring of SGSY
Rupnagar	3	3 (3)	33.75	7.62	41.37	September 2014 - December 2014	41.37	Not allotted to beneficiaries due to non-availability of funds for maintenance and closure of SGSY
Sangrur	3	3 (1)	33.75	11.25	45.00	March 2011	15.00	VH at Amargarh now falling under the jurisdiction of Municipal Council, has been demolished to construct a community centre
Tarn Taran	3	2 (2)	16.88	5.62	22.50	April 2012 - March 2014	22.50	RHM Committee has not been formed due to closure of SGSY
Total	15	14 (12)	151.88	46.99	198.87		170.57	

Source: Departmental information

RHM = Rural Haat Management

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