

Overview

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This Report contains four Subject Specific Compliance Audit paragraphs viz. ‘Welfare of Building and Other Construction Workers’; ‘Creation, maintenance and utilisation of sports facilities’; ‘Operation, repair and maintenance of Hydro Electric Projects’ in Punjab State Power Corporation Limited; and ‘Management-cum-analysis of Non-Performing Assets and recovery of loans’ in Punjab State Industrial Development Corporation Limited and 22 audit paragraphs arising out of compliance audit of Departments and State Public Sector Enterprises involving financial implications of ₹ 1,723.89 crore.

Chapter-I: General

As against the total budget outlay of ₹ 2,27,918.91 crore, the application of resources was ₹ 2,20,031.98 crore during the year 2021-22. The total expenditure¹ of the State increased by 61.98 *per cent* from ₹ 65,576.98 crore to ₹ 1,06,222.30 crore during the period 2017-18 to 2021-22.

Revenue expenditure of the State increased by 54.71 *per cent* from ₹ 62,464.85 crore in 2017-18 to ₹ 96,636.51 crore in 2021-22 and the capital expenditure increased by 240.55 *per cent* from ₹ 2,352.08 crore in 2017-18 to ₹ 8,009.98 crore in 2021-22. The revenue expenditure constituted 80 to 95 *per cent* of the total expenditure while the capital expenditure ranged between three and eight *per cent* during 2017-2022 except for the year 2019-20 when it was 19 *per cent* due to conversion of Ujjwal Discom Assurance Yojana loans amounting to ₹ 15,628 crore into equity capital in Punjab State Power Corporation Limited.

During the period from 2017-18 to 2021-22, the revenue expenditure increased at an annual average growth rate of 12.00 *per cent* whereas revenue receipts grew at an annual average rate of 10.43 *per cent*.

(Paragraph 1.2, Page 2)

An amount of ₹ 28.12 lakh was recovered during 2021-22 by various departments after being pointed out by Audit through Inspection Reports.

(Paragraph 1.4, Page 3)

As of June 2022, 18,729 Inspection Reports containing 64,656 observations (issued up to March 2022) having money value of ₹ 61,065 crore, were outstanding, of which 12,245 Inspection Reports containing 29,272 observations having money value of ₹ 17,200 crore pertained to the period prior to April 2017 *i.e.* more than five years old.

(Paragraph 1.5, Page 4)

¹ Total of Revenue Expenditure, Capital Expenditure and Loans and Advances.

As many as 317 audit observations involving money value of ₹ 550.14 crore were settled in 52 audit committee meetings held with 68 auditee units under 18 departments during 2021-22.

(Paragraph 1.5.1, Page 5)

Chapter-II: Welfare of Building and Other Construction Workers

The Compliance Audit titled ‘**Welfare of Building and Other Construction Workers**’ showed that needy worker members were denied payments of their benefits despite availability of sufficient funds. The Board spent only ₹ 549.23 crore on welfare schemes despite availability of ₹ 1,783.30 crore during 2019-2022. As many as 62,948 applications seeking financial assistance/benefits of ₹ 103.74 crore under 13 welfare schemes were pending decision with delays of upto 767 days beyond the stipulated period of 180 days. The maximum applications (87.63 *per cent*) sought financial assistance under Stipend scheme. Lack of effective mechanism to register establishments/workers as well as delayed assessment of cess cases were noticed. Due to non-deposit of cheques in time and being dishonored, the Board lost ₹ 6.16 crore. Payment of interim relief of ₹ 143.00 crore was made to 2,38,340 workers who had ceased to be live workers and of ₹ 0.49 crore to 819 workers who had completed 60 years of age. The information systems employed by the Board failed to identify these ineligible members.

Chapter-III: Creation, maintenance and utilisation of sports facilities

The Compliance Audit titled ‘**Creation, maintenance and utilisation of sports facilities**’ showed that the Sports Department’s plans to create new sports infrastructure and upgrade existing one were affected due to delay in release of funds, improper management of available funds and non-provision of encumbrance-free sites. Besides, the existing infrastructure was also not properly maintained. The human resources directly related to sports activities were short by 47 *per cent* of the sanctioned strength. The internal control and monitoring mechanism was weak as the requisite number of meetings were not held by Punjab State Sports Council and Punjab State Institute of Sports; and physical verification of sports infrastructure was never conducted.

Chapter-IV: Operation, repair and maintenance of Hydro Electric Projects

The Compliance Audit titled ‘**Operation, repair and maintenance of Hydro Electric Projects**’ in Punjab State Power Corporation Limited brought out shortfall in generation with respect to targets to the extent of 1,175.52 MUs equivalent to ₹ 764.09 crore at three hydroelectric plants.

Transformation losses were above prescribed limit to the extent of 37.32 MUs. Delay in execution of various works resulted in avoidable generation loss of 64.69 MUs valuing ₹ 42.04 crore. Annual maintenance activities undertaken beyond lean period resulted into generation loss of 384.42 MUs equivalent to ₹ 249.88 crore.

Chapter-V: Management-cum-analysis of Non-Performing Assets and recovery of loans

The Compliance Audit titled ‘**Management-cum-analysis of Non-Performing Assets and recovery of loans**’ in Punjab State Industrial Development Corporation Limited revealed delays in taking over the assets of the defaulting units and initiating action against their promoters/guarantors which led to accumulation of Non-Performing Assets of ₹ 17,214.53 crore. Recovery made under various OTS schemes was meagre and as such, the State Government was burdened with payment of guaranteed bonds (₹ 113.38 crore paid and ₹ 366.44 crore pending for payment).

Chapter-VI: Compliance Audit Observations (Departments)

Punjab Livestock Development Board delayed filing its Income Tax Return for the assessment year 2014-15 by 16 months and subsequently delayed payment of tax liability by seven months. The Board made avoidable payment of interest of ₹ 1.26 crore.

(Paragraph 6.1, Page 73)

Failure of Forests and Wildlife Preservation Department/Punjab Infrastructure Development Board to provide requisite funds for the completion of work as well as lapse on the part of Public Works Department to start the work without ensuring the deposit of sufficient funds led to midway abandonment of Lion Safari work which rendered ₹ 2.31 crore spent on the work as wasteful.

(Paragraph 6.2, Page 74)

Goods and Services Tax of ₹ 5.31 crore was not paid against the taxable services received by two educational institutions viz. Punjabi University, Patiala; and Sardar Beant Singh State University, Gurdaspur during the period from 1 July 2017 to 31 March 2022.

(Paragraph 6.3, Page 77)

Failure of Home Affairs and Justice Department to take timely/concrete efforts to recover the Government dues from Punjab Dyer’s Association resulted into blocking of Government money due to accumulation of lease rent of ₹ 5.54 crore along with penal interest of ₹ 2.33 crore for more than six years.

(Paragraph 6.4, Page 79)

Failure of the Punjab Bus Metro Society to comply with the instructions issued by Government of India for procurement of buses for Bus Rapid Transit System, Amritsar resulted in rejection of the proposal and deprival of the available Central assistance of ₹ 11.00 crore.

(Paragraph 6.6, Page 82)

Technical Education and Industrial Training Department did not invoke 'Concessionaire Event of Default' clause of the agreement to forfeit the performance security and terminate the agreement which was a favour to the Public Private Partnership (PPP) concessionaire. The concessionaire continued running the polytechnic college without paying concession fee and interest which had accumulated to ₹ 7.07 crore as of April 2022.

(Paragraph 6.8, Page 86)

Shaheed Bhagat Singh State University, Ferozepur did not deduct licence fee amounting to ₹ 1.09 crore for the period April 2016 to March 2022 from salary of the allottees of accommodation.

(Paragraph 6.9, Page 88)

Failure of the Water Resources Department to ensure hindrance-free site prior to commencement of work and non-observance of codal provisions resulted in unfruitful expenditure of ₹ 1.84 crore on incomplete work.

(Paragraph 6.10, Page 89)

Chapter-VII: Compliance Audit Observations (State Public Sector Enterprises)

Punjab State Power Corporation Limited

- Delay in charging capital expenditure of ₹ 3.37 crore on terminated projects in tariff led to interest loss of ₹ 2.31 crore.

(Paragraph 7.1, Page 91)

- Delay in initiating action to get forest clearance leading to Deendayal Upadhyaya Gram Jyoti Yojana projects remaining incomplete and lapse of grant amounting to ₹ 2.44 crore. The Company also made wrongful claim of grant amounting to ₹ 1.57 crore in these projects.

(Paragraph 7.2, Page 92)

- Indecision on the part of the Company to release extension of load to a consumer resulted in losing the opportunity to earn revenue of ₹ 1.87 crore on account of fixed charges.

(Paragraph 7.3, Page 94)

- Delay in issuance of sale confirmation order by the Company resulted in avoidable interest burden of ₹ 1.55 crore.

(Paragraph 7.4, Page 96)

- Multiple connections were released at a single address to firms having same GST number. Company, in the process, lost revenue of ₹ 0.82 crore due to non-clubbing of connections.

(Paragraph 7.5, Page 97)

- Delay in billing of a single point consumer by more than three years and consequential litigation resulted in non-recovery of revenue of ₹ 3.09 crore with associated interest cost of ₹ 2.03 crore.

(Paragraph 7.6, Page 98)

Punjab State Transmission Corporation Limited waived off Late Payment Surcharge of ₹ 67.32 crore recoverable for 2014-2020 resulting in loss of ₹ 37.46 crore on account of financing cost.

(Paragraph 7.7, Page 100)

Punjab State Industrial Development Corporation Limited did not follow the Punjab Civil Services Rules, 2016 for payment of gratuity on retirement of employees leading to excess/irregular payment of gratuity of ₹ 86.26 lakh during the period July 2019 to December 2021.

(Paragraph 7.8, Page 102)

Deficient system for adjustments/refunds of advance payments and delay in the processing of the same in **Punjab State Civil Supplies Corporation Limited, Punjab State Grains Procurement Corporation Limited and Punjab State Warehousing Corporation** resulted in delay in receipt of funds and blocking of funds which led to avoidable interest burden of ₹ 7.39 crore.

(Paragraph 7.9, Page 103)

Punjab State Civil Supplies Corporation Limited

- Violation of the Custom Milling Policy, agreement between the Company and the miller and lapses in monitoring led to embezzlement of paddy valuing ₹ 10.84 crore.

(Paragraph 7.10, Page 105)

- Avoidable payment of wages amounting to ₹ 1.92 crore was made to the Service Provider due to inclusion of imprudent clause in the agreement.

(Paragraph 7.11, Page 107)

Failure of **Punjab State Grains Procurement Corporation Limited** to take up the matter with the State Government for reimbursement of extra expenditure incurred on distribution of wheat in 30 kg capacity bags resulted in extra expenditure of ₹ 21.80 crore.

(Paragraph 7.12, Page 108)

