

CHAPTER-IV

WORKS EXPENDITURE

SECTION 'A' – REVIEWS

Public Works Department (Public Health Branch) and Local Government

4.1 Drinking Water

Highlights

Implementation of the Rural Water Supply Programme was not effective as 366 problem villages remained uncovered as of March 2001 despite the availability of funds. Many schemes remained non-functional due to poor maintenance. No control mechanism existed to monitor the drawal of water samples at prescribed intervals. Water was being supplied to many rural areas with the Chemical contents beyond the prescribed limit. Under Urban Water Supply programme, none of the projects taken up during 1997-2000 could be completed as of March 2001 as a result of which supply of potable water continued to remain a distant dream for these towns. At Government level, no monitoring and evaluation of any of the programmes was done. Some of the significant findings are mentioned below :-

- **In violation of guidelines, the Government delayed release of Rs.63.41 crore by one to six months to Public Health Branch during 1997-2001**

(Paragraph 4.1.4.2)

- **Out of 1021 problem villages targetted to be covered during 1997-2001, 366 villages (36 per cent) remained uncovered.**

(Paragraph 4.1.5)

- **While Rs.7.71 crore were spent on 53 schemes without getting their detailed estimates sanctioned, Rs.3.45 crore were spent on 86 schemes in excess of sanctioned estimates.**

(Paragraph 4.1.6.3)

- **35 RWS schemes commissioned at a cost of Rs. 5.60 crore remained non functional from 4 to 42 months due to poor O&M of schemes.**

(Paragraph 4.1.7.1)

- **Chemical contents of water being supplied through 10 schemes commissioned at a cost of Rs.1.45 crore were in excess of permissible limits and unsafe drinking water was being supplied to inhabitants.**

(Paragraph 4.1.8.2)

- **Despite receipt of funds from GOI, no activities under IEC and MIS were undertaken.**

(Paragraph 4.1.9)

- **Central assistance of Rs. 1.84 crore for water supply in 4 towns during 1993-94 to 1996-97 was released by State Government to implementing agency after 5 years.**

(Paragraph 4.1.10.2)

- **Of the 12 towns to be provided with drinking water during 1997-2000, projects of only 9 towns were taken up but none of them was completed as of March 2001.**

(Paragraph 4.1.11)

- **After incurring an expenditure of Rs. 20.82 lakh under a State Plan Scheme, the project was taken up irregularly under AUWSP thus depriving other deserving towns of the benefit of AUWSP.**

(Paragraph 4.1.12.1)

- **The cost of 2 Urban Water Supply Schemes was over estimated by Rs. 21.29 lakh due to inclusion of undeveloped area in the DPR.**

(Paragraph 4.1.12.2)

- **Levy of departmental charges in excess of prescribed limit resulted in excess expenditure of Rs. 12.15 lakh on the programme.**

(Paragraph 4.1.13.1)

- **Non-realisation of requisite share from the Municipal Committees for any of the schemes of AUWSP resulted in extra burden of Rs. 12.60 lakh on State exchequer.**

(Paragraph 4.1.13.3)

4.1.1 Introduction

Provision of adequate and safe drinking water is essential for socio-economic development of a country. Although it is the responsibility of the States, but it being a priority item on the national agenda, the Government of India (GOI) had launched several Centrally Sponsored Schemes for providing drinking water to habitants in Rural and Urban areas. The Water Supply Schemes in Punjab state are mostly based on ground water through deep tubewells or canal water supply. Few schemes in Kandi area are however based on handpumps.

(a) Accelerated Rural Water Supply Programme (ARWSP)

Government of India introduced ARWSP, a Centrally sponsored scheme, to assist the States in its efforts to supply safe drinking water to the identified problem villages under the Minimum Needs Programme (MNP). To improve the quality of life of people in rural areas and to create awareness among them about the hazards of unsafe water, GOI launched (1986) National Drinking Water Mission which was renamed as Rajiv Gandhi National Drinking Water Mission in 1991 and included sub-missions for treatment of drinking water for control of fluorosis, brackishness and excessive iron in the water. In April 1999, the scheme was revamped with the primary objective of covering all rural habitations; especially to (i) reach the unreached with access of safe drinking water; (ii) ensure sustainability of system and source and (iii) preserve quality of water by institutionalizing water quality monitoring and surveillance through a catchments area approach. Out of total number of 12428 inhabited villages in Punjab 8579 have been identified as problem villages, of which 7770 have been covered as of March 2001.

(b) Accelerated Urban Water Supply Programme (AUWSP)

As the towns with population of less than 20 thousand each were not covered under ARWSP due to requirements of these towns being different from rural areas, the GOI had launched (February 1994) Accelerated Urban Water Supply programme (AUWSP) another Centrally sponsored scheme for providing safe drinking water to the inhabitants of these towns by the end of the Eighth five year plan 1992-97.

4.1.2. Organisational set up

For the implementation of the ARWSP, the Secretary, Public Works Department (Public Health Branch), Punjab, Chandigarh is the State co-ordinator of the programme. He is assisted by two Chief Engineers, Rural

Water Supply (RWS) North and South, Patiala (CEs) and 2 Superintending Engineers (SEs), (SE Project and. SE Monitoring) stationed at Patiala. In the field, there are seven SEs to supervise the programme through a network of thirty Public Health (RWS) divisions, each under the charge of an Executive Engineer (XEN).

The Secretary, Local Government is the nodal agency for implementation of the AUWSP. The Programme is being implemented in the State through Punjab Water Supply and Sewerage Board (PWSSB), Chandigarh. In field, the works were executed through 5 Executive Engineers (XEN) under the supervision of 3 Superintending Engineers (SE).

4.1.3 Scope of audit

A review on RWSP implemented under MNP, ARWSP, Technology Mission(TM) and Rajiv Gandhi Drinking Water Mission (RGDWM) up to the year 1996-97 was included in the Report of the Comptroller and Auditor General of India for the year ended March 1997 (Civil); Government of Punjab. The report was presented to the State Legislature in July 1998, but had not been discussed by the Public Accounts Committee (March 2001).

The implementation of RWS Schemes under MNP, ARWSP, and RGDWM during 1997-2001 was further reviewed between November 2000 and March 2001 by covering eight RWS Divisions* besides records in the office of the CE and three SEs were also examined.

Implementation of the AUWSP for the period 1993-2001 was reviewed between December 2000 and March 2001, by test-check of the records of Special Secretary-cum-Director Local Government, Managing Director PWSSB Chandigarh and the XEN, Water Supply & Sewerage (WSS) Divisions Ferozepur, Gurdaspur and Patiala by covering 3 out of 9 schemes executed in Bagha Purana, Sanaur and Sujampur towns. The results of the review are incorporated in the succeeding paragraphs.

A. Rural Water Supply Programme

4.1.4 Financial Management

4.1.4.1 Funding pattern

Rural Water Supply Schemes under ARWSP were fully financed by GOI whereas Rural Water Supply (RWS) Schemes under MNP a State sector programme were financed by the State Government (through Planning Board). The Central assistance under ARWSP was allocated on the basis of matching provisions/expenditure by the State under MNP. The expenditure on the programme executed under sub-mission of RGDWM was shared in the ratio

*RWS Division Abohar, Faridkot, Gurdaspur, Ludhiana-I, Mohali, Rajpura, Patiala and Tarn Taran.

of 75:25 by GOI and State Government respectively except in 1998-99 when the ratio of financing was 50:50. From April 1999 onwards, 20 percent of funds released under ARWSP by GOI were allocated towards the projects under sub-missions. GOI also allowed use of upto 15 per cent of the funds released under ARWSP towards O&M of assets created subject to the ceiling of matching grant provided by the State out of MNP provision.

4.1.4.2 Allotment of funds and expenditure

The position of allotment of funds under ARWSP and MNP, and expenditure there-against during the years 1997-2001 was as under:

Accelerated Rural Water Supply Programme (Central Sector)

(Rupees in crore)

Year	Opening balance	Funds released	Total	Expenditure	Unspent balances	Percentage
1997-98	3.18	17.14	20.32	14.75	(-)5.57	27
1998-99	5.57	22.05	27.62	9.91	(-)17.71	64
1999-2000	17.71	23.21	40.92	21.22	(-)19.70	48
2000-01	19.70	17.83	37.53	34.97	(-)2.56	7
Total		80.23		80.85		

The department could utilise only Rs. 80.85 crore against available funds of Rs. 83.41 (Rs. 80.23 + Rs. 3.18) crore during 1997-98 to 2000-01 leaving an unspent balance of Rs. 2.56 crore as of March 2001. The CE, on being pointed out in audit, attributed (March 2001) the non-utilisation of funds to the late release of funds by Finance Department. However, no reasons for late release of funds were intimated by the State Finance Department.

Funds to the extent of 20 percent of the total allocation of a year under ARWSP were allowed to be carried over to the next financial year up to March 2000 and 15 per cent from April 2000. Audit observed that carry over of funds in excess of permissible limit of 15 per cent as on April 2000 resulted in reduction in release of 2nd instalment for the year 2000-01 by Rs. 6 crore, as against allocation of Rs. 23.83 crore, only Rs. 17.83 crore were released during this year.

10 Instalments of Rs.63.41 crore of Central assistance were released late by 1 to 6 months

Further it was noticed in audit that State Finance Department took 1 to 6 months to release 10 instalments of funds amounting to Rs. 63.41 crore to the CE under ARWSP during the period 1997-2001 which affected the execution of schemes.

Minimum Needs Programme (State Sector)

(Rupees in crore)

Year	Opening balance	Allotment of funds	Funds released	Total Funds available	Expenditure	(+ Excess (-) Savings
1997-98	6.87	19.35	16.70	23.57	17.19	(-) 6.38
1998-99	6.38	16.23	12.18	18.56	17.91	(-) 0.65
1999-2000	0.65	36.37	22.73	23.38	16.80	(-) 6.58
2000-2001	6.58	17.50	13.10	19.68	21.09	(+) 1.41
Total		89.45	64.71		72.99	

The CE spent Rs. 72.99 crore on execution of deposit works of the Planning Department under MNP against the release of Rs. 64.71 crore. The CE stated (March 2001) that excess expenditure was met out of unspent balances of the previous years. The reply of the CE was not tenable as even after adjustment of unspent balances of Rs. 6.87 crore of previous years there was still excess expenditure of Rs. 1.41 crore. The department failed to give a satisfactory reply for this.

In contravention of the guidelines, the State Government released only Rs. 64.71 crore as matching grant against release of Rs.80.23 crore by GOI under ARWSP. Short release of funds to the tune of Rs. 16.52 crore shows the State Government's casual approach in implementing the programme.

4.1.4.3 Operation of current accounts

In violation of financial rules 3 XENs kept funds ranging from Rs. 2.15 crore to Rs. 6.79 lakh with commercial banks.

State Treasury Rules provide that a Government employee may not, except with the special permission of Government, deposit in a bank, money withdrawn from Government Account. Reiterating the provisions of rules Additional Secretary, Finance department issued (August 1999) instructions to close all such accounts and deposit the amount in the treasury. Test-check of records of 3 divisions* (January-February, 2001) revealed that in contravention of the above provisions the XENs were still operating bank accounts with Commercial Banks and funds ranging between Rs.6.79 lakh and Rs. 2.15 crore were kept in current accounts with commercial banks during January 1999 and January 2001. The XENs by operating the bank accounts had, thus, not only violated the codal provisions and instructions issued by the Government by keeping the funds outside Government accounts but also resulted in loss of interest of Rs.8.54 lakh to the State Exchequer at Government borrowing rates apart from Financial aid to the Commercial Banks.

The XEN (RWS) Gurdaspur stated (January 2001) that current account was being operated to achieve the targets. The reply was not tenable, as achievement of target had no relevance with the operation of current account. The XEN (RWS) Faridkot did not furnish any reply while XEN Mechanical Division, Faridkot stated (February 2001) that account was being operated to receive money from other Divisions. The reply was not tenable as all amounts received on behalf of Government could have been paid direct into treasury in accordance with provisions of rules.

4.1.4.4 Fictitious stock adjustment

Stock worth Rs.42.30 lakh was booked fictitiously to 17 RWS schemes to show the Central assistance utilized.

Under the departmental financial rules, fictitious stock adjustments are strictly prohibited and material should be booked to works as per requirement of approved estimates. Review of records of the XEN PH (RWS) Division, Patiala revealed that XEN issued material worth Rs.42.30 lakh to 17 RWS schemes under ARWSP between December 1992 and May 2000. However, it was noticed (May 2001) that this material was lying unutilised. Further, it was seen that material was issued just to show maximum expenditure on RWS schemes under ARWSP and avilment of maximum financial assistance from GOI and to utilize the available budget during the concerned financial year. Neither the stock so booked was utilized on these schemes nor had been

* PH RWS Gurdaspur, RWS Faridkot and PH Mech. Faridkot

written back as of May 2001. Further, of the 17 RWS schemes, 2 RWS schemes though had become non-functional prior to April 1999, the XEN had booked stock valuing Rs. one lakh against these 2 schemes between April and June 1999. These schemes had not yet been made functional (May 2001). In spite of the fact that XEN had been reporting incorrect figures of expenditure under ARWSP, which were subsequently reported to GOI, no action had yet been initiated against the erring officer. On being pointed out by Audit, the XEN stated (May 2001) that material was booked in anticipation of its consumption but due to change in priorities, the material could not be consumed. The reply was not tenable as booking of material in excess of actual requirement to utilise budget grant was against the financial propriety.

4.1.5 Inadequate Planning

4.1.5.1 Targets and achievements

There were total 12428 inhabited villages in the State as per 1991 census; of this 8579 villages were identified as problem villages (PVs) and the department had already covered 7115 PVs upto March 1997. Of the remaining 1464 PVs, the CE had fixed target for covering 1021 PVs during the years 1997-2001 against which only 655 PVs could be covered as of March 2001 as per table given below:

Of 1021 PVs targetted to be covered, 366 villages could not be covered during 1997-2001.

Year	MNP		ARWSP		RGDWM		Shortfall	Percentage
	Target	Achievement	Target	Achievement	Target	Achievement		
1997-1998	163	89	90	74	39	12	117	40
1988-1999	91	53	90	44	27	1	110	53
1999-2000	152	25	100	119	-	6	102	43
2000-2001	126	76	143	154	-	2	37	14
	532	243	423	391	66	21	366	

The shortfall in achievement in overall coverage of PVs during the years 1997-2001 ranged between 14 and 53 per cent. It was further seen that shortfall in achievement particularly under MNP was on the higher side and ranged between 40 and 84 per cent. The CE attributed (January 2001) shortfall to late and less release of funds by the Government. This was indicative of a casual approach towards the scheme as a whole and affected the implementation of programme.

4.1.6 Implementation of the Programme

4.1.6.1 Unauthorised expenditure

Rs. 18.46 lakh were spent on water supply scheme Talwandi Sabo, though the town did not fall in rural area.

The Executive Engineer Public Health (RWS) division Bathinda framed an estimate of Rs. 3.87 crore for augmentation of water supply at Talwandi Sabo and the Secretary Public Health, Punjab accorded administrative approval (March 1998) under ARWSP though Talwandi Sabo had been upgraded to Tehsil level town as per 1991 census. Thereafter the District Development

Planning Board (DDPB) Bathinda released Rs. 1.50 crore under MNP for this scheme, of which the XEN had incurred expenditure of Rs. 18.46 lakh upto March 2001. As the Talwandi Sabo falls in an urban area, the expenditure on the water supply of this town was not a legitimate charge on this programme (MNP). When pointed out (May 2001), the CE did not furnish any reply (June 2001)

4.1.6.2 Unauthorised diversion of funds

The XEN diverted unauthorisedly Rs.13.11 lakh for operation and maintenance out of funds provided by DDPB.

Under the MNP, the District Development and Planning Board (DDPB), Amritsar released Rs.30 lakh (March 2000) to the XEN Public Health (RWS) Division, Tarn Taran for (i) Providing and installation of tubewell (2 RWS schemes), (ii) Replacement of old machinery and repair of OHSR (1 RWS scheme), and (iii) Augmentation of RWS scheme, laying of pipe line (1 RWS scheme). Of this, the XEN without obtaining sanction of competent authority, spent Rs.13.11 lakh on purchase of petty material relating to O&M between April 2000 and November 2000 outside the scope of work for which the funds were released by DDPB. The balance funds of Rs.16.89 lakh were lying unspent with the XEN (January 2001). Thus, the XEN not only unauthorisedly diverted Rs.13.11 lakh but the works for which these funds were released had also not been taken in hand as of January 2001 and resultantly inhabitants of PVs covered under 2 RWS schemes were deprived of the facility of potable water.

Rs.7.71 crore were incurred on 53 schemes without sanction of estimates and Rs.3.45 crore were spent in excess of sanctioned estimates.

4.1.6.3 Expenditure in excess/without sanctioned estimates

No work should be commenced unless a detailed estimate of the work is prepared and technically sanctioned by the competent authority. Where the expenditure is likely to exceed the sanctioned amount by more than five per cent, a revised estimate should be got sanctioned.

In contravention of the codal provisions, 4 XENs* had incurred expenditure of Rs.7.71 crore on 53 RWS schemes during the period 1997-2001 without getting the detailed estimates sanctioned from the competent authorities. It was further noticed that though the excess expenditure on 86 RWS schemes executed by 7 XENs[§] had exceeded the amounts of sanctioned estimates by Rs. 3.45 crore ranging between 6 per cent and 155 per cent, the revised estimates were yet to be got sanctioned (March 2001).

The XENs stated (December 2000–March 2001) that detailed estimates/revised estimates were under preparation and would be got sanctioned in due course. However, no reasons for starting work without prior approval of the detailed estimates were intimated.

4.1.7 Operation and Maintenance

Prior to March 1998, the funds for O&M of the RWS Schemes were being allocated on the basis of norms fixed by the department in 1964. However, the State Public Health Department revised these norms from April 1998 onwards.

* RWS Division Faridkot, Gurdaspur, Ludhiana-I and Tarn Taran.

§ RWS Division Abohar, Faridkot, Gurdaspur, Ludhiana-I, Mohali, Patiala and Tara Taran.

Funds released by State Government and provided under ARWSP for O&M of RWS schemes and expenditure incurred there-against during 1997-2001 were as under:

(Rupees in crore)

Year	Requirement of funds as per norms	Funds released	Funds provided under ARWSP	Total	Expenditure
1997-98	49.95	30.33	1.61	31.94	34.17
1998-99	59.29	33.11	2.10	35.21	34.56
1999-2000	98.83	25.00	2.72	27.72	25.50
2000-2001	94.28	28.32	5.63	33.95	25.96
Total		116.76	12.06	128.82	120.19

The department failed to utilize Rs. 8.63 crore under O&M besides no funds were diverted for O&M under MNP.

Apart from Rs. 12.06 crore earmarked from ARWSP for O&M, State Government provided Rs. 116.76 crore during 1997-2001. Though Rs. 128.82 crore were available for O&M, the department utilised only Rs. 120.19 crore leaving an unspent balance of Rs. 8.63 crore at the end of March 2001. The State Government failed to earmark funds for O&M under MNP in contravention of the guidelines of GOI.

4.1.7.1 Non-functional schemes

Due to poor maintenance, 35 RWS schemes executed at a cost of Rs. 5.60 crore remained non functional for 4 to 42 months

The records of O&M of RWS Schemes revealed that in 5 divisions* the inhabitants of villages under 35 RWS schemes (27 tubewell and 8 canal based) executed at a cost of Rs.5.60 crore were not provided with safe drinking water for period ranging between 4 and 42 months due to non-functioning of the schemes. When pointed out the XENs stated (November 2000-March 2001) that the schemes could not be kept operational for want of funds. The replies were incorrect as there were savings and the department could not utilize the entire funds provided for O&M during the period 1998-2001.

Thus, even after incurring an expenditure of Rs.5.60 crore on execution of these schemes and another amount of Rs.20.66 lakh on watch and ward of assets of these schemes, the XENs failed to maintain these RWS schemes as a result of which inhabitants were deprived of the facility of potable water during the period the schemes remained non-functional.

4.1.7.2 Idle Machinery

89 Generator and Diesel Engine sets were not put to use for the last 3 to 4 years due to non-provisions of funds.

In Public Health Branch 89 diesel generating sets/diesel engines were purchased between February 1990 and March 1999 at a cost of Rs.1.05 crore to make standby arrangement at water works of RWS scheme to ensure adequate and regular supply of water as per norms in the event of failure of electricity. It was seen that these diesel generating sets/diesel engines were not put to use during the last 3 to 4 years. The XENs stated (September 1999 and March 2001) that the machinery could not be put to use due to non-provision of funds for diesel. The reply was not tenable as department could have utilised the unspent balance of Rs. 8.63 crore under O&M for purchase

* Patiala, Taran Tarn, Faridkot, Moga and Ludhiana-I

of diesel etc. Thus, inspite of availability of required machinery, the department had not been able to provide potable water upto the designed capacity due to frequent failure of electricity.

4.1.8 Rajiv Gandhi Drinking Water Mission- Sub missions

(Rupees in crore)

Year	Opening balance	Central share released	State share due	State share released	Total	Expenditure	Balance
1997-98	9.33	-	2.11	2.00	11.33	3.09	8.24
1998-99	8.24	3.13	1.56	2.60	13.97	6.68	7.29
1999-2000	7.29	10.68	2.67	4.34	22.31	10.38	11.93
2000-2001	11.93	6.98	1.74	14.37	33.28	11.56	21.72

Note: Central/State share upto 31 March 1999 was 75:25 and from April 1999 it was 50:50

4 Projects under sub-mission were not completed even after lapse of 5 years after schedule dates of completion.

The GOI sanctioned 4 Projects of Sub mission under RGDWM namely (i) Desalination-control of brackishness (August 1994) (ii) Control of fluorosis (August 1994) (iii) Scientific source finding water conservation including artificial recharge by rain water harvesting (March 1994) and (iv) Control of fluorosis (September 1994).

Review of working of these projects revealed that the project of (i) Control of brackishness covering 194 villages was scheduled to be completed by the end of 1996 but only 187 villages had been covered upto March 2001. (ii) The project of control of fluorosis (August 1994) was scheduled to be completed within 2 years (January 1996) but one village out of targetted 119 villages was still to be covered (March 2001). The project of control of fluorosis (September 1994) was to be completed by March 1996 but 125 villages against 138 villages could be covered as of March 2001. The fourth scheme scientific source finding water conservation etc. however, could not be started due to non allocation of funds by the State Government. Thus, these projects had not been completed even after a lapse of 5 years from the scheduled date of completion.

4.1.8.1 Non-drawal of samples as per norms

As per norms, the water samples from every RWS scheme were to be drawn twice a year for bacteriological analysis and once for chemical analysis. The scrutiny of records of 6 test checked divisions* revealed that neither any control mechanism was adopted to monitor the drawal of water samples at the prescribed intervals from each RWS scheme nor any records were maintained by the XENs. One of the Sub Divisional Engineers (SDE) under the control of XEN Public Health (RWS) Division, Rajpura did not draw any sample from the RWS schemes under his control during the year 1997-98.

On being pointed out in audit, 4 XENs[§] stated (December 2000-March 2001) that samples were drawn at random and could not be tested due to shortage of funds as testing charges were required to be paid. The reasons advanced were not convincing as funds under RGDWSM were released every year and

* RWS Division Abohar, Faridkot, Gurdaspur, Ludhiana I, Mohali and Tarn Taran.

§ RWS Division Abohar, Gurdaspur, Ludhiana I and Mohali.

department had not been able to utilize the entire funds released during the period 1998-2001. Two XENs[#] stated (January-February 2001) that the control register to watch the periodical collection of water samples would be maintained in future. Thus, the supply of safe drinking water to inhabitants of PVs could not be assured. This also indicated the casual approach adopted by the department towards providing potable water.

4.1.8.2 Supply of non-potable water

Under 10 RWS schemes water containing chemical contents beyond acceptable limits was being supplied

(i) Test Check of analysis reports of water samples collected by the department from the rural areas where 10 RWS schemes were in operation (Ropar, Patiala and Mohali) revealed that the quantity of Fluoride, Turbidity, Magnesium and Iron contents were found in excess of acceptable limits in the water being supplied to the inhabitants of the rural areas. This was against the objective of providing safe drinking water to the inhabitants. On being pointed out (December 2000), the XENs while admitting the facts stated that the water was being supplied after chlorination under 3 schemes and in one scheme drilling of new tubewell was being considered. The replies were not tenable as audit scrutiny further revealed that no action was taken to treat the water in 6 schemes. In one of the schemes where chlorination was carried out it was observed that Fluoride was in excess of the permissible level, no action was taken for defluoridation. Thus, inaction on the part of XENs reinforced the impression of slackness towards providing safe drinking water which consequently failed to achieve the objectives of the scheme even after incurring an expenditure of Rs.1.45 crore.

The XEN RWS Faridkot did not take action in 13 cases where the water samples were not found potable.

(ii) The Medical and Health department was also analyzing water samples taken from the RWS schemes to ensure the supply of safe drinking water. On a reference made by audit (January 2001), the Civil Surgeon, Gurdaspur stated that in view of instructions for drawal of samples issued by the CE, no water samples from RWS schemes were being collected. However, out of 37 samples drawn by the Civil Surgeon, Faridkot during 1997-98 and 2000-2001 from RWS schemes of 5 villages, 13 samples of water were not found potable. Though the results of 13 water samples were reported to the XEN Public Health (RWS) division, Faridkot, the action taken on these reports was not intimated to audit (May 2001). Evidently, the inhabitants of villages covered under the schemes where the water samples were not found potable, were forced to consume unsafe water.

4.1.8.3 Water testing laboratories

Despite receipt of Central assistance of Rs. 18 lakh, 9 water testing laboratories were not established.

The Public Works Department (Public Health Branch) had established a water-testing laboratory at Patiala. Against the 12 laboratories sanctioned by GOI, only 3 district level laboratories were established at Amritsar, Bathinda and Ferozepur. Rs. 18 lakh released by GOI for establishment of remaining 9 district level laboratories remained un-utilized (March 2001) with the State Government. Besides, the State's share for establishment of these laboratories was also not released.

[#] RWS Division Faridkot and Tarn Taran.

Audit noticed that against norms of 6000 water sample tests fixed by Government of India for each laboratory every year (18000 sample tests per year for 3 laboratories), 13865 samples (1997-98), 2545 samples (1998-99), 2802 samples (1999-2000) and 924 samples (2000-2001) were tested by these 3 district level laboratories, whereas no norms were fixed by the State Government for the laboratory stationed at Patiala and only 1287 samples (1997-98), 1019 samples (1998-99), 1440 samples (1999-2000) and 448 samples (2000-2001) were tested. This indicated that even in the laboratories established the capacity was under-utilised to the extent of 23 per cent to 95 per cent. The State Government had neither taken effective steps to establish district level laboratories even after receipt of funds from GOI nor monitored the working of the existing 4 laboratories in the State.

4.1.9 Activities under HRD Cell, IEC and MIS.

Against the target of 30 per cent, only 5 per cent women were imparted training besides some districts were completely ignored.

Audit during review of working of Human Resource Development Cell (HRD Cell) observed that no targets for conducting grass-root level training courses upto 2000-2001 were fixed. Participation of female candidates was less than 5 per cent against the norms of 30 per cent. The beneficiaries of Kapurthala, Mansa and Nawanshahar districts were totally ignored for imparting training during 1997-2001, whereas districts of Faridkot and Jalandhar were not represented in training courses conducted during 1997-98, 1999-2000 and 2000-2001. The funds of Rs. 26.34 lakh sanctioned by GOI (December 1999) for computer training were released by Punjab Government after two years (March 2001) and Rs.23.18 lakh released by GOI (October 2000) had not been released by State Government so far (May 2001)

The expenditure on implementation of programme under the Information Education and Communication (IEC) was being shared between Central and State in the ratio of 50:50 up to March 1999 and from April 1999, GOI was to provide 100 per cent grants-in-aid to State. In Punjab, against the approved project of Rs. 75.37 lakh, Rs. 18.84 lakh were received from GOI during 1996-97. The State Finance Department neither released the amount of Central assistance nor State share to Public Health Department as of March 2001.

The GOI for evolving Management Information System (MIS) in the Punjab released Rs.40.67 lakh for purchase of computer hardware and software up to March 2000. The amount was not released (March 2001) by the Finance Department to the Public Health Department.

No reasons for delay in release or non-release of funds for the above activities were advanced by the Secretary Finance.

B. Accelerated Urban Water Supply Programme

4.1.10 Financial Management

4.1.10.1 Funding pattern

As per guidelines 50 per cent cost of projects sanctioned under AUWSP was to be met by GOI and the remaining 50 per cent cost was to be shared between the State Government and beneficiaries/Municipal Committees (MC) in the ratio of 45:5.

4.1.10.2 Allotment of funds and expenditure

Details of funds released by GOI/State Government under AUWSP and expenditure incurred there against were as under:

(Rupees in lakh)

Year	Funds released by GOI	Funds released by State Government				
		Central share released out of unspent money	State share	Total	Expenditure	Unspent balance (Progressive)
1993-94	26.73	-	-	-	-	26.73
1994-95	35.64	-	-	-	-	62.37
1995-96	77.76	-	-	-	-	140.13
1996-97	44.00	-	-	-	-	184.13
1997-98	-	-	-	-	-	184.13
1998-99	-	100.00	-	100.00	50.21	133.92
1999-2000	105.48	40.13	100.00	140.13	79.94	259.46
2000-2001	-	148.87	189.00	337.87	223.04	225.42
Total	289.61	289.00	289.00	578.00	353.19	

Central assistance of Rs.1.84 crore received during 1993-1997 was released to implementing agency after 5 years

(i) State Finance Department did not release Central assistance of Rs.1.84 crore received from GOI between 1993-97 for implementation of AUWS programme in 4 towns till August 1998 but were covered under State Plan Scheme between 1995-97 by raising loan from HUDCO. On being enquired in audit, the Secretary Finance Department stated (March 2001) that funds could not be released due to financial crunch in the State. Thus it is evident that central assistance received under specific programmes was diverted for meeting State's routine expenditure.

(ii) The GOI released Rs. 289.61 lakh as Central share for implementation of AUWSP during the period 1993-2000. Of this, the State Government released Rs. 2.89 crore along with matching share of State Government during 1998-2001 but did not release Central share of Rs. 0.61 lakh besides its matching share to the PWSSB as of May 2001. On enquiry (May 2001) for non-release

of Rs.1.22 lakh, the Special Secretary Local Government did not give an appropriate reply.

4.1.11 Targets and achievements

None of the 9 projects taken up during 1999-2001 was completed.

There are 86 towns in the State of Punjab having population less than 20 thousand each (as per 1991 Census) of these 68 towns stood covered under other State Plan schemes and 3 other towns had ceased to be Notified Area Committees (NAC). Of the remaining 15 towns, State Government proposed to cover (June 1997) 4 towns per year. Thus, against the target of 12 towns, the State Government could get approval of GOI in respect of 9 Detailed Project Reports (DPR) between March 1998 and February 2000 under AUWSP. All the projects were in progress (March 2001).

4.1.12 Execution of work

4.1.12.1 Irregular execution of the scheme

After incurring expenditure of Rs.20.82 lakh under a State Plan scheme, the project was irregularly got approved under AUWSP

Initially, the work of "Extension and Augmentation of water supply scheme Bagha Purana" was taken up (April 1998) under normal State Plan scheme [8 (C)-Urban Development] at an estimated cost of Rs.86.25 lakh. State Government released Rs. 20.90 lakh (April 1998-January 1999) and against this, an expenditure of Rs. 20.82 lakh was incurred by the XEN, WSS Division, Ferozpur on Commissioning of 1 Tubewell and 425 meters water supply pipe line upto August 1999. In the meantime, another estimate costing Rs. 93.70 lakh was prepared by the PWSSB (March 1998) under AUWSP without referring to the work already taken up. The State Government released Rs. 93.70 lakh including Central share to PWSSB, of which the XEN had spent Rs.62 lakh as of March 2001. Thus, taking up of work under AUWSP which already stood approved under another State Plan scheme was irregular and the funds received under AUWSP could have been utilized for covering of some other town. On being pointed out (January 2001) the XEN did not give proper reply.

4.1.12.2 Inclusion of undeveloped areas of town inflated cost of Detailed Project Report.

While approving the Detailed Project Report (DPR), the GOI issued specific instructions that involvement of community right from the planning stage to operation and maintenance should be ensured to the extent possible.

Inflated provision of Rs.21.29 lakh was made in 2 DPRs for laying of pipeline without conducting of survey.

Test-check of records of XEN, PWSS Division, Gurdaspur revealed that DPRs of 'Extension and Augmentation of water supply schemes' of Sujampur and Derababa Nanak were prepared without conducting any survey and ensuring community participation. As a result, provision of 1377 metres AC pipes and 1749 meters C.I. pipes costing Rs. 12.62 lakh (AUWSS Sujampur) and 3.44 Kms distribution line costing Rs.8.67 lakh (AUWSS Derababa Nanak) were made in the DPRs for laying of pipe lines in the undeveloped areas of the towns thereby increasing the cost of DPRs by Rs. 21.29 lakh. On enquiry (March 2001) the XEN intimated that pipelines under left out areas were not

laid due to non existence of residential houses. However, neither the XEN nor the Managing Director PWSSB intimated reasons for inclusion of undeveloped areas in DPRs.

4.1.13 Other Points of Interest

4.1.13.1 Irregular levy of departmental charges

As per AUWSP guidelines, the detailed project report should include departmental charges, i.e establishment charges upto 3 per cent and contingency charges upto 5 per cent. It was also made clear (November 1997) by GOI that departmental charges were not permissible.

Extra expenditure of Rs. 12.15 lakh was charged to the programme due to levy of higher departmental charges.

Test-check of record of expenditure maintained by PWSS divisions revealed that in addition to the prescribed departmental charges of 8 per cent, other departmental charges at the rate of 6 per cent amounting to Rs.12.15 lakh were levied in eight schemes between October 1998 and December 2000 in violation of AUWSP guidelines.

On being pointed out in audit the XENs stated (December 2000-March 2001) that necessary action would be taken after seeking advice from the Board. However, the Managing Director PWSSB intimated (August 2001) that matter regarding diversion of 6 per cent charges was being taken up at Head Office level and would be intimated accordingly.

4.1.13.2 Irregular release of funds

The financial rules provide that no funds should be withdrawn from the treasury unless these are required for immediate disbursement.

Failure of Director, Local Government to observe financial propriety in release of funds and retaining funds with bank by the board resulted in loss of interest of Rs. 18.47 lakh

Test-check of records of the Director Local Government, Punjab revealed that Rs. 5.78 crore under AUWSP were released to the Managing Director PWSSB during the period September 1998 to August 2000 without ascertaining the requirement of funds. Since the amount of Rs. 5.78 crore was not to be utilised by the executing agencies immediately, the Managing Director PWSSB kept the unspent funds of Rs. 4 lakh to Rs. 3.27 crore during September 1998 to March 2001 in current account with a commercial bank for a period ranging from 1 to 5 months and Rs. 1.87 crore were still lying in current account as of March 2001.

Thus, release of funds by the Director Local Government without adherence to the codal provisions and retaining of unspent amount by the Managing Director in current account was not only violative of financial rules but also resulted in undue financial aid to commercial banks and consequently there was loss of interest of Rs. 18.47 lakh at Government borrowing rates. The Director, Local Government did not intimate the reasons for release of funds without requirement. However, the Managing Director PWSSB stated (May 2001) that unutilised funds would be given to the concerned Divisional Officers shortly.

4.1.13.3 Extra liability

According to funding pattern of AUWSP, 5 per cent funds were to be contributed by the beneficiaries/Municipal Committees (MCs).

Non-contribution of share from MCs resulted in extra burden of Rs. 12.60 lakh on State exchequer

Test-check of records maintained by Local Government Department and PWSSB revealed that despite provision for sharing 5 per cent expenditure by the beneficiaries, no system for recovery/remittance of 5 per cent MCs/beneficiaries share was evolved. Resultantly, the Municipal Committees did not deposit their share aggregating to Rs.12.60 lakh in contravention of guidelines and DPRs.

On being pointed out in audit, the XENs stated (December 2000-March 2001) that State Government had deposited its share along with 5 per cent share of MCs of the concerned divisions. The reply was not tenable as department/PWSSB had failed to recover 5 per cent share from MCs which resulted in extra liability of Rs. 12.60 lakh on State exchequer.

4.1.14 Monitoring and evaluation

The SE (Monitoring) was incharge of monitoring and evaluation of the RWSP. The field offices were submitting the financial and physical progress reports to this cell at prescribed intervals. The SE after processing these progress reports was reporting the overall progress of the programme to State Government/GOI. However no study to evaluate the impact of this programme was carried out since 1990.

AUWSP was implemented during 1998-99 in nine towns and the projects were still in progress but no evaluation of the programme was conducted as of March 2001.

The material was developed into a draft audit review for consideration of Government and the same was forwarded to the Secretaries concerned (April 2001) for reply within 6 weeks. The matter was followed up demi-officially with reminders to concerned Secretaries in July 2001. However, no reply was received from Secretary PWD (Public Health) (November 2001).

IRRIGATION AND POWER DEPARTMENT

4.2 Integrated Audit of Irrigation Department including Manpower Management

Highlights

The State of Punjab had a total length of 14,482 kms of canals and distributaries at the end of March 2001. A review on integrated audit of Irrigation Department including Manpower management indicated several deficiencies in the planning and execution of works. The budgetary control in the department was deficient. Even after lining 1092.06 kms of channels, the area irrigated from canal water had decreased during 1996-2000. Proper evaluation and effective monitoring of various schemes had not been undertaken. Some of the significant findings are given below:

- **Budgetary control was deficient in the department. Budget estimates were prepared on adhoc basis and budget demands were 26 to 747 per cent higher than expenditure in respect of each year during 1996-2001.**

(Paragraph 4.2.6.1)

- **Though no expenditure was incurred against original grants, the department granted funds through supplementary grants of Rs. 31.74 crore (8 schemes) and re-appropriation of Rs. 48.94 crore (16 schemes) during 1996-2000.**

(Paragraph 4.2.6.2)

- **Though State Government was not providing adequate funds for ongoing schemes, 18 new schemes were taken up during 1998-2001 without increase in annual budget allocations.**

(Paragraph 4.2.7)

- **Although Government incurred expenditure of Rs. 231.08 crore on lining of 1092.06 kms of channels, area under canal irrigation decreased from 16.28 lakh hectares to 9.77 lakh hectares during 1996-2000.**

(Paragraph 4.2.8.1 & 4.2.8.2)

- Even after spending Rs. 14.23 crore on raising and lining of 127.59 kms of Bhakra Main Line canal, its discharge capacity could not be increased.

(Paragraph 4.2.8.3)

- Despite utilisation of Central Assistance of Rs 4.22 crore, the Centrally Sponsored Schemes were not completed, as the State Government did not release its share.

(Paragraph 4.2.8.4)

- Improper survey study to tackle water logging in Muktsar led to abandonment of scheme which resulted in ungainful expenditure of Rs.5.21 crore on installation of 280 tubewells.

(Paragraph 4.2.8.5)

- Failure to adhere to the provisions of the Land Acquisition Act, resulted in avoidable expenditure of Rs. 1.93 crore besides creating a liability of Rs.17.15 crore.

(Paragraph 4.2.9.1)

- 4 Executive Engineers got works executed from private contractors at a cost of Rs. 2.82 crore whereas departmental machinery remained unutilised during 1997-2000.

(Paragraph 4.2.10.4)

- Rs. 100.79 crore were spent on pay and allowances of idle staff of SYL and Canal Lining projects.

(Paragraph 4.2.11.1)

- Training was deficient even after incurring expenditure of Rs.3.52 crore on infrastructure and Rs 31.73 lakh on establishment of Training Institute.

(Paragraph 4.2.11.3)

4.2.1 Introduction

Punjab is predominantly an agricultural State with total geographical area of 50.36 lakh hectares, against which 42.56 lakh hectares is cultivable area of

which 39.77 lakh hectares is irrigated. The total length of canals and distributaries in Punjab was 14482 kms at the end of March 2001.

Irrigation has been the mainstay of the economy, prosperity and development of the State. The irrigation and Power Department is a nodal agency of the State Government for the construction and maintenance of canals, drains, anti water logging, flood protections and multipurpose river projects.

4.2.2 Organisational set up

Principal Secretary cum Financial Commissioner to Government of Punjab, Irrigation and Power is overall incharge of the department. He is assisted by 11 Chief Engineers (CEs) and 8 Directors. At the field level the works are executed through 103 Executive Engineers (XENs) under the supervision of 24 Superintending Engineers (SEs).

4.2.3 Audit coverage

Mention was made in paragraph 4.1 of Audit Report for the year ended March 1998 on the working of Ranjit Sagar Dam Project (RSDP) of Irrigation and Power department. As the report was yet to be discussed by the Public Accounts Committee (PAC), this project was not covered under this review.

Based on test check of records of 23¹ divisions involving expenditure of Rs.395.50 crore (14.02 per cent) out of total expenditure of Rs.2820.66 crore for the period 1996-2001, review on working of the department was conducted during October 2000 to March 2001. Besides records in the office(s) of 7² CEs, 5³ SEs and 1 Land Acquisition Officer (LAO) SYL Patiala were also reviewed.

4.2.4 Funding pattern

Funds to the Irrigation and Power department are provided by the State Government through annual budgetary allocation for construction, improvement and maintenance of canals, drains, anti water logging, flood protection and multipurpose river projects. Within the department, the CE regulates funds through Letter of Credit (LOC) system. The State Government also mobilised additional finances of Rs.358.69 crore from National Bank for Agriculture and Rural Development (NABARD), of this

¹ Canal Lining Division Patiala, Ludhiana & Sangrur; IB Canal Division Majitha, Jandiala, Mansa & Harike, Eastern, Rajasthan feeders & Bhakra Main Line; SYL Division Ghanauly & Patiala ki Rao; Drainage Mechanical Division Amritsar, Ferozepur & Nangal; Drainage Construction Division Faridkot, Ferozepur & Mansa; Drainage Division Hoshiarpur, Jalandhar & Phagwara; Store Procurement Division and Workshop Division Chandigarh.

² CE Canals, Canal-Lining, Planning, Drainage, SYL Project, Chandigarh, Vigilance & Quality Control Patiala and Irrigation & Power Research Institute, Amritsar.

³ SE Drainage Circle Jalandhar, Canal-Lining Circle Patiala, BML Circle Patiala, Drainage Construction Circle Ferozepur and IB Circle, Ferozepur.

Rs.252.43 crore were released to the Irrigation department during 1996-2001. Besides, a Central assistance of Rs.5.51 crore was received during 1998-2001 from Government of India (GOI) for development of water logging area of Jamuana and Ratta Khera blocks of Muktsar district. The World Bank provided assistance by way of reimbursement of expenditure incurred to the extent of Rs. 257.95 crore for implementation of 13 irrigation schemes during the period 1996-97 to 1998-99.

4.2.5 Financial outlay and expenditure

The budget provisions and expenditure incurred during 1996-2001 were as under:

(Rupees in crore)

Year	Budget provisions	Expenditure	Excess
1996-97	623.28	1058.26	434.98
1997-98	825.51	1224.49	398.98
1998-99	1000.28	1326.61	326.33
1999-2000	863.72	946.64	82.92
2000-2001	796.11	1129.27	333.16
Total	4108.90	5685.27	1576.37

During 1996-2001, against allocation of Rs.4108.90 crore, Rs.5685.27 crore were spent resulting in excess expenditure of Rs.1576.37 crore. However, it was noticed that excess expenditure was mainly incurred on Ranjit Sagar Dam Project.

4.2.6 Financial management

4.2.6.1 Preparation of inflated budget estimates

Budget demands were inflated by 26 to 747 per cent over the expenditure incurred during each year.

According to the provision under Punjab Budget Manual (Manual), the budget estimates for ensuing year should be based on average expenditure for 6 months of previous year and actual expenditure of first 6 months of current year to make the budget estimates realistic. Test check of records in 12 divisions revealed that budget estimates for works were prepared on adhoc basis without taking into account actual requirements, as demands were 26 per cent to 747 per cent higher than actual expenditure during last 5 years ended March 2001:

(Rupees in crore)

Year	Budget demanded	Budget allocated	Expenditure	Percentage of inflated budget estimates over expenditure
1996-97	56.66	47.20	44.96	26
1997-98	71.72	41.47	38.41	87
1998-99	93.35	52.69	41.00	128
1999-2000	94.01	42.55	38.28	146
2000-2001	167.19	29.39	19.75	747

The Executive Engineer, Hoshiarpur Drainage Division, stated that budget was demanded in view of inspection carried out by field staff on the recommendation of local Panchayats and M.L.A. Reasons for preparation of inflated budget estimates from other offices were awaited (August 2001).

4.2.6.2 Unjustified supplementary demands/re-appropriation of grants

Test check of expenditure against supplementary demands and re-appropriation of grants for the period 1996-2000 revealed that in 8 schemes though the department did not incur expenditure against original budget provision, unnecessary supplementary grants of Rs. 31.74 crore were obtained. Similarly in 9 schemes supplementary grants of Rs. 30.92 crore were obtained during the above period although there were savings in expenditure over the original budget provisions ranging between 2 and 99 per cent.

In addition to above, in 16 schemes though no expenditure was incurred against original budget provisions of Rs. 82.70 crore, the CEs further re-appropriated Rs. 48.94 crore during the period 1996-2000 and in 18 schemes, the expenditure against the original budget provisions of Rs.71.28 crore was only Rs. 22.17 crore, but an additional amount of Rs. 30.41 crore was again re-appropriated by the CEs concerned. This indicated that the department lacked in budgetary control as the supplementary demands were obtained and re-appropriation made without ascertaining the actual requirements of funds for the works and administration as a result thereof, provision of funds of Rs. 142.01 crore through supplementary demands and re-appropriations were unjustified during 1996-2000.

4.2.6.3 Control over expenditure

4.2.6.3.1 Non-maintenance of control register

As per codal provisions, controlling officer is required to maintain expenditure control register to monitor grant-wise, sub head-wise monthly, quarterly and year-wise expenditure. The department was also required to maintain control register for annual plan outlay and expenditure incurred there against. However, the CEs did not maintain such registers which contributed to excess expenditure over budget allotment.

4.2.6.3.2 Delay in submission of monthly expenditure returns

The XENs are required to submit monthly expenditure returns to Controlling Officers by 10th of next month. The scrutiny of records of 8 Divisions test checked revealed that 235 monthly expenditure returns were submitted late by 1 to 157 days during the period 1996-2001. The department had neither investigated the reasons for delayed submission of returns nor taken corrective measures.

4.2.6.3.3 Trend of revenue expenditure and capital expenditure

The overall position of revenue expenditure and capital expenditure during 1996-2001 of Irrigation Branch was as under:

Though no expenditure was incurred against original grants, funds of Rs. 31.74 crore (8 schemes) through supplementary grants were obtained

(Rupees in crore)

Year	Total	Revenue expenditure	Percentage to total expenditure	Capital expenditure	Percentage to total expenditure
1996-97	1058.26	248.62	23	809.64	77
1997-98	1224.49	284.39	23	940.10	77
1998-99	1326.61	345.61	26	981.00	74
1999-2000	946.64	340.27	36	606.37	64
2000-2001	1129.27	336.37	30	792.90	70

It would be seen that capital expenditure on irrigation projects in the State indicated a decreasing trend from 1996-97 to 1999-2000 but increased slightly in 2000-2001. However, revenue expenditure increased from 23 per cent in 1996-97 to 36 per cent in 1999-2000.

4.2.6.3.4 Excess expenditure over budget grants

According to financial rules, the expenditure during a year should be kept within the sanctioned grant and funds released. Further, it was the duty of the disbursing officer/controlling officer to ensure that expenditure was kept within the sanctioned budget. It was noticed that the excess expenditure under 19 sub heads ranged between 11 and 2136 percent of the total provision during the years 1996-2000. Such excess expenditure indicated failure of budgetary control system. Reasons for incurring of excess expenditure over grants sanctioned and steps taken to regularise such excess expenditure were not intimated to audit (August 2001).

4.2.6.3.5 Irregular creation of liability

Department rules provide that sanction of a design and estimate by Government should not be taken as permission for commencement of expenditure on work unless such expenditure has been provided in the budget of that year and no liability be created in connection with any work until an assurance has been received from the competent authority for allotment of funds before the maturity of liability.

In 13 divisions the works were got executed during 1998-2001 from the contractors without provision of funds as a result thereof liability of Rs.16.97 crore was created as of March 2001. On being pointed out the XENs stated (December 2000-April 2001) that liability was created due to non-release of funds by the State Government. The reply was not tenable as works were executed in violation of codal provisions and without receipt of funds.

4.2.6.3.6 Keeping of funds out of Government account

State Treasury Rules provide that a Government employee may not, except with special permission of Government, deposit in a bank, money withdrawn from consolidated funds, contingency fund or Public Accounts of the State. Reiterating the provisions of rules, the Additional Secretary, finance department issued instructions (August 1999) to close all such accounts with banks and deposit the amount in the Treasury.

Test check of records in 4 divisions of Irrigation branch revealed that in violation of above provisions/instructions, the XENs were still operating accounts with Commercial Banks and funds ranging between Rs. 0.21 lakh and Rs. 6.22 crore were kept in bank accounts during December 1998 to March 2001. Even the funds received by 2 of the divisions for execution of

In-violation of codal provisions, funds between Rs. 0.21 lakh and Rs. 6.22 crore were kept outside Government account which resulted in loss of Rs. 93.32 lakh as interest.

deposit works were also deposited with banks instead of depositing in treasury under head “8443-Civil Deposit”. On being pointed out (April 2001), the XENs did not intimate reasons for opening bank accounts. Thus, retention of funds with banks was not only violative of rules but also resulted in loss of interest of Rs. 93.32 lakh up to March 2001 at Government borrowing rates.

4.2.6.3.7 Utilisation of departmental receipts towards expenditure

State Financial Rules strictly prohibited utilisation of departmental receipts towards expenditure.

Test check of records (April-December 2000) in 9 Irrigation divisions revealed that departmental receipts on account of sale of tender forms, trees, etc. amounting to Rs.62.78 lakh collected during 1999-2001 were not deposited in Government account and irregularly utilised towards expenditure in contravention of rules and that too in excess of the LOC released during the above period. Thus, the expenditure to the extent of Rs. 62.78 lakh was incurred without approval of the Legislature.

4.2.7 Programme management

(i) In Ninth Five Year Plan (1997-2002) an outlay of Rs.1598.16 crore was proposed for execution of various irrigation and flood control schemes. The year-wise provision of funds made under each annual plan and actual expenditure incurred thereagainst during 1997-2001 were as under:

(Rupees in crore)

Year	Annual Plan Outlay	Budget Provision	Expenditure	Percentage of Expenditure to outlay
1997-1998	244.36	231.96	172.89	71
1998-1999	298.70	292.00	254.06	87
1999-2000	320.09	320.09	130.48	41
2000-2001	321.00	321.02	213.16	79

Without sufficient increase in budget allocations, 18 new schemes were taken up when ongoing schemes were incomplete.

The position brought out above indicates that provision of funds in the annual plans during 1997-98 and 1998-99 were not made keeping in view the overall outlay in Ninth Five Year Plan. A review of execution of schemes taken up in Ninth Five Year Plan revealed that expenditure ranged between 41 and 87 per cent during 1997-98 to 2000-2001. Though the State Government was not spending sufficient funds on ongoing schemes, yet 18 new irrigation and other schemes were taken up during 1998-2001 without substantial increase in annual plan allocations. This not only affected the execution of schemes already in progress but also the intended benefits of these schemes remained unachieved. As a result, the farmers preferred to have private irrigation facilities of tubewells.

(ii) In case of 4 schemes, against total plan outlay of Rs.66.19 crore with further provisions of Rs.55.26 crore made for the year 2000-2002 an expenditure of Rs.134.11 crore was incurred upto March 2000 whereas in case of 8 schemes, no expenditure was incurred though plan outlay of Rs.550.07 crore was provided in Ninth five year plan. The department did not intimate the reasons for deviation from plan outlay.

(iii) Further, with a view to enhance the capacity of the existing distributaries and channels, the State Government proposed an outlay of Rs.14.94 crore under “Remodelling/construction of distributaries/minors” in the Ninth plan (1997-2002), against this an expenditure of Rs.34.45 crore was incurred during 1997-2000 and further provisions of Rs.29.25 crore were also made for 2000-2002. Despite incurring huge expenditure on the above work, the area under irrigation through canals had decreased from 16.28 lakh hectares (1996-97) to 9.77 lakh hectares (1999-2000).

This was indicative of poor programme management of the department.

4.2.8 Execution

4.2.8.1 Lining of channels

In order to bring additional area under irrigation by reducing seepage losses and improvement in discharge capacity of channels, reduction in expenditure on maintenance and operation, the State Government completed lining of 5554 kms channels upto March 1992 under “Lining of channels Phase I” with 90 per cent reimbursement from World bank.

Mention was made on certain aspects of implementation of the project ‘Lining Channels’ up to March 1994 in Paragraph 4.1 of the Report of the Comptroller and Auditor General of India for the year ended March 1994 (Civil). The paragraph was discussed in the PAC in September 1998.

Further, second phase of the project of lining of 816 kms channels (revised to 1242 kms) was taken up during 1990-91 at a cost of Rs. 82.79 crore (revised to 282.51 crore) with assistance of World Bank to be completed in 5 years. The department proposed to cover 70000 hectares of additional area under irrigation and saving of 514.34 cusecs water annually. The details of budget allocations and expenditure vis-à-vis targets and achievements of second phase were as under:

Year	(Rupees in crore)		(Length in kilo metre)	
	Budget provisions	Expenditure	Targets	Achievements
Upto 1995-96	139.29	113.65	688	639.94
1996-97	37.00	34.94	252	217.10
1997-98	45.08	29.57	385	172.60
1998-99	42.33	38.96	93	55.41
1999-2000	37.50	13.96	15	7.01
2000-2001	14.00	10.03	Not fixed	-
Total	315.20	241.11	1433	1092.06

A perusal of execution of this project revealed that lining of 1092.06 kms channels had been completed upto March 2000 by spending Rs.231.08 crore. The World Bank stopped (July 1998) its assistance when 156.95 Kms lining of channels was yet to be done and the State Government also restricted the budget provisions to establishment charges, thus, lining work of 7.01 kms. only could be undertaken during the year 1999-2001. As a result department could not complete second phase of the project even after lapse of 6 years

beyond scheduled period of completion due to late start of work, short release of funds and increased scope of work.

4.2.8.2 Non fulfilment of objectives

Even after lining of 1092.06 kms channels, the area irrigated through canals decreased by 15 per cent.

The department estimated to save 514.34 cusecs water per year after lining of 1242 kms channels. However, comparative position of net area sown, irrigated from all sources including through canals during 1996-2000 after lining of 1092.06 kms of channels was as under:

Year	Total		Area irrigated through canals	Percentage of area irrigated by canals to total net area irrigated
	Area sown	Area irrigated		
(In 000 Hectare)				
1996-97	4223	4022	1628	40
1997-98	4266	4021	1546	38
1998-99	4203	4019	1052	26
1999-2000	4237	3977	977	25

Despite incurring an expenditure of Rs. 241.11 crore, the percentage of area irrigated through canals had decreased from 40 per cent in 1996-97 to 25 per cent during 1999-2000.

4.2.8.3 Raising and lining of Bhakra Main-Line canal

After spending of Rs.14.23 crore on raising and lining of Bhakra Main Line canal, its discharge remained unchanged.

A project for raising and lining of Bhakra Main-Line (BML) canal to restore its authorized capacity of 12455 cusecs of water costing Rs. 3.45 crore was taken up during 1983-84. The cost of project was to be shared in the ratio of 57.27 : 32.80 : 9.93 by the States of Haryana, Rajasthan and Punjab respectively. Though the project was to be completed in one year, the work had not yet been completed (March 2001) even after incurring an expenditure of Rs.14.23 crore. With the completion of work of raising and lining of 127.59 kms. of canal against the target of 142.07 kms., the discharge capacity remained unchanged.

4.2.8.4 Implementation of Centrally sponsored scheme

Government of India (GOI) approved (November 1998) a project for development of water logged area of 787 hectares and 700 hectares of land in Jamuana and Ratta Khera Blocks respectively of Muktsar district. The project was to be completed by March 2001. Financial outlay of the project was as under:

(Rupees in crore)

Year	Jamuana Block			Ratta Khera Block		
	GOI		State share due	GOI		State share due
	Share	Release		Share	Release	
1998-99	2.17	2.17	1.32	2.06	2.06	1.27
1999-2000	0.77	0.68	0.39	0.69	0.60	0.34
2000-2001	0.18	-	0.03	0.15	-	0.03
Total	3.12	2.85	1.74	2.90	2.66	1.64

GOI had released its share of Rs. 5.51 crore (Jamuana : Rs. 2.85 crore and Ratta Khera : Rs.2.66 crore) out of its share of Rs. 6.02 crore through Additional Deputy Commissioner, District Rural Development Agency (DRDA), Muktsar during the period February 1999 to June 2000 for the implementation of the project.

The information collected from the XEN, Drainage Construction Divisions Faridkot and Ferozpur revealed that the department had utilised Rs. 4.22 crore on the project upto December 2000 as per details given below:

(Rupees in lakh)

S.No.	Item	Jamuana Block	Ratta Khera Block	TOTAL
1.	Foreign visit of officials	8.97	12.19	21.16
2.	Purchase of machinery	180.00	185.00	365.00
3.	Material	15.00	8.50	23.50
4.	Diversion of funds on other works	7.00	NIL	7.00
5.	Other items	4.92	0.33	5.25
	Total	215.89	206.02	421.91

State share was not released to executing agencies during 1998-2001 besides Central assistance of Rs.21.16 lakh was utilized un-authorisedly on foreign visits.

The SE Ferozpur Drainage Circle reported to GOI (through Chairman DRDA Muktsar) in December 2000 that Rs. 7.56 crore including State share of Rs.3.34 crore had been utilised upto December 2000 on the project. Audit scrutiny, however revealed that report of the SE was not correct as the department had utilised only Rs. 4.22 crore and the CE Irrigation had requested (August 2000) the State Government to release State's share for implementing the project. The above table further shows that the department did not undertake any execution of work after November 2000 and Trenching Draglines purchased at the cost of Rs. 3.65 crore were lying idle with Mechanical wing of the department for want of site plan/funds. The expenditure of Rs. 21.16 lakh on foreign visits incurred by the State Government was in violation of programme and GOI clarified (March 2000) that such expenditure would be borne by the State Government. Thus, the scheme remained un-implemented for 3 years despite receipt of 95 per cent Central share and incurring of expenditure of Rs. 4.22 crore.

4.2.8.5 Avoidable expenditure

Improper study of the scheme, resulted the expenditure of Rs. 5.21 crore on installation of 280 tubewells ungainful.

In order to tackle the problem of water logging in Muktsar district, the State Government undertook 6 different schemes between December 1995 and October 1999 with loan assistance from NABARD. Under one of the schemes, the department proposed to drill 500 tubewells at a cost of Rs.12.96 crore along Sirhind and Rajasthan Feeder canals. The work was allotted (May 1997) to a contractor at a cost of Rs.9.53 crore to be completed within 6 months. However, on the recommendation of the XEN, the CE decided (July 2000) to restrict the work to 280 tubewells as sufficient new drainage infrastructure had been laid in the area. However, study conducted by the State Irrigation and Power Research Institute (August 1998) observed that digging of shallow tubewells along the Sirhind and Rajasthan feeder canals might not solve the problem rather would aggravate it because the water from the canals only would be drawn and recommended abandoning of the scheme.

Thus, failure of departmental Engineers to foresee that installation of shallow tubewells along the banks of canals would rotate water from canals itself, resulted in ungainful expenditure of Rs. 5.21 crore on development of 280 tubewells. Rs. 56.68 lakh of the above were spent after August 1998 i.e. after a paper on water logging its causes and remedial measures was presented by

Research Institute in the international conference on Hydrology where-in the above aspect was specifically stressed upon.

4.2.9 Land management

4.2.9.1 Avoidable extra payment

Section 11 A of Land Acquisition Act 1894 (Act) provides that if an award is not announced within two years from the date of publication of the declaration for acquisition of land the entire proceedings would lapse. The market value is determined as on date of publication of notification under section 4 of the Act and if compensation so assessed is not paid before assuming possession of land, the amount due is awarded by the Land Acquisition Officer (LAO) with interest from the date of taking possession of land till payment is made to the land owners. The Act further provides for payment of interest on enhanced compensation awarded by the court from the date of judgment to the date of such payment.

Reasons for acquisition of land	Month of notification/ declaration under section 4/6 of the Act	No. of cases/Area of land acquired	Comments	Amount involved
Construction of Chauntra distributory (Harike Division Ferozepur)	June 1996	(1 case) 41.61 acres	Land Acquisition proceedings were initiated late	Cost of land Rs.37.36 lakh and interest Rs.1.20 crore
Construction of field link drains (XEN Drainage Construction Division Faridkot)	April 1998 to December 1999 May 1998 to December 1999	(12 cases) 199.63 acres	Land acquisition proceedings lapsed due to non-announcement of award within stipulated period of 2 years.	Cost of land Rs.7.16 crore and interest payment of Rs. 1.01 crore upto August 2000.
Construction of SYL Project (LAO SYL Patiala)	-	34 Cases (Interest payment) and 267 cases (Liability) Area not known	Delay/ non payment of enhanced compensation resulted in extra avoidable payment of interest and liability	Interest payment of Rs.35.71 lakh and liability of Rs.8.98 crore.

Failure of XENs/LAOs to adhere to the provisions of the Act resulted in avoidable expenditure of Rs.1.93 crore and liability of Rs.17.15 crore.

Due to lack of expedient action of the XENs and failure of LAOs to announce awards within stipulated period in accordance with provisions of Act, the department had to incur avoidable expenditure of Rs.1.93 crore (Cost of land: Rs. 0.37 crore and interest: Rs1.56 crore) besides liability of Rs. 17.15 crore (cost of land Rs. 7.16 crore, interest payment of Rs. 1.01 crore and enhanced compensation liability of Rs. 8.98 crore)

4.2.9.2 Sale of surplus land

The State Government decided (March 1998) to dispose off surplus land and abandoned canal rest houses of Irrigation department after identification by a Standing Committee. As per terms and conditions, successful bidders were required to deposit 10 percent of the bid amount at the fall of hammer, 15 percent of bid within 60 days of the auction and balance either in lump sum

within 60 days or in four equal annual installments along with 15 percent interest. The scrutiny of records relating to auction in three divisions revealed that in 37 cases property was auctioned for Rs. 2.12 crore and the bidders deposited 10 per cent of bid amount at the fall of hammer but did not deposit 15 per cent of bid money within stipulated 60 days. In other 21 cases the balance amount of Rs. 77.62 lakh along with interest of Rs.6.73 lakh due upto February 2001 had not been deposited by the bidders. No action had been initiated against the defaulters (August 2001).

4.2.9.3 Unauthorised occupation of Government land

Scrutiny of records in five divisions test checked revealed that land measuring 566.31 acres belonging to Irrigation department was under unauthorised occupation of private persons, of this 490.2 acres of land was occupied for more than 10 years. The XENs had though referred the cases to higher authorities i.e. Dy. Commissioner, C.E. Irrigation etc., legal proceedings were yet to start as of August 2001.

4.2.9.4 Non-execution of mutation deeds

As per provisions of standing orders (Land Acquisition No. 28) the mutation of land is required to be entered in the name of acquiring department at the time of announcement of the award or soon thereafter where necessary statements showing the particulars of land acquired are prepared.

It was noticed in audit that out of 5294.96 acres of land acquired at a cost of Rs.34.64 crore between March 1982 and June 1991, the Land Acquisition Officer, Sutlej Yamuna Link Canal (SYL) Patiala had not executed the mutation deeds of 639.8 acres of land acquired at a cost of Rs.5.09 crore as of March 2001. Non-execution of mutation in favour of the Government is fraught with risk of unauthorized possession by unscrupulous persons.

No action was taken to get vacated 490.2 acres of land under un-authorised occupation of private persons for over 10 years.

Mutation deeds of 639.8 acres of land valuing Rs. 5.09 crore acquired between 1982 and 1991 were not got executed.

4.2.10 Store Management

4.2.10.1 Non-procurement of material through centralised store.

Store Procurement Division Chandigarh (Division) was established in 1963 comprising of 4 sub divisions and was entrusted with the work of procurement of stores, machinery, inspection of stores and gates and gearing of head works under the control of Irrigation department.

Scrutiny of records revealed that Cement Procurement Sub Division attached with the Division, processed supply orders of only 8672 MT of cement during 1996-99 and no material was procured through this sub division after 1998-99. The services of staff deployed in sub division were thus not gainfully utilized though an expenditure of Rs. 18.34 lakh was incurred on their pay and allowances during 1999-2001.

4.2.10.2 Inspection of stores

The work relating to physical verification of 'Stores' and 'Tools and Plant' was allotted to 2 Sub-Divisions, one attached with Store Procurement Division (118 stores) and other with Workshop Division (122 stores) of Irrigation department.

As per codal provisions physical verification of all 'Stores' should be made at least once in a year. However, audit scrutiny revealed that out of 240 stores, only 50 to 82 stores were checked yearly during 1996-2001. In reply the XEN stated that Stores maintained by Divisions under SYL Project were not being checked due to non-availability of labour and weighing arrangements. In remaining cases reasons for non-checking of stores were not intimated (August 2001).

4.2.10.3 Inspection of Gates and Gearings

The field mechanical Sub-Division No.II Amritsar attached with Store Procurement Division, Chandigarh has been assigned the work of checking of Gates and Gearings of the head works and its canal network. Deficiency found on inspection is reported to the concerned officer for immediate rectification and maintenance so that water resources do not go waste.

Scrutiny of records revealed that though 736 Gates were entered in the control register maintained by the XEN Store Procurement Division, the exact number of Gates and Gearings was not available with him. Though the department had not fixed periodicity for checking of Gates, the SDE has checked 312 gates to 404 Gates yearly during 1996-2001. Of the 736 gates, 260 gates had not been checked since July 1996. In the absence of complete details of Gates and Gearings and without conducting periodical checking of all Gates and Gearings, it was not beyond doubt that all the Gates and Gearings were working smoothly. On being pointed out the XEN stated (March 2001) that complete lists of Gates and Gearing would be collected and checking of all gates ensured.

4.2.10.4 Under-utilisation of machinery

The Irrigation department is operating 3 Drainage Mechanical Divisions stationed at Amritsar, Ferozepur and Nangal for construction of new drains and remodeling of existing drains. These divisions had a fleet of 77 draglines and excavators as of March 1997. In addition to above machinery, the department purchased 20 new draglines and 5 excavators at a cost of Rs. 11.82 crore during 1997-99. Year-wise estimated working hours and actual working hours by the machinery were as under:

Sr. No	Divisions	Year	Estimated working hours	Actual working hours	Percentage of actual hours to estimated hours
1.	Amritsar Mech. Drg. Division, Amritsar	1997-98	34560	18901	55
		1998-99	36560	22551	62
		1999-2000	38235	15762	41
		2000-2001	38460	11692	30
2.	Mech. Drg. Construction Division, Ferozepur	1997-98	32280	28926	90
		1998-99	51680	48788	94
		1999-2000	54560	33014	61
		2000-2001	55680	29908	54
3.	Jalandhar Mech. Drg. Division at Nangal.	1997-98	27840	31424	113
		1998-99	28940	17662	61
		1999-2000	23040	14355	62
		2000-2001	21260	10612	50

The position brought out above indicated that machinery was under utilized. On enquiry the XEN Drainage Mechanical Division Amritsar and XEN

Works costing Rs. 2.82 crore got executed from private contractors when Government machinery was lying idle.

Mechanical Drainage construction division Ferozepur stated (April and July 2001) that machines were utilized as per available workload whereas XEN Jalandhar Mechanical Drainage Division at Nangal stated (April 2001) that civil divisions were placing job orders on private contractors. The reply of XEN Ferozepur was not tenable as it was noticed that in 4 divisions the work of re-sectioning and reconditioning of drains costing Rs. 2.82 crore had been executed by private contractors during the period 1997-2000. Thus, execution of works from private contractors was irregular, as machinery available with the department was lying idle.

4.2.11 Personnel management

No consolidated record was maintained at Secretariat level or at head of department (Chief Engineer) level regarding norms for sanction of posts, number of posts sanctioned and persons actually in position. However, scrutiny of records in 16 offices revealed the position of staff as under:

Category	Sanctioned posts	In Position	Shortage
Technical	532	460	72
Non-Technical	3674	3070	604
TOTAL	4206	3530	676

The XENs attributed the shortage of staff to non-posting of officials by Head Office. The department should have reviewed the position of vacant posts and abolished the excess posts.

4.2.11.1 Idle staff

The work on construction of SYL canal project was abandoned in July 1990 but 1634 regular employees remained with the project and drew pay and allowances amounting to Rs. 76.71 crore without any work during the period 1996-2001.

Similarly the work of lining of channels under phase-II was stopped in July 1998 and no work was executed during the years 1999-2001 though Rs.24.08 crore were spent on salary of the staff.

The department had not yet initiated action to adjust the idle staff, though substantial vacancies were available within the department itself. Reasons enquired (November 2000) from Government for non-adjustment of staff were awaited (August 2001).

4.2.11.2 Irregular drawal of fixed traveling allowance

Under the Punjab Civil Services Rules, fixed traveling allowance (FTA) is paid for performing duties within a radius of 25 Kms from duty place at least for 12 days in a month and subject to furnishing of field duty certificate by the Sub-Divisional Officer, in case of Junior Engineer (JE) working under his control.

Scrutiny of records in six divisions of SYL and Canal Lining Projects revealed that Rs. 10.05 lakh were irregularly paid to JEs during the period between July 1998 and January 2001 though they were not performing field duties as these

An expenditure of Rs.100.79 crore was incurred on the pay and allowances of regular staff without any work.

divisions did not execute any works during the above period. Reasons for irregular drawal of FTA from CE (July 2001) were awaited (August 2001).

4.2.11.3 Training

The project of “Punjab Irrigation Management Training Institute (PIMTI)” was proposed to be established at Amritsar (October 1987) with initial financial assistance from World Bank. The object of this Institution was to impart training to newly recruited staff, refresher courses for senior level staff and workshops/ seminars to provide interaction between planners, designers and practising engineers. The work for establishment of PIMTI was taken up in 1991-92.

The work on construction of building comprising Administrative Block, Guest House, Trainees Hostel, Residential Building for faculties Computer Centre etc. was taken up in 1996-97 and expenditure of Rs.3.52 crore had been incurred on the project as of December 2000.

The details of training courses to be held and actually held, duration of course and number of participants during 1996-2001 was as under:

Period	No. of courses		Total No. of participants	Duration of courses	Total days consumed
	To be held	Actually held		Days	Days
1996-97	14	6	35	2 to 9	23
1997-98	14	9	150	2 to 5	28
1998-99	17	8	222	1 to 8	19
1999-2k	15	11	231	1 to 4	32
2000-01	14	10	125	1 to 4	29
	74	44	763	1 to 9	131

Even after incurring expenditure of Rs. 3.52 crore on creating infrastructure and Rs. 31.73 lakh on establishment, the department could not hold required courses.

Against target of 74 courses only 44 courses were held during 1996-2001. It was further noticed that 5 courses were of one-day duration, in two courses there was only one participant and no course was held for newly recruited staff. Against provisions of 6 faculty members for imparting training only one member remained deployed on contract basis during the period from December 1998 to July 2000. Thus, even after incurring expenditure of Rs.3.52 crore on creating infrastructure and Rs.31.73 lakh on establishment during 1996-2001, the department could not hold required courses.

4.2.12 Research

A Research Institute for development of science of irrigation and drainage engineering, hydraulics, hydrology and ground water, concrete technology, land reclamation and mechanics and foundation engineering etc. had been established at Amritsar. Funds allotted to the institution and expenditure there against during 1996-2001 were as under:

(Rupees in lakh)

Year	Funds allotted	Expenditure	Shortfall	Expenditure on Establishment
1996-97	68.30	51.23	17.07	318.31
1997-98	78.69	43.68	35.01	362.41
1998-99	70.90	39.90	31.00	635.22
1999-2000	63.40	20.91	42.49	634.23
2000-2001	31.65	0.85	30.80	571.86
TOTAL	312.94	156.57	156.37	2522.03

The department had, thus, undertaken a very little research work during 1996-2001 as only 6 per cent of expenditure was incurred on research work during these years against the 94 per cent on establishment.

4.2.13 Heavy outstanding in Miscellaneous Public Works Advances

The amounts kept under Miscellaneous Public Works Advances (MPWA) are required to be cleared urgently either by actual recovery or by transfer to concerned head of account with proper sanction and authority.

In 20 divisions of Irrigation, a sum of Rs. 14.48 crore was lying unadjusted in MPWA account pertaining to the period 1946-47 to 2000-01. These amounts were outstanding against departmental officials, contractors and suppliers.

Audit scrutiny revealed that in 7 divisions Rs. 36.54 lakh were due from officials who had either retired or expired and further in 5 divisions, Rs. 35.13 lakh were outstanding against officials whose whereabouts were not known to XENs. The position from other divisions could not be ascertained for want of details. Thus, failure of XENs to initiate timely action to recover/adjust the amount in accordance with provisions of rules had put the Government to loss of Rs.71.67.lakh.

4.2.14 Vigilance and Quality control

The CE Vigilance and Quality Control, Punjab, Patiala is entrusted with the work of conducting technical examination of works and to investigate vigilance cases. As per State Government orders (January 1989) case files relating to technical examination of works and vigilance investigations were not subject to audit by Statutory Audit. Test check of records of the CE revealed that neither any norms for selection and checking of cases had been fixed nor consolidated record showing number of cases received, selected, filed or sent to Government for taking suitable action had been maintained. The information collected showed that 3 Technical Examiners (TE) examined 895 works during last five years ending March 2001 and one of them had checked only one case during 1998-99. Work done by the remaining 3 TEs was not made available to audit. However, 470 cases of technical examination (1990-2001) and 135 cases of investigation conducted in 1996-2001 and sent for taking necessary action were pending with Government.

The Estimates Committee of Punjab Vidhan Sabha in its Report for the year ended March 1999 had pointed out that this wing had failed to exercise its responsibilities. Results of action taken on the recommendations by the Government were not made available (August 2001).

4.2.15 Evaluation and monitoring

The Evaluation Directorate set up in March 1977 to carry out the evaluation of completed Irrigation, Drainage and Lining Projects for guidance and framing of future projects, was engaged in evaluation of schemes executed under World Bank Phase-II which remained in progress from 1991 to 1998. Last evaluation report on some of the activities of the project was submitted to World Bank in 1998. Since the World Bank had stopped reimbursement of expenditure from August 1998, the directorate did not undertake any evaluation work thereafter.

Similarly a Directorate of Monitoring had been set up to monitor the physical and financial progress of projects exceeding Rs.30 crore whereas, the monitoring of projects costing below Rs. 30 crore is done by respective CE. It was seen in audit that monitoring was not effective as the directorate had no information on installation of shallow tubewells under Anti Water Logging Scheme. Though the statistical data of the State indicated that area under irrigation had reduced during 1996-2000, the directorate in its Management Information Report (MIR) prepared in December 2000 had included inflated statistics of 62925 hectares command area under canal irrigation.

4.2.16 Conclusion

The objective of Irrigation department was to construct and maintain canals, multi purpose river projects, control of floods and water logging in the State. The department did not adhere to the provisions of Punjab Budget Manual while preparing annual budget estimates and un-necessary supplementary grants and re-appropriation were being obtained. Even after lining of 452.12 kms channels during 1996-2000 the area irrigated through canals decreased and farmers preferred to have their own private irrigation facilities. The Irrigation department had to incur avoidable expenditure of Rs.1.93 crore and liability of Rs. 17.15 crore due to non-adherence of provisions of Land Acquisition Act. The performance of training and research institutes was not satisfactory.

The material was developed into draft audit review for consideration of Government and the same was forwarded to the Secretary (June 2001) for reply within six weeks. The matter was followed up demi-officially with reminder to the Secretary in July 2001. However, inspite of such efforts, no reply was received from the Secretary (November 2001).

SECTION 'B' – AUDIT PARAGRAPHS

Public Works Department (Buildings and Roads Branch)

4.3 Ungainful expenditure due to continuation of a Sub-Division

Indecision of Government to either entrust additional work to Sub-Division at New Delhi or order its closure had resulted in ungainful expenditure of Rs.72.24 lakh on the pay and allowances of staff.

Prior to 1987-88, a Junior Engineer was looking after the maintenance work of Nabha Estate at New Delhi and maintenance of Punjab Bhawan was under over-all control of General Manager Engineering wing of Hospitality Department of Punjab. For undertaking the construction work of 'B' Block of Punjab Bhawan, a Sub-Division of Provincial Division No. 1, Patiala was shifted to Nabha House at New Delhi during 1987-88. The work was completed in 1989 and thereafter the maintenance work of this portion of Punjab Bhawan was also taken over (1990) by the Hospitality department (Engineering Wing). Thus the Sub-Division was left with maintenance of Nabha Estate only which did not justify the existence of a complete Sub-Division.

The Chief Engineer (CE), Public Works Department (Buildings and Roads Branch) intimated (January 1997) this fact to the Secretary, Public Works Department and proposed entrustment of the maintenance of Punjab Bhawan to this Sub-Division. The Resident Financial Commissioner Government of Punjab at New Delhi (RFC) also reviewed the position and reported (March 1997) that there was no justification for continuation of the Sub-Division at New Delhi and proposed its immediate closure. He also suggested that maintenance work of Nabha Estate could be entrusted to a Junior Engineer on the pattern that existed before inception of the Sub-Division.

The scrutiny of the records (July 1999) disclosed that the Sub-Division continued to function with staff comprising 2-JEs; 1-Clerk; 1-Care taker; 1-Auditor; 5-Mali/Chowkidars and 1-Peon under the charge of a Sub-Divisional Engineer. No decision had, however, been taken even after lapse of four years of being pointed out (January 1997/March 1997) and Rs.72.24 lakh were spent on their pay and allowances (excluding one Junior Engineer as recommended by the RFC) during 1990-2001 without justification of work.

The CE stated (May 2001) that the Sub-Division besides maintenance of Nabha Estate was also performing other duties such as liaising with the Ministry of Surface Transport, Government of India and defending various court cases against the department etc. The reply was merely an after thought because the Sub-Division was created for carrying out construction in Punjab Bhawan and not for carrying out liaison work or defending cases against the department. Moreover, there was nothing on record to show that the staff of sub-division did any additional work other than the maintenance of Nabha

estate which would justify its continuance. Resultantly, the expenditure on their pay and allowances remained ungainful.

The material was developed into draft audit paragraph for consideration of Government and the same was forwarded to the Secretary to Government (April 2000) for reply within six weeks. The matter was followed up demi-officially with reminder to the Secretary in May 2001. However, inspite of such efforts, no reply was received from the Secretary (November 2001).

4.4 Blockade of funds on incomplete building of DIET

Injudicious action of Public Works authorities to enhance the scope of work beyond the administrative approval resulted into blockade of funds of Rs.42.85 lakh.

In accordance with the norms for grant of Central assistance for establishment and upgradation of District Institute of Education and Training (DIET) fixed by the Government of India (GOI) under the Centrally Sponsored Scheme for Restructuring and Reorganisation of Teachers Education, Government of Punjab accorded administrative approval (June 1989) for construction of a DIET building including staff quarters and hostel at Sheikhpur (Kapurthala district) at a cost of Rs.44.50 lakh. The Secretary, department of Education in the meeting held in September 1989, conveyed to the Superintending Engineer, Amritsar Circle, PWD B&R, Amritsar that the cost of works should not exceed the administrative approval and the amount deposited. The Director, State Council of Education Research and Training (SCERT) deposited Rs.37 lakh with the XEN in phases during 1989-91.

Scrutiny of records (June 1995 and June 1998) of the Executive Engineer, Provincial Division, (Buildings and Roads), Kapurthala (XEN) revealed that keeping aside the norms fixed by GOI and amount of administrative approval, the Chief Engineer enhanced the scope of work and approved (June 1989) a rough cost estimate amounting to Rs.1.13 crore based on drawings and specifications supplied by the Senior Architect (North) Patiala for construction of DIET building including Boys and Girls hostels, Staff Quarters and Boundary Wall. As no contractor came forward to execute the work against the tenders invited (August and September 1989) the XEN took up the work in piece meal (work orders basis). He transferred Rs. 6 lakh to Public Health Division and Rs. 2 lakh to Electrical Division and against the balance amount of Rs. 29 lakh, he incurred an expenditure of Rs. 34.85 lakh up to March 1992 whereas neither the revised administrative approval was received from client department nor further funds were deposited after 1990-91. The XEN had framed a revised estimate (March 1998) amounting to Rs. 2.35 crore for completion of the work. The work was held up (May 2001) due to paucity of funds.

On being pointed out the Chief Engineer stated (June 1999) that expenditure was incurred in anticipation of receipt of funds and the user department had been asked to deposit the balance amount. Whereas the Director, SCERT stated (March 2000 and May 2001) that despite repeated requests neither the State Government nor GOI had released funds for completion of DIET

building. The replies were not tenable as the work should have been planned in accordance with norms fixed by GOI and also within the amount of administrative approval. Thus, injudicious action of Public Works authorities to enhance the scope of work beyond administrative approval resulted in blockade of funds of Rs. 42.85 lakh on construction of DIET building for over 10 years besides, the intended benefits of the DIET building also remained unachieved.

The material was developed into a draft audit paragraph for consideration of Government and the same was forwarded to the Secretary to the Government in May 2000 for reply within 6 weeks. The matter was followed up demi-officially with reminder to the Secretary in July 2001. However, inspite of such efforts, no reply was received from the Secretary (November 2001).

4.5 Delay in completion of inquiry

Inordinate delay in completion of inquiry of sub-standard execution of retaining walls resulted in abandonment of work for over 7 years even after spending Rs.26.87 lakh.

The rules provide that every Government employee while incurring or sanctioning expenditure from the revenue of the State should be guided by high standard of financial propriety.

The scrutiny of records (October 1999) and information collected subsequently revealed that the Executive Engineer, Rural Works Division, Batala (XEN) allotted the work of construction of Narainpur to Baroh (2.88 kms) link road between April and July 1993 by splitting up the work into 30 different work orders before sanction of the estimate. The work was technically approved (August 1993) by the Superintending Engineer, Pathankot Circle, PWD B&R, Pathankot (SE) at an estimated cost of Rs. 33.75 lakh. The XEN after incurring an expenditure of Rs. 26.87 lakh stopped the work (September 1994) on the plea of non-receipt of funds, though the balance amount of Rs.8 lakh released (July 1995) by the District Road Committee was surrendered by the XEN being insufficient. In the meantime, on the basis of a complaint made by the Sarpanch Dharkalan, quality control team of Public Works Department (PWD) inspected the work in July and November 1994 and found that 45 retaining walls (involving expenditure of Rs.15.88 lakh) constructed on the road were incomplete/not constructed according to structural drawings and were sub-standard/unsafe and the officials supervising the work had made fictitious record entries of the work done. The above facts finding report was submitted to Government in May 1995. The Secretary, PWD, however, took more than one year to serve charge sheets, another 2 years for appointment of Inquiry Officer and finally submitted (August 2000) the report to Government concluding gross negligence in construction of retaining walls and causing wasteful expenditure of Rs. 15.88 lakh. No action had, however, been taken so far on the inquiry report (May 2001). The work remained suspended upto April 2001 after incurring expenditure of Rs.26.87 lakh. Another estimate amounting to Rs.29.92 lakh for the construction of the remaining road and repairs had also

been approved (December 2000) by the SE and the work was started in May 2001.

Thus, inordinate delay in completion of inquiry regarding substandard execution of retaining walls had resulted in abandonment of work for over 7 years even after incurring an expenditure of Rs. 26.87 lakh, including wasteful expenditure of Rs.15.88 lakh on construction of substandard retaining walls. In addition, the inhabitants of rural area were also deprived of the intended benefits of smooth road. No reasons for taking action against the defaulting officers or fixing of responsibility were furnished by the department (August 2001).

The material was developed into draft audit paragraph for consideration of the Government and the same was forwarded to the Secretary to the Government in February 2001 for reply within 6 weeks. The matter was followed up demi officially with reminder to the Secretary in May 2001. However, inspite of such efforts, no reply was received from the Secretary (November 2001)

4.6 Avoidable expenditure of Rs.24.11 lakh

Failure of the Executive Engineer in ensuring clear site before allotment of work resulted in avoidable expenditure of Rs.24.11 lakh towards compensation.

The Executive Engineer, Central Works Division, Ropar (XEN) allotted (August 1987) the work "Construction of approaches to bridge No. 3 over SYL canal crossing N.H-21 at RD-31880 in Km. 38 Kurali-Ropar section" to a contractor for completion in 4 months. The work was completed (September 1989) after a delay of 21 months due to delay in providing clear site as it required i.e completion of diversion, hume pipe culverts, shifting of electric high-tension wires, telephone lines, construction of wing walls and abutment. The contractor went in for arbitration (August 1992) before the Superintending Engineer, National Highway Circle, B&R Jalandhar (SE) and lodged a claim of Rs. 68.87 lakh for loss due to idleness of establishment, men and machinery and delay in providing clear site after 21 months for execution of work. The Arbitrator awarded (August 1997) Rs. 15.10 lakh in favour of contractor for overheads and idleness of men and machinery for 160 days.

The department filed (September 1997) an appeal in the court of Civil Judge, Ropar on the ground that the Arbitrator was not appointed by the competent authority, case was time barred, excessive rate of interest and illegality of award etc. which was dismissed (August 1999). In spite of Director, Prosecution and Additional Secretary to Government of Punjab recommendations, not to file another appeal, Department filed an appeal (November 2000) in the court of Additional District Judge, Ropar which was also dismissed (December 2000). The department made the payment (December 2000) amounting to Rs. 24.11 lakh (overheads of Rs 15.10 lakh and interest of Rs. 9.01 lakh) from August 1997 to December 2000. The department was thus not justified in filing an appeal (November 2000)

especially after the Director, Prosecution and Additional Secretary to Government of Punjab suggested that the case was not fit for appeal.

Thus, delay of 21 months for providing clear site to the contractor for execution of work resulted in avoidable expenditure of Rs.24.11 lakh towards compensation.

The material was developed into a draft audit paragraph for consideration of Government and the same was forwarded to the Secretary to the Government in March 2001 for reply within 6 weeks. The matter was followed up demi-officially with reminder to the Secretary in May 2001. However, inspite of such efforts, no reply was received from the Secretary (November 2001).

4.7 Excess expenditure due to adoption of costlier specification on work of tack coat

Adoption of costlier specification on work of tack coat other than Ministry of Surface Transport resulted in excess expenditure of Rs. 26.53 lakh.

The Ministry of Surface Transport (MOST) revised the rates of application of tack coat from April 1995 and advised the application of a single coat of bituminous emulsion varying from 2 Kgs to 2.5 Kgs per 10 square metre area on existing road surface in place of 5 kg. of bitumen. Common Schedule of Rates (CSR) of Punjab Government also prescribes that revised rates of application of tack coat issued by the MOST, Roads Wing, (latest edition) are to be adopted for execution of Road works. The existence of such a provision was brought to the notice of all the SEs in Punjab (October 1996).

However, test check of records (July/December 2000) of the Executive Engineer, Rural Works Division, Mukerian and Executive Engineer, Roads and Bridges Division, Barnala revealed that tack coat had been applied on 15 road works by the Executive Engineers using 5 kgs bitumen instead of 2 to 2.5 kgs bituminous emulsion per 10 square metre area. Thus 726.559 MT of bitumen valuing Rs. 60.21 lakh instead of 363.301 MT bituminous emulsion valuing Rs. 33.68 lakh had been consumed on the road works executed during 1998-2000 which resulted in excess expenditure of Rs. 26.53 lakh.

On being pointed out by audit (July/December 2000) and further information collected (July 2001) the Executive Engineers stated that material had been used according to estimates approved by the competent authorities between September 1997 and February 2001. The reply was not tenable as the estimates should have been prepared keeping in view the revised specification of MOST (1995).

The material was developed into draft audit paragraph for consideration of Government and the same was forwarded to the Secretary to the Government in April 2001 for reply within six weeks. The matter was followed up demi-officially with reminder to the Secretary in May 2001. However, inspite of such efforts, no reply was received from the Secretary (November 2001).

Irrigation and Power Department

4.8 Avoidable payment of interest

Delay of 2 years in processing the arrangement of funds resulted in avoidable payment of interest of Rs. 18.90 lakh.

Land measuring 778 Kanal and 17 marla of Perch village was acquired by the Government between November 1989 and May 1990 for construction of Perch Dam and the award was announced by the Land Acquisition Officer (LAO) in July 1991. Aggrieved with the amount of award, the claimants filed an appeal (May 1993) in the court of Additional District and Session Judge, Ropar (Court) for enhancement of compensation. The Court decided (September 1997) the case in favour of land-owners and also allowed the benefit of interest on enhanced compensation from the date of taking possession till the date of payment.

As the LAO did not make payment of enhanced compensation immediately after the decision of court, the claimants filed (October 1997) an execution application in the court. In the meantime the Director, Prosecution and Litigation, Punjab held (November 1997) that it was not fit case for further appeal. Despite this, the Executive Engineer, Maili Construction Division, Mohali (Divisional Officer), did not initiate the process to arrange funds till July 1998. However, on being asked by the court (July 1998) to deposit the amount in the court, he forwarded demand for allocation of funds of Rs. 1.90 crore to CE in September 1998. The Secretary Irrigation and Power Department released (November 1999) Rs. 1.90 crore after a lapse of over one year. Of this Rs. 1.51 crore due to be disbursed to the claimants including interest upto November 1999 were deposited in the court. Thus inaction on the part of the Divisional Officer to arrange funds immediately after the decision for not filing an appeal and subsequent delay by Government in arranging funds resulted in avoidable payment of interest amounting to Rs.18.90 lakh for the period from December 1997 to November 1999.

In reply to audit observation, the Divisional Officer stated (February 2001) that he was not made party in the court case in the first instance and when asked by the court, demand for funds was forwarded during financial year 1998-99 and funds were provided by the State Government during 1999-2000.

The reply of the Divisional Officer was not tenable as the LAO took 11 months in forwarding the demand to the client department i.e. Superintending Engineer/Executive Engineer, whereas the Principal Secretary, Irrigation & Power Department took another 13 months in arrangement of funds and the State Government had to pay an avoidable amount of Rs. 18.90 lakh as interest to land owners.

The material was developed into a draft audit paragraph for consideration of government and the same was forwarded to the Secretary to the Government in November 2000 for reply within six weeks. The matter was followed up

demi-officially with reminder to the Secretary in May 2001. However, inspite of such efforts, no reply was received from the Secretary (November 2001).

4.9 Non-recovery of expenditure on repair of water courses

Non-adherence to rules had resulted in incurring irregular expenditure and non-recovery of expenditure of Rs.15.21 lakh incurred on repair of watercourses.

As a general rule, the watercourse of irrigation etc, projects are not constructed by the Government as integral part of the projects, the liability of State being confined to the provisions of main canal and such branches and major and minor distributaries as may be decided upon by the competent authority from time to time. However, after a work has been executed, the cost of maintenance and repairs of water courses in all cases is to be borne by the cultivators concerned.

The scrutiny (May 2000) of records of the Executive Engineer, Kandi Area Dam Maintenance Division, Hoshiarpur (Divisional Officer) revealed that Government accorded approval (November 1997) for immediate repair of the damaged watercourses in the command area of Dholbaha, Janauri, Maili, Damsal and Chauhal Dams at an estimated cost of Rs. 27.17 lakh. The expenditure was to be met out of the funds available for operation and maintenance of the dams during the financial year 1997-98. The Divisional Officer, repaired the watercourses at an expenditure of Rs. 15.21 lakh during the years 1998-99 (Rs. 7.98 lakh) and 1999-2000 (Rs. 7.23 lakh) without revalidation or seeking revised approval of the Government. The expenditure, thus, incurred in subsequent years was irregular. Further, though the expenditure incurred on repair and maintenance of watercourses was ultimately recoverable from the cultivators in accordance with the rules, the Divisional Officer did not initiate any process to recover the amount from the cultivators.

When pointed out (May 2000) the Divisional Officer stated (September 2000) that though watercourses were to be maintained and repaired by the beneficiaries at their own cost, however, considering the poor and backward conditions of the farmers of Kandi region, the concurrence of Government for repair of watercourses by the department was accorded so that irrigation facilities be utilised by the end users. As the Government had accorded approval for incurring of expenditure, demand for recovery from the cultivators was not raised. The reply was not tenable as the Secretary Irrigation and Power department had accorded approval for meeting the expenses on repair of watercourses during the year 1997-98 only. Moreover, neither sanction to utilize the funds during the years 1998-99 and 1999-2000 was accorded nor any orders to waive off the recoveries from the beneficiaries were issued.

Thus, failure of the Divisional Officer to act in accordance with provision of rules resulted in incurring irregular expenditure of Rs. 15.21 lakh and also non recovery of dues from cultivators.

The material was developed into a draft audit paragraph for consideration of Government and the same was forwarded to the Secretary to the Government in February 2001 for reply within 6 weeks. The matter was followed up demi-officially with the Secretary in May 2001. However, inspite of such efforts, no reply was received from the Secretary (November 2001).