

CHAPTER-IV

WORKS EXPENDITURE

SECTION 'A' REVIEW

Public Works Department (Buildings & Roads Branch)

4.1. Integrated Audit including Manpower Management of Public Works Department

Highlights

The Public Works Department (PWD), Buildings and Roads (B&R) Branch is responsible for construction, maintenance and repair of roads, bridges, flyovers and buildings. The State had a network of 45,931 Kms of roads, 606 bridges and 10 flyovers as of March 2002. Details of buildings were not maintained by the Chief Engineer. Financial management and control over expenditure was deficient leading to preparation of inflated budget estimates and unjustified supplementary demands/ re-appropriation of grants. Delay in completion of works resulted in cost and time over run and large number of works were executed without sanction of estimates. Some of the significant findings are given below:

- **Budgetary control was deficient. Budget demands of 9 divisions were 41 to 57 per cent higher than expenditure each year during 1999-2002 and were prepared on adhoc basis. Additional funds through supplementary and re-appropriation grants resulted in Rs. 118.94 crore remaining unutilized.**

(Paragraph 4.1.6.1 & 4.1.6.2)

- **Excess expenditure under 31 sub-heads ranged between 7 and 12,015 per cent during 1999-2002. Under 83 sub-heads, Rs. 895.18 crore was incurred without any provision during 1999-2002.**

(Paragraph 4.1.6.3 & 4.1.6.4)

- **Irregular liability of Rs. 10.47 crore was created during 1999-2002 for supplies made and works executed.**

(Paragraph 4.1.7)

- **Sales Tax and Income Tax of Rs. 83.26 lakh and Rs.98.46 lakh respectively deducted from the bills of contractors were not deposited into Government account.**

(Paragraph 4.1.10)

- **Reimbursement of Rs. 4.78 crore pertaining to works on National Highways was withheld by Ministry of Road Transport and Highways due to failure to follow proper procedure and reconcile accounts.**

(Paragraph 4.1.11)

- **Despite lack of funds for ongoing schemes, 13 new schemes were taken up without plan allocation.**
(Paragraph 4.1.16)
- **Completion of 13 works in five test checked divisions was delayed by 6 to 63 months.**
(Paragraph 4.1.17.1)
- **Over specifications in applying tack coat resulted in extra expenditure of Rs. 3.39 crore in 11 Divisions.**
(Paragraph 4.1.17.2)
- **Rs. 43.86 crore was spent irregularly by 4 divisions on 26 works without getting technical sanctions from competent authority.**
(Paragraph 4.1.17.4)
- **Rs. 1.03 crore was incurred on construction of bridge without completion of approaches and protection work for the last 32 months.**
(Paragraph 4.1.17.5)
- **Departmental land valuing Rs. 1.64 crore was under un-authorised occupation of private persons and the cases were under litigation.**
(Paragraph 4.1.18.1)
- **Rs. 1.02 crore was paid as salary to idle drivers and cleaners.**
(Paragraph 4.1.20.3)

4.1.1 Introduction

The Public Works Department, Buildings & Roads (B&R) Branch is responsible for construction, maintenance and repair works of roads, bridges, and buildings. The State had a total length of 45,931 Kms. of roads, 606 bridges and 10 flyovers. The number of buildings maintained was not available with the Chief Engineer.

4.1.2 Organisational set up

The Principal Secretary to Government of Punjab, Public Works Department (B&R) is in overall charge of the department. He is assisted by 5 Chief Engineers (CEs), 21 Superintending Engineers (SEs) and 78 Executive Engineers (XENs).

4.1.3 Audit coverage

Review of working of the department was done during January to April 2002 in 20¹ out of 78 divisions involving expenditure of Rs.288.03 crore (14 *per*

¹ Rural Works Division Nabha, Malerkotla, No.I Ferozepur, Sirhind, Ropar, Jalandhar, Amritsar, Hoshiarpur, Roads and Bridges Division, Patiala, Amritsar, No.I Mohali, No.II Mohali, Hoshiarpur, Central Works Division No. II, Patiala, No. II Amritsar, Hoshiarpur, Provincial Division Jalandhar, Hoshiarpur, Mechanical Division, Patiala and Jalandhar.

cent) for the period 1999-2002. Records in the office(s) of 4 CEs², 5 SEs³, Land Acquisition Officer (LAO) PWD (B&R), Jalandhar and Pay & Accounts Officer (PAO), Ministry of Road Transport and Highways (MORT&H) were reviewed.

4.1.4 Funding pattern

Funds are provided by the Government of Punjab through annual budgetary allotment to the Chief Engineer who regulates the release to field formations through Letter of Credit (LOC). Besides, Punjab Roads and Bridges Development Board was set up during July 1998 for providing funds for improvement and maintenance of roads and bridges. Additional finances are also mobilised through National Bank for Agriculture and Rural Development (NABARD) and Housing and Urban Development Corporation (HUDCO). Funds are also provided by Punjab State Agriculture Marketing Board for the repair/ construction of village roads.

4.1.5 Financial Outlay and expenditure

The budget provision and expenditure incurred were as under:

Excess
expenditure
of Rs.370.87
crore

(Rupees in crore)

Year	Budget Provision	Supplemen- tary grant	Total	Surrender if any	Total expenditure	(-) Saving (+) Excess
1999-2000	501.96	73.37	575.33	--	567.83	(-) 7.50
2000-01	516.65	22.97	539.62	--	592.50	(+) 52.88
2001-02	496.12	7.30	503.42	--	828.91	(+) 325.49
TOTAL	1514.73	103.64	1618.37	--	1989.24	(+) 370.87

Reasons for excess expenditure and source from where the excess was met were awaited. The abnormal excess showed unrealistic budget estimates. The detailed expenditure under Capital/Revenue heads are given below:

(Rupees in crore)

Year	Capital Heads			Revenue Heads		
	Budget provision	Expenditure	Savings	Budget provision	Expenditure	Excess
1999-2000	266.39	84.69	181.70	308.94	483.14	174.20
2000-2001	278.04	113.50	164.54	261.58	479.00	217.42
2001-2002	279.86	189.07	90.79	223.56	639.84	416.28

A review of budget provision and expenditure revealed that there were savings under Capital heads and excess under Revenue heads. As per budget manual, savings under capital heads cannot be reappropriated to revenue even within the same grant and savings should be resumed to Government. The department failed to utilize the provisions under capital heads and hence many works/projects languished for want of funds.

² CE North, South, IP and Electrical.

³ SE Central Works Circle, Ludhiana, Amritsar, Construction Circles, Ludhiana, Amritsar and Hoshiarpur.

4.1.6 Financial Management

4.1.6.1 Preparation of inflated budget estimates

According to the Punjab Budget Manual, the budget estimates for ensuing year should be based on average expenditure for six months of previous year and actual expenditure of first six months of current year to make realistic estimates. The budget demanded, allotted and expenditure incurred by 9 divisions was as under:

Divisions prepared the Budget on adhoc basis	(Rupees in crore)				
	Year	Budget demanded	Budget allotted	Expenditure	Percentage of inflated budget estimates over expenditure
	1999-2000	63.32	44.32	40.42	57
	2000-01	68.29	43.26	44.66	53
	2001-02	70.66	56.16	50.03	41
	Total	202.27	143.74	135.11	50

This indicated that budget estimates were prepared on adhoc basis. The expenditure was far less than the amount demanded or allotted.

4.1.6.2 Injudicious supplementary demands/ re-appropriation of grants

Test check of supplementary demands and re-appropriation of grants for 1999-2000 revealed that though expenditure against two⁴ sub heads under Major Heads “2059-Public Works” and “5054-Capital Outlay on Roads and Bridges” was Rs.87.09 crore against budget provision of Rs.94.64 crore and there was saving of Rs.7.55 crore, a supplementary grant of Rs.60.71 crore and Rs.13.13 crore through re-appropriation were obtained resulting in savings of Rs.81.39 crore.

Supplementary demands and re-appropriation resulted in excess provision of Rs.118.94 crore

In three cases mentioned below although no expenditure was incurred against a small budget provision, heavy amount was re-appropriated. Such unwanted provisions were neither surrendered nor utilized appropriately.

(Rupees in crore)				
Major Heads	Sub Heads	Budget Provision	Expenditure	Provisions through re-appropriation
4059-Capital Outlay on Public Works -do-	80-General 051-Construction 04-Construction of Office buildings	0.20	--	0.17
	07-Setting up of Information Collection centre			
5054- Capital Outlay on Roads and Bridges	337-Road Works 01-Land Acquisition	--	--	34.99
	TOTAL			

Due to such lack of budgetary control, Rs. 118.94 crore remained unutilized.

⁴ (i) 2059-Public Works-80 General-001 Direction and Administration-03 Execution
(ii) 5054-Capital outlay on Roads and Bridges-337 Road works-02 Other Schemes.

4.1.6.3 Excess expenditure over budget grants

Excess expenditure under 31 sub heads ranged between 7 and 12,015 per cent

Excess expenditure under 31 sub-heads (*Appendix XXVI*) ranged between 7 and 12,015 per cent of the original provision. Reasons for such excess expenditure and regularization to ensure Legislative control are awaited.

4.1.6.4 Expenditure without Budget Provision

Expenditure of Rs.895.18 crore under 83 sub-heads was incurred without budget provision

Rs.895.18 crore was incurred under 83 sub-heads of account (*Appendix XXVII*) without any budget provisions indicating failure of Controlling Officers. This was breach of Legislative control.

4.1.6.5 Trend of revenue and capital expenditure

Revenue expenditure and Capital expenditure during 1999-2002 was as under:

(Rupees in crore & percentage within brackets)

Year	Total Expenditure	Revenue expenditure		Capital Expenditure
		Establishment	Maintenance	
1999-2000	567.83	291.12 (51)	192.02 (34)	84.69 (15)
2000-01	592.50	326.07 (55)	152.93 (26)	113.50 (19)
2001-02	828.91	493.34 (59)	146.50 (18)	189.07 (23)

Percentage of capital expenditure to total expenditure was very low and ranged between 15 and 23 per cent. Further, the maintenance expenditure declined to a low of 18 per cent but the establishment expenditure increased to 59 per cent of total expenditure by March 2002. High establishment expenditure without corresponding capital and maintenance expenditure indicated an under-utilized workforce.

4.1.6.6 Control over expenditure**(i) Non-maintenance of Control Register**

Control register to monitor expenditure was not maintained

Controlling Officers were 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. It was noticed that this register was not maintained by the Superintending Engineers, Central Works Circle, Ludhiana, Construction Circle, Ludhiana and Amritsar. Chief Engineer also did not maintain such register.

(ii) Delay in submission of monthly expenditure returns

The Divisional Officers were required to submit monthly expenditure returns to Controlling Officers. 226 monthly expenditure returns were submitted late by 5 to 29 days during the period 1999-2002 by 18 Divisional Officers. The Controlling Officers had neither investigated the reasons for delayed submission of returns nor taken corrective measures.

4.1.7 Irregular contracts creating liability

Irregular liability of Rs.10.47 crore created

Departmental rules provide that works should commence after budget allotment was made. The Finance Department and Chief Engineer reiterated in August 1999 and September 2001 that no liability should be created without the prior written permission of the Finance Department.

Upto September 1999, the pending liability for work done and material supplied amounted to Rs. 6.45 crore. This was without budget provision. During 2000-2002, further liability was created for an amount of Rs.4.02 crore by six⁵ divisions without budget provision. This was breach of financial budgeting and legislative control.

4.1.8 Utilisation of departmental receipts towards expenditure

Six⁶ divisions utilised departmental receipts amounting to Rs.26.50 lakh towards expenditure over and above the LOC. Thus, Rs. 26.50 lakh was spent without approval of Legislature.

4.1.9 Excess expenditure than deposits

Excess expenditure of Rs.9.75 crore was incurred on deposit works by diversion of funds

Departmental rules provide that for deposit works, advance payments upto the gross estimated expenditure is required and expenditure should be limited to the amount of deposits received. Test check of three⁷ divisions revealed that against deposits of Rs.9.60 crore, expenditure of Rs.19.35 crore was incurred. Rs.9.75 crore was financed by diverting funds from other works which was a misutilisation of budget.

On being pointed out, the XENs stated (February & March 2002) that matter was being taken up with the client department for additional funds.

4.1.10 Non-deposit of Sales Tax and Income Tax

Sales Tax of Rs.83.26 lakh and Income Tax of Rs.98.46 lakh deducted from contractors were not deposited into Government account

In five⁸ divisions, Sales Tax of Rs. 83.26 lakh and Income Tax of Rs.98.46 lakh deducted from the bills of contractors during the years 1999-2002 was not deposited into the treasury.

On being pointed out, 3 XENs stated (February–March 2002) that Sales Tax and Income Tax recovered will be deposited into treasury on receipt of funds and 2 XENs stated that Sales Tax deducted was adjusted through book adjustment. The replies were not tenable as funds were available against various deposit works and gross amount of the work done should have been debited to recover Sales Tax and Income Tax for subsequent deposit into

⁵ Rural Works Division, Hoshiarpur, Central Works Division No. II Amritsar, No. II Patiala, Hoshiarpur, No. III Ludhiana and Mechanical Division, Jalandhar.

⁶ XEN, RW Division Sirhind, Ropar, Jalandhar, Malerkotla, Provincial Division Jalandhar and CW-Division II, Amritsar.

⁷ XEN, Rural Works Division, Sirhind, Ropar, Amritsar.

⁸ XEN, RW Division-I Ferozepur, Sirhind, Jalandhar, Central Works Division II, Patiala and Provincial Division, Jalandhar.

Government account. Debiting the net amount to work means additional funds are left with the division for expenditure outside the appropriation.

4.1.11 Reimbursement of expenditure by MORT&H

The expenditure on National Highways (NHs) works is initially incurred by State Public Works Department which is subsequently reimbursed by MORT&H. Year-wise claims preferred for reimbursement, the reimbursement made and amounts pending as of June 2002 were as under:

(Rupees in crore)

Year	Amount claimed	Amount Reimbursed by MORT&H	Amount not reimbursed		
			Withheld	Disallowed	Total
1999-2000	25.70	24.88	0.77	0.05	0.82
2000-2001	42.95	41.30	1.47	0.18	1.65
2001-2002	12.26	8.89	2.54	0.83	3.37
Total	80.91	75.07	4.78	1.06	5.84

Reimbursement amounting to Rs.4.78 crore was not made by Ministry

The PAO, MORT&H stated (July 2002) that withheld amounts represented expenditure which was either in excess of sanctioned estimates or not supported by proper documents and the disallowed amounts represented expenditure on account of office expenses, oil and lubricants for jeeps, furniture, petty tools and plants which was to be met from the agency charges payable. The PAO also opined that the withheld amounts were increasing due to non-reconciliation of accounts by PW Divisions and failure to submit claims with proper compliance of observations. Thus, inaction of the department had resulted in getting less reimbursement of Rs. 4.78 crore from Government of India.

4.1.12 Non-Reconciliation of withdrawals and remittances

Reconciliation of withdrawal of Rs.168.26 crore and remittances of Rs.0.88 crore was not done

Financial rules provide that Drawing and Disbursing Officer (DDO) should reconcile every month all the withdrawals/deposits into treasury with the figures appearing in the books of the treasury/ bank and record a certificate to this effect in the cash book. Reconciliation of withdrawals of Rs. 168.26 crore and remittances of Rs. 0.88 crore had not been done by eleven⁹ divisions. Delay and failure in reconciliation is fraught with risk of non-detection of frauds, mis-classification and mis-appropriation of Government receipts and excess drawal of cheques over letter of credit.

The XENs stated (March 2002) that needful will be done in due course.

4.1.13 Pending recovery of licence fee

The department provides residential accommodation to Government employees from whom licence fee at prescribed rates was to be recovered. In

⁹ XEN, RW Division, Nabha, RW No I Ferozepur, RW Sirhind, Central Works No.2 Patiala, Central Works No.2 Amritsar, R&B Patiala, Amritsar, Mechanical Division, Jalandhar, Patiala, Construction Circle, Ludhiana and Provincial Division, Jalandhar.

two¹⁰ divisions, Rs.26.20 lakh were outstanding for recovery toward licence fee from Government employees pertaining to the period from March 1990 to March 2002. Reasons for non-recovery and action taken to recover were not furnished to Audit.

4.1.14 Court and arbitration cases

(i) Court cases

Status of court cases in fifteen¹¹ circles was as under:

Year	Opening balance	Additions during the year	Decided in favour of department	Decided against the department	Payment of compensation made (Rs. in Lakh)	Balance cases
1999-2000	865	117	52	43	18.32	887
2000-01	887	352	71	32	3.32	1136
2001-02	1136	153	83	54	11.13	1152
			206	129	32.77	

Out of 1,487 cases, 129 cases were decided against the department for which the department had paid compensation of Rs. 32.77 lakh. The court cases also increased from 865 to 1,152 during the years.

(ii) Arbitration cases

Status of arbitration cases in fifteen¹¹ circles was as under:

Year	Opening balance	Additions during the year	Cases decided in favour	Cases decided against	Balance
1999-2000	41	25	02	--	64
2000-01	64	15	07	03	69
2001-02	69	4	12	06	55

The pending arbitration cases have increased from 41 as on 1 April 1999 to 55 as on 31 March 2002. The large number of pending court cases and arbitration cases indicate faulty contracts, faulty estimates, doubtful rates, design changes etc. necessitating recourse to litigations.

4.1.15 Targets and achievements

4.1.15.1 Roads

The State has 45,931 kms of roads including National and State highways, district roads and village roads. The targets and achievements in respect of works of National Highways were as per table given below:

Year	Widening of Roads		Raising of Roads		Strengthening of Roads		Renewal of Roads	
	Targets	Achievements	Targets	Achievements	Targets	Achievements	Targets	Achievements
	(In Kms)							
1999-2000	11	10.396	3	3.093	30	28.12	100	105
2000-01	12	11.226	Nil	Nil	13	12.540	Nil	Nil
2001-02	7	7	Nil	Nil	6	5.190	Nil	Nil

¹⁰ XEN, Provincial Division, Amritsar and Jalandhar.

¹¹ SE Mech. Patiala, SE Ludhiana, SE Const., Chandigarh, Bathinda, Patiala, Hoshiarpur, Pathankot, Ferozepur, Amritsar, Sangrur, Jalandhar, SE CW, Chandigarh, SE Electrical Chandigarh, SE CW, Amritsar, SE, Faridkot.

No targets were, however, fixed for the State Highways, District roads, link roads, bridges and construction/maintenance of buildings. Village roads were financed by Punjab State Agriculture Marketing Board.

4.1.15.2 Maintenance and repairs (Plan roads)

The targets and achievements were as under:

Year	Targets	Achievements	Shortfall (Percentage)
(In Kms)			
1999-2000	1528.06	1324.77	203.09 (13)
2000-01	2668.15	1378.28	1289.87 (48)
2001-02	2801.35	1512.59	1288.76 (46)

The shortfall in achievements ranging between 13 and 48 per cent was attributed (July 2002) to paucity of funds. It was seen that the budget allocation¹² for repairs of roads and maintenance was not commensurate with the targets and was continuously reduced by the State Government. The expenditure also continually declined to Rs.146.50 crore per annum (Para 4.1.6.5. refers).

4.1.16 Programme Management

In the Ninth Five Year Plan (1997-2002), an outlay of Rs. 789.61 crore was proposed for execution of various roads, bridges and public works/ schemes. The year-wise details were as under:

(Rupees in crore)				
Year	Annual outlay provided in the plan	Budget provision	Expenditure	Percentage of expenditure to budget provisions
1997-98	65.01	62.95	49.96	79
1998-99	134.17	130.48	71.79	55
1999-2000	181.48	178.46	111.78	63
2000-01	165.59	188.80	93.05	49
2001-02	239.19	206.13	119.32	58

Despite lack of funds for ongoing schemes, 13 new schemes were taken up

A review of expenditure incurred on various schemes for which outlay was provided in the Ninth Five Year Plan (1997-2002) revealed that pace of expenditure on these schemes was slow, the stated reasons being lack of funds. In spite of this, 13 new schemes were taken up during 1998-2002 without outlay and an expenditure of Rs. 254.44 crore was incurred. This must have affected the execution of schemes originally included in Ninth Five Year Plan. The details of incomplete projects and funds blocked on their execution were awaited from the Chief Engineer (July 2002).

¹² 1999-2000 : Rs.122.62 crore; 2000-2001 : Rs.97.89 crore; 2001-2002 : Rs.48.13 crore

4.1.17 Execution

4.1.17.1 Time and cost over run

The time and cost over run noticed in 13 works of five test checked divisions were as under:

Details of Time and Cost over run

(Rupees in lakh)

Sr. No.	Name of the Division	Name of Work	Estimated cost	Expenditure	Cost over-run	Scheduled date of completion	Actual date of completion	Delay in completion in months	Reasons for delay
1.	Roads & Bridges Division-I, Mohali	I. Construction of HL Bridge over Dhabota Khud at Bharatgarh-Nalagarh road	131.17	103.04	-	October 1999	In progress	29	H.P. Government's share not yet received
		II. Raising/strengthening/Improvement of Guru Gobind Singh Marg	115.29	93.42	-	December 1998	June 1999	6	Lack of funds
		III. Raising Chandigarh-Mullanpur road (1.75 to 2.33 km)	23.80	17.61	-	March 1999	March 2000	12	Non-cutting of trees by Forest Deptt. and change in scope of work.
		IV Kharar-Banur road (11.50 to 21.30 km)	70.70	71.67	0.97	January 2000	October 2001	22	Shortage of funds
		V Construction of H.L. Bridge over Sagrao nadi	124.94	154.67	29.73	March 2001	In progress	12	Administrative/ financial and technical problems
		VI Construction of 4-laning of RGN Road (29.50 to 34.09 kms)	905.77	866.14	-	August 1998	April 1999	8	Administrative/ financial and technical problems
		VII Raising Landran-Chunni road	190.24	126.13	-	July 2001	In progress	8	Change in design of side drain, scope of work and shortage of funds.
2.	Roads & Bridges Division No.2, Mohali	VIII Constructing HL Bridge over Tangri Choe crossing Banur Nadiali road	117.45	114.03	-	December 1997	In progress	51	Dispute of payment and non-supply of drawings
3.	Roads & Bridges Division, Hoshiarpur	IX Constructing HL Bridge over Usman Sahid Choe	54.00	69.25	15.25	October 1996	September 1999	35	Paucity of funds
		X Constructing HL Bridge along both sides Bunds on Tanda Sri Hargobindpur	1346.00	1662.74	316.74	December 1996	In progress	63	Paucity of funds
		XI Construction of Tanda side approach to HL Bridge at Sri Hargobind pur	284.60	407.57	122.97	December 1996	In progress	63	NA
4.	Central Works Division, Hoshiarpur	XII Strengthening of existing 2-lane pavement in km-75 to 84.90 National Highway No.1, Jalandhar-Pathankot Road	263.86	260.21	58.11	April 2000	In progress	24	NA
5.	Provincial Division, Jalandhar	XIII Construction of Judicial Court Complex at Jalandhar	505.29 (747.00 revised)	534.23	28.94	January 1999	In progress	39	Non-availability of site

Completion of 13 works was delayed by 6 to 63 months

Completion of 5 works out of 13 was delayed for periods ranging between 6 and 35 months as of March 2002 and 8 works were in progress although their completion had already been delayed by 8 to 63 months. Against the estimated cost of Rs. 1.25 crore, 2 works (Sr. No. IV and IX) were completed at a cost of Rs. 1.41 crore resulting in cost over run of Rs.16.22 lakh.

The time and cost over runs were mainly due to shortage of funds, failure of the department in making available drawings, etc.

4.1.17.2 *Extra expenditure due to over specification in applying tack coat*

Over specifications in applying tack coat caused extra expenditure of Rs.3.39 crore

MORT&H advised the application of a single coat of bituminous emulsion varying from 2 to 2.5 kg per 10 square metre on existing road surface in place of 5 kg of bitumen. This was brought to the notice of all the SEs in Punjab (October 1996).

In eleven¹³ divisions, during 1999-2002 tack coat had been applied on 139.04 lakh square metre of various works by using 5 kgs bitumen. Thus, 6,952 MT of bitumen valuing Rs. 6.74 crore instead of 3,476 MT bituminous emulsion was consumed resulting in extra expenditure of Rs. 3.39 crore.

The XENs stated (February & March 2002) that the works have been executed as per provision/specification of the sanctioned estimates. The replies were not tenable as the estimates should have been prepared keeping in view the revised specifications of MORT&H.

4.1.17.3 *Adoption of richer specifications*

State Government approved (September 1999) the work "Improvement of Ropar-Guzzar Nangal Road" Km. 41.66 to 53 at a cost of Rs.77.58 lakh. The sanctioned estimate included provision of laying bituminous macadam of 50 mm thickness and graded pre-mix carpet.

Adoption of richer specifications without approval from competent authority resulted in extra expenditure of Rs.23.31 lakh

Scrutiny of records of the office of XEN, Roads & Bridges Division No. I, Mohali revealed (February 2002) that in contravention of the specifications approved by the Chief Engineer, bituminous macadam of 75 mm instead of 50 mm thickness and mix seal surfacing instead of graded pre-mix carpet was actually laid. Thus, adoption of richer specifications resulted in extra avoidable expenditure of Rs.23.31 lakh.

On being pointed out, the XEN stated (March 2002) that case for revised administrative approval on the basis of actual work done had been submitted (November 2001) to the Chief Engineer. Although revised sanction was awaited, execution of work by adopting richer specifications without the approval of the Chief Engineer, was irregular. Reasons for adopting richer specification were also awaited (July 2002).

Rs.43.86 crore irregularly spent without technical sanction

4.1.17.4 *Execution of works without technical sanction*

Under the codal provisions, no work should be commenced unless an administrative approval is obtained, a detailed estimate is technically sanctioned and funds are made available.

¹³ Rural works Division Jalandhar, Sirhind, Nabha, Malerkotla, No. I Ferozepur, Amritsar, Hoshiarpur, Roads and Bridges Division, Patiala, Amritsar, Hoshiarpur, Central Works Division, Hoshiarpur.

It was noticed that expenditure of Rs. 43.86 crore was incurred by four¹⁴ divisions against 26 estimates during 1999-2002 (*Appendix XXVIII*) without obtaining technical sanction from the competent authority.

4.1.17.5 Unfruitful expenditure on construction of a bridge

The work of construction of High Level Bridge over Dhabota Khad crossing Bharatgarh-Nalagarh road including approaches and protection works was approved by Government in May 1999 at an estimated cost of Rs.1.52 crore.

The construction was completed in November 1999 at an expenditure of Rs.1.03 crore. The bridge could not be opened to traffic as the protection works and approaches towards Himachal Pradesh (HP) had not been completed upto July 2002 due to non-receipt of Rs.38.37 lakh (as per revised estimated cost) from HP Government. It was contended by the department that the cost of 2 spans out of 15, protection works and approaches falling in HP territory was recoverable from HP Government. Although Chief Engineer while approving (October 1998) the NIT had specially laid down that work should not be commenced without deciding the cost sharing arrangements with HP, the work was taken up without settling the issue. The Chief Engineer, PWD, HP was requested (June 1999) to deposit the funds who in turn intimated (July 1999) the CE, PWD, B&R, Patiala that the issue of sharing the cost of construction between two States was neither raised prior to commencement of work nor during foundation laying ceremony. Thus, the failure to settle the issue of cost sharing delayed the completion of protection works and approaches. Rs.1.03 crore incurred so far on construction of bridge has been rendered wasteful for the last 32 months besides denying intended benefit to public.

Expenditure of Rs.1.03 crore incurred on construction of a bridge proved wasteful due to non-completion of approaches

The XEN stated (September 2001) that matter has been taken up with HP Government. The reasons as to why cost payable by HP was not settled prior to the commencement of work as per directions of the Chief Engineer were not intimated (July 2002).

4.1.17.6 Loss of revenue due to non-levy of Toll fee

Under the provisions of Punjab Mechanical Vehicles (Bridges and Roads Tolls) Act 1998 (Act), toll fee was to be levied on vehicles crossing certain bridges and using certain roads in the State. The Act further provided that the State Government shall lease the right for collection of toll fee of a bridge/road to any person by invitation of bids where such bridge/road was constructed, developed and maintained by the State Government. The Government identified Tanda Sri Hargobindpur Bridge on Beas River for levy of toll fee and included it in the first schedule of the Act.

Inordinate delay in completing the approaches and delay in issuing revised NIT caused loss of revenue of Rs.3.48 crore

Scrutiny of records of the Executive Engineer, Roads and Bridges Division, Hoshiarpur (XEN) revealed (July 2001) that the above mentioned bridge constructed at a cost of Rs. 16.56 crore was inaugurated in June 1999. The

¹⁴ Roads and Bridges Division No I and II Mohali, Hoshiarpur & Central Works Division Hoshiarpur

Notice Inviting Tender (NIT) to levy toll fee on the above bridge was approved in August 1999. In response to NIT, no tenderer came forward till the stipulated date (15 December 1999) as there was an error in the NIT regarding rates of toll fee. Although another NIT for Rs. 1.19 crore on the basis of revised rates of toll fee was approved in February 2001, NIT was not issued by the XEN as of May 2002.

The XEN stated (May 2002) that the work of construction of single span bridge on the approaches (Sri Hargobindpur side) adjoining main bridge were still in progress and that toll fee would be levied only after the approaches were ready and toll plaza case was approved. The reply is not tenable because despite approval of revised NIT by Government for levy of toll fee, tenders were not invited and construction of single span bridge adjoining the main bridge, as contended by the XEN, should not have obstructed the levy of toll fee. Further the bridge was opened to traffic in June 1999 implying that the approach roads though incomplete were usable.

Thus, inordinate delay in issuing revised NIT for toll collection resulted in loss of revenue amounting to Rs. 3.48 crore (calculated with reference to the traffic census and rates of revised toll fee provided in the NIT) for the period from September 1999 to March 2002.

4.1.18 Land Management

4.1.18.1 Unauthorized occupation of Government land

Scrutiny of records in eight¹⁵ divisions revealed that land measuring 7 acre and 16 marla (value Rs. 1.64 crore) and 4 acre 4 kanal 2 marla (value not known) (*Appendix XXIX*) belonging to Public Works Department (B & R) was under unauthorized occupation of private persons for the last 3 to 24 years. The XENs stated that cases were pending in different courts (July 2002).

4.1.19 Machinery and Equipment

4.1.19.1 Under-Utilization of machinery

The Department is operating 3 Mechanical Divisions at Ferozepur, Jalandhar and Patiala for maintenance and repair of Government machinery. Test check of records of divisions at Jalandhar and Patiala revealed that machinery was under-utilized during 1999-2001. Year-wise details of estimated and actual working hours of the machinery were as under:

Name of Division	Year	Tipper etc.			Hot Mix Plants			Other machinery		
		Estimated	Actual	Percentage Shortfall	Estimated	Actual	Percentage Shortfall	Estimated	Actual	Percentage Shortfall
Mechanical Division, Jalandhar	1999-2000	2,04,000	33,728	83	1,400	549	61	3,840	1,268	67
	2000-2001	2,04,000	53,656	74	1,400	770	45	3,840	1,796	53
Mechanical Division, Patiala	1999-2000	1,26,000	28,297	78	700	133	81	2,200	400	82
	2000-2001	1,26,000	24,466	81	700	182	74	2,200	530	76

¹⁵ Rural Works Division, Sirhind, Roads and Bridges Division, Patiala, Amritsar, Hoshiarpur, Provincial Division, Jalandhar, Central Works Division No II, Amritsar, No II Patiala, Hoshiarpur.

Shortfall in utilisation of machinery ranged between 45 and 83 per cent

The shortfall in utilisation of tippers, etc. ranged between 74 and 83 *per cent* and of other machinery, it ranged between 53 and 82 *per cent*. In the case of Hot Mix Plants, the shortfall in utilisation ranged between 45 and 81 *per cent*. The divisions attributed it to lack of contracts. Thus, denial of work to Mechanical division by other concerned divisions and getting work done from private contractors resulted in under-utilization of machinery and un-economical functioning of Mechanical Divisions.

4.1.19.2 Un-economical functioning of workshops

Workshops grossly underutilized and thus un-economical

The Mechanical Division, Jalandhar has under its jurisdiction four workshops at Jalandhar, Hoshiarpur, Gurdaspur and Ludhiana for repair of departmental machinery. Scrutiny of operation and out-turn statements of these workshops disclosed that against the salary expenditure of Rs.86.89 lakh which in itself is an understated figure, the out turn was only Rs.4.63 lakh (5 *per cent*).

The Superintending Engineer, Mechanical, PWD, B&R, Patiala with the approval of Chief Engineer issued (October 2000) instructions to all the Mechanical Divisions not to charge the salaries of regular work charged staff to the works. Consequent upon this, the expenditure incurred on salary of such staff though initially charged to salary head was not being transferred to the workshops resulting in understatement of expenditure in Mechanical divisions.

The XEN admitted that departmental machinery was standing idle due to less inflow of machinery for repairs.

4.1.19.3 Ungainful expenditure on a defunct sub-division

Prior to August 1996, the sub-division, Mubarakpur attached to the Executive Engineer (XEN), PWD (B&R), Rural Works Division, Sirhind was entrusted with the work of up-keep of roads falling under the jurisdiction of three Market Committees of Banur, Derabassi and Lalru. The State Government decided (August 1996) to transfer these works to Punjab Mandi Board (another work executing agency of Punjab Government) with the result that the sub-division was left with no other work justifying its continuation.

Scrutiny of records (November 2001) revealed that after the transfer of work (August 1996), the sub-division continued without work with 15 employees¹⁶.

On being pointed out in audit, the XEN stated (November 2001) that matter regarding the transfer of the staff/ sub-division was under correspondence with higher authority/ Government. Indecision of the Government either to entrust adequate work to the sub-division or transfer men and machinery to some other division resulted in ungainful expenditure of Rs. 63.82 lakh on salary and allowances of idle staff from January 1997 to March 2002.

¹⁶ 3 Junior Engineers, 1 sub-divisional clerk, 2 peons, 4 drivers, 2 cleaners, 2 chowkidars and one Sub-Divisional Engineer.

4.1.20 Personnel Management

4.1.20.1 Staff Position

No consolidated record was maintained at Secretariat level or at Head of Department (CE) level regarding norms for sanction of posts. Consolidated position of technical and non-technical staff for the whole department was not available with the C.E. No monitoring of sanctioned strength and deployment of staff was done at Secretariat/ Departmental level.

4.1.20.2 Excess staff

Test check of records of three¹⁷ Divisions revealed that 10 Junior Engineers were in excess of the sanctioned strength whereas 31 posts in this cadre were short in the State. Retention of staff in excess of sanctioned strength, without any increase in the load of work, was not justified.

4.1.20.3 Unproductive expenditure due to idle staff

Test check of eight¹⁸ divisions revealed that 41 drivers and 16 cleaners remained idle due to condemnation of old vehicles and execution of works through contractors. Expenditure of Rs.1.02 crore incurred on their pay and allowances proved unproductive. The idle staff was not diverted for gainful utilization. The XENs stated (February 2002) that the matter had been taken up with the higher authorities.

Expenditure of Rs.1.02 crore on the salary of drivers and cleaners proved unproductive

4.1.21 Monitoring

The execution/ completion of works was required to be effectively monitored by the Chief Engineer, to ensure that for each work, various targets relating to time, cost, services etc. were achieved. The Chief Engineer intimated that no monitoring cell has been set up. Further no effective monitoring of the quality and progress of works was carried out by the department which resulted in inordinate delay in completion of several works, incurring of expenditure in excess of administrative approval and non-achievement of targets.

The draft review was forwarded to the Secretary in May 2002 for reply within six weeks who was reminded in June 2002. In spite of such efforts, no reply was received (July 2002).

¹⁷ XEN R&B Division, Mohali:3, Patiala:3 and RW Nabha:4

¹⁸ XEN R&B Division Patiala, Amritsar, RW Jalandhar, Nabha, Malerkotla, Ferozepur, Central Works II, Amritsar and CW-II, Patiala

SECTION 'B'—AUDIT PARAGRAPHS

**Public Works Department
(Buildings and Roads Branch)**

4.2 Loss due to excess issue of material to a contractor and delay in preparation of final bill

Non-recovery of cost of material from the running bills of the contractor for about 6 years resulted in a loss of Rs. 28.09¹⁹ lakh

The Executive Engineer, Rural Works Division, Ropar (XEN) allotted (June 1995) the work "Providing and laying of 20 mm thick graded premix carpet including tack coat on roads", falling under the jurisdiction of Municipal Committee, Kharar to a Contractor for completion within 5 months at a cost of Rs.52.19 lakh. As per agreement, the cost of bitumen supplied by the department was recoverable from the bills or from security deposits. The cost of unutilized bitumen was to be recovered at double the issue rate.

Scrutiny of records (June 2001) of the division revealed that the contractor was issued 667.3695 MT bulk bitumen at the issue rate of Rs. 5,500 per MT (plus 3 per cent sales tax) against which 414.8908 MT bitumen was consumed and recovery made (September 1996). Though a period of about 6 years had lapsed, the final bill had not been prepared and 252.4787 MT being the balance quantity of bitumen was neither received back nor recovery at double the issue rate was made from the contractor.

On being pointed out (June 2001) and further information collected, the XEN stated (April 2002) that no final bill was made due to incomplete records but neither details of incomplete records nor justification for excess issue of material was furnished. Evidently, the bill was not finalized with the intention of deferring recovery of Rs. 28.61 lakh being the cost of unused bitumen against which security deposit of contractor lying with the division was only Rs. 0.52 lakh.

The draft paragraph was forwarded to the Secretary in March 2002 for reply within 6 weeks and followed up demi-officially in May 2002. In spite of such efforts, no reply was received (July 2002).

¹⁹ Cost of bitumen : Rs. 28.61 lakh (-) Security deposit : Rs. 0.52 lakh = Rs. 28.09 lakh.

4.3 Deprival of road facilities to villages

Partial completion of roads deprived the villages of connectivity and division diverted unspent funds of Rs. 16.10 lakh

Construction of link roads from Nimbuan to Barwala (1.36 Km) and Dera Bassi to Behra via Gulabgarh (4.10 Km) estimated to cost Rs. 9.86 lakh and Rs. 29.76 lakh were allotted to contractors in March 1996 and November 1996 for completion within three and four months respectively. Funds aggregating Rs. 39.62 lakh were received between May 1996 and September 2001.

Test check of records of Executive Engineer, Rural Works Division, Sirhind revealed (November 2001) that work on Nimbuan to Barwala link road upto 0.80 Km was completed (March 2002) upto a farm house belonging to a private individual by incurring an expenditure of Rs. 5.52 lakh and balance road length of 0.56 Km was not taken up for construction.

Similarly, the work on Dera Bassi to Behra link road was completed (March 2002) upto a Government meat factory and length of 1.60 Kms was covered at a cost of Rs.18 lakh and balance length of 2.50 Kms was not taken up, and Rs. 16.10 lakh was diverted to other miscellaneous works.

On being pointed out (November 2001 and April 2002), the Executive Engineer stated (April 2002) that the length of roads was reduced as these did not link with any populated village after the meat factory and the farmhouse. The reply was an after thought because in the approved estimates, these roads were proposed for linking the villages and funds were accordingly provided. Thus, the villages have been deprived of the facility of connectivity despite availability of funds. The division diverted the unspent funds amounting to Rs. 16.10 lakh to other works.

The draft paragraph was forwarded to the Secretary to the Government in April 2002 for reply within 6 weeks. The matter was taken up demi-officially in May 2002. However, inspite of such efforts, no reply was received (July 2002).

Irrigation and Power Department and Public Works Department (Buildings and Roads Branch)

4.4 Miscellaneous Public Works Advances

4.4.1 Introductory

As provided in Departmental Financial Rules and Account Rules, excess expenditure incurred on deposit works, issue of departmental material, losses, errors, etc., are temporarily booked under minor head "Suspense Accounts-

Miscellaneous Public Works Advances” (MPWA) and ultimately cleared either by actual recovery or by transfer under proper sanction to another head of account. Items which may become irrecoverable are written off under proper authority. The balances under the MPWA as on March 2002 were as under:

Irrigation and Power Department : Rs. 68.51 crore.

Public Works Department (B&R) : Rs. 53.73 crore.

MPWA records of 33 divisions of Irrigation and 20 divisions of B&R were test-checked. Year-wise break up of these outstanding advances upto March 2002 and sub-head wise details are indicated in *Appendix XXX*.

In the test checked districts, it was seen that during the period 1989-2002, number of items pending clearance increased from 2,549 (Rs. 19.52 crore) to 3,460 items (Rs.40.60 crore) in Irrigation and Power Department and from 1,260 (Rs. 0.71 crore) to 1,950 items (Rs. 30.43 crore) in PWD, B&R Branch. All the items were temporary and should have been cleared promptly either by actual recovery or by transfer but were persistently increasing due to lack of efforts and active pursuance by the departmental officials.

4.4.2 Outstanding recoverable amounts

(i) Amounts aggregating Rs. 7.27 crore on account of works done in five²⁰ divisions on behalf of 44 other divisions were recoverable but outstanding since October 1986. The delay in remitting the outstanding dues can lead to diversion/ mis-utilisation of funds by the divisions.

(ii) Rs. 2.33 crore was excess spent on deposit works as detailed below:

<i>(Rupees in crore)</i>			
Name of Department	No. of Divisions	Amount	Period since when outstanding
Irrigation	2 ²¹	0.74	October 1995 to 1996-97
B&R	3 ²²	1.59	September 1988 to August 1998

This had resulted in irregular expenditure adversely affecting departmental or other deposit works.

Further, Provincial Division, B&R, SAS Nagar (Rs. 5.86 lakh) and Central Works Division No. 2, Patiala (Rs. 10.78 lakh) incurred Rs. 16.64 lakh in excess of the deposits during 1989-90 to 1994-95. These divisions had not kept the amount under MPWA to watch the receipt of deposits. Thus the B&R division was short charged by its own employees.

²⁰ Kandi Water Shed Division, Hoshiarpur: Rs. 1.20 crore; Mechanical Drainage Construction Division Ferozepur: Rs. 4.33 crore; Sagrao Construction Division, SYL, Chandigarh:Rs. 0.41 crore; Chandpur Construction Division, SYL, Chandigarh: Rs.0.45 crore; Sarala Construction Division, SYL, Patiala:Rs.0.88 crore.

²¹ BML Division Patiala: Rs. 0.03 crore; SNE Mechanical Division, Hoshiarpur: Rs.0.71 crore.

²² R&B Division Pathankot : Rs. 1.41 crore; R&B Division No. II, SAS Nagar: Rs. 0.16 crore; Provincial Division B&R, Ludhiana: Rs. 0.02 crore.

(iii) Rs. 4.51 crore were outstanding against various contractors/ suppliers (*Appendix XXXI*) on account of short/non-receipt of material, advance payments, mobilization advances etc. as detailed below:

(Rupees in crore)

Name of Department	No. of Divisions	No. of items	Amount	Period since when outstanding
Irrigation	27	400	3.18	July 1952 to January 2001
B&R	9	48	1.33	April 1953 to September 2001

Extraordinary delay in receipt of material and adjustment of advances has resulted in contractors being unduly benefited and corrupt practices cannot be ruled out.

(iv) Rs. 2.12 crore was outstanding against employees (*Appendix XXXII*) who have since retired/ expired as detailed below:

(Rupees in crore)

Name of Department	No. of Divisions	No. of cases	Amount	Period since when outstanding
Irrigation				
(i) Retired	22	241	1.46	October 1955 to September 2001
(ii) Expired	18	51	0.27	March 1947 to 1996-97
B&R				
(i) Retired	12	44	0.35	June 1970 to February 1996
(ii) Expired	10	20	0.04	March 1972 to September 1990

Extraordinary delay in effecting the recoveries from the officials has resulted in loss to Government and, therefore, responsibility should be fixed.

4.4.3 Irregular Debit to MPWA

(i) Rules provide that no charges on account of work done against un-sanctioned estimates should be debited to the suspense head MPWA. In 11 divisions, Rs. 4.98 crore (*Appendix XXXIII*) was debited to MPWA on account of 127 un-sanctioned works relating to the period March 1966 to September 2001. The XENs stated (between November 2001 and January 2002) that efforts were being made to get the estimates sanctioned from the competent authorities, but 36 years have elapsed.

(ii) In Panchayati Raj Division, Ludhiana, Rs. 1.53 crore was received upto October 2001 from Deputy Commissioner-cum-Chairman, District Planning and Development Board for execution of various deposit works under Jawahar Rozgar Yojana, Employment Assurance Scheme and Member Parliament LAD scheme. These funds were deposited in saving account in a nationalised bank in October 2001 and also simultaneously kept in MPWA register. The XEN stated (November 2001) that the amount was kept in MPWA register to watch recovery. The reply was not tenable because debiting of amount to the MPWA was not correct and receipt and expenditure of deposit account was to be watched through schedule of deposits.

(iii) In five²³ divisions, minus balances (credit) of Rs. 37.63 lakh representing 63 items were outstanding relating to the period January 1986 to September 2001. On being pointed out, the XENs stated that the liability would be cleared after verification. The reply was not convincing because persistent minus balances can lead to misappropriation.

4.4.4 Other irregularities

(i) Rs. 5.82 crore was paid between August 1983 and March 1989 by three²⁴ divisions to the Railway Authorities for construction of railway bridges and other deposit works. XEN, Sarala Construction Division, SYL, Patiala intimated (May 2002) that work had been completed and utilisation certificate (UC) has been received for Rs. 3.40 crore. But neither the item was cleared from MPWA nor the matter taken up to obtain refund/ UC for the balance amount of Rs.4 lakh. XENs, Sagrao and Kharar Construction Divisions, SYL, Chandigarh intimated (May 2002) that UCs as well as status of completion of works were awaited. This showed that even after 13-19 years, divisions were not able to ascertain the status of works or obtain the UCs for Rs.2.42 crore and clear outstanding items.

(ii) Rs. 1.68 crore was advanced (between March 1983 and July 1989) by three²⁵ SYL Divisions to Punjab State Electricity Board (PSEB) for execution of various deposit works but UCs thereof had not been obtained resulting in non-clearance of items of MPWA. As the work of SYL had been abandoned since July 1990, divisions should have ascertained the status of works from PSEB to seek the refund of unspent amounts and to clear the outstanding items from MPWA. The Chief Engineer requested PSEB only in February 2002 to refund the unspent amounts to the concerned divisions. Further developments were awaited (July 2002).

(iii) Three²⁶ divisions advanced Rs. 3.70 crore to the Land Acquisition Officer (LAO), Dholbaha Dam Construction Circle, Hoshiarpur during November 1988 to February 2002 for disbursement to the landowners whose land had been acquired for construction of Dholbaha Dam and placed the amounts in MPWA. While the XEN, Intensive Investigation Division, Hoshiarpur attributed (August 2002) non-clearance of the suspense account to non-sanction of estimates of land acquisition, the Janauri Chohal Division, Hoshiarpur intimated that LAO did not disburse the amount to the landowners.

²³ Kharar Construction Division, SYL, Chandigarh : Rs. 4.15 lakh; Sagrao Construction Division, SYL, Chandigarh :Rs. 4.67 lakh; Janauri Chohal Construction Division, Hoshiarpur: Rs. 22.56 lakh; SNE Mech. Division, Hoshiarpur : Rs. 0.45 lakh, Intensive Investigation Division, Hoshiarpur : Rs. 5.80 lakh.

²⁴ Sarala Construction Division, SYL, Patiala : Rs. 3.44 crore; Sagrao Construction Division, SYL, Chandigarh : Rs. 0.05 crore; Kharar Construction Division, SYL, Chandigarh: Rs. 2.33 crore.

²⁵ Sarala Construction Division, SYL, Patiala : Rs. 0.07 crore; Sagrao Construction Division, SYL, Chandigarh : Rs. 0.33 crore; Irrigation Development Investigation Division No. I Chandigarh : Rs. 1.28 crore.

²⁶ Intensive Investigation Division, Hoshiarpur : Rs. 0.55 crore, Kandi Water Shed Drainage Division, Hoshiarpur : Rs. 0.19 crore; Janauri Chohal Construction Division, Hoshiarpur: Rs.2.96 crore.

The XEN, Kandi Watershed Drainage Division, Hoshiarpur, however, intimated (January 2002) that the matter had already been taken up with the LAO for refund of unspent amount. Thus, none of the three XENs had made earnest efforts to clear temporary suspense in time.

4.4.5 Variation of figures in monthly accounts and MPWA registers

In four²⁷ divisions, there was a difference of Rs.1.05²⁷ crore between the figures reported to the Accountant General (A&E) and those appearing in the books of the divisions. The XENs, Chandpur Construction Division, SYL, Chandigarh and Irrigation Development Investigation Division, Chandigarh stated (November 2001 and January 2002) that difference was due to merging of divisions and non-review of old items. The reply is not tenable because failure to pursue and reconcile the balances would result in ultimate loss due to non-recovery/ non-adjustment.

The long draft paragraph was forwarded to the Secretaries to the Government in April 2002 for reply within six weeks and reminded in May 2002. In spite of such efforts, no reply was received (July 2002).

Irrigation and Power Department

4.5 Avoidable payment of interest to the contractor

Failure of the Executive Engineer to hand over clear site of work, provide power and road connection to the contractor resulted in avoidable payment of Rs. 15.36 lakh

The work "Construction of Sutlej Yamuna Link (SYL) Canal Project from RD 64.500 Km to 65.000 Km" estimated to cost Rs. 55.90 lakh was allotted to a contractor in September 1985 (Agreement No. 15 of September 1985) with a time limit of 18 months. As per agreement, the department was to provide clear site, electricity from the nearest available point and haul road.

Audit scrutiny of the records of Executive Engineer (Jayanti Construction Division), now Patiala-ki-Rao Construction Division, SYL Canal Project (XEN SYL), Mohali, revealed (November 2001) that after execution of work costing Rs. 56.92 lakh, a dispute arose and the contractor lodged a claim (November 1987) for the losses suffered due to delay in handing over clear site, non-providing of electricity and haul road. The Chief Engineer, SYL Canal Project, Chandigarh (CE) appointed (September 1991) an arbitrator but proceedings were not finalized despite subsequent appointment of three more arbitrators.

²⁷ Investigation Division (J) Hoshiarpur : (-) Rs. 0.001 crore, Chandpur Construction Division, SYL, Chandigarh : (+) Rs. 1.18 crore, Sagrao Construction Division, SYL, Chandigarh : (-) Rs. 0.12 crore, Irrigation Development Investigation Division No. I, Chandigarh : (-) Rs.0.005 crore.

The fifth arbitrator was appointed in September 1997 who upheld the claim of this contractor and awarded (June 1998) Rs.6.57 lakh in favour of the contractor and also allowed interest @ 15 per cent on Rs.4.37 lakh from November 1987 to the date of making payment. While making award rule of the court (January 2000), the Civil Judge, Chandigarh allowed interest @ 12 per cent per annum from the date following the date of decree to the date of its payment. Consequently, payment of Rs.15.36 lakh including interest of Rs.8.79 lakh for the period November 1987 to August 2001 was made to the contractor during August 2001.

The XEN stated (April 2002) that after acquiring land, the contractor was asked to take up the work but the landowners prevented him from starting the work due to non-payment of land compensation. The reply was not tenable as it was the responsibility of the XEN to commence work only after the availability of land was ensured besides ensuring supply of electricity and haul road to carry out the work according to terms of the agreement. Thus, due to departmental lapses, avoidable payment of Rs. 15.36 lakh was made.

The draft paragraph was forwarded to the Secretary to the Government in February 2002 for reply within 6 weeks and reminded in May 2002. In spite of such efforts, no reply was received (July 2002).

**Public Works Department
(Public Health Branch)**

4.6 Irregular procurement of galvanized iron pipes for a water supply project

Imprudent decision of the Chief Engineer to procure GI pipes which have shorter life for a drinking water project at a cost of Rs. 1.29 crore

With a view to augmenting the rural water supply schemes commissioned 20-30 years ago in Kandi areas of Punjab, where old and worn out rusted pipes of smaller diameter needed replacement, the Government formulated a project for seeking assistance from National Bank for Agriculture and Rural Development (NABARD). The project envisaged laying of additional pipe lines and replacing smaller sized pipes with bigger ones in all schemes to cater to the requirement of prospective population for 30 years at enhanced rate of 70 litre per capita per day. Instead of galvanized iron (GI) pipes, use of CI/PVC pipes of 80 mm and 100 mm sizes, was preferred due to their longer life and supply of better quality water at the user end.

Scrutiny of records (October 2001) of the Chief Engineer, Public Health (Rural Water Supply), Patiala (CE) revealed that the CE purchased (February 2001) 47,000 metre GI pipes of 80 mm and 12,000 metre of 100 mm sizes valuing Rs. 1.29 crore instead of CI/PVC pipes which have longer life.

When pointed out in audit, the CE stated (December 2001) that pipes under the project were to be used in sub-mountainous areas where use of either PVC or AC pipes was not suitable and CI pipes were expensive as compared to GI pipes. The reply of the CE was not tenable because the project was formulated by a team of experts with the concurrence of the Department after conducting preliminary survey and it was decided to replace GI pipes with CI/PVC pipes so that the requirement of next 30 years is met. Moreover, the PVC pipes were cheaper as compared to GI pipes.

The draft paragraph was forwarded to the Secretary to the Government in April 2002 for reply within 6 weeks. The matter was followed up demi-officially in May 2002. In spite of such efforts, no reply was received (July 2002).

4.7 Idle investment on Rural Water Supply Scheme

Due to failure of the department to arrange operational staff for running 7 Rural Water Supply Schemes, potable water could not be provided to rural masses even after incurring an expenditure of Rs. 1.11 crore

The Executive Engineer, Public Health (XEN), Rural Water Supply (RWS) Division No. I, Ludhiana executed seven²⁸ RWS schemes at a cost of Rs. 1.11 crore to provide safe drinking and potable water in the rural areas of Ludhiana district. These schemes were commissioned in March 2001.

Scrutiny of records (February 2002), revealed that these schemes were not made operational after commissioning due to shortage of operational staff. The XEN admitted these facts and attributed (February 2002) the delay to ban on recruitment of new staff and further stated that matter was under correspondence with higher authorities. It was, however, seen that the XEN had sent only routine returns/ data to the Superintending Engineer but never specifically stressed the need for operational staff required to run the schemes on which heavy investment had been made by the Government. In June 2002, the XEN intimated that according to a decision taken by Government during February 2002, running and maintenance of water supply schemes would be done on contract basis and the issue of awarding contracts to make the schemes operational was under process and electric connection had also been applied for. Thus, the failure of the XEN to pursue vigorously the deployment of operational staff and ensure electrical connection for making the schemes functional and the inaction on the part of higher authorities to provide staff resulted in idle investment of Rs. 1.11 crore besides depriving the inhabitants of rural areas of the intended benefits of the schemes for the last 15 months.

The draft paragraph was forwarded to the Secretary to the Government in April 2002 for reply within 6 weeks and reminded in May 2002. In spite of such efforts, no reply was received (July 2002).

²⁸ Mand Januraudi, Machhian Kalan, Dhanoor, Ghumanewal, Noorpur Tandi, Samaspur Chakki Jiwanpur and Mithewal.

4.8 Ungainful expenditure on Rural Water Supply Schemes

Poor planning/funding prolonged the completion of water supply schemes by 9 and 18 years depriving the inhabitants of potable water despite expenditure of Rs. 57.46 lakh.

Audit scrutiny of the records of the Executive Engineer, Public Health (Rural Water Supply) Division No. II, Ferozepur (XEN) revealed that a tubewell based Rural Water Supply Scheme (RWS) for providing potable drinking water to villages Wara Waryam Singh, Hollan Wali, Mankian Wali and Hardasa of Zira block (Ferozepur) was approved (July 1984) for Rs.11.83 lakh. Since potable water could not be located from the trial bore at different sites, the source of water was changed from tube well to canal and revised approval for Rs. 28.29 lakh accorded in August 1986.

The Canal sourced scheme was commissioned in December 1989 by incurring expenditure of Rs.27.91 lakh. However, adequate water was not available through out the year as raw water for the scheme was obtained from the tail end of the Canal Minor at RD 14,495 of 3-L where there was scarcity of water. In order to ensure adequate supply of water, the XEN framed (August 1994) another estimate for Rs.8.60 lakh for taking raw water from Sirhind canal. District Planning and Development Board released (August 1995) Rs. 6 lakh to Gram Panchayat for construction of open inlet channel and Rs.2.53 lakh was spent by XEN on construction of Pump Chamber, etc.

Even after construction of inlet channel, the villagers were not getting sufficient water and the Gram Panchayat of Wara Waryam Singh approached (August 2000) the Deputy Commissioner, Ferozepur either to provide under ground piped inlet channel or a deep tube well with 500' depth. The XEN submitted (September 2000) another estimate for Rs.6.34 lakh to the Deputy Commissioner for installation of a deep tube well and Rs. 6 lakh was provided (October 2000) to Gram Panchayat during a programme of Sangat Darshan. The XEN intimated (June 2002) that Gram Panchayat Wara Waryam Singhwala had installed the tube well on its own and connected it to the existing system. Apart from the fact that test reports of water sample showed quantity of solids, hardness and magnesium in excess of acceptable limits, the remaining three villages were not getting adequate water from this tubewell.

Thus, due to implementation of the scheme without proper survey, the XEN failed to provide potable water for about 18 years and expenditure of Rs.42.44 (Rs. 27.91 + 8.53+6.00) lakh was rendered ungainful.

(ii) Scrutiny of records of the Executive Engineer, Public Health (PH) Rural Water Supply (RWS) Division No. 1, Ludhiana (XEN) revealed (February 2002) that for providing potable drinking water to Sahnewal village of Ludhiana district, Government approved a project for Rs.65.44 lakh against which only Rs.24.85 lakh was received between January 1992 and December 1995. Even out of this lesser amount, Rs.8 lakh was transferred to other schemes. While the work was in progress, the village Sahnewal was brought

under Notified Area Committee (NAC) in January 1993 but instead of handing over the work to the NAC, the XEN continued to execute the work and incurred Rs.15.02 lakh upto March 1997 (Rs.9.83 lakh was spent between January 1993 and March 1997) on installation of tube well and partial laying of distribution pipelines. The scheme was incomplete for want of funds and not handed over to the NAC.

On being pointed out (February 2002), the XEN stated (April 2002) that NAC did not take over the project for want of details of areas where the water was to be supplied through this scheme. Thus, action of the XEN to continue with the execution even after formation of NAC in January 1993 and failure to transfer it to NAC had resulted in investment of Rs. 15.02 lakh remaining idle and inhabitants were deprived of the intended benefits for 9 years.

The draft paragraph was forwarded to the Secretary to the Government in April 2002 for reply within 6 weeks and reminded in May 2002. In spite of such efforts, no reply was received (July 2002).

4.9 Loss of interest to Government and undue favour to Commercial Bank

Irregular operation of current account in commercial bank caused loss of interest of Rs.42.17 lakh

State Treasury Rules provide that a Government employee may not, except with the special permission of Government, deposit in the bank, money withdrawn from the Government account. Government reiterated (August 1999) the instructions and directed closure of all such accounts.

Scrutiny of records of Executive Engineer (XEN), Public Health (Rural Water Supply) Division, Malout revealed (March 2002) that due to transfer of works relating to Rural Water Supply Schemes of Lambi Block (District Muktsar) from Public Health (RWS) Division, Muktsar to Public Health (RWS) Division, Malout, funds were also transferred by the former to the latter. Besides, funds were also received from various other offices on account of sale of stock etc. In contravention of financial rules and extant instructions, the XEN kept the funds in Current Account with commercial bank. The balance in the Current Account at the end of each month ranged between Rs.1.44 lakh and Rs. 5.49 crore during the period March 2001 to February 2002. Such retention of funds outside Government Account resulted in loss of interest of Rs. 42.17 lakh and led to undue favour to bank.

The XEN stated (June 2002) that money was kept in the current account so as to accelerate the pace of execution of works. The reply was not tenable as XEN had no authority to keep the funds in the bank.

The draft paragraph was forwarded to the Secretary to the Government in April 2002 for reply within 6 weeks and reminded in May 2002. In spite of such efforts, no reply was received (July 2002).