

**Report of the
Comptroller and Auditor General of India**

on

Social, General and Economic Sectors
(Non-Public Sector Undertakings)

for the year ended 31 March 2012

Government of Punjab
Report No. 3 of the year 2013

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Preface

1. This Report is prepared for submission to the Governor of the State of Punjab under Article 151 of the Constitution of India.
2. Chapter-1 of this Report covers profile of audited entities, authority for audit, planning and conduct of audit and response of the Government to Audit. Highlights of audit observations included in this Report have also been brought out in this Chapter.
3. Chapter-2 deals with the findings of Performance Audit of Construction and Improvement of Rural Roads under Pradhan Mantri Gram Sadak Yojna and Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme, Chapter-3 contains three thematic audits, Chapter-4 includes compliance audit of transactions and Chapter-5 covers Chief Controlling Officer based Audit of Jails Department.
4. The Report containing audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts is presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2011-12 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2011-12 have also been included, wherever necessary.
6. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Chapter-1

Introduction

1.1 About this chapter

This chapter covers profile of audited entities, budget and expenditure of the State Government for the last five years, authority for audit, planning and conduct of audit, responses of the departments to draft paragraphs, follow up on Audit Reports and status of placement of Supplementary Audit Reports in State Assembly. Besides, significant audit observations included in this Report have also been brought out in this chapter.

1.2 Profile of audited entities

There are 44 departments and 35 autonomous bodies (28 State and seven Central) in the State under the audit jurisdiction of the four sectors of the office of the Accountant General (Audit), Punjab. Besides, audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) was entrusted to this office in October 2011. There are 12936¹ PRIs and 140² ULBs in Punjab as on 31 March 2012. During 2011-12, audit of 1437 drawing and disbursing officers of 44 departments, 248 PRIs and 32 autonomous bodies (25 State and seven Central) was conducted by this office.

1.3 Budget and expenditure of the State Government

1.3.1 Budget profile

The position of budget and expenditure incurred there against by the State Government during 2007-12 is given in **Table 1.1**.

Table 1.1: Budget and expenditure

(₹ in crore)

Disbursement	2007-08		2008-09		2009-10		2010-11		2011-12	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
Revenue expenditure										
General Services	12573.53	12891.90	13997.31	14032.13	15859.39	15525.28	17465.85	18597.73	16434.11	16787.95
Social Services	4942.22	4333.58	6394.72	5482.68	7296.23	6217.13	8600.00	7260.85	11387.32	9246.50
Economic Services	6229.92	5478.59	5477.74	4744.49	5927.18	5218.62	6795.03	6398.94	7018.77	6264.07
Grants-in-aid and Contributions	747.96	356.79	861.29	309.69	520.95	446.91	1319.39	639.66	1759.22	746.80
Total	24493.62	23060.86	26731.06	24568.99	29603.75	27407.94	34180.27	32897.18	36599.42	33045.32
Capital expenditure										
Capital Outlay	3405.12	2191.60	4664.19	2857.93	3603.46	2166.41	4029.43	2384.09	3959.66	1598.12
Loans and Advances disbursed	40.02	34.85	40.06	55.07	27.67	28.84	68.27	68.40	176.84	176.61
Repayment of Public Debt (including Ways and Means Advances)	1673.75	1719.22	2408.03	2288.52	5902.89	5308.36	7385.58	5952.88	8624.92	2675.22
Contingency Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Account disbursements	17297.37	18751.22	22688.57	22590.85	22618.88	20721.04	23011.37	25836.98	29020.27	28771.75
Total	22416.25	22696.89	29800.85	27792.37	32152.90	28224.65	34494.65	34242.35	41781.69	33043.40
Grand Total	41991.27	45757.75	56531.91	52361.36	61756.65	55632.59	68674.92	67139.53	78381.11	66088.72

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

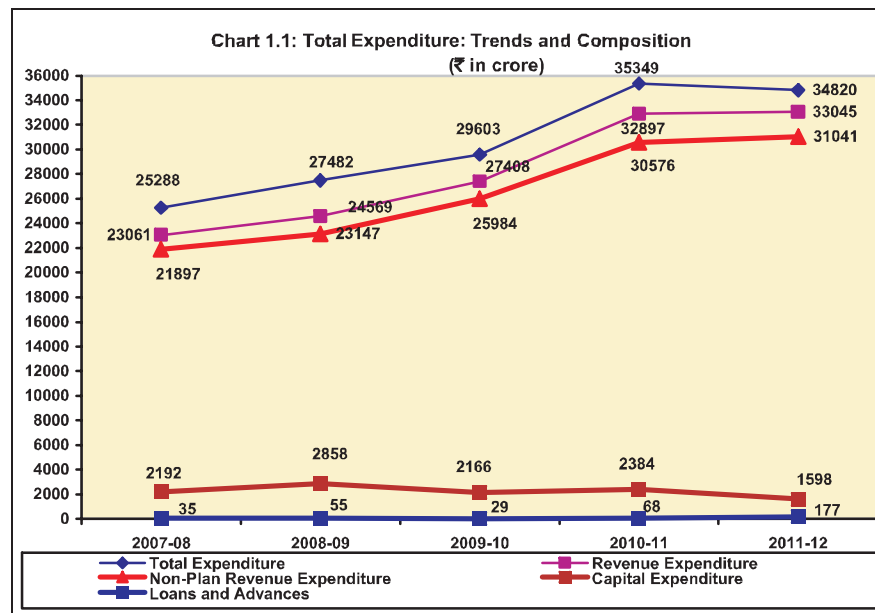
* It includes minus closing cash balance of ₹ 178.30 crore.

¹ 20 Zila Parishads, 141 Panchayat Samitis and 12775 Gram Panchayats.

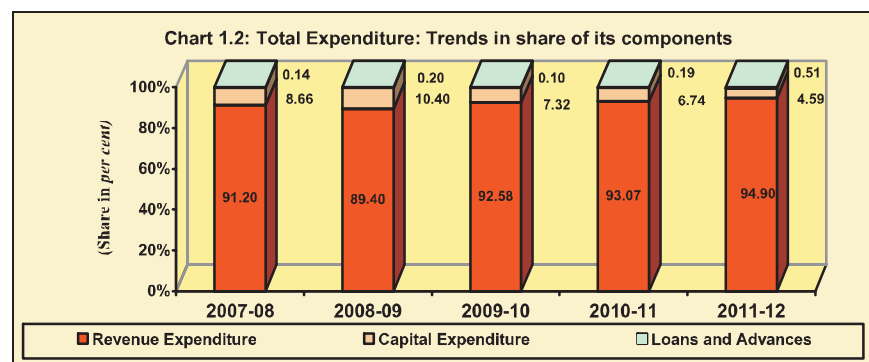
² Five Municipal Corporations, 102 Municipal Councils and 33 Nagar Panchayats.

1.3.2 Application of resources of the State Government

The trend of total expenditure over a period of last five years (2007-12) is given in **Chart 1.1**.



Composition of total expenditure incurred during the period 2007-12 is given in **Chart 1.2**.



Source: Figure of expenditure from Finance Accounts

The total expenditure³ of the State increased by 37.69 per cent from ₹25,288 crore in 2007-08 to ₹34,820 crore in 2011-12. The revenue expenditure increased by 43.29 per cent from ₹23,061 crore to ₹33,045 crore, non plan revenue expenditure increased by 41.76 per cent from ₹21,897 crore to ₹31,041 crore and capital expenditure decreased by 27.09 per cent from ₹2,192 crore to ₹1,598 crore during the period 2007-12.

³ Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

1.3.3 Application of resources

The revenue expenditure constituted a dominant proportion (89 to 95 *per cent*) of the total expenditure during the years 2007-12 leaving small fund for capital expenditure (5 to 11 *per cent*). During this period, it grew at an annual average growth rate of 8.66 *per cent* whereas, the revenue receipts grew at an annual average of 7.27 *per cent* during 2007-12. It implies that the revenue expenditure could outpace the revenue receipts in the years to come.

The plan revenue expenditure contributed just five to seven *per cent* of the total revenue expenditure, whereas the non-plan revenue expenditure was 93 to 95 *per cent* during the period 2007-12.

1.3.4 Financial assistance to PRIs and ULBs out of State budget

The quantum of financial assistance provided by way of grants and loans to the PRIs and ULBs during 2007-12 is given in the **Table 1.2**.

Table 1.2: Financial assistance to PRI and ULBs

Institutions	₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Municipal Corporations and Municipalities	28.75	1.93	18.87	155.05	71.90
Zila Parishads and Other Panchayati Raj Institutions	145.11	73.34	116.93	87.02	131.48
Total	173.86	75.27	135.80	242.07	203.38

Source: Finance Accounts

1.4 Authority for audit

The authority for audit by the Comptroller and Auditor General of India is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General of India's (C&AG) (Duties, Powers and Conditions of Service) Act, 1971. The Accountant General (Audit), Punjab conducted audit of expenditure of civil and works departments, PRIs and ULBs and autonomous bodies of the Government of Punjab under Sections 13, 14, 15, 17, 19(2), 20 and 20(1) and audit of receipts of the State under section 16 of the C&AG's (DPC) Act. The principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2007 and the manuals issued by the C&AG.

1.5 Planning and conduct of audit

The Audit process starts with the risk assessment of various departments, autonomous bodies, schemes/projects etc. based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated to conduct audit. The audit plan covers those offices/entities which are vulnerable to significant risks as per our assessment.

After completion of audit of each office, Inspection Report (IR) containing audit findings is issued to the head of the office with request to furnish replies to the audit findings within one month of receipt of the IR. Whenever replies are received, audit findings are either settled, if the replies are found satisfactory or further action for compliance is advised. The important audit observations pointed out in these IRs are processed for inclusion in the Audit Reports of the C&AG, which are submitted to the Governor of Punjab under Article 151 of the Constitution of India.

During 2011-12, compliance audit of 1437 drawing and disbursing officers of the State, 248 PRIs, 32 autonomous bodies was conducted by the office of the Accountant General (Audit), Punjab. Besides, two performance Audits viz. (i) construction and improvement of rural roads under Pradhan Mantri Gram Sadak Yojna and (ii) Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme, one Chief Controlling Officer based Audit of Jails Department and three Thematic Audits on (i) Ineffective implementation of State Disaster Response Fund, (ii) Working of Internal Audit Organization and (iii) Non-achievement of objectives due to non-utilisation of labour cess fund were also conducted.

1.6 Significant audit observations

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments, which have impact on the success of programmes and functioning of the departments. The focus was on auditing the specific programmes/schemes and to offer suitable recommendations, with the intention to provide an aid to the executive in taking corrective action and improving service delivery to the citizens.

1.6.1 Performance Audit

Performance audit examines the extent to which the objectives of an organization, programme or scheme have been achieved economically, efficiently and effectively.

The present Report contains two performance audits. Significant audit observations are given below:

(i) Construction and improvement of rural roads under Pradhan Mantri Gram Sadak Yojna

The objectives of the Pradhan Mantri Gram Sadak Yojna (PMGSY) of providing all-weather road connectivity to the unconnected habitations in the rural areas were not achieved since it could not meet its targets as defined under the PMGSY. Even after lapse of five years from the target date (March 2007), three habitations of population 1000 and above and 20 of population 500 and above were still unconnected. New connectivity to 96 habitations of the PMGSY Core Network were provided from State funds and NABARD loans thereby putting extra burden on the State exchequer. Eighteen roads were upgraded without preparation of Comprehensive Upgradation Priority

List, in contravention of PMGSY guidelines. Maintenance of roads was not carried out as planned. State's share was released directly bypassing the Nodal Agency. In 63 cases, works were either executed in excess of approved length under Core Network or completed without executing approved items of work. Excess length of 28.61 kms was constructed without approval in Core Network and 28.81 kms of Core Network was executed with State funds and NABARD loans, putting extra burden on State exchequer, despite availability of huge funds with State Rural Roads Development Agency. Thirteen roads were upgraded in violation of technical specification. Internal control and monitoring was inadequate.

(Paragraph 2.1)

(ii) Performance Audit on Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

The district perspective plan providing framework for the Annual Development Plan was not approved in respect of any of the districts. The Annual Development Plans were not prepared in realistic manner and were not based on the actual trends of the previous years. The state share was not released in full and on time. The available funds could not be utilized during the period covered under performance audit. The funds released were diverted for works not covered under the scheme.

The primary objective of ensuring the livelihood security by providing 100 days of annual employment to the registered households remained unachieved. The payment of wages to the beneficiaries was not made within the prescribed time period and workers were not compensated for delayed payments. Non-adherence to guidelines of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in respect of execution of impermissible works, non maintenance of prescribed wage material ratio, use of machinery and contractors were noticed during audit. No evaluation study to assess the performance of the scheme and its impact on individual life was conducted. Vital records necessary for effective implementation of the scheme prescribed under the guidelines were not maintained. There was no system in place to verify the authenticity of the data uploaded on the MGNREGS website.

State Government did not take adequate capacity building measures for implementation of the scheme as there was acute shortage of staff implementing MGNREGS in the State. No training calendar and training module for various target groups of trainees was developed to train the staff for effective implementation of the scheme. Transparency, accountability and grievances redressal systems were found inadequate.

(Paragraph 2.2)

1.6.2 Thematic Audit paragraphs

The present report contains three thematic paragraphs. Significant audit observations are given below:

(i) Ineffective implementation of State Disaster Response Fund

Late receipt of Government of India's contribution due to non-submission of necessary requisites by Financial Commissioner Revenue not only caused loss of interest to the State Disaster Response Fund (SDRF), but it also reflected upon the inadequate internal control in the department. Non-investment of funds in the prescribed instruments, in contravention of the guidelines led to non-availability of sufficient floating money in SDRF, which delayed the disbursement of relief to the victims of natural calamities, thereby defeating the prime objective of the scheme. Inadmissible expenditure from SDRF exhibited ineffective implementation of the scheme.

(Paragraph 3.1)

(ii) Working of Internal Audit Organization

The main aim for setting up of Internal Audit Organisation (IAO) remained unachieved due to deficient audit planning, acute shortage of human resource, non-adherence to the pendency and category based audits, besides deficiencies in execution. Lack of monitoring and follow up of long pending audit objections further diluted the impact of the internal audit. The Finance Department is required to review and evaluate the working of IAO, prepare Manual for guidance and also make available sufficient human resource to achieve the objectives for which IAO was established.

(Paragraph 3.2)

(iii) Non-achievement of objectives due to non-utilisation of cess fund

Delay of twelve years in implementation of the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 and Building and Other Construction Workers' Welfare Cess Act, 1996, non implementation of all the approved welfare schemes and absence of data of construction companies/workers engaged in the construction activities led to non achievement of objectives and non providing of basic amenities and benefits under the scheme to the workers despite huge funds being available with the Punjab Building and Other Construction Workers' Welfare Board. Non implementation of three out of eight formulated schemes indicates slackness in implementation of welfare schemes.

(Paragraph 3.3)

1.6.3 Compliance Audit of transactions

Audit has also observed significant deficiencies in critical areas, which has adversely impacted effective functioning of the Government departments/organizations. These are broadly categorised and grouped as under:

- Non-compliance with rules and regulations.
- Failure of oversight/governance.

a) Non-compliance with rules and regulations

For sound financial management, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authorities. This helps in maintaining financial discipline and prevents irregularities, misappropriation and frauds. This Report contains instances of non-compliance with rules and regulations as given below:

Inclusion of price adjustment clause in a lump sum contract against the spirit of PWD code/financial rules resulted in extra payment of ₹5.74 crore to contractor.

(Paragraph 4.1.1)

Non approval of tenders within the validity period and delay in retendering led to extra/avoidable expenditure of ₹ 2.17 crore.

(Paragraph 4.1.2)

Award of work of road over bridge without obtaining prior approval of drawing/design from Railways led to execution of extra work of ₹ 1.34 crore.

(Paragraph 4.1.3)

Delay in issue of declaration under Section 6 and consequential delay in announcement of award, coupled with delayed demand of funds by Director Civil Aviation resulted in avoidable extra payment of ₹0.94 crore to land owners on account of additional compensation.

(Paragraph 4.1.4)

Failure of the department to regulate the payment of compensation as per provisions of the Land Acquisition Act resulted in excess payment of ₹ 31.57 lakh to the land owners.

(Paragraph 4.1.5)

b) Failure of oversight/governance

Government has an obligation to improve the quality of life of the people in the areas of health, education, development and upgradation of infrastructure, public services etc. Audit noticed instances where the funds released by the Government for creating public assets remained unutilized/blocked or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. Audit findings related to failure of oversight are as under:

Failure of the Director Civil Aviation to recover the amount of ₹23.80 crore paid towards cost of the land already acquired and to deposit the same in

Government account within one month of its withdrawal deprived the State Government to save interest of ₹7.02 crore paid on borrowings.

(Paragraph 4.2.1)

Water supply schemes augmented 32 to 44 months earlier at a cost of ₹2.90 crore were not used by the intended beneficiaries of the scheme.

(Paragraph 4.2.2)

Irregular payment of ₹ 1.78 crore on items of works not included in detailed notice inviting tenders/bill of quantities and in allotment of work to contractor.

(Paragraph 4.2.3)

Failure of the department to complete the irrigation project even after incurring an expenditure of ₹18.21 crore resulted in unproductive expenditure, besides non achieving the assured irrigation facilities to farmers.

(Paragraph 4.2.4)

Procurement of uniforms by the District Education Officer from unapproved suppliers by reducing the number of approved items resulted in non supply of complete uniforms to students.

(Paragraph 4.2.5)

1.6.4 Chief Controlling Officer based Audit

The Chief Controlling Officer (CCO) based audit is a comprehensive appraisal of the functioning of a department, identifying systemic issues that need to be addressed at various appropriate levels. The audit focuses on the internal control that has an impact and risks on the achievement of objectives for which the department was established. Apart from the regularity and compliance issues, all the important aspects of functioning of the department viz. financial management, execution, monitoring, internal controls and human resource management etc. are covered in this appraisal.

The present Report contains one CCO based audit. Significant audit observations are given below:

Jails Department

Budget estimates were found to have been prepared unrealistically. Non-creation of reception centres in jails required for segregation of prisoners led to lodging of prisoners suffering from Tuberculosis and mental disorder with other prisoners and the health care facilities were also found to be inadequate. Video conferencing system was underutilized. Fifty one prisoners escaped during 2010-12 while ferrying them to courts for peshis. Enhanced capacity of jails was not utilized in a scientific manner to ease out the overcrowding. Reformative activities for prisoners were absent and most of the rehabilitation activities were also primitive. There was shortage of Warders and the available Warders were also not deployed in proportion to the number of inmates. The only Jail Training School in Punjab was lacking

basic infrastructure. Inadequate inspections of the jails and non submission of various prescribed periodical returns indicated the weak internal control management system in the department.

(Paragraph 5.1)

1.7 Recoveries at the instance of audit

The audit findings involving recoveries that came to notice during audit were referred to the departments/State Government through Inspection Reports for further investigation and recovery of the same under intimation to audit. On being pointed out in Audit, ₹ 1.72 crore⁴ were recovered during 2011-12.

1.8 Response of the Government to audit

As per the instructions issued by the Finance Department, Government of Punjab in August 1992 and provision of Comptroller & Auditor General of India's (C&AG) Regulations on Audit and Accounts, 2007, the departments are required to send their responses to draft performance audit reports/draft paragraphs proposed for inclusion in the C&AG's Audit Reports within six weeks. It was brought to their personal attention that in view of likely inclusion of such paragraphs in the Reports of the C&AG, which will be placed before the Punjab Legislature, it would be desirable to include their comments in the matter. They were also advised to have meetings with the Accountant General to discuss the draft reports of performance audits, CCO based audit, thematic audits and draft audit paragraphs. These draft reports and paragraphs proposed for inclusion in this Report were also forwarded to the Principal Secretaries/Secretaries concerned between August and December 2012 demi-officially seeking their replies.

For the present Audit Report, draft reports on two performance audits, one CCO based audit, three thematic audits and 10 draft paragraphs were forwarded to the concerned Administrative Secretaries. Out of which replies of the Government/departments to two performance audits, one CCO based audit, three thematic audits were received which have been incorporated in the Report. However, replies of the Government to the 10 paragraphs were not received.

1.9 Outstanding Inspection Reports

During 2011-12, this office conducted compliance audit in 1437 offices and 248 PRIs. 23622 Inspection Reports (IR) were outstanding as on 31 March 2012 which includes the outstanding IRs pertaining to earlier years.

1.10 Impact of previous Audit Reports

An amount of ₹ 2.32 crore⁵ was recovered during the Public Accounts Committee's meetings/discussions during 2011-12. Apart from this, the

⁴ General Sector-₹ 1.47 crore; Economic Sector-₹ 0.17 crore; and Social Sector-II-₹ 0.08 crore.

⁵ Transport department-₹ 0.10 crore; Agriculture department-₹ 0.55 crore; Home Affairs and Justice department-₹ 0.56 crore; and PWD (B&R)-₹ 1.11 crore.

following actions were also taken by the Government after being pointed out in the audit reports:

- Scientific equipment (Anaerobic Hood and Baby Boiler) costing ₹ 12.06 lakh lying uninstalled in Biotechnology department of Punjabi University, Patiala (Para No. 6.1.5.3 of the Audit Report (Civil) for the year 2000-01) were installed.
- Case of recovery of amounts incurred on the University Grants Commission's (UGC) projects abandoned by the teachers who proceeded on long leave and settled in foreign countries was under active consideration of the higher officers of the Punjabi University, Patiala. Further, unspent grants of UGC were returned to UGC along with interest. (Para No. 6.5.4 (i), (ii) and 6.1.6 (i), (ii) of the Audit Report (Civil) for the year 2000-01).
- Housing and Urban Development Department assured to conduct departmental enquiry against defaulting officers due to negligence of whom, the Government had to pay extra interest. (Para No. 4.3.6 of the Audit Report (Civil) for the year 2006-07).

1.11 Follow-up action on Audit Reports

The Comptroller and Auditor General of India's Audit Reports represent the culmination of the process of audit scrutiny starting with initial inspection of accounts and records maintained in the various offices and departments of the State Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. At the instance of the Public Accounts Committee (PAC), the Finance Department issued (August 1992) instructions to all the departments to initiate *suo moto* concrete action on all paragraphs and performance audits figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the PAC or not. The departments were also required to furnish to the PAC detailed notes duly vetted by Audit indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature.

The PAC transferred (29 December 2011) the pending audit paragraphs included in the C&AG's Audit Reports (Civil and Revenue Receipts) upto 2007-08 to the Administrative Secretaries of concerned departments for completing action at their own level.

As regards the Audit Reports relating to the years 2008-09, 2009-10 and 2010-11, which had already been laid before the State Legislature, detailed notes in respect of 28 paragraphs and four Performance Audits (*Appendix 1.1 and 1.2*) were not received in Audit as of 30 September 2012, even after the lapse of the prescribed period of three months.

1.12 Status of placement of Supplementary Audit Reports of autonomous bodies in the State Assembly

Twelve Supplementary Audit Reports (SAR) in respect of four autonomous bodies (as detailed in **Table 1.3** below) issued between May 2008 and January 2011 were pending for placement before Legislature.

Table 1.3: Detail of SARs pending for placement before Legislature as on 31 March 2012

Sr. No.	Name of the autonomous body	Years for which SARs were pending for placement before Legislature
1.	Punjab Legal Services Authority	2006-07 to 2008-09
2.	Punjab Khadi and Village Industries Board	2008-09
3.	Punjab State Human Rights Commission	2001-02 and 2004-05 to 2008-09
4.	Punjab Labour Welfare Board	2000-01 and 2001-02

Source: Departmental information

Chapter-2

Performance Audit

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

2.1 Construction and improvement of rural roads under Pradhan Mantri Gram Sadak Yojna

Highlights

The rural road connectivity is a key component of rural development for providing access to economic and social services thereby generating increased agriculture income and productive employment opportunities leading to poverty alleviation. The Government of India (GoI), Ministry of Rural Development (MoRD) launched (December 2000) the Pradhan Mantri Gram Sadak Yojna (PMGSY) with the objective to provide all weather road connectivity to the unconnected habitations in the rural areas. Performance Audit on construction and improvement of rural roads under PMGSY revealed deficiencies in financial and programme management, irregular execution of works, non maintenance of roads, inadequate monitoring and lack of internal control.

A Performance Audit of the Public Works Department (Buildings and Roads) (PWD-B&R) brought out the following significant audit findings:

- *Non availing of Income Tax exemption led to deduction of ₹1.16 crore tax at source on interest on PMGSY funds.*

(Paragraph 2.1.9.3)

- *Execution of excess length of 28.61 km than approved in Core Network resulted in extra expenditure of ₹ 10.02 crore.*

(Paragraph 2.1.14.1)

- *Core Network roads constructed with State funds and NABARD loan led to avoidable burden of ₹9.93 crore on the State exchequer.*

(Paragraph 2.1.14.2)

- *Carriage of earth not specified in the PMGSY guidelines resulted in irregular expenditure of ₹7.36 crore.*

(Paragraph 2.1.14.8)

- *Upgradation of a road without through route resulted in injudicious expenditure of ₹ 2.93 crore.*

(Paragraph 2.1.14.9)

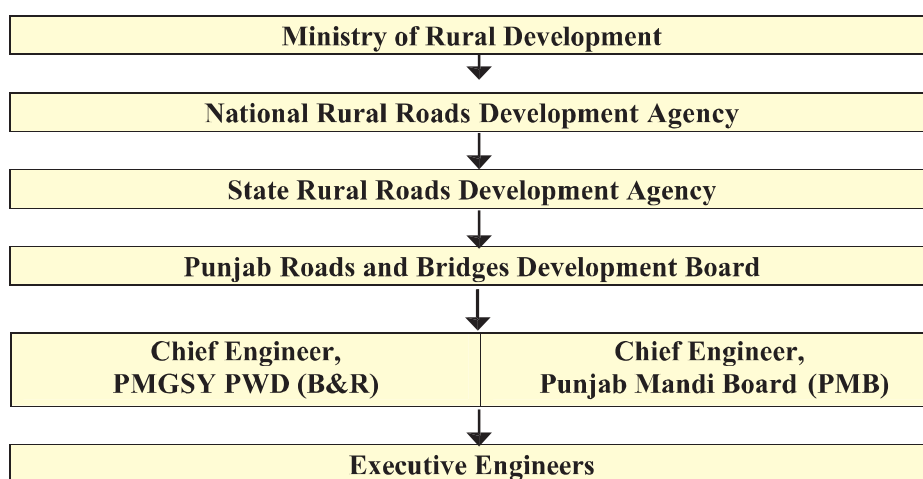
2.1.1 Introduction

The GoI launched (December 2000) the Pradhan Mantri Gram Sadak Yojna (PMGSY) with the objective of providing all weather road connectivity to the unconnected habitations in the rural areas. The PMGSY is a 100 *per cent* Centrally Sponsored Scheme (CSS). State wide Core Network survey (April 2000) revealed that 101 and 436 habitations with above 1000 population and above 500 population respectively were unconnected. The habitations with population of 1000 and above were targeted to be covered in three years (2000-03) and habitations with population above 500, by the end of Tenth Five Year Plan Period (2007). The PMGSY also included upgradation of roads in those districts where all the eligible habitations of the designated population size had been provided with the road connectivity.

2.1.2 Organizational set up

The MoRD is implementing the PMGSY at the Central level through the National Rural Roads Development Agency (NRRDA) by providing operational, managerial and financial support. At State level, the State Rural Roads Development Agency (SRRDA) scrutinizes the proposals and acts as coordinator between the State and the MoRD. The Punjab Roads and Bridges Development Board (PRBDB) is acting as Nodal Agency at the State level and execute the projects. The Chief Engineer, PMGSY, PWD (B&R) and Punjab Mandi Board (PMB) are the technical authorities in the State for approval of Core Network, scrutiny of Detailed Project Reports (DPRs), process of tenders and maintenance work. The Executive Engineers (EEs), PWD (B&R) and PMB are responsible for preparation of Core Network, DPRs, allotment and execution of work at the district level. The organizational set-up of PMGSY is given below:

Organizational Chart



2.1.3 Scope of Audit

The performance audit of the PMGSY was conducted between October 2011 and May 2012 for the period from 2007 to 2012 by test check of the records in the offices of the Principal Secretary, PWD B&R, Secretary, PMB, the Nodal Agency and EEs of 14¹ divisions, 10 (26 *per cent*) PWD (B&R) out of 39 and 4 (31 *per cent*) PMB out of 13 on the basis of Statistical Sampling Probability Proportional to Size with Replacement method. The samples covered 27 *per cent* of divisions and 40 *per cent* of expenditure of ₹ 464.00 crore, out of total expenditure of ₹ 1160.44 crore.

2.1.4 Audit objectives

The audit objectives were to ascertain whether:

- the Core Network was prepared and implemented as laid down in the PMGSY guidelines;
- the administrative and financial controls were designed and implemented to secure optimum utilization of funds;
- the upgradation of road work was undertaken only in those districts, where all the eligible habitations of the designated population size were provided connectivity;
- the work was executed economically, efficiently and effectively; and
- the existing monitoring system and quality control mechanism was adequate and effective for achieving the desired objectives.

2.1.5 Audit criteria

The audit findings were benchmarked against the criteria derived from the following sources:

- Guidelines of the PMGSY issued by MoRD.
- Goals and targets set by the GoI and Government of Punjab (GoP).
- PWD Code, Financial Rules, Rural Road Manual, Manual and instructions issued by the NRRDA, MoRD, GoI and GoP.
- Prescribed monitoring mechanism.

2.1.6 Audit methodology

An entry conference for the performance audit was held (23 February 2012) with the Special Secretary, PWD (B&R), Nodal Agency and PMB wherein the scope, methodology, objectives and criteria of audit were discussed. An exit conference was held (4 December 2012) with the Additional Secretary, PWD (B&R), Nodal Agency and PMB, wherein audit findings were discussed. The

¹ Provincial Division at Bathinda, Jalandhar, Nawan Shehar, Sangrur, II Patiala and Construction Division-I Ludhiana, Malerkotla, Muktsar, Mohali at Fatehgarh Sahib (FGS), and Sirhind, PMB Divisions at Amritsar, Kapurthala, Nawan Shehar and Sangrur.

replies of the Department and views expressed in the exit conference have been suitably incorporated in the Report.

2.1.7 Acknowledgement

The office of the Accountant General (Audit), Punjab acknowledges the cooperation and assistance rendered by the State Government, Nodal Agency, PMB, CEs and the EEs in conducting the performance audit.

Audit findings

The audit findings are discussed in the following paragraphs:

2.1.8 Progress of the PMGSY

Planning is an integral part of the programme implementation of any scheme. Para 2.1 of the PMGSY guidelines provided that all unconnected habitations having a population above 1000 were to be covered during 2000-2003 and the habitations with population above 500 by the end of Tenth Plan. The status of habitations covered by March 2012 is given in **Table 2.1**.

Table 2.1 : Details of habitations covered

Particulars	Habitations with 1000+ population	Habitations with 500+ population	Total
Unconnected habitations as on 1 April, 2000	101	436	537
Connected habitations up to March 2007	94	324	418
Unconnected habitations as on March 2007	7	112	119
Habitations connected during 2007-2012	0	0	0
Habitations unconnected as on March 2012	7	112	119

Source: Data supplied by Nodal Agency

It can be seen from the above table that seven habitations with population of above 1000 and 112 habitations with population 500-1000 were not connected under the PMGSY at the end of Tenth Five Year Plan (2002-07). Even after lapse of five more years (March 2012), these remained unconnected. Neither any physical target for preparation of DPRs for new connectivity was fixed nor any new habitation covered under the PMGSY during the period 2007-08 to 2011-12.

On this being pointed out, the Department stated (November 2011) that four habitations with population above 1000 and 92 habitations with population in the range of 500-1000 were covered during the period 2007-2011 with State funds and loan from the National Bank for Agriculture and Rural Development (NABARD). The Department further stated that out of balance 23 (three of population above 1000 and 20 of population above 500) unconnected habitations, nine have been proposed for connectivity under Phase-X. The remaining 14 habitations will not achieve connectivity as they were either less than 500 metre required length or required road width was not available.

Thus, the construction of 96 roads with State funds and loans from NABARD was avoidable in view of the fact that PMGSY funds for the same purpose

were available from Central Government and therefore was an extra burden on the State exchequer.

2.1.9 Financial management

2.1.9.1 Programme fund

The PMGSY is a 100 *per cent* centrally sponsored scheme and the funds received from the GoI are credited directly in the Nodal Agency's account. The status of funds received and expenditure incurred is given in **Table 2.2**.

Table 2.2 : Position of receipt and expenditure

(₹ in crore)

Year	OB	Receipt		Interest	Total	Expenditure	Closing Balance
		GoI	Misc. Receipt				
2007-08	41.47	360.21	0.09	1.81	403.58	346.65	56.93
2008-09	56.93	243.43	0.02	5.44	305.82	276.88	28.94
2009-10	28.94	348.42	(-) 0.02	0.80	378.14	309.73	68.41
2010-11	68.41	194.43	--	0.31	263.15	163.75	99.40
2011-12	99.40	164.61	--	2.63	266.64	63.03	203.61
TOTAL		1311.10	0.09	10.99	1617.33	1160.04	

Source: Data supplied by Nodal agency

The scrutiny of records of the Nodal Agency revealed that all the funds required for Phase-VII (63 works) and Phase-VIII (71 works) were received, which commenced in 2007-08 and 2009-10 respectively. All the works of Phase-VII were completed between January 2009 and November 2012. Of Phase-VIII, 64 works were completed (March 2012), one work was deleted and six works with sanctioned cost of ₹ 44.33 crore, were incomplete after incurring expenditure of ₹ 24.08 crore. No DPR was prepared for phase IX of the PMGSY and no funds were therefore sanctioned.

An expenditure of ₹ 1160.04 crore had been incurred against total receipt of ₹ 1311.10 crore during 2007-08 to 2011-12 leaving an unspent balance of ₹ 203.61 crore as on March 2012.

2.1.9.2 Irregular release of State share

Para 18.3 of the PMGSY guidelines provides that the GoP was to provide funds for work related expenses, the cost escalation, tender premium and other programme expenses to the Nodal Agency.

Audit observed that that out of State's share of ₹ 27.00 crore under Phase VIII, an amount of ₹ 13.21 crore was released (2011-12) directly to three (Amritsar, Hoshiarpur and Kapurthala) divisions by the GoP in contravention of the guidelines.

The Department stated (May 2012) that due to court cases funds were released directly to the divisions and there was no loss to the Government. The fact, however, remains that PMGSY guidelines regarding release of funds were not adhered to.

2.1.9.3 Non availing of income tax exemption

Para 15.3 of the PMGSY Accounts Manual provides that the SRRDA is a non-profit making body and is eligible for exemption under Income Tax Act, 1961 for deduction of tax at source (TDS) on interest income. No such exemption was obtained by the Nodal Agency from Income Tax authorities and a sum of ₹ 1.16 crore was deducted (2001-02 to 2009-10) as TDS on interest income of the Nodal Agency. The Department stated (December 2012) that matter was taken up with Income Tax Department for refund of TDS and exemption had been obtained now; however, no refund had been received (December 2012).

2.1.10 Maintenance and repair funds

Para 17.2 of the PMGSY guidelines provides that all the funds required for maintenance of the PMGSY roads were to be provided by the GoP. The funds received and expenditure incurred is given in **Table 2.3**.

Table 2.3 : Position of receipt and expenditure on maintenance

(₹ in crore)

Year	Required cost of maintenance	Opening balance	Receipt	Interest	Total	Expenditure	Closing balance
2007-08	3.15	-	--	--	--	--	--
2008-09	5.19	-	--	--	--	--	--
2009-10	12.00	-	12.00	--	12.00	--	12.00
2010-11	8.00	12.00	6.00	0.60	18.60	1.84	16.76
2011-12	10.00	16.76 (-)	--	1.51	18.27	3.01	15.26
Total	38.34		18.00	2.11		4.85	

Source: Data supplied by the Nodal Agency

Against the requirement of ₹ 38.34 crore for maintenance of roads during 2007-12, the GoP provided ₹ 18.00 crore only. An expenditure of ₹ 4.85 crore was incurred on maintenance of roads which indicates that though funds amounting to ₹ 20.11 crore (including interest of ₹ 2.11 crore) were available against the requirement of ₹ 38.34 crore, maintenance worth ₹ 4.85 crore had only been done.

2.1.11 Land acquisition from State funds

Para 6.12 of the PMGSY guidelines stipulates that the State Government/District Panchayat were required to ensure the availability of proper land width required for taking up the proposed road work and in case of less availability of land, the land acquisition was to be made by the GoP at its own cost. The funds required, provided and expenditure incurred is given in **Table 2.4**.

Table 2.4 : Position of funds provided and expenditure incurred on acquisition of land
(₹ in crore)

Year	Tentative cost of land acquisition	Opening balance	Receipt	Interest	Total	*Expenditure	Closing balance
2007-08	-	-	-	--	--	--	--
2008-09	85.00 (PH-VIII)	-	50.00	--	50.00	25.21	24.79
2009-10	-	24.79	-	0.45	25.24	22.40	02.84
2010-11	50.00 (PH-IX)	02.84	-	0.24	03.08	01.68	01.40
2011-12	-	01.40	27.52	0.69	29.61	18.80	10.81
Total	135.00		77.52	1.38	107.93	68.09	

Source: Data supplied by Nodal Agency

*Including advances deposited with the Land Acquisition Officers/Collectors

Against the requirement of ₹ 135.00 crore for acquisition of 864² acre land for phase-VIII and IX, the GoP released ₹ 77.52 crore and land measuring 373.82 acre for Phase-VIII and IX was acquired for ₹ 68.09 crore. An amount of ₹ 10.81 crore was unspent and balance 490.18 acre land for 41 works of phase-IX was yet to be acquired (March 2012) which had resulted in non-preparation of three DPRs and submission to the GoI for their approval.

2.1.11.1 Completion/execution of work without acquisition of land

Para 5.10.4 of the Operation Manual of the PMGSY requires widening of the carriage way to 3.75 metre in case the existing width was lesser. This requires corresponding roadway width of 7.5 metre and land width of 11-12 metre of rural roads. Further, certificate of required land availability was required to be furnished by the EE at the time of approval of DPR.

In five³ out of 14 test checked divisions, 10 roads were constructed at a cost of ₹ 44.37 crore, without acquiring the required land for construction of road with full formation width. Full formation width is required for construction of berms, culverts etc. which are important for the road to sustain its designed life. The physical verification of the road as depicted in the photograph, corroborated the fact that the roads were constructed in the land with shorter width.



On this being pointed out, the Government stated (December 2012) that requirement of land as pointed out in para was tentative and land in Punjab is

² Land to be acquired: Phase VIII - 517.22 acre + Phase IX - 346.78 acre = 864.00 acre
Land actually acquired: Phase VIII-134.38 acre + Phase IX-239.44 acre = 373.82 acre

³ 1. EE, PMB, Sangrur, 2. EE Provincial Division, Bathinda, 3. EE, Construction Division, Malerkotla, 4. EE, Construction Division, Muksar, 5. EE, Provincial Division-II, Patiala.

very costly. Moreover, farmers are unwilling to part with their land and works were completed without acquiring further land.

The reply was not acceptable, as executions of work without acquisition of required land resulted in construction of roads without adequate width and were susceptible to premature disintegration of roads due to non-construction of berms/culverts etc.

2.1.11.2 Delayed notification enhanced land compensation

The Financial Commissioner's Standing Orders (September 2007) provide a maximum time limit of six months between the issue of notification under Section-4 and declaration under Section-6 of the Land Acquisition Act 1894, otherwise acquisition proceedings would lapse.

The examination of record of the EE, Construction Division, Gurdaspur at Batala revealed that notification for acquisition of land under Section 4 was issued on 21 July 2008 for acquisition of 33.41 acre land for upgradation of three roads under the PMGSY. The Deputy Commissioner fixed (February 2009) the market rate of the land (between ₹ 3.27 lakh and ₹ 5.47 lakh per acre) and ₹ 1.81 crore was payable to land owners. However, declaration under Section 6 was not made within the stipulated period of six months resulting in lapse of proceedings. Fresh notification under Section 4 (December 2009) and declaration under Section 6 (May 2010) was issued and the Land Acquisition Collector announced award of ₹ 2.26 crore on the basis of the prevailing market rates (between ₹ 3.84 lakh and ₹ 11.34 lakh per acre). The failure to issue timely declaration led to lapse of proceedings and revised process resulted in extra payment of ₹ 0.45 crore.

The Government stated (December 2012) that the earlier notification under Section 4 lapsed due to imposition of model code of conduct on the eve of Lok Sabha elections. The reply was not acceptable as the model code of conduct was imposed on 5 March 2009, whereas the last date for issue of declaration was 20 January 2009.

2.1.12 Administrative expenses fund

2.1.12.1 Irregular expenditure

Para 4.1.1 (II) of the Accounts Manual of the PMGSY, lays down that the MoRD provides Administrative Expenses Fund to the SRRDA for Administrative expenses such as travel, purchase of computers, telephone, internet charges etc. The State Government may also provide Administrative Expenses Fund for specific purposes such as salary, medical claims, leave encashment, office rent, travel expenses, printing and stationery and miscellaneous office expenses etc.

An expenditure of ₹ 0.26 crore was incurred from Central Administrative Expenses Fund from September 2002 to August 2011 on rent of office building, POL, office fittings, advertisements and printing of books instead of from the State Administrative Expenses Fund.

The Government stated (December 2012) that out of ₹ 0.26 crore, ₹ 0.16 crore had been adjusted and balance would be adjusted shortly.

2.1.13 Targets and Achievements

Proper planning is imperative to achieve the objective of the programme in a systematic and cost effective manner. The Rural Road Plan and Core Network constitute the basis for all planning exercises under the PMGSY. The District Rural Roads Plan indicates the entire existing road network system in the district and also clearly identifies the proposed roads for providing connectivity to the unconnected habitations, in an economic and efficient manner. Similarly, the Core Network consists of some of the existing roads as well as all the roads proposed for new construction under the PMGSY. Further Comprehensive Upgradation Priority List (CUPL) is required to be prepared, which forms the basis of selection of road for upgradation under PMGSY.

Detail of projects sanctioned and executed in different phases during 2007-12 along with position of achievement against the targets fixed for upgradation of roads is given in **Table 2.5**.

Table 2.5(a) : Position of projects sanctioned and executed during 2007-2012

Phase	No. of projects/works sanctioned/executed	Amount released (₹ in crore)	Expenditure incurred (₹ in crore)	Achievement physical (Work completed)
VII	63	344.21	348.25	63 (100%)
VIII	71	432.58	320.65	64 (90%)

Source: Data supplied by Nodal Agency

Table 2.5(b) : Position of achievements against the targets fixed

Year	Upgradation of roads		Shortfall (-)/ Excess(+)	Percentage
	Targets	Achievements		
2007-08	1483.05	1095.45	(-) 387.60	(-) 26%
2008-09	1675.00	1355.63	(-) 319.37	(-) 19 %
2009-10	500.00	710.00	(+) 210.00	(+) 42%
2010-11	0.00	199.02	0.00	-
2011-12	0.00	0.00	0.00	-
Total	3658.05	3360.10	(-) 297.95	

Source: PMGSY website. PMGSY.NIC.IN

It was observed that there was shortfall of 387.60 km and 319.37 km in upgradation of roads during 2007-08 and 2008-09 respectively. No targets were fixed for the year 2010-11 and 2011-12, yet 199.02 Km roads were upgraded during 2010-11.

During exit conference, the Department stated (December 2012) that targets for upgradation were fixed by GoI under Bharat Nirman which included 60 *per cent* upgradation and 40 *per cent* renewal and shortage in achievement of targets during 2007-08 and 2008-09 was covered during subsequent years during 2009-10 and 2010-11 respectively. No reasons for short construction of 297.95 km during the period 2007-12 were furnished.

2.1.14 Programme execution

During the course of audit examination, the short comings/irregularities noticed in the execution of works are discussed in the succeeding paragraphs.

2.1.14.1 Execution of excess length than approved in Core Network

As per Para 3.8 of the PMGSY guidelines, each work taken up for execution must form part of the Core Network.

In four divisions out of 14 selected divisions, it was noticed that against the approved Core Network length of 140.92 km the execution of 169.53 km was done in 10 roads leading to excess execution of 28.61 km. Excess execution of 28.61 km resulted in irregular diversion of PMGSY funds amounting to ₹ 10.02 crore, as given in Table 2.6.

Table 2.6 : Details of irregular diversion of funds

(₹ in crore)

Sr. No	Name of division	No. of roads	Approved Core Network (km)	km executed	Excess execution (km)	Expenditure incurred	Proportionate expenditure
1	Provincial Bathinda	2	36.80	42.96	6.16	11.84	1.70
2	Construction Division No-I, Ludhiana	1	13.00	19.20	6.20	7.91	2.56
3	PMB, Nawanshehar	1	21.00	25.75	4.75	4.56	0.84
4	Provincial Division, Sangrur	6	70.12	81.62	11.50	34.94	4.92
	Total	10	140.92	169.53	28.61	59.25	10.02

Source: Information collected from divisions

On this being pointed out by Audit (March-April 2012), the Government stated (December 2012) that Core Network was prepared in 2001 and there were some shortcomings/variations with regard to length of roads in the Core Network, which was being amended. The reply was not convincing as amendment in Core Network is not allowed and execution of excess length led to extra expenditure of ₹ 10.02 crore from PMGSY funds.

2.1.14.2 Core Network work executed with State funds and NABARD loan

In two divisions (Provincial Division, Bathinda and Construction Division - 1, Hoshiarpur), five works of Core Network (length of 28.81 km) were executed with State funds and NABARD loan at a cost of ₹ 9.93 crore as given in Table 2.7.

Table 2.7 : Works executed with State funds and NABARD loans

(₹ in crore)

Sr. No.	Name of division	Name of work	Approved Core Network (km)	km executed with State funds	Amount	Month & year of completion
1	Provincial Division, Bathinda	BBM Road to Lehra Mohabat	0.00 to 1.30 km	1.30	0.14	9/2007
2		Nathana Jandwala Road	0.00 to 6.50 km	1.04	0.66	10/2006
3		Providing and laying 30MM SDBC on Badal Ghudda Road	0.00 to 20.50 km	5.77	1.47	5/2007
4		Guru Gobind Singh Marg (Gudda-sangat (Village road via Kot Gurur)	0.00 to 12.16 km	10.70	3.95	8/2007
5	Construction Division. No. 1, Hoshiarpur	Hajipur-Dasuya Road	0.00 to 30.90 km	10.00	3.71	11/2006
TOTAL				28.81	9.93	

Source: Information collected from divisions

The execution of five works from the State funds at an expenditure of ₹ 9.93 crore despite the availability of ₹ 41.47 crore in 2006-07 and ₹ 56.93 crore in 2007-08 under PMGSY had put extra burden on the State exchequer.

The Department stated (December 2012) that there was no harm in getting the roads constructed with State/loan funds. The point, however, remains that execution of road work of Core-Network of PMGSY from the State funds led to avoidable burden of ₹ 9.93 crore on the State exchequer.

2.1.14.3 Non preparation of Comprehensive Upgradation Priority List (CUPL)

Para 6.3(vi) of the PMGSY guidelines provides that in districts where no new connectivity was pending, the through routes would be upgraded from the CUPL. Preparation of CUPL is pre-requisite for selection of roads to be executed under PMGSY.

In four divisions out of 14 selected divisions, 18 road works selected for upgradation and executed at a cost of ₹ 125.44 crore without preparing the CUPL are given in Table 2.8.

Table 2.8 : Works executed without preparation of CUPL

(₹ in crore)

Sr No	Name of division	Number of work	Expenditure incurred
1	Punjab Mandi Board, Bathinda	8	58.76
2	Construction Division-1, Ludhiana	7	56.83
3	Punjab Mandi Board,, Nawansheshr	2	6.73
4	Punjab Mandi Board, Kapurthala	1	3.12
TOTAL		18	125.44

Source: Information collected from divisions

The Department stated (December 2012) that they had prepared the CUPL, which would be sent to Audit. However, the copy of CUPL was awaited (December 2012).

2.1.14.4 Injudicious selection of work

Para 6.3 of the PMGSY guidelines provides that roads to be included in the CUPL should be through routes of Core Network in order of priority based on the Pavement Condition Index (PCI). The upgradation of road where PCI is more than two and sealed surface are less than 10 years old (even if PCI is less than two) will not be taken up for upgradation.

In four divisions, 19 roads having PCI more than two were taken up (2007-12) for upgradation at a cost of ₹ 86.88 crore as given in **Table 2.9**.

Table 2.9 : Details of roads having PCI more than two

(₹ in crore)

Sr. No.	Name of division	Number of works	Amount
1	Punjab Mandi Board, Amritsar	3	7.90
2	Provincial Division, Sangrur	10	53.49
3	Punjab Mandi Board, Sangrur	3	12.00
4	Construction Division, Sirhind	3	13.49
	TOTAL	19	86.88

Source: Departmental data

On this being pointed out by Audit (March-April 2012), the Government stated that PCI was not the only parameter in selection of road for upgradation. Moreover, the agricultural operations in Punjab are highly mechanized and heavy machinery such as tractors, loaded trolleys and harvesting combines etc. were plying on rural roads and that traffic volumes were now more. The reply is not acceptable as PCI was a vital factor as per guidelines, for selection of roads for upgradation, which was not adhered to.

2.1.14.5 Upgradation of roads with excess width

Para 5.2 of the Rural Road Manual prescribes the carriageway width of 3.75 metre for rural road. The MoRD prescribes single lane carriageway for rural road under the PMGSY and in exceptional cases 5.5 metre carriageway may be proposed. Moreover, the NRRDA had also prescribed (September 2008) a maximum limit of 5.5 metre for work to be undertaken in PMGSY.

In three divisions out of 14 selected divisions, 13 roads were upgraded with carriageway width of seven metre at a cost of ₹ 78.82 crore which were beyond the PMGSY specification, as given in **Table 2.10**.

Table 2.10 : Detail of upgraded roads having carriageway beyond PMGSY specifications
(₹ in crore)

Sr. No	Name of division	No. of roads	Expenditure incurred
1	Construction Division, Ludhiana	6	48.92
2	Provincial Division, Nawanshehar	6	25.12
3	Construction Division, Mohali at FGS	1	4.78
	TOTAL	13	78.82

Source: Information collected from divisions

The Department stated (December 2012) that State had nearly five lakh tractors/trolleys which is very high as compared to other States and it led to high volumes of traffic on State roads. The point, however, remains that Rural Road Manual and PMGSY guidelines were not adhered to.

2.1.14.6 Avoidable expenditure

Para 11.5 of the PMGSY guidelines provides that all costs due to time overrun, arbitration or judicial award and tender premium shall be borne by the State Government.

The GoI cleared (February 2008) 63 projects of Phase-VII, valuing ₹ 344.21 crore. The cost was enhanced to ₹ 362.27 crore due to delay in allotment of work and ₹ 348.25 crore was ultimately incurred on completion of work from January 2009 to November 2012.

The Nodal Agency stated (November 2011) that the work allotments were delayed due to imposition of model code of conduct for election of Panchayat Samitis and Zila Parishads and the margin was reduced by deleting the work of retaining walls, drains and small culverts etc. resulting in cutting down the cost by ₹ 4.04 crore. Further, the Government stated (December 2012) that the MoRD refused to meet the excess expenditure from PMGSY funds as such minor items/ quantities of work were curtailed. The reply was not acceptable as the action of the Department had put extra burden on State exchequer besides curtailed work affecting road's life as well.

2.1.14.7 Execution of work without sanction of estimates

Rule 2.89 of the PWD Code provides that no work should be taken up and expenditure incurred until and unless the estimate of work is sanctioned by the competent authority. The record of the Chief Engineer, PWD (B&R) revealed that in seven districts an expenditure of ₹ 40.23 crore was incurred on seven works without sanction of estimates by competent authority from 2006-07 to 2008-09 resulting in irregular expenditure, as per details as given in Table 2.11.

Table 2.11 : Detail of works executed without sanction of estimates

(₹ in crore)

Sr. No.	District	Package No.	Name of work	Estimated cost	Expenditure (₹ crore)
1	Amritsar	PB-0119	Patti-Khemkaran- Harike –Khalra Road	13.63	10.61
2	Jalandhar	PB-0815	JHD Road RD Km 3 Uchha Road	4.60	4.28
3	Jalandhar	PB-0821	Bhogpur Jand sarai Road	3.74	2.37
4	Kapurthala	PB-0910	Rawalpindi Mayopatti via Panchatt Road	4.66	2.37
5	Kapurthala	PB-0913	Sultanpur to Takia Road	6.78	5.30
6	Moga	PB-1208	Chottian khurd Block boundary to Dagar	7.98	6.80
7	Muktsar	PB-1320	Kandu khera to Malout Dabwali Road	9.19	8.50
	Total			50.58	40.23

Source: Information from CE, PWD (B&R)

The Department stated (December 2012) that there was hardly any work the technical sanction of which had not been obtained. However, no technical sanction of the above mentioned works were furnished to Audit.

2.1.14.8 Irregular expenditure on carriage of earth

Para 9.3 of the PMGSY guidelines provides that no expenditure shall be incurred for transportation of soil except in case of Black Cotton soil/Sodic soil or in village portions for the construction of roads.

In nine divisions, an expenditure of ₹ 7.36 crore was incurred during the period under scrutiny on 57 work for carriage as per details given in **Table 2.12 :**

Table 2.12 : Detail of divisions where expenditure was incurred on carriage of earth

(₹ in crore)

Sr. No.	Name of division	No. of works	Period of execution of work	Expenditure
1	PMB, Amritsar	6	12/07 to 10/09	0.83
2	Provincial Division, Bathinda	2	04/09 to 02/12	0.17
3	PMB, Kapurthala	1	10/07	0.27
4	Construction Division, Malerkotla	11	10/08 to 03/12	0.66
5	Construction Division, Muktsar	9	7/08 to 12/10	1.04
6	PMB, Nawanshehar	2	03/07 to 12/09	0.41
7	PMB, Sangrur	8	4/08 to 03/12	0.73
8	Provincial Division, Sangrur	11	9/09 to 03/12	1.40
9	Construction Division Sirhind	7	3/07 to 9/10	1.85
	TOTAL	57		7.36

Source: Data supplied by the Nodal Agency.

On this being pointed out by Audit (March-April 2012), Government stated (December 2012) that good earth was not available in nearby places and farmers do not allow to take good earth from their field. Moreover, the DPRs have been got approved from the Ministry. The point, however, remains that lead charges for carriage of earth were not admissible as per the PMGSY guidelines.

2.1.14.9 Unnecessary expenditure

Para 1.6.3 of the Operation Manual for rural roads, provides that construction of new link road and upgrading the existing eligible through route road up to the market centre would form the basic feature of project proposals.

Audit of EE Provincial Division-II, Patiala, revealed that Derabassi to Dhakauli Road with the length of 5.17 km was upgraded (August 2009) at a cost of ₹ 2.93 crore up to river Ghaggar and left unexecuted thereafter the stretch of 2.83 km in the absence of bridge over river Ghaggar. The upgradation was not in consonance with the guidelines as the upgraded road was not a through route and at the dead end of the road there was no bridge to cross the river.

On this being pointed out by Audit (April 2012), the Government stated (December 2012) that efforts were being made to construct the bridge over river Ghaggar with State funds. However, the fact remains that the approval was granted in contravention of the PMGSY guidelines resulting in unnecessary expenditure of ₹ 2.93 crore. Moreover, a village level road cannot have a bridge across a major river.

2.1.14.10 Avoidable expenditure

Para 8.5 (iv) of the PMGSY guidelines provides that wherever local materials, including fly ash are available, these should be used for construction of roads subject to technical norms and relevant Code of Practice. The Rural Roads Manual also provides that fly ash is to be used for construction of roads to avoid environmental pollution and health hazards.

In three divisions, an expenditure of ₹ 5.99 crore was incurred on 19 work (as given in **Table 2.13**) for earth work in embankment, whereas fly ash was available nearby from the site of work. The non utilization of fly ash resulted in avoidable expenditure of ₹ 5.99 crore.

Table 2.13 : Detail of divisions where earth was used instead of fly ash

(₹ in crore)			
Sr. No.	Name of division	No. of works	Expenditure on earth work
1	Provincial Division, Bathinda	4	0.49
2	Construction Division, Muktsar	8	2.03
3	Construction Division, Sirhind	7	3.47
	Total	19	5.99

Source: Information collected from divisions

The Government stated (December 2012) that the use of fly ash was not technically viable and economical. The reply was not acceptable as provisions of Rural Roads Manual were neither considered while preparing DPRs nor any reasons were furnished for non-use of fly ash.

2.1.14.11 Sub-standard work

Para 8.7.5.2 of the Rural Roads Manual provides that open graded Premix Carpet (PC) construction involves use of mixed bituminous material laid in compacted thickness of 20mm followed by a seal coat.

The examination of records of the EE Construction Division, Muktsar disclosed that open graded 20 mm (PC) was laid (October 2006) in upgradation of Mahabadhar-Sammewali Road without laying of seal coat in contravention of the provisions, resulting in execution of sub-standard work of 20 mm PC of ₹ 0.58 crore.

The Government admitted (December 2012) the audit contention.

2.1.14.12 Avoidable expenditure on tack coat

As per section 503.4.3 of Specifications for Rural Roads, tack coat is not mandatory on freshly laid bituminous layer of existing surface.

Audit of EE Construction Division No. 2, Mohali at Fatehgarh Sahib revealed that in contravention of the provisions, tack coat of ₹ 0.22 crore on three roads was laid on the freshly laid bituminous layer of existing surface as given in **Table 2.14**.

Table 2.14 : Detail of roads where tack coat was laid on freshly laid bituminous surface

Sr. No.	Name of work	Area (in SQM)	Voucher No. & date	(₹ in crore)
				Amount
1	Upgradation of Bassi Sahidgarh Road Ph. VIII	36344.00	8,27/10/2009	0.05
2	Upgradation of Morinda Chunni Road Ph.- VII	59325.00	2,22/9/2009	0.08
3	Upgradation. of Bassi Sanghol Road Ph.-VII	67202.83	2,11/8/2009	0.09
	TOTAL			0.22

Source: Departmental data

On this being pointed out by audit (November 2009), the Government stated (December 2012) that necessary record would be supplied, which is still awaited (December 2012).

2.1.14.13 Idle investment on laboratory equipment

The scrutiny of record of Nodal Agency revealed that Laboratory equipments of ₹0.55 crore were purchased (February 2006) district wise for 17 divisions to carry out tests of materials used in the road work under the PMGSY. The records of five divisions⁴ revealed that no tests were carried out in support of installation and utilization of these equipments. Moreover, the registers/records meant for this purpose had no entries of tests conducted related to PMGSY works.



During the exit conference, the department assured (December 2012) that the equipment would be utilized for various tests.

2.1.15 Other points of interest

2.1.15.1 Non deduction of labour cess

As per notification issued (November 2008) by the GoP, the labour cess @ one per cent of the gross amount of work executed was required to be levied and deducted at source with effect from 1.10.2008.

In four divisions labour cess of ₹ 0.87 crore was not deducted at source in 46 cases as given in **Table 2.15**.

Table 2.15 : Details of divisions where labour cess was deducted at source

Sr. No.	Name of division	No. of cases	(₹ in crore)
			Labour cess not deducted
1	Construction Division-I, Ludhiana	6	0.48
2	Construction Division, Malerkotla	27	0.19
3	Provincial Division-II, Patiala	4	0.13
4	Provincial Division, Sangrur	9	0.07
	Total	46	0.87

Source: Information collected from divisions

⁴ Construction Division Ludhiana, Muktsar, Sirhind, Provincial Division Jalandhar and Sangrur.

In the exit conference (December 2012), the Government admitted the point and stated that labour cess would be deducted from the contractors/contractual agencies.

2.1.15.2 Non-provision of insurance

The standard conditions of the contract agreement provides that the Contractor at his own cost shall provide insurance cover during the period of execution of work and in case the contractor fails to provide insurance policy, maximum amount deductible from contractor bills for insurance would be (i) 0.40 per cent of contract amount for work, plant and materials, (ii) 0.40 per cent of 10 per cent of contract amount for loss or damage to equipment and (iii) 0.40 per cent of five per cent of contract amount for other properties.

In four divisions out of 14 selected divisions, insurance policies of 19 work having cost of ₹ 117.49 crore were not provided and the amount of ₹ 0.54 crore was not deducted by the divisions for non-compliance. The details are given in **Table 2.16**.

Table 2.16 : Detail of divisions where insurance of the work was not provided

(₹ in crore)				
Sr. No.	Name of division	No. of works	Cost of work	Amount
1	PMB, Bathinda	8	62.39	0.29
2	PMB, Kapurthala	1	3.16	0.01
3	Construction Division, Mohali at FGS	1	3.51	0.02
4	Construction Division, Muktsar	9	48.43	0.22
	Total	19	117.49	0.54

Source: Information collected from divisions

In the exit conference (December 2012), the Government admitted the lapse and stated that amount will be deducted from the maintenance bill of contractors.

2.1.15.3 Delay in completion of works.

Para 13.1(i) of the PMGSY guidelines provides that the period of nine months for execution of work shall comprise nine working months and if the period of execution is affected by monsoon or other seasonal factors, the time period may be suitably determined but shall not exceed 12 months.

Audit, however, observed that in nine divisions, in contravention of the PMGSY guidelines, 30 works (*Appendix 2.1*) were completed with delay of upto 22 months.

In the exit conference Department stated (December 2012) that delay, occurred due to some unforeseen reasons. The reply was not acceptable because delayed completion of work resulted in delaying the delivery of social benefits.

2.1.16 Internal control and monitoring

Internal control and monitoring is an essential component for the successful implementation of any project. Effective mechanism of internal control and monitoring would ensure the achievement of targets of the scheme. However, the State Government had not formulated any system to monitor the implementation of the PMGSY, which led to ineffective monitoring and evaluation, as discussed in the preceding paragraphs.

Conclusions

The objectives of the PMGSY of providing all-weather road connectivity to the unconnected habitations in the rural areas were not achieved since it could not meet its targets as defined under the PMGSY. Even after lapse of five years from the target date (March 2007), three habitations of population 1000 and above and 20 of population 500 and above were still unconnected. New connectivity to 96 habitations of the PMGSY Core Network were provided from State funds and NABARD loans thereby putting extra burden on the State exchequer. Eighteen roads were upgraded without preparation of CUPL, in contravention of PMGSY guidelines. Maintenance of roads was not carried out as planned. State's share was released directly bypassing the Nodal Agency. In 63 cases, works were either executed in excess of approved length under Core Network or completed without executing approved items of work. Excess length of 28.61 km was constructed without approval in Core Network and 28.81 km of Core Network was executed with State funds and NABARD loans, putting extra burden on State exchequer, despite availability of huge funds with SRRDA. Upgradation work of 13 roads was executed in violation of technical specification. Internal control and monitoring was inadequate.

Recommendations

- Eligible habitations need to be connected with the PMGSY funds instead of State funds and loans.
- Prepare DPRs of Core Network approved roads for new connectivity and upgradation of through routes in order to avail the maximum benefit of the PMGSY funds.
- The State should release the funds for maintenance of roads as per maintenance contracts in force and roads constructed under the PMGSY should be properly maintained.
- Land should be acquired wherever necessary and roads be upgraded to the level of required land width.
- Approved Core Network and CUPL should be strictly followed while taking up the work.
- State share in respect of work under Phase VIII needs to be released by the State and the funds be routed through Nodal Agency for proper distribution and accounting.
- Avoid cost overruns in implementation of the projects.
- Monitoring mechanism should be strengthened and enforced effectively.

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

2.2 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

The main objective of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The scheme was launched in the State with effect from February 2006 in phases and gradually extended to all the districts of the State from April 2008. The programme was rechristened as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in October 2009. Out of total funds of ₹ 868.82 crore available during the period of 2007-12, ₹ 569.31 crore were spent. A performance audit of the scheme brought out several areas of concern such as improper planning, short release of State's share, diversion of funds, non/delayed issue of job cards, execution of impermissible works, irregularities in muster rolls and lack of transparency and accountability towards implementation of programme. During the period of performance audit, evaluation study to assess the performance of the scheme and its impact on the beneficiaries of the programme was not conducted.

Some of the important findings of Performance Audit on implementation of MGNREGS in the State are given below:

Highlights

- *Seven out of twenty-two districts did not prepare the District Perspective Plans. Even the DPPs which were prepared by the districts were yet to be approved.*

(Paragraph 2.2.7.1)

- *Funds of ₹39.61 lakh of the scheme were diverted for works such as purchase of laptops, sofa sets, renovation of rest houses etc. not covered under MGNREGS.*

(Paragraph 2.2.8.3)

- *Average persondays generated during 2007-12 ranged between 25 and 39 days per household against guaranteed 100 days in a year. Employment provided to the registered households in six selected districts ranged between two and seventy nine per cent whereas 100 days employment provided to the registered households ranged between zero and eight per cent.*

(Paragraph 2.2.9.1)

- *Wages were paid to the workers with delays upto 790 days in six selected districts and no compensation was paid to the labourers for delayed payments.*

(Paragraph 2.2.9.4)

- *Sixty-seven impermissible works valuing ₹1.21 crore were executed in four selected districts.*

(Paragraph 2.2.9.5.1)

- *There was acute shortage of MGNREGA staff in the State as a whole and also in the selected districts.*

(Paragraph 2.2.12.1)

2.2.1 Introduction

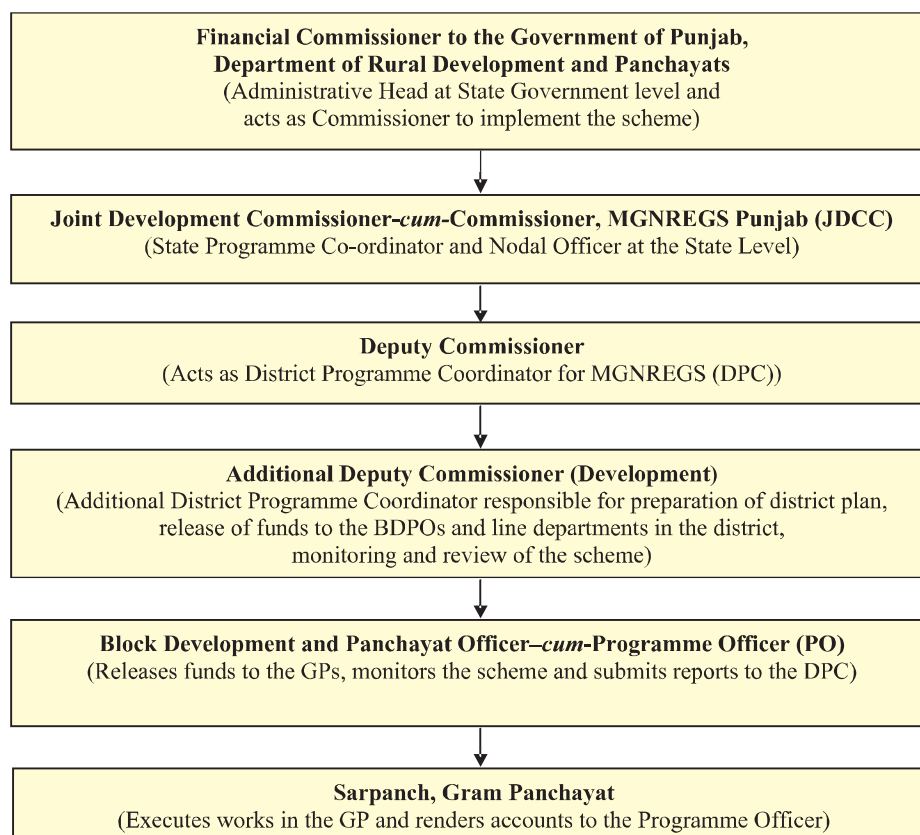
2.2.1.1 National Rural Employment Guarantee Act, 2005 (renamed as the Mahatma Gandhi National Rural Employment Guarantee Act with effect from 2 October 2009) guarantees 100 days employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The MGNREGS, a centrally sponsored scheme was implemented on a cost sharing basis between the Government of India (GoI) and the State. The Central Government will bear the entire cost of wages for unskilled manual workers, 75 per cent of the cost of material and wages for skilled and semi-skilled workers and administrative expenses as may be determined from time to time, whereas, the State Government will bear 25 per cent of the cost of material and wages for skilled and semi-skilled workers, unemployment allowance and administrative expenses of the State Employment Guarantee Council. The basic objective of the Act is to enhance livelihood security in rural areas besides generating productive assets, protecting the environment, empowering rural woman, reducing rural-urban migration and fostering social equity.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) came into force in Punjab as under:

- Hoshiarpur district with effect from 2 February 2006;
- Amritsar, Jalandhar and Nawanshahar with effect from 1 April 2007; and
- In remaining districts with effect from 1 April 2008.

2.2.2 Organizational set up

The organizational set up for implementation of the scheme at different levels is given below:-



2.2.3 Audit Scope and methodology

2.2.3.1 Audit scope

Punjab has three geographical stratas i.e. foot-hill area (*Doaba*), fertile area (*Mazha*) and sandy/semi-sandy area (*Malwa*). Two districts from each strata based on number of households registered under the scheme, through simple random sampling without replacement method, were selected for test checking the implementation of the scheme. In all six¹ (27 *per cent*) out of 22 districts, 13² (37 *per cent*) out of total 35 blocks based on simple random sampling without replacement method, were selected for test checking the implementation of the scheme. Further, 118 Gram Panchayats falling under

¹ 1. Amritsar; 2. Barnala; 3. Fazilka (drawn out from Ferozepur in July 2011); 4. Hoshiarpur; 5. Muktsar; and 6. Pathankot (drawn out from Gurdaspur in July 2011).

² 1. Ajnala and 2. Verka (Amritsar); 3. Barnala and 4. Sehna (Barnala); 5. Jalalabad and 6. Abohar (Fazilka); 7. Bhunga, 8. Talwara and 9. Tanda (Hoshiarpur); 10. Malout and 11. Gidderabha (Muktsar); and 12. Bamial and 13. Narot Jaimal Singh (Pathankot).

these 13 blocks were selected using probability proportionate to Size with replacement method.

Records of the JDCC, Additional Deputy Commissioners (Development) (ADC (D)) of the selected districts, selected Block Development and Panchayat Officers (BDPOs) and Gram Panchayats (GPs) for the period 2007-12 were test checked from April to June 2012.

2.2.3.2 Audit methodology

The methodology adopted was test check of the records with reference to the provisions of the Act, scheme guidelines, financial rules and Government orders and instructions. A beneficiary survey covering 1177 beneficiaries was carried out to assess the impact of the scheme in the State. An entry conference was held on 04 April 2012 with the Officers/representatives of the JDCC wherein audit objectives, criteria, scope and methodology etc. were explained. An exit conference was held on 10 January 2013 with the representatives of JDCC in which the responses of the department to the audit observations were discussed. Replies of the department have been incorporated at the appropriate places in the report.

2.2.3.3 Acknowledgement

The office of the Accountant General (Audit) Punjab acknowledges the cooperation provided by the State Government and all its agencies during the performance audit.

2.2.4 Audit objectives

The objectives of the Performance Audit were to assess whether:

- structural mechanisms were put in place for implementation of the programme;
- planning process for implementation of the programme was efficient and effective;
- financial management was efficient and effective;
- implementation of programme was carried out economically, efficiently and effectively in providing works to the needy persons;
- there was improvement in overall rural economy, protecting environment, empowering rural women, reducing rural-urban migration, rural wages and fostering social equity;
- maintenance of data and records as well as Management Information System generation was efficient and effective;
- human resources management for implementation of the programme was efficient; and
- monitoring mechanism was in place and effective.

2.2.5 Audit criteria

The audit criteria were mainly derived from the following sources:

- National Rural Employment Guarantee Act, 2005 and amendments thereto;
- Operational Guidelines 2006 and 2008 of the scheme issued by the Ministry of Rural Development (MoRD), Government of India, and the circulars issued by MoRD from time to time;
- Reports of the State/districts by the National Level Monitors, available with MoRD and State's MGNREGS Commissioner;
- Orders/guidelines issued by the Government of India/State Government from time to time.

Audit findings

Audit findings are discussed in the succeeding paragraphs.

2.2.6 Structural mechanisms

2.2.6.1 Constitution of State Employment Guarantee Council

The State Government constituted the State Employment Guarantee Council (SEGC) in October 2006 which was reconstituted and expanded in October 2010. The SEGC is headed by the Joint Development Commissioner-cum-Commissioner, MGNREGS Punjab (JDCC) as the State Rural Employment Guarantee Commissioner. He was empowered to hear appeals against the decisions or actions of the DPC. State Government did not formulate separate rules for implementation of MGNREGS and was following the rules framed by GoI.

2.2.6.2 Constitution of State Employment Guarantee Fund

Para 8.2 of MGNREGS Operational Guidelines provides that State Government may, by notification, establish a fund to be called the State Employment Guarantee Fund (SEGF). This Fund is to be expended and administered as a Revolving Fund, with Rules that govern and ensure its utilization according to the purposes of the Act. Similar Revolving Funds were to be set up under MGNREGS at the district, block and gram panchayat levels.

Audit scrutiny of the records of the JDCC revealed that though MGNREGS was launched in Punjab in February 2006 but the SEGF was created in April 2010 i.e. after lapse of four years. Rules for operation and maintenance of the fund were also framed in April 2010.

Audit scrutiny of records in the test checked districts revealed that Revolving Fund at district (except Hoshiarpur and Fazilka) and block level was not

created. During exit conference, the department stated that the districts had been directed to create revolving fund at all the levels.

2.2.6.3 Information, education and communication activities

Para 3.2 of MGNREGS Operational Guidelines provides for generation of awareness among people to know their rights under the Act through information, education and communication (IEC). For awareness generation, every State Government had to undertake an intensive IEC exercise to publicise the key provisions of the Act through television, radios, film, print media including vernacular newspaper, pamphlets and brochures.

Audit scrutiny of the records of the JDCC revealed that the State Government did not draw any IEC Plan to create adequate awareness among the masses. Further, Audit scrutiny in three districts (Barnala, Ferozepur (parent district of Fazilka) and Muktsar) revealed that though GoI released ₹ seven lakh to each district in November 2007 and January 2008 for IEC, no strategy/plan and contents of IEC were developed. The ADC (D), Barnala transferred ₹ 6.97 lakh to the three blocks in June 2009, after 15 months from the date of implementation of the scheme in the district. The ADC (D), Ferozepur utilized ₹ 4.64 lakh only on printing of flex boards and wall paintings. None of the other prescribed medium for IEC was used.

During exit conference, the department stated (January 2013) that in the initial stage of implementation of the scheme, districts were given funds for IEC directly from GoI. No such funds were given to State Headquarter exclusively. However, all the DPCs had been directed to utilize the available funds meant for IEC and generate awareness about the scheme. The department admitted that in Barnala district, due to delay in planning the strategy the expenditure was incurred after 15 months and in Ferozepur district, unspent amount was being spent on development works. The reply indicates that intensive IEC exercise as envisaged was not undertaken despite availability of GoI's funds.

2.2.6.4 Non preparation of Citizens' charter

Para 11.6 of MGNREGS Operational Guidelines provides that a model Citizens' charter should be developed covering all aspects of the duties of panchayats and officials under the Act. The Citizens' charter should describe the specific steps involved in implementing the provisions of the Act and lay down the minimum service levels mandated by these provisions on the Panchayats and the officers concerned.

Audit noticed that the State Government did not develop Citizens' charter as envisaged. During exit conference, the department stated that the matter would be looked into for future compliance.

2.2.7 Planning

2.2.7.1 Non preparation of District perspective plans

Para 4.5 of MGNREGS Operational Guidelines provides that each district should develop District Perspective Plan (DPP) to enable them to assess the causal factors of poverty that are latent in for possible interventions. The DPPs were intended to facilitate advance planning and to provide development perspective for the district. The perspective plan was to provide a framework for the Annual Development Plan which would be the working plan that identifies the activity to be taken up in a year.

Audit scrutiny of records of the JDCC revealed that out of 22 districts of Punjab, seven districts including Pathankot, Fazilka and Hoshiarpur did not prepare (June 2012) the DPPs. Moreover, the State Government did not approve DPP of any of the districts as of January 2013. In the remaining three test checked districts (Amritsar, Barnala and Muktsar), though the DPPs were prepared during February 2009 to January 2011, the same were not approved as of January 2013.

In five test checked districts, Audit noticed that ₹ 34.71 lakh out of ₹ 50 lakh released by the GoI for preparation of DPPs were still lying unutilised with the DPCs (*Appendix-2.2*). Out of ₹ 10 lakh received from the GoI, the DPC, Pathankot diverted ₹ 7.60 lakh for printing of stationery.

Thus, non preparation/approval of DPPs defeated the very purpose of advance planning. During exit conference, the department admitted the fact with regard to Hoshiarpur district and with regard to Fazilka district stated that the district did not prepare the DPP as it was formed in the year 2011-12, whereas the DPPs in respect of Amritsar, Barnala, Pathankot and Muktsar districts were received and would be approved in the next meeting of SEGC. No reply was furnished regarding unutilized funds of ₹ 34.71 lakh.

2.2.7.2 Improper planning and formulation of labour budget

Planning is critical to the successful implementation of any scheme. Section 16 (3) of the Act envisaged that every GP, on the recommendations of the Gram Sabha, should prepare a development plan and maintain a shelf of works and forward it to the Programme Officer for scrutiny and preliminary approval prior to the commencement of the year in which it is proposed. Further, Para 8.4 of Operational guidelines provides that estimate of labour budget should be close to the actual achievement trends of the previous year in terms of households' demand, days of employment demanded and expenditure incurred. In case of sharp rise in the employment, a proper justification should be clearly presented by the district in a narrative form along with the labour budget.

Achievement in terms of amount spent and persondays generated against the projected labour budget in the State as a whole and the selected districts during 2007-12 is given in **Table 2.17**:

Table 2.17: Amount spent and persondays generated

(₹ in lakh)

State/District	Year	Projected labour budget		Achievement		Percentage of shortfall	
		Amount	Persondays	Amount	Persondays	Expenditure	Persondays
State as a whole ³	2010-11	48521.07	23754860	16584.21	7538000	66	68
	2011-12	29626.22	14784277	15592.08	6410000	47	57
Amritsar	2007-08	2069.34	1934227	1086.84	735113	47	62
	2008-09	5122.96	2872700	1132.64	616859	78	79
	2009-10	8713.97	4046800	1740.59	897000	80	78
	2010-11	10023.08	4389670	1992.03	889990	80	80
	2011-12	3506.73	1618819	917.87	368124	74	77
	2011-12	3506.73	1618819	917.87	368124	74	77
Barnala	2007-08*	-	-	-	-	-	-
	2008-09	2222.31	1523425	106.69	44715	95	97
	2009-10	2003.24	1166943	283.48	131504	86	89
	2010-11	3968.57	1797500	402.94	232860	90	87
	2011-12	643.54	320600	463.92	219846	28	31
Fazilka	2007-08*	-	-	-	-	-	-
	2008-09*	-	-	132.45	28669	-	-
	2009-10	11511.08	6669216	607.4	366787	95	94
	2010-11	10427.78	8477870	1481.02	734829	84	91
	2011-12	5756.06	4678000	1176.56	425713	80	91
Hoshiarpur	2009-10	12531.23	6077200	2847.15	988049	86	84
	2010-11	16157.78	7078100	2339.41	1003785	92	86
	2011-12	3695.32	1787497	1444.28	587177	82	67
Muktsar	2007-08*	-	-	-	-	-	-
	2008-09	240.96	174256	127.84	79175	47	55
	2009-10	6466.6	3154400	741.65	550175	89	83
	2010-11	8651.08	3917685	1312.37	624974	85	84
	2011-12	2006.96	1130339	1133.37	520749	44	54
Pathankot	2007-08*	-	-	-	-	-	-
	2008-09*	-	-	-	-	-	-
	2009-10	3445.47	2847563	1158.14	542839	66	81
	2010-11	4146.52	2022692	985.16	468000	76	77
	2011-12	1180.27	535720	1135.93	469425	4	12

Source: Departmental records

* During these years, the scheme was not extended to these districts.

The above table indicates that the development plans were prepared in an unrealistic manner as there was huge shortfall in achievement of projected persondays and projected labour budget. The budget in the successive years was not based on the actual trends of the previous year which resulted in non achievement of the targeted persondays. Besides, no justification for sharp increase in the labour demand was given in the labour budget.

Out of six selected districts, GPs of test checked blocks of three districts (Pathankot, Amritsar and Muktsar) prepared their development plans. In Amritsar district, labour budget was not prepared on the basis of development plan, annual plan approved by Gram Sabha and previous year's expenditure during 2008-11 resulting in unrealistic demand for budget as the actual expenditure during these years remained between 20 and 22 per cent of the budget demanded as shown in the **Table 2.18**:

³ Till 2009-10, funds were transferred directly to the DPCs by GoI, so information for the period prior to 2009-10 was not available with SEGC.

Table 2.18: Position of original and revised budget demanded in respect of district Amritsar

(₹ in lakh)				
Year	Budget demanded	Basis of demand	Revised budget demanded	Actual expenditure
2008-09	5122.96	All Job Card holders would demand work	-	1132.64 (22 per cent)
2009-10	4691.45	60 per cent of job card holders would demand work	8713.94	1740.59 (20 per cent)
2010-11	5293.51	60 per cent of job card holders would demand work	10023.08	1992.03 (20 per cent)

Source: Departmental records

Note: Figures in parenthesis shows percentage with reference to total expenditure.

In the remaining three districts (Fazilka, Barnala and Hoshiarpur), development plans were prepared by the POs without ascertaining the labour budget and cost of works from the GPs.

In the selected blocks of district Barnala, GPs did not prepare their shelf of projects and no meeting of Gram Sabha was convened to identify the works and approval of the District Panchayat was not obtained in the years 2008-09, 2009-10 and 2011-12 while finalizing the district labour budget.

In Hoshiarpur district, 52 GPs of Bhunga and Talwara blocks returned ₹ 36.42 lakhs in April 2008, November 2009, September 2010 and October 2010 to the ADC (D) through respective POs as they could not utilize the grants released in 2007-08 to 2010-11.

During exit conference, the department stated that during the beginning years, labour budget for each financial year was prepared with an objective to provide 100 days unskilled work to every household registered under MGNREGS, resultantly budget from 2007-08 to 2009-10 proved to be unrealistic. Labour budget of 2010-11 was prepared on assumption basis and inclusion of works of Rajiv Gandhi Seva Kendras. In 2011-12, the Government desired that a budget of ₹ 300 crore be presented so a budget of ₹ 296.26 crore was prepared but the GoI approved the budget of ₹ 214.20 crore. The department further stated that from 2010-11, GoI itself were approving a budget with an increase of 10-20 per cent in previous year's expenditure. Based on these calculations, State Government presented a budget with an increase of 20-40 per cent in previous year's expenditure. This indicates that the labour budget was prepared on assumptions rather than on the basis of the actual achievement trends of the previous years and on the basis of plans approved by Gram Sabha.

2.2.7.3 Convergence of the scheme with other development programme

2.2.7.3.1 Execution of departmental works with MGNREGS funds

Para 14.1 of MGNREGS Operational Guidelines provides that convergence of the MGNREGS funds with funds of other sources for the creation of durable assets is permissible. However, MGNREGS funds do not substitute for resources from other sectors or schemes.

Audit of the District Forest Officer (Wild life) (DFO) Hoshiarpur revealed that during 2008-09, the DFO received ₹ 23.54 lakh under MGNREGS for cleaning of forest and preparation of sanctuary for wild animals which were regular works of the department. Moreover, departmental funds were not dovetailed with MGNREGS, rather 100 *per cent* MGNREGS funds were utilized.

During exit conference, the department stated that the funds had been refunded to MGNREGS account but the documentary evidence in support thereof was not furnished as of January 2013.

2.2.7.3.2 Non transfer of balance of SGRY and NFFWP to MGNREGS

The GoI issued (December, 2005) instructions that the balance of funds under *Sampoorna Grameen Rojgar Yojna* (SGRY) and *National Food for Works Programme* (NFFWP) should be transferred to MGNREGS funds as these schemes were closed with the onset of implementation of MGNREGS.

In Talwara block of Hoshiarpur district, ₹ 0.91 lakh of SGRY were transferred (March 2012) to fund of Panchayat Samiti instead of transferring the same to MGNREGS. During exit conference, no reply was furnished by the department.

2.2.8 Financial Management

2.2.8.1 Funding pattern

The Central and the State Governments bear the expenditure of the scheme as shown in **Table 2.19**:

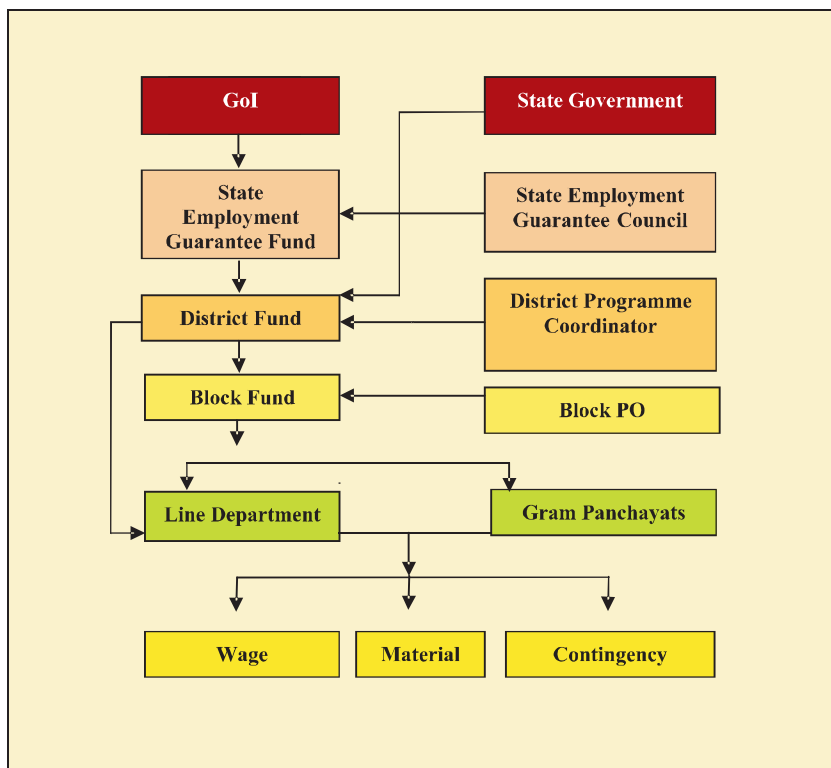
Table 2.19: Funding pattern

Sl. No.	Item of expenditure	Central Government share	State Government share
1.	Wages for unskilled manual workers	100 <i>per cent</i>	-
2.	Wages for skilled and semi-skilled workers	75 <i>per cent</i>	25 <i>per cent</i>
3.	Cost of material	75 <i>per cent</i>	25 <i>per cent</i>
4.	Unemployment allowance	Nil	100 <i>per cent</i>
5.	Administrative expenses	As may be determined by the Central Government	Administrative expenses of the SEGC

Source: Operational Guidelines of MGNREGS

2.2.8.2 Fund Flow

Fund flow mechanism under MGNREGS in Punjab was as under:



Details of funds received, funds available and funds spent during 2007-12 are given in **Table 2.20**:

Table 2.20: Details of funds received, available and spent during 2007-12

(₹ in crore)

Year	Opening balance	Central share received	State share received	Miscellaneous income	Total funds available	Expenditure	% age of utilization of funds	Closing balance
2007-08	23.74	28.66	9.96	2.94	65.30	36.77	56	28.53
2008-09	42.41	67.11	6.53	13.22	129.27	58.61	45	70.66
2009-10	76.46	144.49	15.25	3.71	239.91	148.92	62	90.99
2010-11	91.09	130.90	8.09	4.30	234.38	169.10	72	65.28
2011-12	65.28	114.29	18.90	1.49	199.96	155.92	78	44.04

Source: Departmental records

2.2.8.2.1 Differences in opening and closing balances

It would be seen from the above table that closing balance in a year did not match with opening balances of the following year except 2011-12. During exit conference, the department stated that the difference in closing and opening balances of 2008-09 was due to addition of 14 new districts under the scheme whose balance funds available under SGRY were also added in the opening balance and furnished the revised annexure of financial performance for the period 2009-10 to 2011-12 in respect of all the districts but the information in respect of funds available at Headquarter office was not

provided to Audit, in absence of which the reasons for difference in the closing balance of previous year with that of opening balance of the next year could not be ascertained.

2.2.8.2.2 Short release of State share

(i) Analysis of the above table revealed that during 2010-11 State Government released ₹ 8.09 crore (5.56 *per cent*) only instead of due share of ₹ 14.54 crore (10 *per cent*) resulting in short release of State share of ₹ 6.45 crore. During exit conference, the department stated that due to receipt of central funds at the fag end of the year, State share against this amount was released during 2011-12.

(ii) Audit scrutiny of records of selected districts revealed that release of State share to the districts was not commensurate with the release of central share. During 2007-12, there was an overall short release of ₹ 1.80 crore by the State to the test checked districts. Further, State share to the test checked districts was released with delay ranging between three and 525 days (*Appendix-2.3*). During exit conference, the department stated that efforts were being made to make the releases in time.

2.2.8.2.3 Under utilization of available funds

Table 4 revealed that utilization of available funds ranged between 45 and 78 *per cent* during 2007-12. During exit conference, the department stated that MGNREGS is a demand driven scheme and employment is provided as and when demand is generated from the households. The reply is not acceptable as inadequate planning to identify the wage seekers and preparation of labour budget in unrealistic manner led to under utilization of available funds.

2.2.8.3 Diversion of funds

Out of the MGNREGS fund, ₹ 39.61 lakh were diverted for works not related to/covered under the scheme as discussed below:

(i) Audit scrutiny of records of test checked districts and blocks revealed that ₹ 13.45 lakh as shown below were spent on material/works not covered under the guidelines of MGNREGS:

Table 2.21: Details of funds diverted for works not covered under MGNREGS

Name of the district	Office	Purpose of utilisation of MGNREGS funds	Amount (₹ in lakh)
Barnala	ADC (D)	Purchase of furniture for offices not related to implementation of MGNREGS	1.78
Fazilka (BDPO Abohar)	BDPO	For Panchayat works	2.60
Hoshiarpur	ADC (D)	Purchase of Gen-set	3.87
		Payment of material cost not covered under MGNREGS.	0.74
Muktsar	ADC (D)	Purchase of Gen-Set	4.10
Pathankot	ADC (D)	Purchase of computer accessories for DDPO, Pathankot	0.36
Total			13.45

Source: Departmental records

During exit conference, the department, with regard to Barnala district, stated that due to non recruitment of staff under MGNREGS, the furniture purchased out of infrastructure funds of MGNREGS was given to the different departments. It was further stated that now the furniture was being taken back from the departments not involved in MGNREGS. As regards to Abohar block of Fazilka district, it was stated the *Sarpanch* mistakenly used ₹ 2.60 lakh for Panchayat works and later on the material of the same amount was purchased from Panchayat accounts for MGNREGS work. However, no document in support of the return of material was furnished as of January 2013. In respect of Hoshiarpur and Muktsar districts, it was stated that purchase of Gen-set was permissible as the option under administrative expenditure was available on MGNREGS software developed by GoI. The reply is not acceptable since the guidelines do not provide for purchase of Gen-set. Whereas in case of Pathankot district, the matter was stated to have been taken up with the DDPO for refund of the amount.

(ii) ₹ 21.11 lakh were received by State Institute of Rural Development, Mohali (SIRD) from ADC (D), Hoshiarpur in August 2007 for imparting training on social audit under MGNREGS. SIRD incurred ₹ 14.13 lakh for purchase of laptops, sofa sets, photostat machines, invertors etc. In another instance, SIRD incurred ₹ 1.06 lakh on purchase of LCD, TV, stabilizers etc. out of ₹ 91.78 lakh received from GoI, MoRD in March 2008 for exclusive use on imparting training to officials, non-officials involved in implementation of the Act. The matter was taken up (July 2012) with SIRD, reply of which was awaited (January 2013).

(iii) Audit scrutiny of records of the District Forest Officer (DFO), Hoshiarpur revealed that ₹ 10.97 lakh out of MGNREGS funds were incurred for purchase of stationery, renovation of rest-houses, payment of electricity bills, salary of contingent staff, purchase of fuel for official vehicles and their repairs etc. between February 2008 and December 2010.

On this being pointed out, the DFO justified (August 2012) the expenditure as contingent expenditure being within six *per cent* of the project cost. The DFO further stated that the practice had been discontinued in 2011. Response of the DFO was not acceptable as being a line department for the scheme, entire fund should have been incurred on the project itself.

2.2.8.4 Non receipt of utilization certificates

Audit noticed that utilization certificates (UCs) of ₹ 13.29 crore in respect of the works for 2010-11 were pending in respect of Amritsar district. Similarly, UCs for ₹ 86 lakh from the GPs under two out of three selected blocks of Hoshiarpur district (Bhunga-₹ 20 lakh; Talwara-₹ 66 lakh) were pending for the period 2008-11.

During exit conference, the department stated that out of pending UCs of ₹ 13.29 crore, the UCs of ₹ 9.60 crore had been received in respect of Amritsar district and the UC for the remaining amount would be obtained whereas, no reply was furnished in respect of pending of UCs of Hoshiarpur district.

2.2.8.5 Non reconciliation with banks

In order to keep close monitoring of the funds, reconciliation with banks is necessary. Para 6 of the Operational guidelines of the MGNREGS provides for ‘monthly squaring of accounts’. This consists of verifying that all the money released under MGNREGS is accounted for under the three heads: (i) money held in bank accounts at various levels; (ii) advances to implementing or payment agencies; (iii) vouchers of actual expenses.

Cases examined during the course of audit of selected districts revealed the following irregularities:

(i) Reconciliation of funds as per the office records was not done with banks in any of the 118 test checked GPs. In Hoshiarpur, reconciliation was not done at block level as well. During exit conference, the department stated that Hoshiarpur district office had issued instructions to all the BDPOs to make the reconciliation in future. No reply was furnished in respect of other districts (January 2013).

(ii) Monthly squaring of accounts was neither done at the district level nor at block and GP levels in Barnala district. During exit conference, the department admitted the facts and stated that all the districts were instructed to do monthly squaring of accounts in the future.

2.2.8.6 Other irregularities

Rule 2.2 of Punjab Financial Rules Vol. I provides that every officer receiving money on behalf of the Government should maintain a cash book and all monetary transactions should be entered in the cash book as soon as they occur and get them attested by the head of the office in token of check. The cash book should be closed regularly and completely checked.

Audit scrutiny of the records of test checked districts revealed the following irregularities:

(i) In Hoshiarpur district, the DFO did not account for in the cash book ₹ 14.19 lakh received on 10 July 2008. Similarly, ₹ 2.02 lakh earned as interest during September 2007 to March 2012 was not accounted for in the cash book. While admitting the facts the DFO stated (August 2012) that cash book would be completed as early as possible and in future the cash book would be reconciled. During exit conference, no reply was furnished by the department.

(ii) In Barnala district, ₹ 11.01 lakh (district level-₹ 10.86 lakh and four GPs-₹ 0.15 lakh) earned as interest on MGNREGS fund were not accounted for in the cash books. During exit conference, the department stated that entries of interest at district level had been taken in cash book. However, the copy of cash book furnished with the reply was for ₹ four lakh only and no reply regarding the balance amount of ₹ 6.86 lakh was furnished. As regard to entries of interest of ₹ 0.15 lakh at GP level, the department admitted the audit observation.

(iii) The Deputy Director, Horticulture in Amritsar district kept ₹ 19.63 lakh during 2007-12 in current account instead of saving account. Similarly, four range officers of DFO, Hoshiarpur (Line Department) also opened current accounts in contravention of the MGNREGA guidelines. During exit conference, the department stated that current account in Amritsar district had been changed to saving account but no documentary evidence was provided. Whereas, the DFO Hoshiarpur stated (August 2012) that instructions had been issued to concerned range offices to convert their current accounts into saving accounts. During exit conference, no reply was furnished in respect of Hoshiarpur district.

(iv) In Amritsar district, interest of ₹ 2.04 lakh earned by line department on the MGNREGS funds was not returned to the ADC (D) by the line department. During exit conference, the department stated that amount had been recovered from the line department and taken in the account books but no documentary evidence was provided.

2.2.9 Programme implementation

2.2.9.1 Non fulfillment of primary objective of the scheme

As per Para 1.1 of MGNREGS operational guidelines 2008, the primary objective of the scheme was to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do any unskilled manual work.

Number of households (HH) registered under the scheme vis-à-vis number of households who were provided guaranteed 100 days employment during 2007-12 is given in **Table 2.22**:

Table 2.22: Position of Households registered and provided employment

Year	Number of households						Person days generated (in lakh)	Average days per HH
	Job Cards issued (cumulative)	Demanded employment	Provided employment	Percentage of HHs provided employment	Completed 100 days employment	Percentage of HHs completed 100 days employment		
2007-08	97892	49690	49690	51	2645	5	19.15	39
2008-09	524928	149902	149902	29	3970	3	40.27	27
2009-10	706508	272691	271941	38	7702	3	77.17	29
2010-11	827369	279243	279119	34	4819	2	76.90	28
2011-12	865656	258119	258041	30	3556	1	64.10	25

Source: Departmental records

Audit analysis of above data revealed that percentage of households provided employment declined from 51 *per cent* in 2007-08 to 30 *per cent* in 2011-12. Further, percentage of households who completed 100 days of minimum employment ranged between one and five *per cent* during 2007-12. Average number of days of employment per household declined from 39 days in 2007-08 to 25 days in 2011-12.

Further, audit scrutiny of records of six test checked districts revealed that percentage of households provided employment to the total number of

households registered ranged between two and 79 *per cent* during the period 2007-12. In the selected districts, it was between 20 and 64 *per cent* (Amritsar), seven and 36 *per cent* (Barnala), two and 33 *per cent* (Fazilka), 32 and 79 *per cent* (Hoshiarpur), 33 and 58 *per cent* (Muktsar) and 14 and 41 *per cent* (Pathankot) (**Appendix-2.4**).

Households provided 100 days employment in test checked districts ranged between 0.17 and 7.19 *per cent* (Amritsar), 0.006 and 0.50 *per cent* (Barnala), 0.007 and 0.24 *per cent* (Fazilka), 0.32 and 7.83 *per cent* (Hoshiarpur), 0.05 and 1.02 *per cent* (Muktsar) and 0 and 0.30 *per cent* (Pathankot) (**Appendix-2.5**). In four districts⁴, employment registers for recording the requests of jobseekers were not maintained in absence of which audit could not verify whether there was demand of job from jobseekers. Thus, failure to provide minimum 100 days' job defeated the very purpose of the scheme.

During exit conference, the department stated that average number of household declined from 2007-08 to 2011-12 as the scheme was implemented in 20 districts during 2008-09 to 2011-12 as compared to four districts in 2007-08 and in the initial stage of implementation of scheme people were not much aware of the scheme and they requested to issue job cards keeping in view that they would get benefits without doing work. Moreover, the scheme is a demand driven scheme and 100 days employment would be provided if the job card holders demand the same. The reply indicates that people were not educated properly about the scheme and registration process was not adequate enough to identify the needy job seekers. Besides, negligible achievement in providing 100 days employment indicates poor implementation of the scheme in the State.

2.2.9.2 Non conducting door to door survey

Para 5.2.5 of MGNREGS Operational Guidelines provides that door to door survey should be conducted by the GPs to identify the persons willing to register under the scheme. However, no door to door survey was conducted in 79 GPs of five selected districts. During exit conference, the department attributed the lapse to shortage of staff and stated that now the required staff was being appointed.

2.2.9.3 Non/delayed issue of job cards to applicants

Audit scrutiny of records in Amritsar district revealed that 11 applicants were not issued job cards even after the lapse of two years. In Pathankot district, 126 job cards in four GPs of Bamial block were issued with delay ranging between 14 and 17 days. In remaining four test checked districts, issue of job cards in time could not be ascertained in audit as the job card registers were not maintained.

During exit conference, the department stated that in Amritsar district, job cards were issued to the applicants and reasons for delay had been demanded from the concerned *Sarpanchs* and Panchayat Secretaries whereas delay in Pathankot district was attributed to shortage of staff.

⁴ Barnala, Hoshiarpur, Fazilka and Muktsar.

2.2.9.4 Delayed payment of wages and non payment of compensation

Para 7.1.4 and 7.1.5 of MGNREGS Operational Guidelines provides that the wages should be paid on weekly basis on a pre-specified day of the week and in any case within a fortnight of the date on which the work was done. In the event of any delay, the workers were entitled to compensation as per the provisions of the Payment of Wages Act, 1936 and was to be borne by the State Government.

Audit scrutiny of records in selected districts revealed the following irregularities:

(i) There were delays in payment of wages beyond the stipulated 15 days. In selected districts, the delay (as detailed in **Appendix-2.6**) ranged between four and 188 days (Amritsar), two and 341 days (Barnala), 23 and 202 days (Fazilka), upto 790 days (Hoshiarpur), four and 579 days (Muktsar) and two and 48 days (Pathankot). No compensation was paid for delayed payment of wages.

During exit conference, the department stated that delay in payment was due to non release of funds from GoI that further delays release of funds to the districts and in some cases the delay was due to late clearance of payment from the post offices/banks. It was further stated that the State was now making strategies to implement core banking at the district level for release of payments to reduce delays. The State had also directed all the DPCs to take necessary action to reduce delay in payment.

(ii) Non payment of wages to labourers

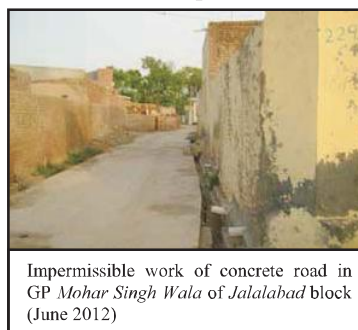
Audit scrutiny revealed (June 2012) that wages of ₹ 118.39 lakh (Hoshiarpur- ₹ 4.31 lakh for April 2009 to March 2012; Fazilka- ₹ 59 lakh for February 2012 to March 2012 and Muktsar- ₹ 55.08 lakh for March 2011 to March 2012) were not paid. During exit conference, the department in respect of Fazilka and Muktsar districts, stated that payment was not made due to non release of funds and now the payment had been made as intimated by the district. No reply in respect of Hoshiarpur district was furnished.

2.2.9.5 Execution of works

2.2.9.5.1 Execution of impermissible works

Para 6.1 of MGNREGS Operational Guidelines provide a list of permissible works. Further, engaging contractors on the MGNREGS works is prohibited.

Audit scrutiny in Amritsar, Barnala, Fazilka and Hoshiarpur districts revealed that 67 impermissible works of 'construction of retaining walls, laying of cement concrete roads, construction of Tubewell for Samiti', etc. valuing ₹ 1.21 crore were executed (Amritsar-three works for ₹ 15.21 lakh,



Impermissible work of concrete road in GP Mohar Singh Wala of Jalalabad block (June 2012)

Barnala-one work for ₹ 2.33 lakh, Fazilka-two works for ₹ 19.32 lakh and Hoshiarpur-61 works for ₹ 84.33 lakh).

During exit conference, the department stated that no work of tubewell of *Samiti* and cement concrete was done in Amritsar and work for construction of retaining walls of ponds were done prior to publication of work field manual in which these works were declared non permissible and after publication of work field manual no such work was undertaken. In respect of Barnala, the department stated that the work was done without any contractor. In respect of Fazilka district, the department stated that work was done in Gram Panchayat Mohar Singh Wala of Jalalabad block under convergence with Rural Development Fund. In respect of Hoshiarpur district the matter was stated to be under examination. The reply is not acceptable as in Amritsar, impermissible works of cement concrete work and sewerage drainage system were executed. In Barnala, cement concrete boundary pillars not permissible under MGNREGS were procured/fixed through contractors and in Fazilka, the expenditure pointed out in audit pertains to modification of DC/ADC office which was not permissible under the scheme.

2.2.9.5.2 Non maintenance of wage-material ratio

Para 6.2 of MGNREGS Operational Guidelines states that ratio of wage costs to material costs should not be less than the minimum norm of 60:40. Audit scrutiny of records revealed that in Hoshiarpur district prescribed wage material ratio was not maintained at the district and block level (*Tanda*) as given in **Table 2.23**:

Table 2.23: Non maintenance of wage material ratio

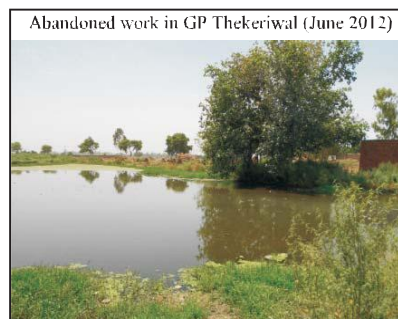
Year	Total expenditure (in ₹)	Wages (in ₹)	Material (in ₹)	Wage ratio	Material ratio
Hoshiarpur district					
2009-10	28,10,41,000	16,20,25,000	11,90,16,000	58	42
2010-11	22,80,90,000	12,80,27,000	10,00,63,000	56	44
Tanda Block (Hoshiarpur)					
2008-09	1,72,57,000	86,10,000	86,47,000	50	50
2009-10	2,34,60,000	68,97,000	1,65,63,000	29	71
2010-11	1,99,62,000	98,25,000	1,01,37,000	49	51

Source: Departmental records

During exit conference, the department admitted that ratio was to be maintained at block/district level and guidelines had been issued to the districts to maintain the ratio.

2.2.9.5.3 Abandoned/incomplete works

Audit scrutiny of records in Barnala district revealed that six works in four GPs were abandoned/left incomplete. Of these, two works of renovation of ponds were left incomplete due to rain after incurring expenditure of ₹ 2.66 lakh. Another three works of renovation of



ponds could not be taken up due to rainy season or non demand of funds by GPs concerned and grant was returned to the BDPO.

Whereas expenditure of ₹ two lakh incurred on clearance of jungle weed from a pond in GP Thikeriwal was rendered wasteful due to neglect of pond as the jungle weed has again grown up.

During exit conference, the department admitted the facts and stated that the works were abandoned due to rain.



2.2.9.5.4 Wasteful expenditure

Audit scrutiny of records of one (Barnala) out of six selected districts revealed that three BDPOs and the Chief Executive Officer, Zila Parishad of Barnala district transferred (September 2008) ₹ 28.59 lakh (Barnala block-₹ 2.76 lakh; Mehal Kalan block-₹ 2.64 lakh; Sehna block-₹ 2.21 lakh; and the Chief Executive Officer, Zila Parishad, Barnala-₹ 20.98 lakh) to the District Forest Officer (DFO), Sangrur for plantation under MGNREGS. Of these, the DFO incurred (between September 2008 and February 2009) ₹ 7.47 lakh for raising 2.36 lakh plants in nursery and excavation of 63,168 pits for plantation and returned balance funds of ₹ 21.12 lakh to the ADC (D) in February 2009 as plantation season was over. These plants were to be maintained in nursery upto June/July 2009. It was further noticed that the DFO demanded funds (July 2009) from ADC (D) for maintenance of plants as the condition of 2.36 lakh plants deteriorated. Finally, all the plants died (November 2009) and 63,168 pits excavated for plantation of these plants also got filled with the earth. Thus, non-provision of funds for maintenance of plants rendered ₹ 7.47 lakh wasteful.

On this being pointed out, the DFO while admitting (June 2012) the audit observation attributed the reason to non release of funds by the district. During exit conference, the department stated that funds released for plantation were refunded by the DFO to district headquarters which were further released to other blocks. The funds could not be released to the DFO as no funds were available at district level.

2.2.9.5.5 Excess expenditure

(i) The ADC (D), Barnala transferred ₹ 35.58 lakh to the DFO Sangrur from January 2010 to February 2012. The DFO raised 4,35,520 plants in nursery during 2009-11 (1,00,000 in 2009-10 and 3,35,520 in 2010-11). Out of the total plants raised, 3,22,756 plants were issued for plantation as of March 2012. Further scrutiny of the records of the DFO revealed that the total cost of raising 4,35,520 plants worked out to be ₹ 13.07 lakh at the rate of ₹ three per plant as per the estimate. The DFO was having 'nil' balance at the end of March 2012. The ADC (D) did not pursue the matter with the DFO for refund of the balance amount.

During exit conference, the department stated that DFO refunded ₹ 20.98 lakh in February 2009 and the remaining funds were utilized by the department. The reply of the department is not relevant as the funds of ₹ 35.58 lakh pointed out by audit were released to the DFO between January 2010 and February 2012 and hence refund of these in February 2009 was not correct.

(ii) In GP, Chak Griban Sandar (Jalalabad block, district Fazilka) ₹ 45000/- were paid towards cost of material (earth) whereas in measurement book (MB), amount was worked out to ₹ 40,950/-, thereby making excess payment of ₹ 4050/-. In GP Cheema (Sehna block of district Barnala) excess payment of ₹ 3800 was made to skilled labour for MR No. 298 and 612, as ₹ 13,600/- were paid to them against ₹ 9800 payable as per the MRs. During exit conference, the department stated that ₹ 4050 stands recovered from GP Chak Griban Sandar of Fazilka district, however documentary evidence in support thereof was not furnished. In respect of Barnala district, no reply was furnished.

2.2.9.5.6 Payments without measurement of work

Para 6.7.5 of MGNREGS Operation Guidelines provides that measurement will be recorded in the Measurement Books by qualified technical personnel in charge of the worksite. Relationship should exist between daily measurement of Mates and measurement by technically qualified personnel. Verification should be done by qualified personnel a week before payment of wages.

It was, however, noticed that measurement of works was not being done to quantify the work done before making payments of wages to labourers. Instances were noticed in Barnala district (13 GPs) wherein ₹ 31.98 lakh were paid without measurement of the works. The payments were made on the basis of attendance in the muster rolls. In absence of measurement of work, genuineness of the works executed could not be verified in audit. During exit conference, the department attributed the lapse to shortage of technical staff.

2.2.9.5.7 Delay in measurement of work

In eight GPs of Abohar and Jalalabad blocks of Fazilka districts, delay in measurement of 18 works ranged between six and 380 days whereas in Barnala and Sehna blocks of Barnala district, delay in measurement ranged between one and 354 days after execution of work.

During exit conference, the department attributed the delay in measurement of work to shortage of staff and lack of training and stated to have issued directions to the BDPOs for future.

2.2.9.5.8 Use of heavy machinery on works

Contrary to guidelines, ₹ 1.92 lakh were incurred on deployment of machinery such as JCBs and mixer machine in eight works in Amritsar, Fazilka and Hoshiarpur districts. During exit conference, the department admitted the facts.

2.2.9.5.9 Non allocation of unique identity number to the works executed

Audit scrutiny of records of the selected GPs (37 GPs of four blocks) revealed that there was no system of mentioning the plot numbers of the sites where the works were to be executed so as to provide each work with a unique location code. Due to absence of unique location code, entries made in MBs against a particular work could not be verified as almost all the works executed were of similar nature viz. renovation of pond etc. During exit conference, the department while admitting the facts assured to adhere to the guidelines in future.

2.2.9.5.10 Execution of works without estimates

In selected GPs of two districts (Fazilka and Hoshiarpur), estimates of all the works executed under the scheme were not prepared. In the absence of estimates, reasonableness of quantities executed could not be ascertained in audit. During exit conference, the department attributed the lapse to shortage of staff and stated that the compliance would be done in future.

2.2.9.6 Excess administrative expenditure

Para 8.1.1 of MGNREGS Operational Guidelines provides that the Central Government will bear the administrative expenses as determined by the GoI. The rate of administrative expenses determined by GoI was four *per cent* upto 2008-09 and six *per cent* during 2009-10 to 2011-12.

Audit scrutiny revealed that the administrative expenses exceeded the prescribed limit in Amritsar, Barnala and Muktsar districts during 2008-09 to 2010-11 as detailed in **Table 2.24**:

Table 2.24: Details of excess administrative expenditure

₹ in lakh)				
Year	Expenditure	Admissible administrative expenditure	Administrative expenditure incurred	Excess expenditure
Amritsar district				
2009-10	1592.28	95.54	148.31	52.77
2011-12	847.40	50.84	70.47	19.63
Muktsar district				
2008-09	109.72	4.39	18.12	13.73
Barnala district				
2008-09	99.81	3.99	6.88	2.89

Source: Departmental records

During exit conference, the department admitted the facts in respect of Amritsar and Barnala districts and attributed the lapse to lack of awareness whereas no reply was furnished in respect of Muktsar district.

2.2.9.7 Non accountal of store-stock items

(i) Para 15.4 of PFR Vol. I provides that all material received should be examined, counted, measured or weighed when the delivery is taken and entry

in this regard should be recorded in the stock register. Audit scrutiny of records of district Barnala revealed that store stock items viz. pipes, *kassi*, *tasla*, water tanks etc. worth ₹ 28.24 lakh purchased between March 2008 and February 2011 were not accounted for in the stock registers. During exit conference, the department stated that items worth ₹ 3.98 lakh instead of ₹ 28.24 lakh were purchased out of which items worth ₹ 1.78 lakh were issued to the departments not covered under MGNREGS which were not entered in the stock register at that time. It was further stated that now the district was getting back the furniture and directions had been issued to make the entry of the above said amount. The reply is not acceptable as the items worth ₹ 28.24 lakh⁵ were purchased by six GPs, BDPO Barnala and ADC Barnala which were not accounted for in the records.

(ii) In Bamial and Narot Jaimal Singh blocks of Pathankot district, material worth ₹ 4.57 lakh was purchased without quotations in violation of provisions of the Punjab Financial Rules. Further, vouchers in support of expenditure of ₹ 0.30 lakh incurred for imparting training to the members of Gram Panchayats in Bamial block of Pathankot district were not made available to Audit. During exit conference, the department admitted the facts and stated that as the scheme was new and due to lack of awareness, the purchases were made without quotations and further assured that it would not happen again in future. With regard to availability of vouchers, the department stated that the vouchers which were misplaced at the time of Audit had now been recovered. However, the documentary evidence in support of reply was not provided (January 2013).

(iii) Audit scrutiny revealed (June 2012) that in Narot Jaimal Singh block of district Pathankot, though the GP paid (April 2010) ₹ 0.47 lakh to the agency for purchase of work tools viz. *tasla*, *kassi* etc. but the material was not received. During exit conference, the department stated that the material was lying with the BDPO office but documentary evidence in support of material in store was not furnished (January 2013).

2.2.9.8 Irregular payment in cash to labourers

Para 7.2 of MGNREGS Operational Guidelines provides for payment of wages through banks and post offices so as to separate payment agencies from implementing agencies.

Audit noticed that wages of ₹ 4.87 lakh and ₹ 1.93 lakh were irregularly paid in cash to labourers in Amritsar and Fazilka districts respectively by the GPs during 2010-11. During exit conference, the department stated that in Amritsar district, wage payment to the labourers was made in cash because of the absence of bank branch near to their village and in some cases delay happened on account of delay in opening of bank accounts of job card holders and the labourers were insisting for immediate payment whereas in Fazilka district, the payment was made in cash due to non opening of bank accounts. The reply is not acceptable as the guidelines do not provide for payment of wages in cash.

⁵ Six GPs-₹ 0.54 lakh; BDPO Barnala-₹ 13.99 lakh; and ADC Barnala-₹ 13.71 lakh.

2.2.9.9 Irregularities in muster rolls

Para 9.4 of MGNREGS Operational Guidelines provides that muster rolls (MRs) with a unique number issued from the block level were to be maintained by the GPs and other implementing agencies. The muster roll was required to indicate the job card number, name of the worker and days worked. Workers attendance and the wages paid were to be shown against each name with signature/thumb impression of the worker. A muster roll is a labour's attendance register pertaining to a particular work site and a particular period. Audit scrutiny revealed the following irregularities.

(i) In the districts of Pathankot, Hoshiarpur and Amritsar, the muster rolls were not prepared as per the prescribed format. The mandatory fields pertaining to caste, sex, detail of mode of payment viz. whether amount was paid in cash or through bank/post office, saving account number of the beneficiary etc. were not included in the format adopted by the districts. On this being pointed out by Audit, the BDPOs attributed the lapse to shortage of staff. However, during exit conference, the department stated that the format of MRs given in the MGNREGS Operational Guidelines (Third edition) was to capture attendance of seven days. During the initial years under the scheme, this format was to capture the attendance of 30 days and later on revised to 15 days and then to seven days. The reply of the department is silent about non inclusion of the mandatory fields as prescribed under the guidelines.

(ii) In Hoshiarpur district (Block Tanda), seven persons worked on two worksites on the same dates (16 to 30 April 2010) and were paid ₹ 21,624/-. Their job card numbers mentioned in the muster rolls were same on both sites. During exit conference, the department stated that the enquiry was conducted by the district Hoshiarpur and the State Government suspended the Sarpanch, who was later on reinstated. However, documentary evidence in support of reply was not furnished by the department.

(iii) Cross checking of muster rolls with reference to the bank records revealed that in two GPs (Pakhoke and Cheema) of Sehna block of district Barnala, payment as per the muster rolls and bank account did not tally. Against the entries in the muster rolls for ₹ 5.18 lakh for the period February 2009 to June 2009, the bank statements depicted drawl of ₹ 3.56 lakh thereby leaving ₹ 1.62 lakh as unpaid. However, utilisation certificate for the full amount of grant including the entire amount of muster rolls was given by the GPs. During exit conference, the department stated that bank statement depicted less drawl due to non clearing of cheques issued till June 2009. The reply is not acceptable as the position mentioned in the audit point was as per the bank pass book updated upto 31 March 2012.

(iv) In three GPs of one block (Narot Jaimal Singh) in Pathankot district, ₹ 5031/- were paid to job card holders for their attendance on 29 February 2009 and 31 September 2010 which was not possible. During exit conference, the department stated that it was a clerical mistake. The reply is not acceptable as the muster rolls showed marked attendance on these dates and even the payment was made to the workers.

(v) Para 5.1.2 of MGNREGS Operational Guidelines provides that all adult members of the household who are registered may apply for work. Audit scrutiny revealed that two unregistered persons, in two GPs of Narot Jaimal Singh block of Pathankot district were paid ₹ 7564. Similarly, 30 unregistered workers in Bhunga and Talwara blocks of Hoshiarpur district were given employment through MRs and paid ₹ 0.45 lakh. During exit conference, the department stated that it was due to clerical mistake and the persons had now been registered in the GPs in Pathankot district. Whereas in case of Hoshiarpur district, the department stated that the persons were registered but the job card numbers were not mentioned in the muster roll and the same had now been mentioned in the muster roll but the documentary evidence i.e. copies of job cards issued to the workers and muster rolls were not provided.

(vi) In GP Thikeriwal of block Barnala, ₹ 0.35 lakh were debited to the bank account of the GP on 12 December 2009 on account of muster roll for the period from 16 to 19 December 2009 i.e. seven days in advance of the commencement of the work. Similarly, in another GP Cheema of Sehna Block, payment of ₹ 0.16 lakh had been made for the muster roll of April 2009 whereas the muster roll was issued on 25 May 2009. During exit conference, the department stated that the amount was withdrawn in advance to make payment for material component to execute works with the approval of competent authorities. The reply is not acceptable as ₹ 0.51 lakh withdrawn from the bank were paid against the muster rolls.

2.2.9.10 Non preparation of schedule of rates

Para 6.7.2 of MGNREGS Operational Guidelines provides that the State Governments may undertake comprehensive work, time and motion studies. These studies will observe out-turn and fix rates after detailed location specific observations. This implies that productivity norms must follow possible out-turn under different geo-morphological and climatic conditions, across and within districts. This is of particular significance in areas with a high degree of location specificity and variability in the soil, slope and geological conditions and seasonal variation. Therefore, a matrix of rates for the same task needs to be drawn up that follows ecological rather than administrative boundaries. The schedules of rates may be prepared on the basis of these studies.

Audit noticed that though Punjab has different geo-morphological and climatic conditions but the prescribed work, time and motion studies were not conducted. As a result, separate schedule of rates for MGNREGS works was not prepared.

2.2.10 Impact of the scheme

2.2.10.1 Non conducting the evaluation studies

Para 10.4 of MGNREGS Operational Guidelines provide that regular evaluations and sample surveys of specific works should be conducted to

assess outcomes of the implementation of the scheme. District-wise studies should be conducted or commissioned by the State Employment Guarantee Council. Block-wise evaluation studies should be conducted or commissioned by the District Programme Coordinator.

It was, however, noticed that the SEGC did not conduct district-wise evaluation studies to assess the performance of the scheme and its impact on individual life. Similarly, no evaluation study at block level was conducted by the DPCs in any of six test checked districts. During exit conference, the department admitted the facts and stated that compliance would be done in future.

2.2.10.2 Impact assessment by Audit through beneficiary survey

In order to assess the impact of the scheme on the rural population and the assets created under the scheme, audit interacted with 1177 beneficiaries of 118 GPs of 13 test checked blocks in six selected districts. Responses to some important parameters relating to programme management, provision of basic amenities, facilities provided to the labourers, awareness among the masses, satisfaction level of the beneficiaries etc. derived from the interviews of the beneficiaries are given in **Table 2.25**:

Table 2.25: Results of beneficiary survey

S No.	Parameters	Responses	Percentage
1.	Coverage of APL/BPL population	APL	69
		BPL	31
2.	Provision of electricity to beneficiaries	Yes	94
		No	06
3.	Toilet facility provision to individual Households	Yes	52
		No	48
4.	Drinking water availability to Households	Yes	82
		No	10
		Not responded	08
5.	Registration whether written or oral	Oral	76
		Written	34
		Both (written and oral)	10
6.	Expenditure on Job Card	GP	100
		Self	00
7.	Days of employment received	Range	1 to 146 days
8.	Gram Sabha meeting held and notified at prominent places	Yes	85
		No	15
9.	Improvement in life style of beneficiaries viz purchase power/ migration/social status	Yes	81
		No	07
		Not responded	12
10.	Education level	Illiterate	56
		Literate	39
		Not responded	05
11.	General awareness among beneficiaries	High	95
		Low	05
12.	Issue of job cards	In time	93
		Delay	07
13.	Photographs on job cards	With photo	90
		Without photo	08
		Not responded	02

S No.	Parameters	Responses	Percentage
14.	Provided employment within 15 days	Within	97
		Beyond	03
15.	Facilities provided at work site		
	a) Shade	Yes	74
		No	26
	b) Drinking water	Yes	82
		No	10
		Not responded	08
	c) First aid box	Yes	40
		No	52
		Not responded	08
	d) Creche	Yes	10
		No	82
		Not responded	08
16.	Knowledge about calculation of wage payment	Yes	51
		No	49
17.	Harassment faced at the worksite	Yes	03
		No	97
18.	Knowledge of social audit	Yes	10
		No	90

Source: Beneficiary survey conducted by Audit

Analysis of the above table revealed that:

- Coverage of BPL population was as low as 31 *per cent*;
- In eight *per cent* of the total beneficiary (1177) surveyed by audit, photographs of individual adult members were not affixed on the job cards;
- Percentage of beneficiaries who reported absence of work site facilities such as shade, drinking water, first aid box and creche was 26, 10, 52 and 82 *per cent* respectively;
- Knowledge of social audit among the beneficiaries was very low and was about 10 *per cent* which defeated the purpose of conducting social audit which was an important tool to serve as an institutional forum.

2.2.11 Maintenance of data and records

2.2.11.1 Improper maintenance of records

Proper maintenance of records is one of the critical factors for successful implementation of any scheme. Information on critical inputs, processes, outputs and outcomes have to be meticulously recorded in prescribed registers at each designated level. Chapter 9 of the Operational Guidelines on MGNREGS prescribes format of the various records and level at which the records are to be maintained. The following irregularities were, however, noticed:

- (i) Job card application register, job card register, employment register, muster roll receipt registers, work register, asset register, complaint registers and monthly allotment and utilization certificate watch register were not

maintained by the selected GPs of four test checked districts (Barnala, Fazilka, Muktsar and Hoshiarpur) as per *Appendix-2.7*. Due to non maintenance of records neither the issue of job cards within the stipulated time limit nor the demand of employment and eligibility for unemployment allowance could be ascertained in audit. During exit conference, the department attributed the lapse to shortage of staff and lack of training and further stated that instructions had been issued to districts to overcome these lapses in future.

(ii) In two (Barnala and Fazilka) out of six test checked districts, payments of wages were not entered in the job cards. During exit conference, the department admitted the facts and attributed the lapse to shortage of staff.

2.2.11.2 Mismatch in data

Registration lists on website were not regularly updated to add eligible workers and delete ineligible workers due to death, migration, getting Government jobs etc. It was, further, seen that the data of beneficiary maintained at the Directorate Level mismatched with that shown on the website. Some of the significant discrepancies which came to the fore are brought out in the **Table 2.26**:

Table 2.26: Mismatch in data of MPR and MIS

Particulars (2009-10 to 2011-12)	As per Monthly Progress Report	As per Management Information System record
No. of job cards issued	2393240	2510451
Employment demanded	809377	784734
Employment provided	808116	781343
Persondays generated	21665000	20522370
Households completed 100 days	16501	13654
Fund Flow		
Total availability	₹ 63477.65 lakh	₹ 66023.85 lakh
Total expenditure	₹ 47172.20 lakh	₹ 32943.39 lakh
No. of works completed during 2011-12	7170	8586
Expenditure on works completed during 2011-12	₹ 5648.95 lakh	₹ 8697.34 lakh
No. of on-going/suspended works during 2011-12	10696	8943
Expenditure on on-going/suspended works during 2011-12	₹ 9293.91 lakh	₹ 6517.34 lakh
No. of works approved in 2011-12	1468	1223

Source: Departmental records

Audit scrutiny of records revealed that there was no system at Programme Officer's level to verify the authenticity of the data uploaded on the MGNREGS website. Discrepancies in data of MIS and manual records such as

number of household registered, number of job cards issued, employment demanded, employment provided, number of works, expenditure, number of inspections of works and number of social audits conducted were noticed in all the test checked districts. In Amritsar district, issue of job cards to 93 beneficiaries (45 in Ajnala block and 48 in Verka block) were entered twice in MIS. These discrepancies were attributed to late communication of information from blocks and GPs, freezing of website and incorrect feeding of data at initial stage etc.

Further, comparison of job card register with MIS data in Pathankot district revealed that 46 job cards of nine GPs though cancelled in job card register were still appearing in MIS data. Further, six job cards of five GPs though added in job card registers were not updated in MIS data.

During exit conference, the department stated that during 2009-10 and 2010-11, MPRs were the only source to collect the data and during 2011-12, the data was pending to be entered in MIS but the data entry was closed in the month of April 2012 and some discrepancies were left because of technical issues or problems in software.

As a result of discrepancies, true and fair picture of the state of affairs of the implementation of scheme was not emerging from the documents which need attention of the department.

2.2.12 Human resource management

2.2.12.1 Shortage of MGNREGS staff

Para 3.1 of MGNREGS Operational Guidelines makes it mandatory for the State Government to make available to the District Programme Coordinators (DPCs) and Programme Officers (POs) necessary staff and technical support for effective implementation of the scheme. The implementation of MGNREGS involves considerable organizational responsibilities at the GP level. The Operational Guidelines under MGNREGS suggested appointment of an 'Employment Guarantee Assistant', called 'Gram Rozgar Sahayak' (GRS) in each Gram Panchayat. Ministry of Rural Development (MoRD) has instructed (March 2007) that one GRS must be deployed in each GP. Instructions also provides for appointment of one Technical Assistant (TA) for every five GPs.

Audit scrutiny of records revealed that in 12,776 GPs in the State, only 772 (six *per cent*) GRS were appointed, thereby leaving a shortage of 12004 GRS i.e. 94 *per cent* as of March 2012. Shortage of GRS in the test check districts ranged between 84 and 100 *per cent* (**Appendix-2.8**). Similarly, 74 TAs against the requirement of 2555 (one for five GPs) were deployed in the entire State leaving a shortage of 2481 TAs which was 97 *per cent* of the total requirement. Shortage of TAs in the test checked districts ranged between 89 and 98 *per cent* (**Appendix-2.8**).

Apart from shortage of GRS and TAs, there was shortage of other MGNREGS staff (as given in **Table 2.27**) at the block and district level:

Table 2.27: Position of shortage of MGNREGA staff

Name of the Post	Target (requirement)		Staff in position		Percentage of Shortage	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Block Level						
Accountant	78	69	18	22	77	68
District level						
Work Manager & Technical Assistant	17	13	06	03	65	77
Training Coordinator	10	08	02	02	80	75
Coordinator for social audit and grievance redressal	10	11	05	06	50	45

Source: Departmental records

During exit conference, the department stated that in any particular district, staff can be deployed according to the requirement keeping in view cap of six per cent on administrative expenses. However, efforts were being made to fill the urgently required posts.

2.2.12.2 Non preparation of training calendar and training module

Para 3.3 of MGNREGS Operational Guidelines provides that all key agencies are to be trained in discharging their responsibilities under the Act. This includes GPs, other PRIs, district and State-level department personnel involved in implementing MGNREGS, as well as local committees, groups formed for the purpose of vigilance, monitoring and social audit. A training calendar needed to be made and training modules needed to be calibrated in content and process according to different stakeholders.

Audit scrutiny of records revealed that no training calendar and training module according to different target groups of trainees was developed. In four selected districts (Barnala, Fazilka, Pathankot and Muktsar), audit noticed that out of ₹ 57.50 lakh received from the GoI during 2007-08 for training, ₹ 38.05 lakh were lying unutilised at the district levels (*Appendix-2.9*).

During exit conference, the department stated that in Barnala district despite repeated requests for resource persons, no response was given by State Institute of Rural Development whereas Muktsar and Fazilka assured to take necessary action in future. However, no reply was furnished in respect of Pathankot district.

2.2.13 Monitoring mechanism

2.2.13.1 Social audit

Social audit is the most important tool provided under MGNREGS to ensure public accountability in implementation of the projects. The State Government was to constitute an independent organization/directorate at the State level for facilitating social audit. Such audits are an ongoing process of participation of beneficiaries to ensure that legal guarantees and entitlements flow to the works in a legitimate way. Para No.12.4 of MGNREGS Operational Guidelines provide that social audit is to be held at least once in every six month.

Audit scrutiny of the records and information supplied by the JDCC, revealed that social audit of GPs was not conducted as per the prescribed periodicity. Shortfall in conducting social audit ranged between two and 44 per cent during the period of 2007-12 as detailed in **Table 2.28:**

Table 2.28: Details of social audits

Year	Total No. of GPs	Social audit to be conducted	Social audit actually conducted	Shortage	Percentage of shortfall
2007-08	3519	6240	3522	2718	44
2008-09	8782	14440	10968	3472	24
2009-10	12794	24839	22263	2576	10
2010-11	12776	25567*	25040	527	2
2011-12	12777	24623	23571	1052	4

Source: Departmental records

* The reasons for disproportionate fixation of social audits to be conducted remained unexplained (January 2013).

Further scrutiny revealed that the prescribed format/checklist for social audit was not filled in and only the signatures of the members were obtained on the blank checklists. In three test checked districts (Barnala, Fazilka and Pathankot), no internal audit cell was constituted under the DPC for examining the social audit reports and to take suitable action thereon.

During exit conference, the department did not furnish reply regarding shortage in conducting social audit. As regards internal cell, the department stated that being new districts, no internal cell was constituted in Pathankot and Fazilka districts whereas in Barnala district, Social Coordinator Assistant was now appointed in September 2012 after being pointed out by Audit.

2.2.13.2 Non posting of State/district quality monitors

Para 10.3.2 of MGNREGS Operational Guidelines provides that State Quality Monitors (SQM) at the State level may be designated by the State Government with the approval of the State Council. The districts were also required to identify District Quality Monitors (DQM) with the approval of the State Government.

However, no SQM/DQM was appointed for carrying out verification and quality audit of MGNREGS works. During exit conference, the department admitted the fact and stated that the posts could not be filled within the available amount of contingency and noted the point for future compliance.

2.2.13.3 Inadequacy of grievances redressal

The system of acknowledgement of grievances did not exist in all the test checked districts. No system of recording the oral complaints and help line was in existence in five (except in Amritsar) out of six selected districts. Detail of pending complaints in the State is given in *Appendix-2.10*.

In test checked districts, it was noticed that during the period of performance audit, 282 complaints (as given in **Table 2.29** below) were received out of which 260 were disposed of with a delay ranging between one and 673 days against the prescribed limit of 15 days.

Table 2.29: Position of disposal of complaints in test checked districts

Sr. No.	Name of the district	No. of complaints received	No. of complaints disposed of	No. of complaints pending	Time taken in disposal ranging between (in days)
1	Amritsar	192	174	18	Not available
2	Barnala	5	4	1	194 and 673
3	Fazilka	38	38	0	27 and 400 days
4	Hoshiarpur	32	29	3	1 and 51 days
5	Muktsar	12	12	0	7 and 56 days
6	Pathankot	3	3	0	43 and 57 days
Total		282	260	22	

Source: Departmental records

During exit conference, the department stated that helpline for grievance redressal had been established in Barnala district and other districts had also been directed for the same. As regard disposal of complaints, the department stated that delay in any level in case of disposal of complaints was due to some legal obligations as per the provisions of the various laws in this regard.

2.2.13.4 Shortage of Ombudsman

Instructions issued (September 2009) by the Government of India under Section 27(1) of MGNREGA provides for establishment of office of Ombudsman in each district within three months for redressal of grievances. Records of the JDCC revealed that against requirement of minimum 22, only seven Ombudsmen were appointed for all the 22 districts in May 2010 i.e. after a delay of five months. No Ombudsman was appointed in Fazilka district. In Barnala district, though the Ombudsman was appointed but he did not submit the prescribed reports/returns etc. during the period of performance audit and no action was taken by the DPC in this regard.

During exit conference, the department admitted the fact and stated that process of appointment of new Ombudsmen for all the districts had been initiated.

2.2.13.5 Shortfall in physical verification of works

Para 8.4.4 of MGNREGS Operational Guidelines prescribed quantum of physical verification of works to be carried out at various levels i.e. 100 *per cent* at block level, 10 *per cent* at district level and two *per cent* at State level.

Audit scrutiny of records and information supplied by the JDCC revealed that during 2007-12 shortfall in inspection of MGNREGS works at State level ranged between 47 and 98 *per cent*. At district level no shortage in physical verification of work was noticed. However, at block level, short fall of inspection ranged between three and 40 *per cent* as given in **Table 2.30**:

Table 2.30: Details of shortfall in physical verification of works

Year	State level			%age of shortfall	Block level			%age of shortfall
	No. of works to be inspected as per norms	No. of works actually inspected	Shortfall		No. of works to be inspected as per norms	No. of works actually inspected	Shortfall	
2007-08	51	27	24	47	2550	2472	78	3
2008-09	76	21	55	72	3778	2249	1529	40
2009-10	216	37	179	83	10802	9237	1565	14
2010-11	290	05	285	98	14507	12237	2270	16
2011-12	304	07	297	98	15213	13068	2145	14

Source: Departmental records

In Pathankot district, shortfall in inspection of works at district level, as reported by ADC (D) was 75 per cent (2011-12) whereas, the MPR depicted short fall of 83 per cent for the same year. On this being pointed out, the ADC (D), Pathankot stated (June 2012) that being a new district, targets could not be achieved. In Barnala, Fazilka, Muktsar and Hoshiarpur districts though number of inspections conducted at the district and block levels were loaded on the website but no inspection book or files/registers in support of the inspections conducted was maintained. During exit conference, the department admitted the facts and stated that instructions had been issued to districts for completing verification and to maintain the registers.

2.2.13.6 Non preparation of evaluation/completion reports

Para 10.1.2 of the MGNREGS Operational Guidelines provides that for every work sanctioned under the scheme, there should be a local Vigilance and Monitoring Committee to monitor the progress and quality of work. Further, Para 6.9 of Guidelines provides that on completion of every project, a Project Completion Report should be prepared.

Audit noticed that neither evaluation reports of the vigilance committee were on record nor completion reports of the works were prepared in 56 GPs of six blocks of three test checked districts (Fazilka, Hoshiarpur and Barnala). In the absence of completion reports, audit could not verify whether the works were actually completed or not. During exit conference, the department while admitting the facts attributed the lapse to shortage of staff.

Conclusions

The district perspective plan providing framework for the Annual Development Plan was not approved in respect of any of the districts. The Annual Development Plans were not prepared in realistic manner and were not based on the actual trends of the previous years. The State share was not released in full and on time. The available funds could not be utilized during the period covered under performance audit. The funds released were diverted for works not covered under the scheme.

The primary objective of ensuring the livelihood security by providing 100 days of annual employment to the registered households remained unachieved. The payment of wages to the beneficiaries was not made within the prescribed time period and workers were not compensated for delayed payments. Non-adherence to guidelines of MGNREGS in respect of execution of impermissible works, non maintenance of prescribed wage material ratio, use of machinery and contractors were noticed during audit. No evaluation study to assess the performance of the scheme and its impact on individual life was conducted. Vital records necessary for effective implementation of the scheme prescribed under the guidelines were not maintained. There was no system in place to verify the authenticity of the data uploaded on the MGNREGS website.

State Government did not take adequate capacity building measures for implementation of the scheme as there was acute shortage of staff implementing MGNREGS in the State. No training calendar and training module for various target groups of trainees was developed to train the staff for effective implementation of the scheme. Transparency, accountability and grievances redressal systems were found inadequate.

Recommendations

The State Government may like to:

- ensure preparation of District Perspective Plans and Annual Development Plans in accordance with the Act and Operational Guidelines.
- ensure timely release of its share of funds and set up a mechanism to prevent misuse and diversion of funds.
- ensure payment of wages to the workers within the time limit prescribed under the scheme.
- ensure that only the permissible works under the scheme are taken up.
- ensure proper maintenance of all the records prescribed under the scheme. Further, there should be a mechanism to ensure authenticity of data uploaded on MIS at all levels.
- take steps to deploy the requisite staff as per norms at all levels for implementation of the scheme.

Chapter-3

Thematic Audit

REVENUE, REHABILITATION AND DISASTER MANAGEMENT DEPARTMENT

3.1 Ineffective implementation of State Disaster Response Fund

3.1.1 Introduction

The Government of India (GoI), Ministry of Home Affairs constituted (September 2010) the State Disaster Response Fund¹ (SDRF) at State level for providing immediate relief to the victims of natural calamities² and the Calamity Relief Fund (CRF) already in place for the purpose ceased to exist. For this, funds amounting to ₹ 2197.21 crore available under CRF as on 31 March 2010 were transferred to SDRF, as per guidelines of the scheme.

At the State level, State Executive Committee³ (SEC) headed by Chief Secretary of the State is responsible for the management of SDRF and the Financial Commissioner (Revenue) (FCR) acts as a nodal agency for implementation of relief works. At district level, the Deputy Commissioner (DC) of the concerned district demands funds from FCR after getting the losses assessed by SEC and distributes the relief to the victims through the respective Sub-Divisional Magistrates (SDMs).

3.1.2 Scope of Audit, methodology and objective

An audit of SDRF for the year 2011-12 was conducted between May 2012 and July 2012 by test checking the records of FCR and six⁴ out of 22 districts selected by adopting probability proportional to size method of random sampling. A review of operation of State Disaster Response Fund in the State covering the period 2011-12 has been attempted to assess whether the Department effectively monitored and implemented the relief measures as per existing guidelines to provide immediate relief to the victims of natural calamities.

Audit Findings

The audit findings are discussed in the succeeding paragraphs.

¹ Constituted under section 48(1) (a) of Disaster Management Act, 2005 (53 of 2005).

² Cyclones, droughts, earthquakes, fires, floods, hailstorms, cloudbursts, pest attacks etc.

³ Constituted under section 20 of Disaster Management Act, 2005.

⁴ Fazilka, Ferozepur, Kapurthala, Moga, Muktsar and Tarn Taran.

3.1.3 Financial Management

As per para 4, 5 and 10 of the guidelines, the balance as on 31 March 2010 in the CRF would be transferred to SDRF. Besides, the GoI would contribute 75 per cent of the total annual allocation in the form of non-plan grants in two instalments (June and December) each year and the balance 25 per cent would be contributed by the State Government to SDRF along with GoI's contribution. The position of receipts and expenditure of the SDRF for the period 2010-11 and 2011-12 was as given in **Table 3.1**:

Table 3.1 : Position of receipts and expenditure for the period 2010-11 and 2011-12
(₹ in crore)

Year	Opening balance	Allocation	Release			Interest credited [^]	Total funds available	Expenditure	Closing Balance
			Central	State	Total				
2010-11	2197.21*	222.92	83.60	27.86	111.46	80.20	2388.87	184.46	2204.41
2011-12	2204.41	234.07	171.37 [§]	57.12 [§]	228.49	239.85	2672.75	158.56	2514.19

Source: Departmental data

* Closing balance of Calamity Relief Fund as on 31.3.2010 transferred to SDRF, as per GoI guidelines.

§ Includes 2nd instalment of 2010-11 received in July 2011.

^ State Government was crediting interest to SDRF on Overdraft Regulations of RBI.

3.1.3.1 Delayed receipt of GoI contribution

As per para 11 (i) of the guidelines, first instalment of central contribution to SDRF for 2010-11 was to be released by GoI unconditionally. The second instalment of central contribution for 2010-11 and subsequent instalments were to be released by GoI on receipt of confirmation with regard to adoption of required accounting procedure by October 2010. The State Government is required to furnish a certificate to the Ministry of Home Affairs and to Ministry of Finance in the months of April and October every year indicating that the amount received earlier has been credited to the SDRF along with the State's share of contribution, accompanied by a statement giving the up-to-date expenditure and the balance amount available in the SDRF. Further, the central contribution due in December every year is to be released after the receipt of an 'Annual Report on Natural Calamities' faced in the previous year, by September of every year.

Audit observed that the GoI released (June 2010) the first instalment of ₹ 83.60 crore for 2010-11 to SDRF unconditionally. But, the second instalment of ₹ 83.60 crore for 2010-11 due in December 2010 was released by GoI in July 2011, as the confirmation with regard to adoption of prescribed accounting procedure due to be submitted by October 2010 was initiated in March 2011 by the State Government and furnished to GoI in June 2011 with a delay of seven months.

The first instalment of ₹ 87.78 crore for 2011-12 (due in June 2011) was received late from GoI in September 2011 with a delay of three months, due to late submission of certificate indicating the credit of funds received earlier together with the State's share in the SDRF by the State Government in August 2011, instead of April 2011.

The second installment of ₹ 87.78 crore for 2011-12 (due in December 2011) was received in July 2012, as the annual report of natural calamity was submitted by the State Government in April 2012 (due in September 2011) with a delay of seven months.

On this being pointed out (September 2012), the FCR attributed (December 2012) the delay in getting the funds released from GoI, to procedural delay in submission of confirmation regarding adoption of prescribed accounting procedure and annual reports of the previous year to GoI due to late receipt of utilization certificates/reports from the districts. The reply is not convincing, as the FCR being the implementing agency, was to ensure the timely adoption of requisite accounting procedure and receipt of reports from DCs for onward submission to GoI.

Thus, delay in submission of requisites led not only to delayed receipt of funds from GoI, but also resulted in loss of ₹ 10.91 crore⁵ to SDRF on account of accrued interest (*Appendix-3.1*), besides reflecting the inadequate internal control of the State Government to get the assigned task completed within stipulated time.

3.1.3.2 Non-investment of funds

As per para 19 of the guidelines, the accretions to the SDRF together with the income earned on the investment of the SDRF is required to be invested in one or more of the instruments viz. (a) Central Government dated Securities; (b) Auctioned Treasury Bills; and (c) Interest earning deposits and certificates of deposits with Scheduled Commercial Banks.

Audit of records⁶ (May 2012) of FCR disclosed that despite availability of balance of ₹ 2204.41 crore as on 31 March 2011 and ₹ 2514.19 crore as on 31 March 2012 in SDRF, the funds were not invested in any of the prescribed instruments for the period 2010-2012, rather those were kept in the State Account⁷ and the State Government, in contravention of the guidelines *ibid*, had been crediting interest to SDRF on Overdraft Regulations Guidelines of Reserve Bank of India from its own sources on the analogy of the earlier practice being followed under CRF. This indicated that the State Government was not having sufficient floating money in SDRF. This fact was also substantiated with the delayed release of relief amounting to ₹ 21.32 crore with the delay ranging between 86 and 199 days in four districts (out of six test-checked) due to non-passing of bills by the treasury despite according sanction by the Finance Department/FCR between September and December 2011 (*Appendix-3.2*).

On this being pointed out (September 2012), the FCR stated (December 2012) that the funds were kept in the State Account on the directions of the Finance Department, for which necessary approval was yet to be received from GoI.

⁵ Calculated at the rate of Overdraft Regulations the State Government was crediting interest to SDRF.

⁶ Financial statements and relevant files.

⁷ Major Head "8121 – General and other Reserve Funds".

As regards delayed release due to insufficient floating money in the SDRF, the matter was stated to have been under active consideration of the Finance Department awaiting final decision. The reply of the FCR is not acceptable as neither the accretions to SDRF were invested, as per the guidelines, nor any approval of GoI was obtained (December 2012) by the State Government. However, on enquiry, the Finance Department in this regard elicited no reply.

3.1.4 Programme Implementation

While examining the SDRF with a view to assess implementation of the scheme for providing immediate relief to the victims of natural calamities, the discrepancies noticed in Audit are discussed in the succeeding paragraphs.

3.1.4.1 Delay in providing relief to victims of natural calamities.

As per the directives of FCR (July 2001), the concerned DCs were required to send information to State headquarters regarding natural calamity and loss caused within 24 hours of its occurrence and demand for relief for damaged houses/crops within one month of natural calamity/*girdawari*. Further, the relief was also to be disbursed within one month.

During audit of the records (June-July 2012) in six test checked districts, it was noticed that in four districts, the funds amounting to ₹ 37.10 crore for providing relief to the victims of natural calamities occurred between April 2011 and September 2011, were drawn (between December 2011 and March 2012) from treasury with a delay ranging between 38 and 308 days due to delay in submission of demand by DCs and late release of funds by FD/FCR, which caused late disbursement of relief to the aggrieved persons. Further, out of ₹ 37.10 crore received (between December 2011 and March 2012) by the respective DCs, ₹ 5.23 crore (14 *per cent*) remained undisbursed (September 2012) in three districts even after the delay ranging between 257 and 446 days over and above the stipulated time of 60 days, as per instructions *ibid* (*Appendix-3.3*).

On this being pointed out (September 2012), the FCR assured (December 2012) that after the investment of funds in the interest bearing securities, delay in withdrawing money from the treasuries would not be repeated. As regards delay in distribution of relief, the department attributed it to the preoccupation of already short staff in the field offices. The reply is not convincing as the delayed/non-disbursement of relief defeated the prime objective of providing immediate relief to the victims of the natural calamities under the scheme.

3.1.4.2 Inadmissible expenditure on construction of new roads

Para 18 of the norms (July 2009) under the Scheme provides that the repair/restoration of immediate nature of the damaged infrastructure in eligible sectors could be taken from the SDRF, which included filling up of breaches

⁸ Fazilka, Ferozepur, Kapurthala, Moga, Muktsar and Tarn Taran.

⁹ Kapurthala, Moga, Muktsar and Tarn Taran

and potholes, repair of breached culverts, providing granular sub base over damaged stretch of roads to restore traffic.

Audit of records of FCR (May 2012) revealed that against a sanction (September 2011) of FCR, a sum of ₹ 2.34 crore was spent (between June 2012 to December 2012) by DC Kapurthala to construct various new roads measuring 12.55 kilometers in Sultanpur Lodhi, district Kapurthala from SDRF in contravention of the norms *ibid*.

On this being enquired (September 2012), the FCR, while admitting the audit observations, intimated (December 2012) that the matter had been taken up with the State Finance Department for release of funds under State budget and on receipt of approval, the amount of ₹ 2.34 crore would be credited to SDRF.

Thus, late receipt of Gol's contribution due to non-submission of necessary requisites by FCR not only caused loss of interest to the SDRF, but it also reflected upon the inadequate internal control in the department. Non-investment of funds in the prescribed instruments, in contravention of the guidelines led to not having sufficient floating money in SDRF, which delayed the disbursement of relief to the victims of natural calamities, thereby defeating the prime objective of the Scheme. Inadmissible expenditure from SDRF also exhibited ineffective implementation of the scheme.

FINANCE DEPARTMENT

3.2 Working of Internal Audit Organization

3.2.1 Introduction

With a view to plug the various loop holes leading to leakage of revenue and to tone up the quality of assessment and collection work of major revenue earning departments¹⁰ in Punjab, an Internal Audit Organization (IAO) under the Finance Department (FD), Government of Punjab was set up in October 1981 and made functional in May 1982. The scope of IAO was further widened by bringing the Audit of Group Insurance Scheme (GIS) (September 1985) and General Provident Fund (GPF) Accounts, Grants-in-Aid (GIA) to aided private managed educational/technical institutions and District Planning Board Funds (November 1991) under its ambit.

3.2.2 Organizational Set up

At secretariat level, the Principal Secretary Finance is responsible for implementation and monitoring the activities of the IAO. The Additional Director IAO, assisted by five Deputy Directors and three Assistant Directors, under the administrative control of Special Secretary Finance cum Director Treasuries and Accounts, is the head of IAO and looks after the internal audit of offices located at Chandigarh. There are 12 field offices¹¹ (headed by

¹⁰ Excise and Taxation, State Transport, Revenue (Stamp Duty and Registration Fee) and Chief Electrical Inspector to Government of Punjab.

¹¹ Amritsar, Bathinda, Faridkot, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Ludhiana, Patiala, Ropar and Sangrur.

Deputy Controllers (Finance & Accounts) (DCFA) to look after the internal audit of offices located in all the 22 districts.

3.2.3 Scope of Audit, Methodology and Objective

Mention was made in paragraph 3.2 of Audit Report (Civil) of the Comptroller and Auditor General of India for the year ended 31 March 2001 on the working of IAO, which was discussed in Public Accounts Committee (PAC) between July 2006 and December 2011, wherein the department assured the PAC to comply with the shortcomings in IAO as pointed by Audit.

With a view to further assess the working of IAO and impact of recommendations of the PAC and assurances of the department given to PAC, an audit was conducted between January 2012 and July 2012 by test checking the records for the period from April 2009 to March 2012 at the headquarter of IAO at Chandigarh and three field offices (25 *per cent*) out of 12 field offices selected by adopting random sampling method. These three field offices¹² were responsible for internal audit of the units located in six districts.

I. Financial Management

The budget allotment and expenditure (Non Plan) of IAO during the period 2009-10 to 2011-12 was as given in **Table 3.2**:

Table 3.2 : Position of budget allotment and expenditure (Non Plan)

(₹ in lakh)

Year	Budget Allotment	Expenditure	Savings
2009-10	501.15	488.62	12.53
2010-11	544.51	530.89	13.62
2011-12	651.25	601.74	49.51
Total	1696.91	1621.25	75.66

Source: Departmental data

There was no plan expenditure and the major expenditure pertained to salary during 2009-12.

II. Programme Management

The working of the department, created more than 30 years ago, with a view to avoiding errors, omissions and irregularities was evaluated. Important audit findings are discussed in the succeeding paragraphs.

3.2.4 Planning

3.2.4.1 Delayed approval of auditing targets without considering availability of manpower

As per notification (November 1991) of the Department of Finance (Treasury and Accounts Branch), before firming up the program for the next financial year, the Director, Treasury and Accounts (DTA) decides and gets it approved

¹² DCFAs at (i) Amritsar (Amritsar and Taran Tarn), (ii) Ludhiana (Ludhiana and Moga) and (iii) Patiala (Patiala and Fatehgarh Sahib).

by FD regarding the items/departments to be audited keeping in view the manpower available.

Audit of test checked field offices and subsequent information collected (August 2012) revealed that no calendar for approval of auditing targets was formulated, as a result of which, the proposal for auditing targets were submitted by Deputy Controllers (Finance and Accounts) (DCFAs) with a delay ranging between 19 and 251 days and the same were approved by the IAO with an inordinate delay ranging between 133 and 358 days (*Appendix-3.4*).

Audit further observed that the auditing targets were approved by the DTA and FD as it was without taking any action on delayed submission of auditing targets and without considering the inadequate manpower, as discussed in paragraphs 3.2.4.2 and 3.2.5.1. The audit of units was being conducted even before their approval during 2009-12.

On this being pointed out (September 2012), the IAO stated (October 2012) that the targets were fixed on the basis of funds provided by the Government to various departments/institutions in the new financial year and the job of collecting the data from field offices for fixing the targets for the new financial year was started after the close of the last year i.e. in April, which took 3-4 months for collecting/compiling the data and getting approval of the higher authorities. The reply of the IAO was not convincing as it not only reflected upon the non-serious approach towards planning process, which should have been completed before the start of new financial year as per instructions *ibid*, but also the significance of planning got lost in such cases where the approval was accorded in August and March of the respective financial years i.e. after the audit of most of the units during the period 2009-2012 had already been completed.

To the audit query regarding planning of audit in consonance with the available manpower, no reply was furnished (December 2012).

3.2.4.2 Inflated arrears of auditing targets

The DTA instructed (May 1995) the IAO to review the periodicity of audit of various departments/functions to reduce the quantum of units in arrears.

It was observed that the periodicity of audit was never reviewed by the IAO on the plea that the field offices get the audit conducted according to availability of staff with them. However, during the period 2009-2012, all the units (current as well as pending) were being targeted for conducting internal audit every year without taking cognizance of shortage of manpower. This resulted into continuous increase in the arrears of audit units from 1654 units and 1549249 GPF/GIS accounts in 2009-10 to 2574 units¹³ and 1776017 GPF/GIS

¹³ Stamp Duty and Registration (44), Token Tax (85), Sale Tax (520), Grant-in-aid (335), Excise Duty (62), Plan Fund (168), Electricity Duty (1311) and Entertainment Tax (49).

accounts¹⁴ in 2011-12 in the six districts under the jurisdiction of three test checked field offices, as given in **Table 3.3**:

Table 3.3 : Position of audit units in arrears

Districts	Arrear as on 31.3.2010		Arrear as on 31.3.2011		Arrear as on 31.3.2012	
	Units	GPF&GIS Accounts	Units	GPF&GIS Accounts	Units	GPF&GIS Accounts
Amritsar	267	539432	353	549814	485	568802
Tarn Taran	155	2020	205	14534	260	19609
Ludhiana	271	435617	346	457078	366	476896
Moga	133	122488	175	128768	209	134954
Patiala	711	363837	899	416914	1103	474506
Fatehgarh Sahib	117	85855	128	93186	151	101250
Total	1654	1549249	2106	1660294	2574	1776017

Source : Departmental data

In reply, the DCFAs admitted (June 2012) that audit planning was not being made, only tentative monthly programs for conducting audit were being prepared for approval of IAO and no criteria was adopted for selection of units.

On this being pointed out (September 2012), the IAO stated (October 2012) that the pending units were increasing due to assignment of special audit and shortage of staff and the matter had been taken up with the Government for filling up the vacant posts. The reply of the IAO is not convincing as the unplanned audit augmented the problem of covering the auditing targets, as discussed in paragraph 3.2.4.3. Further, the department neither reviewed the periodicity of the audit of units in cognizance of shortage of staff nor the problem of shortage of staff was resolved despite reporting (July 2006) to PAC about taking steps to fill up the vacant posts, though a committee for rationalizing the targets and making them realistic was constituted (September 2012) by the department, results of which are awaited (December 2012).

3.2.4.3 Fixation of party days without assessing workload

Audit observed (May/June 2012) that while conveying (October 2009) the entrustment of special audit for checking “embezzlement through sale of fake stamp papers”, the IAO, without assessing the workload, fixed 90 party days (at the rate of 15 days per district uniformly) for all the six selected districts. The adhocism in planning was substantiated when the DCFAs could complete the assigned task in 721¹⁵ party days.

Though the IAO stated (October 2012) that it had received approval for the excess consumption of party days, it did not furnish any justification for not assessing the actual volume of work while fixing party days initially.

¹⁴ General Provident Funds Accounts (1,89,916) and Group Insurance Scheme Accounts (15,86,101).

¹⁵ Amritsar(185), Fatehgarh Sahib(81), Ludhiana(269), Moga(32), Patiala(78), Taran Taran(76).

3.2.4.4 Non preparation of Internal Audit Manual

Since the IAO was made functional in 1982, the Finance Department and IAO issued many instructions/guidelines on various affairs and activities of IAO from time to time, but the IAO did not initiate action to consolidate these directives to prepare a comprehensive Manual to ensure delivery of assured, standardized and quality results of internal audit. However, instead of preparing the Manual, the department had submitted (July 2006) a Compendium of instructions approved by Principal Secretary Finance to the PAC.

To an audit query in this regard, the IAO stated (July 2012) that the instructions/guidelines regarding audit were being disseminated among the field offices. The reply was not convincing as adhocism in disseminating the instructions/guidelines to the field offices did not provide the assurance of the level as would be provided by a Manual. Further, the department intimated (October 2012) that it had started the process of preparation of Manual.

3.2.5 Human Resource Development

3.2.5.1 Acute shortage of human resource

When the IAO was made functional in 1982, the human resource was provided to look after the work of internal audit of major revenue earning departments¹⁶. The IAO was also entrusted with the work of internal audit of expenditure of some of the Heads of accounts¹⁷ during 1985 and 1991. The Finance Department also authorized (November 1991) the DTA to establish separate office in each of the district in order to enable the IAO to discharge its functions independently and effectively.

The position of sanctioned strength and men-in-position of all the field offices during 2009-12 is given in **Table 3.4**:

Table 3.4 : Position of Sanctioned Strength and Men-in-Position

Name of post	Position as on 31.3.2010			Position as on 31.3.2011			Position as on 31.3.2012		
	SS	MIP	Shortage (%age)	SS	MIP	Shortage (%age)	SS	MIP	Shortage (%age)
AC(F&A)	11	9	2 (18)	11	7	4 (36)	11	8	3 (27)
Section Officer	29	15	14 (48)	29	15	14 (48)	29	15	14 (48)
Auditors	40	27	13 (33)	40	27	13 (33)	39	27	12 (31)
TOTAL	80	51	29 (36)	80	49	31 (39)	79	50	29 (37)

Source: Departmental data

Audit observed (April and July 2012) that there was a considerable shortage of staff ranging between 36 and 39 *per cent* during the period 2009-12 and the

¹⁶ Excise and Taxation, State Transport, Revenue (Stamp Duty and Registration Fee) and Chief Electrical Inspector to Government of Punjab.

¹⁷ Group Insurance Scheme (September 1985) and General Provident Fund Accounts, Grants-in-Aid to aided private managed educational/technical institutions and District Planning Board Funds (November 1991).

staff available was not sufficient to cover the audit of units in arrears, as was also admitted (July 2012) by the IAO itself.

It was further observed that despite entrustment of additional internal audit of expenditure during 1985 and 1991 and increase in number of districts from 12 to 22, the DTA neither made efforts to increase the human resource in proportion to the increased work load nor separate field offices were created for each district, in spite of the authorization of the Finance Department. This affected the performance of the IAO adversely as is evident from the non-coverage of targeted units ranging between 63 and 99 *per cent* during 2009-12 in six districts under the audit control of three test-checked field offices (*Appendix-3.5*).

On this being pointed out (September 2012), the IAO stated (October 2012) that the Finance Department had repeatedly been asked to consider deployment of sufficient human resource. The reply of the department is not convincing as the problem of insufficient manpower has not been resolved (December 2012) even after assuring the PAC (July 2006) for taking steps to fill up the vacant posts, thereby leading to continuous accumulation of auditable units in arrears.

3.2.6 Execution

3.2.6.1 Non-adherence to pendency based priority

The IAO, while approving the auditing targets during the period 2009-10 and 2010-11, instructed (August 2009 and March 2011) the DCFAs that the units having maximum pendency be prioritized and also asked to cover current year units along with the pending units with a view to bring uniformity in the arrear of units.

Audit of records (June 2012) in the test checked field offices disclosed that units pending for over six years were covered to the extent of seven *per cent* only against 38 *per cent* of two years old units, followed by 33 *per cent* (three years old) and 15 *per cent* (one year old), as given in **Table 3.5**:

Table 3.5 : Age-wise position of pending units

	6 years old and above	5 years old	4 years old	3 years old	2 years old	1 year old
Targetted units	212	284	318	457	786	679
Units audited during 2009-11	15	23	37	152	299	104
Units in arrear	197	261	281	305	487	575
Percentage coverage	7	8	12	33	38	15

Source: Departmental data

Thus, the actual coverage in internal audit demonstrated reverse trend in contravention of the instructions of IAO resulted in non-coverage of arrears of units ranging between 62 and 93 *per cent* in the categories of two years old to six years old and above.

On this being pointed out (June and September 2012), the IAO stated

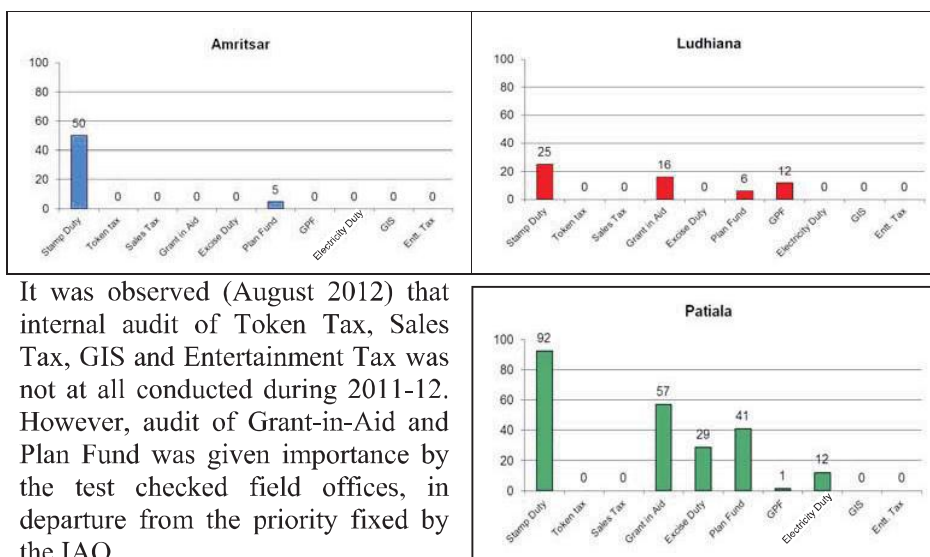
(October 2012) that the instructions had been issued (August 2012) to field offices to clear the year-wise pendency of audit.

3.2.6.2 Non-adherence to category based priority

The IAO, while approving the auditing targets during the period 2011-12, fixed (August 2011) the priority of various categories of internal audit being undertaken by it. As per the fixed priority for various categories, audit of Stamp Duty was kept on top of the list, followed by Token Tax, Sales Tax, Grant-in-Aid, Excise Duty, Plan Fund, GPF, Electricity Duty, GIS and Entertainment Tax.

Audit of records (August 2012) in three test checked field offices disclosed that though the DCFAs prioritised internal audit of Stamp Duty, as prescribed, but none followed the priority fixed by the IAO in respect of other categories, as depicted in the charts below:-

Percentage of units audited during the year 2011-12



It was observed (August 2012) that internal audit of Token Tax, Sales Tax, GIS and Entertainment Tax was not at all conducted during 2011-12. However, audit of Grant-in-Aid and Plan Fund was given importance by the test checked field offices, in departure from the priority fixed by the IAO.

Thus, IAO did not accord adequate priority to audit of revenue units where the possibilities of pointing out under-assessment and short levy of taxes which consequently leads to revenue loss to Government could have been explored. During 2011-12, the Statutory Audit had pointed out under-assessment and short levy of tax amounting to ₹ 21.78 crore in 113 cases¹⁸ in respect of three test checked districts.

¹⁸

Category	No. of cases	Amount (₹ in crore)
Sales Tax	76	10.17
Entertainment Tax	12	10.96
Token Tax	25	0.65
Total	113	21.78

On this being pointed out (September 2012), the IAO stated (October 2012) that instructions had been issued (August 2012) to all the DCFAs to adhere to the priority fixed by IAO.

3.2.6.3 Incomplete special audit of PUNGRAIN

The IAO instructed (May 2009) all the DCFAs to conduct special audit of “expenditure against grants given to PUNGRAIN during the year 2003-04” and directed them to examine the relevant records¹⁹. Further, the IAO instructed (December 2009) the DCFAs to bring the matter of non-production of records during audit to the notice of DTA through FAX, so as to make suitable efforts to get the records produced immediately.

Audit observed (May/June 2012) that of the districts falling under the jurisdiction of three test checked field offices, reports of special internal audit were submitted (July and August 2009) by DCFA Ludhiana (in respect of Moga district) and DCFA Amritsar (in respect of Amritsar district) without auditing vital records²⁰ as the same were stated to have not been produced by the audited entity.

The DCFA, Patiala, despite entrustment of special audit of PUNGRAIN in May 2009, conducted the audit (in respect of Patiala district) in July-August 2011 with a delay of more than two years and submitted (August 2011) its report without auditing the important records, which were not produced by the audited entity.

However, despite the instructions of IAO issued in December 2009, the matter with regard to non-production of records was not taken up with the appropriate authorities by the concerned DCFAs/IAO.

On this being pointed out (September 2012), the IAO stated (October 2012) that the audit of PUNGRAIN could not be termed as incomplete rather that was suspended audit and the special audit of district Patiala had been got completed in October 2012. The reply was not acceptable as the department had already issued the Inspection Reports of incomplete audit in respect of Ludhiana, Amritsar (July & August 2009) and Patiala (August 2011). Further, the department did not furnish the updated status of special audit in respect of Amritsar and Ludhiana districts, thereby leaving the audit incomplete in these two districts (December 2012) even after the lapse of more than three years.

3.2.6.4 Non- ensuring checking of GPF

The IAO issued instructions that 20 *per cent* of the available GPF accounts,

¹⁹ (i) Receipt, distribution and movement of gunny bags (ii) transfer of gunny bags and wooden crates from one district to others, (iii) movement of paddy from one district to others (iv) checking the available cash credit and procurement against the cash credit availed keeping in view the rules regarding procurement of department and quantity distributed to different districts separately.

²⁰ (i) Amritsar (Records of Purchase Centres of PUNGRAIN in district Amritsar).
(ii) Ludhiana and Patiala (Cash Book, Bank Reconciliation Statements, Trial Balance Sheet, Vouchers relating the purchase of paddy, record relating the transfer of paddy to other districts, transfer of gunny bags and wooden crates etc.).

besides cent *per cent* refundable advances (RA), non-refundable advances (NRA) and final withdrawal during the period of internal audit were to be checked every year. Further, the IAO instructed (June 2011) to check the GPF of the respective unit with the related vouchers under Major Head-8009 “State Provident Funds” in the treasury.

It was, however, observed (May/June 2012) that two test checked field audit offices (Patiala and Ludhiana), did not have exact number of GPF accounts and the accounts were being checked along with the NRAs and RAs without obtaining the details of expenditure booked by treasury under Major Head 8009 - State Provident Funds. In the absence of above details, the correctness with regard to 20 *per cent* checking of GPF accounts and 100 *per cent* checking of NRAs and RAs could not be ensured.

On this being pointed out, the IAO stated that they had circulated the deficiencies pointed out by audit to the field offices for compliance.

3.2.7 Monitoring and evaluation

3.2.7.1 Inadequate follow up of old objections

The IAO instructed (June 1996) the DCFAs to ensure receipt of initial reply within one month of the issue of internal audit report; or else the follow up on regular basis was required to be done. The PAC also instructed²¹ (July 2008) to take up the matter of follow up at the level of Chief Secretary. However, the category-wise position of outstanding objections as on 31 March 2012 is given in Table 3.6:

Table 3.6 : Category-wise position of outstanding objections

(₹ in lakh)

Name of field office	No. of recovery objections	Amount	No. of procedural objections	Amount	Period since when objections outstanding
Amritsar	1557	3241.89	2048	7238.53	1981-82 to 2011-12
Patiala	2251	15100.36	1849	16194.52	1982-83 to 2011-12
Ludhiana	1814	4174.32	2662	3590.70	Not available
Total	5622	22516.57	6559	27023.75	

Source: Departmental data

Audit of test checked field offices disclosed that the DCFA Ludhiana had not maintained age-wise record of outstanding objections. However, in the offices of the DCFAs Amritsar and Patiala, as much as 2815 objections (out of 3808) (74 *per cent*) involving ₹ 9239.21 lakh were very old ranging between 6 and 30 years, which remained outstanding due to ineffective follow up (Appendix-3.6).

In reply, the IAO stated (October 2012) that the old objections were settled on receipt of satisfactory reply from the concerned office. The reply was not acceptable as lack of monitoring the compliance of old objections on the part

²¹ In response to paragraph 3.2.5(iv) of the Audit Report for the year ending March 2001 Government of Punjab.

of IAO by not taking the matter at higher level resulted into accumulation of audit objections to the extent of 12181 paras as on 31 March 2012 which would dilute the significance of audit objections with the passage of time and was a matter of concern.

Thus, the main aim for setting up of IAO remained unachieved due to deficient audit planning, acute shortage of human resource, non-adherence to the pendency and category based audits, besides deficiencies in execution. Lack of monitoring and follow up of long pending audit objections further diluted the impact of the internal audit. The Finance Department is required to review and evaluate the working of IAO, prepare Manual for guidance and also make available sufficient human resource to achieve the objectives for which IAO was established.

LABOUR AND EMPLOYMENT DEPARTMENT

3.3 Non-achievement of objectives due to non-utilisation of cess fund

3.3.1 Introduction

In order to regulate employment and conditions of service including providing basic amenities and welfare facilities to workers engaged in construction activities throughout the country, the Government of India (GoI) enacted (August 1996), the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act) and the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to provide for the levy and collection of cess at such rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by employers. Pursuant to the Cess Act, the GoI framed (March 1998) the Building and Other Construction Workers Cess Rules, 1998 (Cess Rules). The provisions of the BOCW Act are applicable to “every establishment belonging to or under the control of Government, body-corporate or firm or association or other body of individuals which or who employ ten or more workers in any construction activity and total cost of such construction is more than ten lakh”.

In exercise of the powers conferred under Section 62 of the BOCW Act, the Punjab Government framed (October 2008) the Punjab Building and Other Construction Workers (Regulation of Employment and Conditions of service) Rules, 2008 (PBOCW Rules) and implemented (November 2008) the collection of labour cess @ one *per cent* on the cost of construction. The Punjab Building and Other Construction Workers Welfare Board (Board) was constituted (May 2002) and re-constituted (April 2009) under the Labour Department, which was responsible for all matters connected with the administration of fund, implementation of welfare schemes, proper maintenance of accounts records, annual audit of accounts of the Board and submission of report to the State Government.

The Labour Department divided the State into 23²² circles. Each circle is headed by an Assistant Labour Commissioner (ALC) or Labour-cum-Conciliation Officer who will act as Registering Officer cum Assessing Authority and the Labour Inspector of the State is the Cess Collector for the implementation of Cess Act/Rules.

3.3.2 Scope, Coverage of Audit and objectives

In order to ascertain the implementation of the provisions of the Acts and use of funds for welfare activities of workers covered in the Act, the record of the Welfare Board and Labour Department along with eight²³ circles (35 per cent) out of 23 circles on the basis of balanced representation of three strata of Punjab State (Malwa, Doaba and Majha) covering the period April 2009 to March 2012 was checked between April and July 2012.

The main audit objectives were to assess whether:

- the planning process for the implementation of welfare measures by the State Government and Board for the beneficiaries was effective;
- the financial management was effective;
- the welfare measures were implemented effectively;
- the human resource management was effective; and
- the adequate monitoring and internal control mechanism was in place.

3.3.3 Audit methodology

The criteria of audit was derived from the sources of the BOCW Act/Rules, Cess Act, Cess Rules, procedures and norms laid down in Punjab Financial Rules (PFR), guidelines/instructions issued by Government of India and Government of Punjab.

Programme Implementation

Audit of Workers Welfare Board revealed the following irregularities:

3.3.4 Planning

The State Government appointed (May 1998) the Labour Commissioner Punjab as the Appellate Authority under the BOCW Act and constituted State Advisory Committee (SAC) (December 1999). The Punjab Building and Other Construction Workers Welfare Board (Board) was constituted (May 2002) in the absence of PBOCW Rules, which were framed by the State Government in October 2008 after a delay of 12 years of the enactment (1996) of BOCW Act by the GoI. The Board was again constituted (April 2009) after a delay of six months and the SAC (October 2010) after a delay of two years from framing the PBOCW Rules. The SAC was required to meet at least once in six months

²² Amritsar-I, II, III, Batala, Bathinda, Fatehgarh Sahib, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar-I, II, III, Kapurthala, Ludhiana-I, II, III, IV, V, VI, Moga, Patiala and Sangrur.

²³ Amritsar-I, Bathinda, Hoshiarpur, Jalandhar-I, Ludhiana-III, Moga, Mohali, Patiala.

to advise the State Government on administrative matters, but only one meeting was held (September 2012) since its inception.

On this being pointed out by Audit, the department (July and November 2012) did not furnish any reasons for delayed reconstitution of the SAC and the Board. Further, the initial constitution of SAC and Board, before the enactment of PBOWC rules remained ineffective.

The delay in implementation of the BOCW Act/Cess Act and the constitution of the Board/SAC resulted in non collection of cess and denial of intended benefits to State construction workers for more than 12 years.

3.3.5 Financial Management

The receipts and expenditure of the Board is given in **Table 3.7**:

Table 3.7 : Position of receipts and expenditure

(₹ in crore)

Year	Actual Receipts				Actual Expenditure		
	Cess collected	Beneficiaries contribution	Interest earned	Total receipts	Administrative expenditure	Expenditure on schemes	Total expenditure
2009-10	37.68*	0.130	0.69	38.50	1.28	--	1.28
2010-11	92.69	0.004	2.98	95.67	1.06	0.14	1.20
2011-12	112.95	0.023	4.92	117.90	1.47	1.15	2.62
Total	243.32	0.157	8.59	252.07	3.81	1.29	5.10

Source: Departmental figures

*Cess of 2009-10 includes ₹0.93 crore cess collected during 2008-09.

It would be seen from the above table that:

- The expenditure incurred on welfare schemes was nil in 2009-10, 0.15 per cent in 2010-11 and 0.98 per cent in 2011-12 of total receipts during respective years.
- The administrative expenditure during 2009-10 to 2011-12 stood between 56 and 100 per cent of the total expenses against the admissible limit of five per cent as per rule 24(3) of BOCW Act 1996.
- The beneficiary contribution shows a considerable drop in the year 2010-11.

On this being pointed out (April 2012) the Board stated (November 2012) that few beneficiaries applied for availing benefits under various schemes as majority of construction workers were migrants, who stayed at one place only for a limited period of time and also due to lack of awareness of the schemes. It was further added that the Board had already started publicity campaign through advertisement in various newspapers, pamphlets, FM Radio/TV channels, etc. to enhance the awareness of the workers about the schemes.

On the excess administrative expenditure the department stated that during 2009-10, out of ₹ 1.28 crore an expenditure of ₹ 1.19 crore was on capital assets like vehicles and during 2010-11 ₹ 20 lakh was spent on fixed assets like computers etc. The reply is not acceptable as there is no provision in the Act to incur expenditure on capital assets like vehicles, computers.

However, the fact remains that the absence of wide publicity and incurring meager amount of ₹ 40.95 lakh during 2009-12 on the publicity related expenses about the benefits of scheme for the construction workers attracted only fewer workers.

3.3.5.1 Avoidable deduction of TDS

As per Section 12-A (a) of the Income Tax Act 1961, all charitable or religious trusts or institutions are to be registered to avail exemption from deduction of Income Tax.

Audit scrutiny revealed that banks deducted income tax of ₹ 63.39 lakh at source (TDS) on interest accrued during the period 2009-12, due to non-furnishing of income tax exemption certificate, which was applied (September 2011) and received (March 2012) by the Board. Delay of one year in applying for income tax certificate resulted in avoidable deduction of TDS by banks.

On being pointed out (April 2012), the Board stated (November 2012) that the claim for income tax refund was lodged which was rejected by the Commissioner, Income Tax and appeal was filed (September 2012) against the above orders with the Income Tax Appellate Tribunal, Chandigarh, which was still pending. Final outcome of the case is awaited (December 2012).

3.3.5.2 Receipts of the Board

The records of the selected eight circles revealed as follow:

a) Registration of establishments

Rule 6 and 7 of Cess Rules 1998, provide that every employer, within thirty days of commencement of his work shall furnish information of payment of cess in Form I to the Assessing Officer, who shall scrutinize the information and make an order of assessment.

Audit observed that no survey was conducted to ascertain the total number of construction workers and the construction organizations/companies existing in the State. The Board has no knowledge of actual number of companies registered with the State Infrastructure Construction Departments viz. Public Works Department (Buildings and Roads), Water Supply and Sanitation, Central Public Works Department, Police Housing Corporation, Mandi Board, Municipal Corporations, Punjab Urban Development Authority etc.

In Patiala, Amritsar Circle-I and Hoshiarpur Circle, no returns in Form-I were received during 2009-12. However, in Ludhiana Circle-3 (8 returns), Jalandhar Circle-I (79 returns) and Moga Circle (18 returns) were received.

The department in its reply (November 2012) stated that there were 1668 establishments registered with the Board.

It is, thus, evident that no mechanism exists in the department to find out the actual number of construction companies in the State.

b) Registration of workers

As per Rule 260 and 261 of PBOCW Rules 2008, every worker in the age group of 18 and 60 years who was not a member of any Welfare Fund established under any law and who had completed a period of ninety days of service in the State was eligible to apply for the membership of the fund with fee of ₹ 25 and thereafter to contribute ₹ 10 per month to remain eligible for availing the benefits. It has been observed that out of 49816²⁴ workers registered in 23 circles with the Board as of March 2012, there were only 28464 live registrations upto October 2012 in 21 circles. The information of live workers in two circle i.e Fatehgarh Sahib and Batala was not provided to audit by the Board (December 2012).

c) Short collection of Cess

i) Rule 3 of Cess Act provides that the cost of construction shall include all expenditure incurred by an employer in connection with building and other construction work but shall not include cost of land and any compensation paid or payable to a worker or his kin under the Workmen's Compensation Act-1923.

Audit noticed that in Bathinda Circle, the cess was assessed (May 2012) at ₹ 5.12 crore @ one per cent on ₹ 512.00 crore after excluding the amount of TDS ₹ 33.37 crore instead of assessing cess on gross amount of work ₹ 545.16 crore resulting in under assessment of ₹ 33.37 lakh. On this being pointed out the Department stated that the earlier assessment order dated 9 May 2012 has been reviewed and new assessment order dated 31 August 2012 was issued. Final outcome is awaited (December 2012).

ii) As per Rule 4 (2) of BOCW Cess Rules 1998, where the duration of the project or construction work exceeds one year, the cess shall be paid within 30 days of the completion of one year from the date of commencement of work and every year thereafter at the notified rates²⁵ on the cost of construction incurred during the relevant period as depicted in Form-I by the employer.

Examination of the records of Form I in Ludhiana-III circle revealed that three²⁶ firms deposited cess of ₹ 3.65 lakh on the cost of construction of ₹ 18.80 crore against the recoverable cess of ₹ 18.80 lakh @ one per cent resulting in short collection of ₹ 15.15 lakh. The department in its reply stated (November 2012) that the notices had been issued for depositing of balance cess to the concerned firms. Final outcome is awaited (November 2012).

²⁴ 2009-10=6087, 2010-11=19041, 2011-12=24688 (Total=49816).

²⁵ One per cent of the cost of construction.

²⁶ M/s Vardhman Tax Garments Limited, M/s Centex International Pvt. Limited and M/s Eastman Industries Limited, Ludhiana.

d) Delay in collection of cess

As per para (v) of Government of Punjab, Department of Labour's letter dated 11 November 2008 it shall be ensured that henceforth no building plan is approved by such local authorities without collecting one *per cent* cess on the cost of construction.

i) It was noticed that 21 Municipal Councils (MCs) delayed the collection of cess from 4 to 42 months from the date of notification. In Moga circle two MCs, (Bagha Purana and Malout) had not started collecting cess (November 2012).

The Board stated (November 2012) that it was the responsibility of the concerned authority/department to collect cess at the initial stages. However, matter has been taken up (May 2012 & October 2012) with the concerned departments/authorities/Municipal Corporations but no concrete results have come out. The matter has also been taken up by Labour Department with Local Government Department demi officially for getting the needful done at the earliest and taking action against concerned officers of Municipal Councils.

ii) Further, three²⁷ Circles- Bathinda Development Authority (BDA), Jalandhar Development Authority (JDA) and Amritsar Development Authority (ADA) were not collecting (July 2012) cess as per cess notification. The department replied (November 2012) that the concerned Assistant Labour Commissioners had recovered ₹ 17.81 lakh, ₹ 12.81 lakh and ₹ 16.59 lakh from July 2012 onwards on account of labour cess from Development Authorities of Bathinda, Jalndhar and Amritsar respectively. Further, the Principal Secretary, Labour has taken up the matter with Housing and Urban Development Department to collect/deduct cess as per provision of Cess Act.

3.3.6 Implementation of welfare schemes

The BOCW Act provides that the cess so collected is required to be spent for the welfare of workers on schemes like immediate assistance in case of an accident, pension scheme, loan and advances for construction of a house, group insurance scheme, financial assistance for education of children, medical expenses for treatment of major ailment of beneficiaries or his dependants, maternity benefits etc. The Board has formulated and approved (December 2010) eight welfare schemes for implementation, out of which three welfare schemes have not been implemented at all.

The position of welfare schemes implemented by the Board, beneficiaries and amount spent under these schemes during 2010-12 is given in **Table 3.8**:

²⁷ Amritsar-I, Bathinda and Jalandhar-I.

Table 3.8 : Position of welfare schemes implemented by the Board

Sr. No.	Name of Scheme	Total beneficiaries covered	Amount spent (₹ in lakhs)
Statutory Schemes			
1.	Immediate assistance in case of an accident (Ex-gratia)	24	23.00
2.	Rashtriya Swasthya Bima Yojna	Advance given to PHSC = ₹ 48.44*	--
3.	Financial assistance for the education of children (Scholarship Scheme)	740	9.80
4.	Medical expenses for major ailment of a beneficiary or dependants.	Not implemented	--
Non-Statutory Schemes			
1.	Interest free loan for girl marriage	Not implemented	--
2.	Shagun scheme	Not implemented	--
3.	Leave travel concession	390	3.90
4.	Interest free loan for purchase of cycle, wheat, fan, computer, TV etc.	24	2.78
	TOTAL	1178	39.48

Source: Departmental data

* Out of an amount of ₹ 48.44 the Punjab Health System Corporation (PHSC) returned ₹ 47.54 lakh due to non availability of beneficiaries.

Audit analysis of above welfare schemes revealed the following:

- No beneficiary was covered under one statutory (Medical expenses for major ailment of a beneficiary or dependants) and two non statutory (Interest free loan for girl marriage, Shagun scheme) schemes during 2009-12.
- The benefit under loan scheme for purchase of computers, television and cycle, was extended only in two circles viz. Amritsar-2 and Ferozepur during 2011-12 though the scheme was operational in all the districts.
- Out of 49816 workers registered during 2010-2012 only 1178 workers (2.36 per cent) benefited and ₹ 0.39 crore was spent.
- Twelve cheques in Ludhiana III Circle and two cheques in Bathinda Circle issued (March 2012) under different schemes were not disbursed to the beneficiaries. On being pointed out, the department stated (November 2012) that the beneficiaries could not be traced in respect of Ludhiana III Circle and further added that in Bathinda Circle the name of one beneficiary was wrong and cheque in correct name has now been sent to ALC Bathinda and the other beneficiary did not submit the proof of his journey. As such the cheque issued was cancelled.
- In four Circles Amritsar-I, Amritsar-3, Gurdaspur and Ludhiana-5, no worker was benefited (March, 2012) under any welfare scheme. The

Board stated (November 2012) that the benefit of any welfare scheme can be extended if the registered workers of the Board apply for the same and further added that 34 applications (23 under stipend scheme and 11 under LTC scheme) have been received from Gurdaspur Circle during current year. Similarly 107 applications under LTC schemes have been received from Ludhiana-5 circle during current year. However, the fact remain that the workers were not getting benefits under various schemes due to lack of awareness campaign initiated by the Board.

3.3.7 Human Resource Management

The sanctioned strength and men-in-position as on March 2012 with reference to the following cadre is given in **Table 3.9**:

Table 3.9 : Position of sanctioned strength and men-in-position

Sr. No.	Name of cadre	Sanctioned strength	Men in position	Shortfall	Percentage of Shortfall
1.	Assistant Labour Commissioner	13	6	7	54
2.	Labour & Conciliation Officer	11	8	3	27
3.	Labour Inspector Grade-I	41	17	24	59
4.	Labour Inspector Grade-2	35	10	25	71
	Total	100	41	59	59

Source: Departmental data

The above table shows that there was shortage of staff ranging between 27 and 71 *per cent* in various cadres and overall shortage was 59 *per cent*.

The department stated (July 2012) that the officers were already dealing with enforcing the provisions of 23 Central and 5 State Acts relating to labourers and facing difficulties in proper implementation of Cess Act and Rules due to shortage of staff. The department further stated (November 2012) that keeping in view the difficulties faced by the department on this account, a proposal to appoint officers of departments of PWD, Irrigation, Local Government, Housing etc., which are involved in construction work or who approve building plans as Assessing Officer, Registering Officer, Cess Collector and Appellate Authority is under active consideration of the department. In this regard required notifications will be issued in near future. Final outcome is awaited (December 2012).

3.3.8 Internal control and monitoring mechanism

The size and scale of Board operations and volume of receipts call for effective formation of welfare schemes for the construction workers. Internal controls help strengthen the public accountability of Board and help balance the competing demands of delivering a responsive and quality service to the community while recognizing the responsibilities and maintaining standards of probity and ethics. Internal controls are, therefore, closely aligned with good governance.

Check of internal control and monitoring mechanism, revealed that:

- 416 dishonored cheques pertaining to collection of cess valuing ₹ 2.30 crore received from various departments were lying with the Board whose validity had expired. This shows lack of proper monitoring mechanism in the Board.
- Even after four years from the notification of scheme (October 2008), the Board did not have the information about total registered construction companies and workers employed in the State which is very essential for implementation of welfare schemes as a result of which only a meagre amount of ₹ 0.39 crore (0.15 *per cent*) was expended on welfare schemes.

Delay of twelve years in the implementation of the BOCW and Cess Act, non-implementation of all the approved welfare schemes and the absence of data of construction companies/workers engaged in the construction activities had led to non achievement of objectives and non-providing of basic amenities and benefits under the scheme to the workers despite huge funds being available with the Board. Non-implementation of three schemes out of eight formulated schemes revealed slackness in implementation of welfare schemes.

The matter was referred to the Government (August 2012); reply has not been received (December 2012).

Chapter-4

Audit of transactions

4.1 Non-compliance with rules and regulations

For sound financial administration and control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authorities. This helps in maintaining financial discipline and prevents irregularities, misappropriation and frauds. Audit of the departments of the Government, their field formations as well as of the autonomous bodies brought out several instances of lapses in management of resources and failures in adherence to the norms of regularity, propriety and economy. Some of the audit findings on non-compliance with rules and regulations are as under:

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

4.1.1 Extra payment

Inclusion of price adjustment clause in a lump sum contract against the spirit of PWD code/financial rules resulted in extra payment of ₹5.74 crore to contractor

Para 2.62 of Public Works Department (PWD) Code provides that contracts may be of three kinds, viz. lump sum, scheduled and a combination of these two. Rule 7.100 of Departmental Financial Rules (DFR) provides that in a lump sum contract, the contractor agrees to execute a complete work, with all its contingencies in accordance with the drawings and specifications for a fixed sum.

Audit of office of the Executive Engineers¹ of PWD revealed that five works for construction of approaches to Road over Bridge (ROB) as tabulated in *Appendix-4.1*, were awarded at a cost of ₹ 111.51 crore on lump sum contract basis and were completed with a delay of eight to thirty months at a cost of ₹ 123.60 crore². The excess payment of ₹ 12.09 crore from lump sum contract price included price escalation of ₹ 5.74 crore (as shown in *Appendix-4.1*) within the stipulated period, ₹ 4.57 crore after the stipulated period and ₹ 1.78 crore on account of additions and alterations.

Further scrutiny of records pertaining to the finalisation of agreements revealed that clause 13 and sub-clause 13.4 which was included in the

¹ Executive Engineers (i) Central Works Division, PWD Bathinda (ii) Provincial Division, PWD Jalandhar.

² ₹ 46.96 crore + ₹ 28.38 crore + ₹ 48.26 crore = ₹ 123.60 crore.

instructions to bidders that the lump sum bid price quoted by the bidder for work was subject to adjustment during the performance of the contract, in accordance with the provisions of clause 47 of the conditions of contract, which states that contract price shall be adjusted for increase or decrease in rates and prices of labour, materials, fuels and lubricants.

The addition of the price adjustment clause in the conditions of lump sum contract completed within the period of stipulated date was not in consonance with the provisions and spirit of PWD Code and DFR which resulted in extra payment of ₹ 5.74 crore on account of price escalation.

On this being pointed out, (March 2012) the department stated (June 2012) that in traditional lump sum contracts, the clause of price escalation was not inserted and contractor executed the work for a fixed price. The contracts having no price adjustment clause usually led to termination of contracts due to price rise causing loss to both agencies. The clause was necessary to get competitive price and to safeguard the ultimate interest of the Government.

The reply is not acceptable as the addition of price adjustment clause in lump sum contracts to be completed within the stipulated date had not safeguarded the Government interest rather it led to extra burden to the tune of ₹ 5.74 crore on the State exchequer.

The matter was referred to the Government in March 2012; reply has not been received (December 2012).

IRRIGATION DEPARTMENT

4.1.2 Delay in processing of tenders

Non approval of tenders within validity period and delay in retendering led to extra/avoidable expenditure of ₹2.17 crore

In order to overcome the problems of frequent silting/scouring and seepage losses of unlined channels, the Government of Punjab (GoP), Department of Irrigation, accorded (September 2006) administrative approval of ₹40.91 crore for the work of lining of 74 Km channels of Ladhuka distributary system in district Ferozepur and assigned the work to the Superintending Engineer (SE) Lining Circle, Bathinda having charge of three³ divisions. The tenders with validity of 90 days from the date of opening were called (October 2006) for the work of Ladhuka Distributary (RD 0-181000) with the scheduled receipt and opening on 17 November 2006 which was later extended and the tenders were opened on 20 December 2006.

Audit of tenders received for 43 slices (RD 112500-181000) of lining work allotted to Canal Lining Division, Rampura Phul, revealed that the SE submitted (25 January 2007) tender proposals of only 19 slices to the Chief Engineer (CE) for approval of rates. The CE intimated (8 February 2007) the SE that even after a lapse of two months from the date of calling tenders,

³ Canal Lining Division No. 1 and 2 Bathinda and Canal Lining Division, Rampura Phul.

the tender proposals for all the 43 slices were not received and the proposals received were incomplete. He further stated that the tendering process was very slow and careless and directed to process the cases within the validity period of 90 days or else the tender would have to be recalled for which the officer concerned would be held responsible. The tender proposals for all the slices of work were again submitted (4 February to 17 March 2007) by the SE to the CE for approval. The CE took six months to intimate (September 2007) the SE that the tender approval committee of Chief Engineers had raised observations on the tender quoted rates which included supply of polythene film by the contractors. As per instructions, the supply of polythene film was to be made by the department otherwise prior permission of Administrative Department and Finance Department of the State was required. Due to lack of coordination between the CE and SE, the files relating to tender cases remained in the CE office for another 15 months and were collected only in December 2008 by an official of the field office of the Canal Lining Division No. 2 Bathinda.

After delay of two years tenders were re-invited (January 2009) for 43 slices and tendered cost received for the work of 32 slices was increased to ₹ 6.23 crore against the original tendered cost of ₹ 4.06 crore resulting in extra expenditure of ₹ 2.17 crore. The work was completed between February 2009 and September 2011. The slackness in processing the tenders and non-approval of rates by the CE within validity period and non-perusal of approval from the CE office by the SE for 21 months resulted in extra avoidable expenditure of ₹ 2.17 crore.

On this being pointed out (May 2009 and June 2011), the CE admitted (July 2011) the lapse and stated that generally the tender documents were received and sent by hand after approval, but nobody from the field office came to collect these tender cases for compliance to the objections raised by the Committee of CEs. Thus, laxity in follow-up by SE/Executive Engineer and non-approval of tenders by the CE within the validity period led to an extra expenditure of ₹ 2.17 crore to the Government exchequer.

The matter was referred to the Government in August 2012; reply has not been received (December 2012).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

4.1.3 Avoidable expenditure due to execution of extra work

Award of road over bridge works without obtaining prior approval of drawing/design from Railways led to execution of extra work of ₹ 1.34 crore

In order to overcome the hardship to public from traffic chaos and undue delays at manned railway level road crossing number 139/3 on Bathinda-Ambala rail line, 242/2 on Bathinda-Delhi rail line (in Bathinda) and S-3 on Jalandhar-Nakodar rail line (in Jalandhar City), the construction of road over bridge was decided in 2003-04 and 2006-07. The construction work of

approaches of road over bridge (ROB) upto railway territory was to be executed by Punjab Public Works Department (PWD), the Central Works Division, Bathinda, Provincial Division PWD Jalandhar, after taking concurrence of Northern Railway. The railway portion of ROB was to be constructed by the Railway authorities. The tenders for construction of approaches to ROB (excluding railway portion) were invited for Bathinda (June 2006) and for Jalandhar (January 2008) and the works were allotted (October 2006 and April 2008) at cost of ₹ 43.06 crore and ₹ 42.60 crore respectively.

Examination of record of estimates, allotment, correspondence files and final bills of contractors revealed that during the course of construction work of approaches of ROB it was noticed (March 2007 and December 2008) that the PWD started the construction work without obtaining the prior approval of drawings from the Railway authorities. During execution a difference of 55.858 metre occurred in the length of railway's portion of construction as per PWD allotment of work, as given in **Table 4.1**.

Table 4.1 : Excess work executed by PWD

(Metre)			
ROB No.	Length of railway portion as per PWD estimate	Length of railways portion as per Railway norms	Excess length of obligatory work executed by PWD
139/3	40.910	28.272	12.638
242/2	57.870	24.600	33.270
S-3	33.550	23.600	9.950
Total	132.330	76.472	55.858

Source: Departmental data

The request (March 2007) by the Executive Engineer, Central Works Division, Bathinda to the Railways, to prepare profile sketch in accordance with the drawings submitted by consultant, was turned down by the Railways in the same month with the remarks that the distance between common piers was kept as per Railway norms of keeping one future railway track on either side of existing track. The confirmation of alignment in a joint inspection for ROB S-3 at Jalandhar-Nakodar Rail line was accorded (May 2008) by Railways but the PWD's assumed distance of 33.55 metre between the common piers was not accepted. The Railways stated (December 2008) that it was not mandatory to construct the bridge in the entire railway boundary; it may extend beyond the railway boundary or could be restricted, depending upon the space required for probable future extension.

The construction work of approaches of ROB with additional length of 55.858 metre was completed by PWD (June and October 2009) which included cost of ₹ 1.34 crore of obligatory span work. Non approval of design and drawings from the Railway authorities before award of work by PWD resulted in extra execution of 55.858 metre span work and incurring avoidable expenditure of ₹ 1.34⁴ crore.

On this being pointed out (May 2011-March 2012), the department stated (June 2012) that extra length of approaches to ROB had to be

⁴

1. ROB No. 139/3 & 242/2	= ₹ 82.13 lakh
2. ROB No. S-3	= ₹ 52.24 lakh
Total	= ₹ 134.37 lakh

constructed in order to compensate for reduction in length of railway portion and as it was not included in the original scope of work, the variation on account of increase in the length of approaches were subsequently approved by the competent authority. Reply is not convincing as extra length of 55.858 metre approaches of ROB than the originally approved was constrained to be constructed by PWD due to allotment of work with lesser scope and without approval of drawings/design from Railways regarding the exact length of line to be constructed by railways.

The matter was referred to the Government in March 2012; reply has not been received (December 2012).

CIVIL AVIATION DEPARTMENT

4.1.4 Late announcement of award led to extra payment

Delay in issue of declaration under Section 6 and consequential delay in announcement of award, coupled with delayed demand of funds by Director Civil Aviation resulted in avoidable extra payment of ₹0.94 crore to land owners on account of additional compensation

Government of Punjab, (Department of Revenue & Rehabilitation) formulated (December 2006) a new policy for acquisition of land for public purpose, which stipulated that declaration under Section 6 of the Land Acquisition Act, 1894 (Act) was to be issued within six months of issue of notification under Section 4 of the Act and the award was to be announced within six months of issue of declaration under Section 6 of the Act failing which the acquisition proceedings would lapse and would need to be started *de novo*, if required. Section 23 (1-A) of the Act provides that in addition to the market value of land, an amount calculated at the rate of 12 *per cent* per annum on such market value for the period commencing from the date of publication of the notification under Section 4, to the date of award, is to be paid to the land owners.

Audit of the office of the Director, Civil Aviation, Punjab, Chandigarh (August 2011) revealed that the Secretary to Government of Punjab, Department of Civil Aviation (Secretary) issued notification under Section 4 of the Act on 4 October 2007 for acquiring additional land of 43 *acres 5 kanal 1 marla* to upgrade the International Airport Amritsar, whereas, the declaration under Section 6 (42 *acres 4 kanal 11 marla*) was issued by the Secretary on 25 July 2008 (instead of 3 April 2007) with a delay of 3 months and 21 days.

The Land Acquisition Collector (LAC) announced award of ₹ 12.27 crore (including additional compensation of ₹ 1.12 crore for a period of 13 months and 3 days) on 7 November 2008⁵ with an overall delay of one month and three days from the due date (3 October 2008) owing to delayed issue of declaration under Section 6. But, despite having provision of ₹ 20 crore in the revised estimates, the Finance Department (FD) could not release funds and deferred (February 2009) the issue to the next financial year i.e. 2009-10,

⁵ 4 months 14 days after the issuance of declaration under section 6 of the Act.

as the demand for the requisite funds was stated (January 2013) to have been received late (29 January 2009) in FD from the Director. However, on receipt of funds of ₹ 12.27 crore in July 2009, the LAC announced (31 August 2009) the revised award of land (42 acre 4 kanal 5 marla)⁶ of ₹ 13.10 crore (including additional compensation of ₹ 1.97 crore for the period from 4 October 2007 to 31 August 2009). The balance funds of ₹ 0.83 crore were received in August 2010.

Thus, late announcement of award due to delayed issue of declaration under Section 6, coupled with late demand of funds by the Director from FD resulted in an extra payment of ₹ 0.94 crore⁷ to the landowners on account of additional compensation at the rate of 12 *per cent* for the period from 4 October 2008 to 31 August 2009, which was avoidable.

On this being pointed out by Audit (August 2011), the Director stated (April 2012) that the department was in no way responsible for the delay in getting the funds as on receipt of approval from Planning Department, the case was referred to FD for release of requisite funds. As regards delayed issue of declaration under Section 6, the department attributed (August 2012) it to the permissible time of one year as per the Act. The reply of the department is not acceptable as the Director did not take cognizance of the new policy (December 2006) vide which the time of declaration under Section 6 was reduced to six months and it was the late demand of funds from FD by the Director which delayed the announcement of award by LAC involving extra avoidable payment of ₹ 0.94 crore to land owners.

The matter was referred (March 2012) to Government; the reply is awaited (December 2012).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.1.5 Excess payment to land owners

Failure of the department to regulate the compensation payments as per provisions of the Land Acquisition Act resulted in excess payment of ₹ 31.57 lakh to the land owners

Section 23 (1-A) of the Land Acquisition Act, 1894 (Act) provides for payment of interest at the rate of 12 *per cent* per annum on the market value of

⁶ Though the measurement of land mentioned in the notification under Section 4, declaration under Section 6 and in the Award (31.8.2009) do not tally with each other, but the department stated (June 2012) to have actually acquired land measuring 42 acre 4 kanal 5 marla for the purpose after doing the correction in the area of khasra.

⁷

<i>(Amount in ₹)</i>		
Total additional compensation paid as per final award dated 31.8.2009 @ 12 <i>per cent</i> (697 days)	Admissible additional compensation @ 12 <i>per cent</i> (4.10.2007 to 3.10.2008) (365 days)	Excess amount of additional compensation @ 12 <i>per cent</i> (4.10.2008 to 31.08.2009) (332 days)
1,96,51,015	1,02,82,504	93,68,511

the land for the period commencing from the date of publication of the notification under Section 4 to the date of award or the date of taking possession of the land, whichever is earlier, to the land owners.

Audit of office of the Land Acquisition Collector (LAC) (June 2012), Greater Mohali Area Development Authority, Mohali revealed that land measuring 18.8874 acre was acquired (April 2011 and June 2011) for various purposes⁸ in district SAS Nagar (Mohali). On the recommendations of the District Land Price Fixation Committee, the Cabinet Sub Committee in its meeting held on 13 April 2011, fixed the rate at ₹ 1.50 crore per acre (including 30 *per cent* solatium⁹) for private land and ₹ 1.10 crore per acre for Panchayat land. Both the rates fixed by the Committee also included 12 *per cent* per annum additional amount for the period of one year from the date of issue of notification under Section 4 (1) of the Act, and 10 *per cent* compensation for not going to the Court by the land owners.

Audit noticed that the notifications under Section 4 and Section 6 of the Land Acquisition Act, 1894 were issued on 19 May 2010 and 18 November 2010, and the awards were announced on 22 April 2011 (Award No. 515) and 13 June 2011 (Award No. 517) respectively. But the additional amount at the rate of 12 *per cent* per annum (included in the award amount) was paid to the land owners for one year, without limiting the period to the date of announcement of the awards resulting in excess payment of ₹ 31.57 lakh to the land owners (*Appendix-4.2*).

On this being pointed out (June 2012), the LAC stated (June 2012) that the reply would be submitted after scrutinizing the records. Further reply of the department is awaited (December 2012).

The matter was referred to the Government (August 2012); reply has not been received (December 2012).

4.2 Failure of oversight/governance

Government has an obligation to improve the quality of life of the people in the area of health, education, development and upgradation of infrastructure, public services etc. Audit noticed instances where the funds released by the Government for creating public assets remained unutilized/blocked or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. Audit findings related to failure of oversight are as under:

⁸

Award No. 515 Dated 22.04.11	14.4124 acre for construction of 100' wide grid road between Sectors 99/100 and 104 and western side of the railway line of Sector 104 in villages Dhurali, Sancta and Sukhgarh.
Award No. 517 Dated 13.06.11	4.475 acre for setting up of Graveyard in village Balongi.

⁹

'Solatium' means compensation to a person for non-financial disadvantage resulting from the necessity of the person to relocate from his or her land as a result of the acquisition.

CIVIL AVIATION DEPARTMENT

4.2.1 Avoidable payment of interest

Failure of the Director Civil Aviation to recover the amount of ₹23.80 crore paid towards cost of the land already acquired and to deposit the same in Government account within one month of its withdrawal deprived the State Government to save interest of ₹7.02 crore paid on borrowings

As per Standing Order¹⁰ under the Land Acquisition Act, 1894, the amounts remaining undisbursed shall, over and above the actual requirements, be refunded at once to the credit of Government. In no circumstances whatsoever should more than one month be allowed to elapse between the date on which the money is drawn from the treasury and the disposal of the undisbursed balance.

Audit of the records (September 2011) of the Director, Civil Aviation, Punjab (Director) disclosed that the Land Acquisition Collector, Mohali (LAC) announced (April 2008) an award of ₹460.88 crore for acquiring land measuring 305 acre, 7 kanal and 17 marla for setting up of an International Civil Air Terminal at Mohali. Accordingly, funds amounting to ₹460.88 crore¹¹ were released to LAC between March 2008 and February 2011.

The LAC disbursed ₹460.88 crore to the land owners towards the cost of land measuring 305 acres, 7 kanal and 17 marla. Of which, the amount of ₹23.80 crore pertaining to the land measuring 15 acre, 6 kanal 18 marla was not required to be disbursed due to the reason that this piece of land had already been acquired¹². Due to non-updation of revenue records, the same land was again included in the award announced in April 2008. Therefore, the LAC recovered ₹20.84 crore from the land owners which were stated (September 2012) to be lying in the current accounts¹³ of LAC. The balance amount of ₹2.96 crore was still to be recovered from the land owners (December 2012). Hence, the amount of ₹23.80 crore not required for disbursement, remained outside the Government account since April 2008.

On this being pointed out by Audit (September 2011), the Secretary, Civil Aviation took up (December 2011 and May 2012) the matter with LAC for refund of undisbursed amount and denotification of the already acquired land. Accordingly, the LAC initiated (October 2012) the process of denotification and a sum of ₹20.84 crore was refunded to treasury between October 2012 and November 2012.

¹⁰ Para 75(1) of the Financial Commissioner's Standing Order No. 28 issued in June 1999 and amended lately in April 2008 under the Land Acquisition Act, 1894.

¹¹ ₹300 crore (March 2008), ₹160 crore (April 2008) and ₹0.88 crore (February 2011).

¹² 46 kanal 11 marla for Air Force Station, Chandigarh in October 1967 and February 1969 and 80 kanal 7 marla for Civil Aviation Department in January 1988.

¹³ Punjab National Bank (A/c No. 1155002100021118) and HDFC Bank (A/c No. 13072320000524) operated by LAC.

Thus, non-ensuring the title of land by LAC before announcing the award coupled with the failure of Director to get the disbursed amount of ₹ 23.80 crore recovered and credited into Government account deprived the State Government usage of the money and the interest amounting to ₹ 7.02 crore paid on these borrowings from June 2008 to March 2012, could have been avoided (*Appendix-4.3*).

The matter was referred (May 2012) to Government; the reply is awaited (December 2012).

WATER SUPPLY & SANITATION DEPARTMENT

4.2.2 Non achievement of objectives of the scheme

Water supply schemes augmented 32 to 44 months earlier at a cost of ₹ 2.90 crore were not used by the intended beneficiaries of the scheme

State Government raised (November 2006) a loan of ₹ 41.24 crore from the National Bank for Agriculture and Rural Development (NABARD) for augmentation, bifurcation and restoration of the existing rural water supply schemes to overcome the short/unsatisfactory potable water conditions in 123 villages of district Ferozepur where the existing water supply schemes were not adequate to cater to the daily needs of villages due to increase in population and improved standard of living of villagers. On receipt of loan, the State Government accorded (July 2007) the administrative approval for ₹ 48.51 crore¹⁴.

Audit (November 2011 and January 2012) of seven schemes¹⁵ (covering 25 villages) implemented by Executive Engineers, Water Supply & Sanitation Divisions Fazilka and Ferozepur-I (EEs) revealed that these schemes were designed to provide 5727 private connections on completion. The work in respect of all seven schemes were completed and commissioned between March 2009 and March 2010 at a cost of ₹ 2.90 crore. Despite the instructions of the department that 70 *per cent* private connections be provided within three months of commissioning of the schemes, the EEs provided 732 private connections (13 *per cent*) as of December 2012.

The Department attributed the shortfall in providing private connections to the poor financial condition of the villagers in this border area, which is contrary to the plea of improved standard of living of villagers taken in the project report for approval of loan from NABARD.

The department was required to put in synchronized efforts to encourage the Gram Panchayats to become instrumental in getting the private connections installed and educate the villagers about the benefits of potable water, especially when the work of augmenting the water supply schemes was accomplished at a cost of ₹ 2.90 crore 32 to 44 months earlier.

¹⁴ NABARD loan: ₹ 41.24 crore + State share: 7.27 crore.

¹⁵ i) Ghattiawali Bodla & ii) Mohar Khiva of Fazilka Division and iii) Habibwal, iv) Chur Khilchi, v) Alphu, vi) Palla Megha and vii) Dullewala of Ferozepur-I Division.

The matter was referred to the Government (September 2012); reply has not been received (December 2012)

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

4.2.3 Non adherence to bid and contractual instructions led to extra payment

Irregular payment of ₹1.78 crore on items of works not included in DNIT/bill of quantities and in allotment of work to contractor

The Government of Punjab, Public Works Department (PWD), accorded (June 2007) administrative approval of ₹ 47.53 crore and subsequently revised (August 2009) to ₹ 54.40 crore for reconstruction of residential quarters, dispensary, school, PWD rest house and store at Rajpura Colony, Patiala under the Optimum Utilisation of Vacant Government Land (OUVGL) scheme. The site was changed (30 June 2009) by the Deputy Commissioner, Patiala without assigning any reasons. The Chief Engineer (PWD) accorded (September 2009) technical sanction of ₹ 21.86 crore for construction of 332 No. Type-V residential quarters at Ghalorui Gate, instead of at Rajpura colony.

Bids for the work were invited in September 2009. Clause 7 of the instruction to bidders (ITB) provided that the bidder, at their own responsibility and risk, was encouraged to visit and examine the site of work and its surroundings to obtain all information that was necessary for preparing the bid documents and entering into a contract for construction of the works and to reassure himself at his own cost regarding the soil properties at the site, for which employer would not be responsible for any variation in soil strata, from that given in bid document. Clause 8.2 of ITB also provided that the bidder was expected to examine carefully all instructions of contract, contract data, forms, terms, technical specifications, bill of quantities (BOQ) etc., in the Bid Document and failure to comply with the requirements of Bid Documents would be at bidder's own risk. Further, clause 9.2 provided that the bidder or his representative was to attend a pre-bid meeting to clarify issues on any matter that may be raised at that stage.

Audit of records (August 2011) of Executive Engineer, Provincial Division No-I, PWD (B&R), Patiala revealed that a pre-bid meeting was called on 7 October 2009 but no bidder turned up to attend the meeting. After examination of bid documents, the work of construction was awarded (November 2009) at a cost of ₹ 21.70 crore with a time limit of 12 months by executing (December 2009) an agreement. The contractor after allotment of work and execution of agreement, intimated (December 2009) that almost 50 to 60 *per cent* of the site of construction was under sewage water/sludge, which at places was 5-6 feet deep. In order to start the work, the contractor requested the department to approve the rates for construction of open drain along the houses who discharged their waste water in the site, pumping out of sewage from the site and removal of sludge, as these items were not in the

contract agreement and rate for dewatering¹⁶, removal of sludge¹⁷, earth fillings¹⁸ and compaction of earth with road rolling¹⁹ were retrospectively approved (June and August 2010). An amount of ₹ 1.78 crore was paid (November 2011) to contractor for extra items which were neither added by the Department in the BOQ during initial survey of the site and preparation of DNIT nor were pointed out by the contractor in pre-bid meeting, as required under the provisions of the ITB.

On this being pointing out (August 2011), the department stated (June 2012) that the site was changed on 30.06.2009 and estimate for the work was submitted during that period, due to urgency in starting the work, the exact quantity of sludge could not be estimated/ascertained during preparation of BOQ. On actual execution of work, the agency was allowed extra rates for extra items, which was a necessary requirement.

The reply of the department is not acceptable as when the site conditions were in the knowledge of the department, reasons for not ascertaining the exact quantities of slush, dewatering, earth filling, etc. and not putting these in the BOQ is against the spirit and provisions of the ITB and of contract agreement. Failure of the bidder on the site conditions/soil strata and non-attending pre-bid meeting does not relieve him from the risk and liability of ITB provisions and payment for extra items of work, not part of agreement and allotment of work is a lapse on the part of the department which led to extra expenditure of ₹ 1.78 crore.

The matter was referred to the Government in March 2012; reply has not been received (December 2012).

IRRIGATION DEPARTMENT

4.2.4 Unproductive expenditure on incomplete work

Failure of the department to complete the irrigation project even after incurring an expenditure of ₹18.21 crore resulted in unproductive expenditure, besides non achieving the assured irrigation facilities to farmers

A project of converting the Banur Canal system in Patiala and SAS Nagar districts from non perennial to perennial was evolved with an objective of providing water for irrigation throughout the year and administratively approved (July 2006) by Irrigation Department at a total cost of ₹ 49.27 crore which was revised (December 2006) to ₹ 58.15 crore. The Banur Canal system was non-perennial and it was fed by constructing *kutchha* bund across river Ghaggar on yearly basis. The project envisaged construction of a *pucca* weir across river Ghaggar to feed Banur Canal, remodeling of canal, construction of falls, bridges, gate and gears, guide bunds, cost of land etc., with a view to supply water throughout the year to benefit an area of 36022 acres of 60 villages and to bring an additional area of 3000 acres under

¹⁶ @ ₹ 140 per hour for 534.00 hours.

¹⁷ @ ₹ 160 per cum for 18338.21 cum.

¹⁸ @ ₹ 177.39 per cum for 73609.10 cum.

¹⁹ @ ₹ 15.70 per cum for 75049.31 cum.

irrigation. The project was to be financed from the loan of ₹ 45.56 crore, interest payable at the rate of 6.5 *per cent* per annum from National Bank for Agriculture and Rural Development (NABARD) and ₹ 2.40 crore contributed by the State Government.

Audit of records revealed (August 2009) that Chief Engineer/Irrigation Punjab, technically sanctioned (December 2006) the estimate of ₹ 27.93 crore for constructing a weir across the river Ghaggar. The tenders were called (October 2006) for construction of weir only. After evaluation of two technical and financial bids, the work was allotted (December 2006) to the lowest bidder, at a cost of ₹ 30.66 crore with the completion schedule of nine months from the date of allotment (excluding rainy season from July 2007 to September 2007) and an agreement was executed with the contractor in January 2007. Clause 2.3 of the agreement provides that the contractor was to complete the work up to safe level i.e. 945.50 feet before the onset of rainy season (July 2007) in order to avoid flushing out the work executed at site due to flood in river Ghaggar during the rainy season. The contractor did not complete the required work up to safe level i.e. 945.50 feet by 30 June 2007 and liquidated damages of ₹ 3.06 crore were levied out of which an amount of ₹ 1.53 crore was recovered (July 2008) but the work remained incomplete even up to March 2009, in spite of two extensions granted to complete the work. The contract was terminated on 30 March 2009. By this time total amount of ₹ 18.21 crore was incurred on the project (₹ 12.74 crore paid to contractor and ₹ 5.47 crore incurred on other preliminary works). The balance amount of ₹ 1.53 crore of liquidated damages was still recoverable (December 2012).

Further scrutiny of records revealed that as per the condition of the tender notice, bidders should have experience in the Hydraulic work and had successfully completed at least one work of not less than ₹ 20 crore or two works each valuing not less than ₹ 15 crore and three works each valuing not less than ₹ 10 crore during the last five years. At the time of submission of tender, the contractor submitted eight work experience certificates which pertained to State of Punjab with cost of work executed ranged from ₹ 1.12 crore to ₹ 4.65 crore and one work costing ₹ 21.35 crore, on the basis of which the contractor qualified for bidding process, was executed under Irrigation Development Division, Jagadapur, Chhattisgarh. The tender scrutiny committee did not take cognizance of such a wide variation in cost of work executed and that too outside the State of Punjab, while checking the eligibility of the contractor as per the pre qualification criteria of notice inviting tenders as instructed by the Chief Engineer. The certificate was found fake on verification (July 2009) by the department from the Executive Engineer, Jagdalpur, Chhattisgarh.

On this being pointed out in audit (June 2010), the department stated (September 2010) that it was a case of system failure and further added that the department had learnt from the mistake and fresh guidelines regarding verification of certificates, prior to allotment of the work had been issued. As such the expenditure cannot be termed as ungainful because balance work would be executed at the risk and cost of the contractor. The Executive

Engineer stated (January 2012) that the work had not been allotted so far (December 2012).

Thus, the failure of the department to ascertain the technical and financial capability of the contractor before allotment of work and thereafter non-revival of work resulted in unproductive expenditure of ₹ 18.21 crore incurred on the incomplete work, besides, an amount of ₹ 1.53 crore remaining recoverable from the contractor on account of liquidated damages. The objectives of providing irrigation to 36,022 acres of agricultural land of sixty villages apart from bringing new area of 3000 acres under irrigation of Banur Canal System also remained unachieved during the last five years.

The matter was referred to the Government in June 2010; reply has not been received (December 2012).

EDUCATION DEPARTMENT

4.2.5 Non-providing of uniforms to students

Procurement of uniforms by the District Education Officer from unapproved suppliers by reducing the number of approved items resulted in non supply of complete uniforms to students

The Director General of School Education-cum-State Project Director (DGSE), Sarva Siksha Abhiyan (SSA), Punjab conveyed (February 2011) the decision (October 2010) of the Project Approval Board, Ministry of Human Resource Development, Government of India (GoI) to provide uniforms to school children²⁰ at elementary level for ₹ 400 each under SSA to all the District Education Officers (Elementary Education) (DEOs). While according sanction of ₹ 65.87 crore, the DGSE clarified (February 2011) that the uniforms²¹ had to be procured through the Village Education and Development Committees (VEDCs) at school level. Further, as per Procurement Procedure²², the purchases were to be effected from approved contractors/suppliers under limited tender method upto the financial ceiling prevailing in the State or less as per contract.

Audit of records (May 2012) of District Education Officer, Gurdaspur (DEO) revealed that the DEO transferred (March 2011) the funds of ₹ 4.90 crore to 22 Block Primary Education Officers (BPEOs)²³ for purchase of uniforms for 122394 students in Gurdaspur district. Further, the DEO, on the plea that most of the BPEOs and VEDCs showed their inability to procure uniforms of good quality within ₹ 400 per uniform from the market, called (March 2011)

²⁰ All girls, SC and BPL boys.

²¹ Pant, shirt, *patka*/cap, woolen sweater, shoes & socks for boys and *salwar-kameez*, *dupatta*, woolen sweater, shoes & socks for girls.

²² Para 118 under Chapter IX of the Manual on Financial Management Procurement (GoI-SSA).

²³ Batala-I, Batala-II, Dera Baba Nanak, Dhar-I, Dhar-II, Dhariwal-I, Dhariwal-II, Dhianpur, Dinanagar, Dorangla, Fatehgarh Churian, Gurdaspur-I, Gurdaspur-II, Kahnuwan-I, Kahnuwan-II, Kalanaur, Narot Jaimal Singh, Pathankot-I, Pathankot-II, Pathankot-III, Quadian, Sri Hargobindpur.

quotations from eight unapproved suppliers for supply of uniforms excluding woolen sweater, woolen cap and stitching of *salwar-kameez* in contravention of the prescribed procurement procedure. However, in other test-checked districts viz. Ludhiana, Hoshiarpur and Sangrur, all the items of uniforms were procured within ₹ 400/- each. Out of seven firms who quoted similar rates of ₹ 400/- per uniform, the orders were placed (April 2011) with two Jalandhar based firms²⁴ on the basis of least time of delivery for supply of uniforms amounting to ₹ 1.03 crore in four blocks²⁵ within 30-45 days.

Further, the DEO, in contravention of the guidelines *ibid*, directed (April 2011) all the 22 BPEOs of Gurdaspur district to transfer funds to these two firms for early procurement of uniforms. Accordingly, all the BPEOs released (April-May 2011) 100 *per cent* payment of ₹ 4.90 crore to the firms without placing supply orders in respect of remaining 18 blocks. The firms supplied 118877 uniforms to the BPEOs in May-August 2011, of which, 46774 uniforms were received late after a delay ranging between 15 and 107 days from the stipulated time schedule. However, 3517 uniforms and 46097 *dupattas* were yet to be supplied by the firms (December 2012).

Thus, the procurement of uniforms by DEO from the unapproved suppliers at district level in contravention of the guidelines/procurement procedure, led to non-procurement of uniform items²⁶ involving ₹ 1.41 crore within the cost ceiling of ₹ 400/- per uniform. Besides, 3517 uniforms and 46097 *dupattas* amounting to ₹ 0.28 crore had not been received from the suppliers (December 2012) even after the delay of 19 months (**Appendix-4.4**). As a result thereof, the students remained deprived of the complete uniforms.

On this being pointed out (May and October 2012), the DGSE-cum-State Project Director SSA stated (November 2012) that after preliminary enquiry, the case was forwarded (August 2012) to the Vigilance Bureau for further investigation.

The matter was referred (July 2012) to the Government; the reply has not been received (December 2012).

²⁴ M/s ELITE Tube (P) Limited and M/s Karan Enterprises.

²⁵ Dhar-I (₹ 12,38,800), Narot Jaimal Singh (₹ 33,30,400), Pathankot-I (₹ 27,53,200) and Pathankot-II (₹ 30,19,600).

²⁶ Woolen sweater, woolen cap and stitching of *salwar-kameez*.

Chapter-5

Chief Controlling Officer based Audit

HOME AFFAIRS AND JUSTICE DEPARTMENT

5.1. Chief Controlling Officer based audit of Jails Department

Highlights

The Chief Controlling Officer (CCO) based audit is a comprehensive appraisal of the functioning of a department, identifying systemic issues that need to be addressed at various appropriate levels. The audit focuses on the internal control that has an impact and risks on the achievement of objectives for which the department was established. Apart from the regularity and compliance issues, all the important aspects of functioning of the department viz. financial management, execution, monitoring, internal controls and human resource management etc. are covered in this appraisal. The CCO based audit of the Jails Department disclosed deficiencies in budgeting, absence of classification of prisoners, inadequate reformatory and primitive rehabilitative activities, besides disproportionate lodging of convicts and deployment of available warders.

The major audit findings are as follows:

- *Inadequate time to field offices for preparation of budget estimates and considerable delay in its submission resulted in providing insufficient time for its analysis and compilation both at DGP and Finance Department's levels leading to preparation of unrealistic budget estimates.*

(Paragraph 5.1.7)

- *Absence of reception centres in jails led to non-segregation of prisoners and enhanced capacity of jails was not utilized in a scientific manner to ease out the overcrowding.*

(Paragraph 5.1.8)

- *Reformatory activities for prisoners were absent and most of the rehabilitation activities were also primitive.*

(Paragraph 5.1.9)

- *Procurement of dietary items was made in excess of the requirement. Medical and health care facilities were inadequate.*

(Paragraph 5.1.10)

- *There was shortage of Warders. The available Warders were not deployed in proportion to the number of inmates in the jails*

and the only Jail Training School available for capacity building lacked basic infrastructure.

(Paragraph 5.1.11)

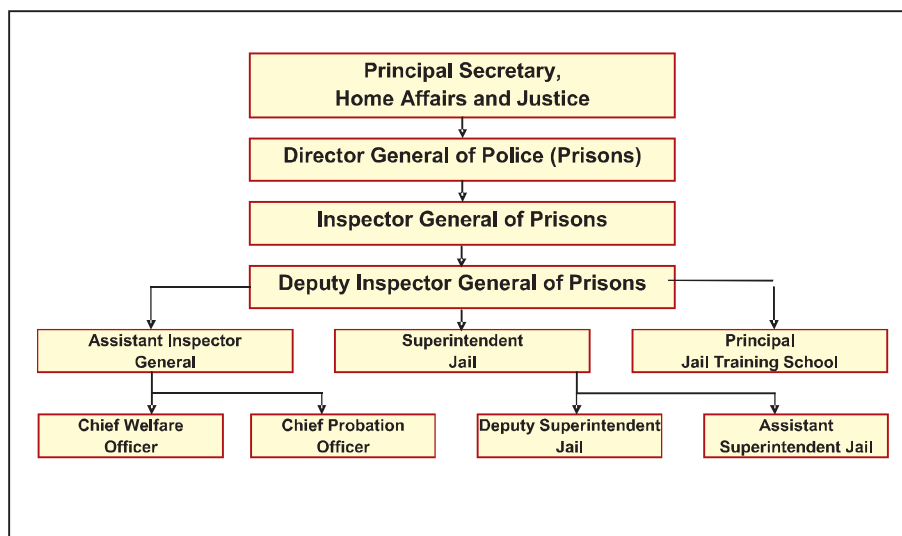
- *Inadequate inspections of the jails and non-submission of various prescribed periodical returns indicated the weak internal control management system in the department.*

(Paragraph 5.1.12)

5.1.1. Introduction

Prisons form part of the criminal justice system for isolating criminals and persons under trial from the society. The Jails Department seeks to protect society from criminals and also endeavor to reform and re-assimilate offenders in the social milieu by giving them appropriate correctional treatment.

5.1.2. Organizational set up



In the field, there are seven Central Jails¹, six District Jails², 10 Sub Jails³, one Borstal Jail and one Women Jail at Ludhiana, 12 District Probation Officers⁴ and a Jail Training School at Patiala. Each Central Jail was being managed by the Superintendent; District/Sub Jails by the Superintendents/Deputy Superintendents, while the Punjab Jail Training School was being headed by a Principal.

¹ Central Jails at 1)Amritsar, 2)Bathinda , 3)Ferozepur, 4)Gurdaspur, 5)Jalandhar, 6)Ludhiana and 7)Patiala.

² District Jails at 1)Faridkot, 2)Hoshiarpur, 3)Kapurthala, 4)Nabha, 5)Ropar and 6)Sangrur.

³ Sub Jails at 1)Barnala, 2)Dasuya, 3)Fazilka, 4)Malerkotla, 5)Mansa, 6)Moga, 7)Muktsar, 8)Pathankot, 9)Patti and 10)Phagwara.

⁴ District Probation Officers at 1)Amritsar, 2)Bathinda, 3)Faridkot, 4)Ferozepur, 5)Gurdaspur, 6)Hoshiarpur, 7)Jalandhar, 8)Kapurthala, 9)Ludhiana, 10)Patiala, 11)Ropar and 12)Sangrur.

5.1.3. Audit scope and methodology

Para 5.1 of the Comptroller and Auditor General of India's Audit Report (Civil) for the year ended 31 March 2007 regarding 'Internal Control System' in the Jails Department, Punjab was discussed (August 2011) in the Public Accounts Committee wherein the department assured the compliance.

In order to further assess the working of Jails Department, the CCO based audit was conducted by test-checking the records of the Director General of Police (Prisons) (DGP) and 28⁵ out of total 39 units⁶ covering the period from April 2010 to March 2012. An entry conference was held with the Principal Secretary, Home Affairs and Justice on 2 March 2012 wherein the objectives, methodology and criteria being adopted in CCO based audit were discussed. An exit conference was also held with the Secretary to Government of Punjab, Department of Jails (Secretary) in January 2013 wherein the audit findings and recommendations were discussed in detail and the response of the department has suitably been incorporated.

5.1.4. Acknowledgement

The office of the Accountant General (Audit), Punjab acknowledges the co-operation and assistance rendered by the State Government and the Jails Department during the course of audit.

5.1.5. Audit criteria

The audit findings were benchmarked against the various criteria derived from the following sources:

- Punjab Jail Manual, 1996,
- Punjab Financial Rules (PFRs),
- Punjab Budget Manual (PBM),
- Various instructions issued by Government/Department from time to time, and
- Prescribed monitoring mechanism.

5.1.6. Audit objectives

The CCO based audit was conducted with the audit objectives to ascertain whether:

- budgetary controls and financial management were adequate and financial resources were utilised effectively and efficiently;

⁵ **Central Jails** at Amritsar, Bathinda, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, and Patiala; **District Jails** at Faridkot, Hoshiarpur, Nabha and Sangrur; Open Air Jails at Kapurthala (Now District Jail) and Nabha; Women Jail and Borstal Jail at Ludhiana and Jail Training School, Patiala. **Sub Jails** at Dasuya, Fazilka, Malerkotla, Muktsar, Phagwara and Ropar (Now District Jail). **District Probation Officers** at Amritsar, Ferozepur, Gurdaspur, Hoshiarpur, Ropar and Sangrur.

⁶ All the Seven Central Jails (100 *per cent*), all the six District Jails (100 *per cent*), five Sub Jails out of 10 Sub Jails (50 *per cent*), six District Probation Officers out of 12 District Probation Officers (50 *per cent*), Open Air Jail at Nabha, Women Jail and Borstal Jail at Ludhiana, Punjab Jail Training School, Patiala being heterogeneous units.

- categorization and custody of the prisoners was done in a safe and secure manner;
- reformative and rehabilitative activities for prisoners were consistent with the objectives of the Punjab Jail Manual;
- diet, medical and health care was being provided to the prisoners as envisaged in the Rules;
- manpower provided for custodial care and training to jails staff was adequate; and
- the system of internal control and monitoring was adequate and effective.

Audit findings

5.1.7. BUDGETARY CONTROLS AND FINANCIAL MANAGEMENT

The details of budget allotment and expenditure incurred by the department during 2010-11 and 2011-12 are given in **Table 5.1**:

Table 5.1 : Position of budget allotment and expenditure

<i>(₹ in crore)</i>			
Year	Budget Allotment	Expenditure	Savings
2010-11	115.00	107.12	7.88
2011-12	151.84	131.97	19.87
Total	266.84	239.09	27.75

Source: Departmental data

5.1.7.1 Insufficient time for preparation of budget estimates

Para 3.1 of Punjab Budget Manual (PBM) requires that the FD calls for budget proposals (both original and revised) from all the Head of Departments of the State Government by 1 July of each year so as to reach the FD latest by 25 October. However, the FD revised the date for submission of the original and revised budget estimates as 1 November during 2010-12.

The details of time taken by the department for preparation of budget estimates during 2010-12 and its submission to FD are given in **Table 5.2**:

Table 5.2 : Position of preparation and submission of budget estimates

Budget estimates	Date on which the DGP initiated process of preparation of budget estimates	Due date fixed by the FD for submission of budget estimates	Prescribed days for preparation of budget estimates	Actual date of submission to FD by DGP	Days availed of by department in preparation of budget estimates	Delay in submission to FD (In days)	Days short availed of by the department as per PBM (117 days)
OE 2010-11	08.09.2009	01.11.2009	54	16.12.2009	99	45	18
RE 2010-11	07.10.2010	01.11.2010	25	03.01.2011	88	63	29
OE 2011-12	07.10.2010	01.11.2010	25	03.01.2011	88	63	29
RE 2011-12	05.09.2011	01.11.2011	57	09.01.2012	126	69	-9

Source: Departmental data

OEs = Original Estimates REs = Revised Estimates

As is evident from the above table, the department did not adhere to the dates fixed by the FD during 2010-12 and invariably delayed the submission of OEs/REs by 45 to 69 days. The department got lesser time,

ranging between 18 and 29 days for submission of OEs/REs, as compared to 117 days provided by PBM, thus not providing enough time for analysis and compilation of budget estimates both at DGP and FD's levels leading to preparation of unrealistic budget estimates, as discussed in the sub-paragraphs.

5.1.7.2 Unrealistic budget estimates

The Punjab Budget Manual prescribes that while framing the estimates of expenditure, it is necessary to exercise utmost foresight to see that the amount of provision is restricted to the absolute minimum necessity.

Audit scrutiny of budgetary process of the Jails Department for the period 2010-12 revealed that the budget estimates were not framed accurately, as discussed in the succeeding paragraphs:-

a) Inflated budget demands

Audit observed that during 2010-11 and 2011-12, the revised budget demands in 20 and 25 SOEs were found to be inflated by 86 and 26 *per cent* of the original budget allotment respectively, as detailed in **Table 5.3**:

Table 5.3 : Showing preparation of inflated revised budget estimates

(₹ in crore)					
Year	Original Budget Allotment(OBA)	Revised Budget Estimates(RBE)	Expenditure	Percentage of RBE to OBA	No. of SOEs
2010-11	9.44	17.54	8.15	86	20
2011-12	48.60	61.27	40.90	26	25
Total	58.04	78.81	49.05		

Source: Departmental data

The department could spend only ₹ 49.05 crore, which did not come up even to the level of original budget provisions of ₹ 58.04 crore (*Appendix-5.1*).

b) Irregular excess expenditure

In five SOEs, even the revised budget demands for the period 2010-12 were not found to be made after proper assessment of the anticipated expenditure, as was evident from the expenditure which exceeded by ₹ 1.88 crore from the approved revised budget (*Appendix-5.2*). Of this, ₹ 1.17 crore was due to excess purchase of dietary and toiletry items during 2011-12, as discussed in paragraph 5.1.10.1.

c) Non-surrendering of savings

As per Rule 17.20 of the PFR Volume-I, the department incurring expenditure should be responsible for seeing not only that the grant is not exceeded, but also that any anticipated savings therein are notified and surrendered in time.

Audit observed that the DGP did not surrender the unutilised budget of ₹ 26.07 crore during 2010-12, as detailed in **Table 5.4**:

Table 5.4 : Savings in comparison with revised budget allocations

(₹ in crore)

Year	Approved revised budget allocation	Expenditure	Savings	No. of SOEs having savings	Range of savings (per cent)
2010-11	13.48	9.76	3.81	45	10 to 100
2011-12	126.00	103.74	22.26	40	12 to 100
Total	139.48	113.41	26.07	85	

Source: Departmental data

Thus, the demand raised under as many as 85 SOEs during 2010-12 proved to be inflated during these years (*Appendix-5.3*).

On this being pointed out (September 2011), the DGP attributed (October 2011) the reduction in expenditure to non-clearance of bills by the treasury, but did not furnish any reasons thereof. It was further stated that the revised budget estimates were being proposed on the basis of the demands of the DDOs, which could not be ignored. The reply is not acceptable as the above shortcomings indicate that the budget estimates were framed unrealistically.

5.1.7.3 Short realization of estimated receipts

Chapter 4 of the Punjab Budget Manual dealing with estimates of revenue and receipts requires that the revised estimates should forecast, as accurately as it is possible to make at the time, what the actual receipts of the year will be.

Audit observed that the estimated receipts were realized to the extent of 20 per cent only during the period 2010-12, as detailed in **Table 5.5**:

Table 5.5 : Short realization of receipts

(₹ in crore)

Year	Revised budget estimated receipts	Actual realization	Short realization	Percentage (Short realization)
2010-11	14.00	2.78	11.22	80
2011-12	15.00	2.86	12.14	81

Source: Departmental data

In reply, the DGP stated (October 2011) that out of total short realization of ₹ 11.22 crore during 2010-11, ₹ 10.50 crore pertained to unrealized sale proceeds of finished goods manufactured by jail factories. The reply is not convincing as 59 per cent of the unrealized receipts pertained to the sale proceeds of more than five years old.

Thus, non-pursuance to realize the estimated receipts not only rendered the entire exercise of preparation of receipt budget estimates futile but also affected the ways and means of the State Government.

5.1.7.4 Non-reconciliation with treasury

The financial rules⁷ provide that each head of the office is required to prepare a list of amounts remitted into the treasury every month and reconcile these amounts of remittances with the records of treasury office. To ensure that all

⁷ Rule 2.2(v) and 2.31(a) of Punjab Financial Rules, Volume-I.

amounts drawn from the treasury have been entered in the Cash Book, he should obtain from the treasury officer by the 15th of every month a list of all bills drawn by him during the previous month and trace all the amounts in the cash book.

In the test checked 16 jails⁸, the remittances amounting to ₹ 1.88 crore and withdrawal of ₹ 70.48 crore during the period between August 2007 and May 2012 had not been reconciled with the treasury (*Appendix-5.4*).

In reply, the Jail Superintendents stated (December 2011-June 2012) that they would ensure compliance in future. The reply was not acceptable as a mandatory check to safeguard the public money was not exercised.

The Secretary assured (January 2013) that budgetary/financial controls would be strengthened to avoid any lapses in future.

5.1.8 CATEGORIZATION AND CUSTODY OF PRISONERS

5.1.8.1 Non-categorization of prisoners due to non-existence of reception centre

Para 369 of the Punjab Jail Manual, 1996 (Manual) requires that each jail shall be equipped with a reception centre having five cells, open working shed and an office to receive newly admitted prisoners. The objective of the reception centre is to keep the newly admitted prisoners for a fortnight with a view to segregate them on the medical grounds, their age, sex, behaviour and mental health so that appropriate rehabilitation and reformation training could be imparted to them.

During audit of 15 jails⁹ requiring reception centre, it was noticed that there was no reception centre to receive newly admitted prisoners, as envisaged in the Manual. In the absence of which, 109134 under-trials and 45201 convicts admitted in these jails during 2010-12 were not segregated on medical grounds, age, sex, behaviour and mental health. Non-segregation of prisoners led to non-formulation of any plan for appropriate reforms and rehabilitation activities. As many as 142 newly admitted prisoners found to be suffering from Tuberculosis, and 386 from mental disorder were also not isolated and were detained along with other prisoners in the common barracks.

On this being pointed out, the Jail Superintendents while admitting the fact of having no reception centre in jails, assured that they would take up the matter with higher authorities. The Secretary also assured compliance with the provisions of the Jail Manual.

⁸ Central Jails at Amritsar, Bathinda, Ferozepur, Jalandhar, Ludhiana, and Patiala; District Jails at Faridkot, Nabha and Ropar; Open Air Jail Nabha; Women Jail and Borstal Jail at Ludhiana and Jail Training School, Patiala. Sub Jails at Fazilka, Malerkotla and Muktsar.

⁹ **Central Jails** at Amritsar, Bathinda, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, and Patiala; **District Jails** at Faridkot, Hoshiarpur, Nabha, Ropar and Sangrur, Open Air Jail Kapurthala; Women Jail and Borstal Jail at Ludhiana.

5.1.8.2 Overcrowding in jails

Para 903 of the Manual prescribes that when the population of jail is approaching the maximum number for which there is accommodation, the Inspector General and Superintendent of Police should be informed, with a view to having some of the convicts transferred or arrangements made for their temporary shelter outside, as the case may be.

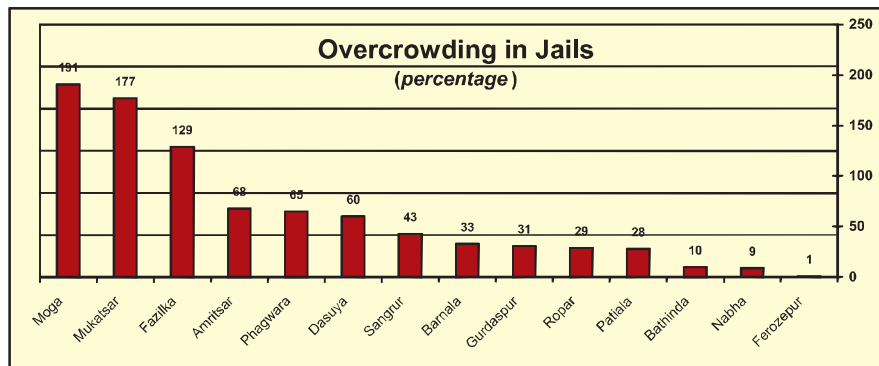
Audit of the office of the DGP and selected jails disclosed that at the beginning of 2010-11, there was an acute problem of over-crowding. The Jails administration created additional capacity to match the overall number of inmates as on 31 March 2012, as detailed in **Table 5.6**:

Table 5.6 : Comparison of inmates with authorized capacity of Jails

Period	Total inmates	Authorised capacity	Shortage	Per cent shortage
01 st April 2010	17510	11976	5534	46
31 st March 2011	18248	14161	4087	29
31 st March 2012	18254	18715	-461	-2

Source: Departmental data

Audit analysis of the additional created capacity taking into account the inmates housed therein revealed that though the problem of overcrowding was solved at certain jails, yet it remained unaddressed in 14 jails as the capacity was not utilised optimally in a scientific manner. The jails where the problem of overcrowding still persisted are depicted in the chart below:-



Had the jail administration considered the population statement received from Jail Superintendents each month and adjusted the convicts out of total inmates evenly in proportion to the capacity of the jails¹⁰, as given in **Table 5.7**, not only the problem of overcrowding would have been solved at large with the increase in capacity, but would have also resulted in better administration and implementation of schemes for the rehabilitation of the inmates.

¹⁰ Excluding i) Open Air jail at Nabha, ii) Women Jail at Ludhiana iii) Borstal Jail at Ludhiana and iv) Punjab Jail Training School at Patiala being heterogeneous units, v) Central Jail at Jalandhar merged with the Model Jail at Kapurthala.

Table 5.7 : Spreading of convicts according to capacity of Jails

S No	Name of jail	Inmates as on 31 March 2012	Capacity as on 31 March 2012	Over-crowding as on 31 March 2012	Convicts as on 31 March 2012	Convicts which could have been transferred
1.	CJ Jalandhar	1986	2990	-1004	--	--
2.	DJ Faridkot	1199	2072	-873	--	--
3.	New Jail Nabha	48	500	-452	--	--
4.	SJ Pathankot	42	280	-238	--	--
5.	DJ Mansa	251	433	-182	--	--
6.	SJ Patti	140	204	-64	--	--
7.	SJ Malerkotla	106	170	-64	--	--
8.	DJ Hoshiarpur	623	678	-55	--	--
9.	CJ Ludhiana	2553	2600	-47	--	--
	TOTAL			-2979		
1.	SJ Dasuya	32	20	12	2	2
2.	CJ Ferozepur	1249	1236	13	661	13
3.	SJ Phagwara	33	20	13	8	8
4.	DJ Nabha	509	462	47	257	47
5.	SJ Fazilka	110	48	62	6	6
6.	SJ Barnala	312	235	77	124	77
7.	SJ Moga	134	46	88	20	20
8.	DJ Ropar	420	325	95	188	95
9.	CJ Bathinda	1263	1146	117	709	117
10.	SJ Muktsar	191	69	122	46	46
11.	CJ Gurdaspur	982	750	232	322	232
12.	DJ Sangrur	932	650	282	454	282
13.	CJ Patiala	1788	1401	387	892	387
14.	CJ Amritsar	2705	1610	1095	1004	1004
	TOTAL					2336

Source: Departmental data

CJ = Central Jail, DJ = District Jail and SJ = Sub Jail

On this being pointed out, the DGP stated (October 2011) that since the undertrials were to be presented before the Court of respective district, they could not be spread out, as it would result into excess expenditure on their transportation. It was further assured that the problem of over-crowding would be solved on coming into existence of four new jails. The reply of the DGP is not acceptable as with the creation of additional capacity to the extent of available inmates, the problem of overcrowding still persisted in 14 jails, as detailed in the above table, which could have been resolved by shifting convicts in line with the provisions of the Manual.

Audit analysis further disclosed that in five jails, as detailed in **Table 5.8**, the department while creating additional capacity did not take cognizance of having 106 *per cent* insufficient capacity to accommodate the under-trials too.

Table 5.8 : Jails having insufficient capacity even to accommodate under-trials

Name of jail	Inmates as on 31 March 2012	Capacity as on 31 March 2012	Over-crowding as on 31 March 2012	Convicts as on 31 March 2012	Under-trials for whom additional capacity was required to be created	Per-centage
SJ Dasuya	32	20	12	2	10	50
SJ Phagwara	33	20	13	8	5	25
SJ Fazilka	110	48	62	6	56	117
SJ Moga	134	46	88	20	68	148
SJ Muktsar	191	69	122	46	76	110
TOTAL	500	203	297	82	215	106

Source: Departmental data

However, the Secretary informed (January 2013) that the problem of over-crowding was likely to be resolved in 1-2 years time as the process of construction of four new jails was underway.

5.1.8.3 Under-utilization of Video Conferencing System

With a view to producing the prisoners before the Courts (*peshis*) through Video Conferencing in order to mitigate the problem of arranging police escorts, escape of prisoners during transit, smuggling of prohibited things into jails, besides, speedy disposal of cases and saving of Government money required for ferrying the prisoners to and from the courts, the Jails Department got the Video Conferencing System (VCS) installed in 10 jails and 32 connected Courts between October 2009 and December 2009 by incurring an expenditure of ₹ 1.59 crore.

Audit observed (September 2011 – June 2012) that of the ten jails, the VCS equipment was functional in all six¹¹ test-checked jails. But, against 2.32 lakh *peshis* becoming due during 2010-12, only 0.17 lakh *peshis* (7 per cent) could be attended through VCS due to poor quality of service of VCS owing to faulty ISDN-BRI connectivity, inadequate technical manpower, IT infrastructure, training, etc. Due to underutilization of VCS, 2.65 lakh *peshis* becoming due during 2010-12 had to be attended manually, thereby defeating the very purpose of video conferencing. Fifty one prisoners escaped while ferrying them to and from the Courts for *peshi* and 532 cases of smuggling of unauthorized articles were also detected, as discussed in paragraph 5.1.11.5(a).

The Jail Superintendents stated (October 2011 – June 2012) that in future the *peshis* would be disposed of through VCS. The Secretary informed (January 2013) that the problem of poor connectivity would be resolved by having coordination meeting with BSNL very shortly and at regular durations thereafter.

¹¹ Central Jails Amritsar, Ludhiana and Patiala; District Jails Hoshiarpur, Sangrur and Ropar.

5.1.9 REFORMS AND REHABILITATION

I. Reformation of prisoners

Preface and Para 4 of the Manual has laid emphasis on transforming the prisons into correctional homes by providing reforms and rehabilitative treatment to the prisoners rather than punishing them by merely detaining in the jails. The prime objective of the jails department was to make arrangements to reform and re-assimilate offenders in the social milieu by giving them appropriate correctional treatment.

5.1.9.1 Non-formation of classification committee

Para 369 of the Manual requires that a classification committee of correctional officers/social workers/educational officers in each Central/District Jail be formed with concerned Superintendent as its Chairman. The committee was required to meet at regular intervals to classify newly admitted prisoners (sentenced for one year or more) within a week and interview them for treatment/training/solving problems/adjustment.

Audit of the 15 jails¹² requiring classification committee revealed that the classification committee was not formed in any of these jails, thereby 154335 prisoners admitted there during 2010-12 could not be provided with proper counseling and advice from professionals for treatment/training/solving problems/adjustment.

On this being pointed out, the Jail Superintendents did not offer (December 2011-June 2012) any justification for the lapse. However, the Secretary emphasized (January 2013) upon formation of committees consisting of correctional officers/social workers/educational officers as early as possible duly notified to be reviewed every three years to work as per provisions of the Manual.

5.1.9.2 Absence of reforms activities

Para 815 of the Manual prescribes that the religious¹³ festivals be celebrated by distributing *halwa* to all the prisoners. Audit observed that in 15 jails, only two national festivals were being celebrated on the instructions of the DGP, but none of the other religious festival was being celebrated by preparing and distributing *halwa*. No other scheme for the reform of the prisoners was operational during 2010-12.

Though the jail inmates were stated to be given *langar* etc. on the occasion of *gurparbs* by the local religious bodies, yet the Secretary advised (January 2013) the IG (Prisons) during the exit conference to come up with all the

¹² **Central Jails** at Amritsar, Bathinda, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, and Patiala; **District Jails** at Faridkot, Hoshiarpur, Nabha, Ropar, Sangrur, and Kapurthala; Women Jail and Borstal Jail at Ludhiana.

¹³ Easter Sunday, Baisakhi, Id-ul-fittar, Dussehra, Id-ul-Zuha, Guru Nanak Dev's Birthday, Christmas and Guru Gobind Singh's Birthday.

measures required to bring about reforms among the prisoners and enable their rehabilitation.

II. Rehabilitation of the prisoners

The Manual reflects the present approach to jail administration with its high stress on rehabilitation.

5.1.9.3 Insufficient rehabilitation opportunities in prisons

Of the 15 test checked jails with the provision of a factory, 11 jails were having the operational factories with various trades¹⁴, but trained masters were available in seven jails¹⁵ only. Audit observed that against the detention of 5831 prisoners, on an average, 3668 prisoners (63 *per cent*) were not engaged in any of the existing trades rather they were detained without coming into contact with any of the rehabilitation activity during 2010-11. Similarly, during 2011-12, only 38 *per cent* of the prisoners could be engaged into any of the operational trades. Non-engaging the prisoners in the rehabilitative activities was mainly due to non-availability of trained masters and lack of demand of jail goods, which was also substantiated with the fact that in seven jails¹⁶, not only the finished goods valuing ₹ 1.38 crore were awaiting disposal but the raw material valuing ₹ 2.37 crore was also lying unutilized.

It was further noticed that 450 prisoners released in June 2010 and June 2011 were not trained in any of the available trades. Thus, the much needed envisaged chance of successful reintegration of these prisoners by securing a job on their release was not provided.

5.1.9.4 Failure to introduce modern trades in jail factories

Para 615 of the Manual prescribes that trades such as book binding, cotton factory, phenyl, soap, tent, *razai* making besides tailoring, *atta* flour mill and black smithy be practiced in the jail factories.

Audit observed that these were not sufficiently modern trades as compared to the modern trades being run in Tihar Jail, New Delhi such as power loom, handmade paper, commercial art, bakery etc. As such, the prisoners trained in these outdated trades may not be in a position to find a productive employment after their release.

In reply, Jail Superintendents assured (December 2011-June 2012) that the matter would be taken up with the higher authorities, but did not furnish any justification for having no reformatory activities.

The Secretary agreed (January 2013) with the audit contention that jail factories with primitive trades had limited utilities and asked the IG (Prisons)

¹⁴ Book binding, cotton factory, phenyl, soap, tent, *razai* making besides tailoring, *atta* flour mill and black-smithy.

¹⁵ Central Jails Amritsar, Bathinda, Ferozepur, Gurdaspur, Ludhiana, Patiala, and Women Jail, Ludhiana.

¹⁶ Central Jails Amritsar, Bathinda, Ferozepur, Gurdaspur, Ludhiana, Patiala, and Borstal Jail, Ludhiana.

to form a committee for looking into the modalities to introduce feasible modern trades on the analogy of model prisons, which would make the jails a correctional home in the real sense.

5.1.10 DIET, MEDICAL AND HEALTH CARE FACILITIES

I. Shortcomings in purchase of dietary items

The financial rules¹⁷ provide that purchases must be made in the most economical manner and in accordance with the definite requirement of the public service. Para 840 of the Manual stipulates norms of diet for each category of prisoners and also prescribes that the dietary items should be procured for 15 months i.e. for a year in advance and a reserve for three months.

Audit observed that for the purchase of dietary¹⁸ and toiletry¹⁹ items for consumption of prisoners during 2011-12, the DGP called for (February 2011) demand from all the Jail Superintendents in the State. The shortcomings noticed in the procurement process are discussed in the succeeding paragraphs.

5.1.10.1 Procurement in excess of requirement

Audit of the office of the DGP disclosed that for consumption of dietary and toiletry items in jails during 2011-12, purchases were made (February 2011-June 2011) without evaluating the demands of Jail Superintendents. The DGP did not formulate any demand evaluation committee to assess the correctness of quantities of various dietary items demanded by the Jail Superintendents. The demands were found to be based on inflated number of prisoners instead of average prisoners housed during the previous year as per population statement being received each month from Jail Superintendents. This resulted into excess purchases valuing ₹ 1.17 crore as detailed in the **Table 5.9** and also caused the expenditure to exceed the approved revised budget under the respective SOE.

¹⁷ Rule 15.2(b) of Punjab Financial Rules (Volume-I).

¹⁸ Black Gram (60 gram per day), Massar Whole (85 gram per day), Iodized Salt (15 gram per day), Haldi Whole (2 gram per day), Red Chilli whole (2 gram per day), Dhanial whole (2 gram per day), Mustard Oil (30 gram per day), Gur (60 gram per day), Soda Ash (20 gram per day) and Tea (3 gram per day).

¹⁹ Tooth brush, tooth paste and toilet soap.

Table 5.9 : Detail of excess purchase of dietary and toiletry items during 2011-12

<i>Quantity in grams and rate in ₹ per gram (including taxes)</i>							
S.No.	Item	Qty required as per norms	Qty actually purchased	Excess purchase	Rate	Amount of excess purchase	Closing balances
DIETARY ITEMS							
1	Black gram	356613408	505700000	149086593	0.03491	5204612.94	149183245
2	Massar whole	134689295	176300000	41610705	0.05451	2268199.54	67980380
3	Iodized salt	76863820	95200000	18336180	0.00764	140088.42	43764850
4	Haldi whole	10220293	13300000	3079707	0.17900	551267.63	6501600
5	Red chilli whole	10289487	13300000	3010513	0.09800	295030.31	6424750
6	Dhania whole	9480440	12700000	3219560	0.07920	254989.19	6609100
7	Mustard oil	20728617	34900000	14171383	0.08149	1154826.00	14543564
8	Soda ash	15629481	17500000	1870519	0.03104	58060.90	5133484
9	Tea	16416775	20300000	3883225	0.14000	543651.45	8727502
Total		650931616	889200000	238268385		10470726.38	
TOILETRY ITEMS							
10	Toilet soap	160589	198737	38158	12.99	472390.00	105847
11	Tooth brush	10381	43263	32882	6.97	229188.00	35864
12	Tooth paste	225381	283383	58002	8.49	492441.00	118995
Total		396351	525383	129042		1194019.00	
GRAND TOTAL						11664745.38	

Source: Departmental data

In reply, the DGP stated (October 2011) that the demands of various items were being furnished by the Jail Superintendents according to their experience, but nothing was stated with regard to non-adherence to the norms. However, the Secretary assured (January 2013) that the demand for procurement would be prepared strictly as per norms prescribed in the Manual.

5.1.10.2 Irregularities in acceptance of tenders

The tenders invited (March 2011) by the DGP for procurement of dietary and toiletry items were scheduled to be opened on 11 April 2011. The tenders were opened by the tender opening committee in the presence of representatives of the suppliers on the scheduled date.

(a) As per clause 12 of the terms and condition of notice inviting tenders, all the documents forming part of the tender were required to be signed by the tenderer and as per Central Vigilance Commission's (CVC) instructions all the documents were required to be signed by the members of the tender opening committee as well.

Audit observed (September 2011) that neither the bidders signed all the documents forming part of the tender including the test-reports submitted by the bidders nor were all the documents found to be signed by all the members of the tender opening committee. The DGP, while admitting the lapse, ensured (October 2011) that in future all the documents would be got signed from the concerned persons.

(b) As per Para 841 of the Manual, before opening the tenders, the Superintendents should ascertain by local enquiries, by reference to official price lists or other means, the ruling prices. Audit observed that nothing as regards ascertaining the local market rates before finalizing the tenders was found to be done. The DGP stated (October 2011) that the departmental purchase committee, while approving the tender rates, kept the market rates also in view, but furnished no documentary evidence in support thereof nor was it found on the records produced to audit.

5.1.10.3 Premature release of earnest money deposits

As per tender notice for the purchase of dietary items²⁰, earnest money at the rate of two *per cent* and security equal to 10 *per cent* of the approximate value of the estimated supply deposited by the successful bidder was to be refunded only after the successful execution of the entire order placed.

Audit observed (September 2011) that earnest money/security deposits of ₹ 9.50 lakh in ten cases were released prior (ranging between 16 and 63 days) to the receipt of last consignment (*Appendix-5.5*).

In reply, while admitting the omission, the DGP (October 2011) and the Secretary stated (January 2013) that in the ensuing tenders, compliance would be ensured.

II. Medical facilities in jails

Para 934 of the Manual provides for a hospital or proper place for reception of sick prisoners in every prison. Para 142 of the Manual requires that there shall be at least one whole time Medical Officer (MO) for every jail which has a population of 500 and in case it exceeds 500, additional medical staff may be provided.

5.1.10.4 Inadequate medical infrastructure

Audit observed that in test checked 15 jails²¹ having hospitals, there was a shortage of 24 MOs (66 *per cent*) in 2010-11 and 14 MOs (39 *per cent*) in 2011-12 (*Appendix-5.6*) which clearly indicated that the jail inmates were not provided with adequate medical attendance during 2010-12. It was further observed that even the basic medical facilities²² required as per Indian Public

²⁰ Black Gram, Massar Whole, Iodized Salt, Haldi Whole, Red Chilli whole, Dhania whole, Mustard Oil, Gur, Soda Ash and Tea.

²¹ **Central Jails** Amritsar, Bathinda, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, and Patiala; **District Jails** Faridkot, Hoshiarpur, Nabha, Ropar and Sangrur, Open Air Jail Kapurthala; Women and Borstal Jails at Ludhiana.

²² Diagnostic lab, x-ray machine, ECG machine, dental unit, autoclave etc.

Health Standards for the primary level hospital were not available in all these jail hospitals. Due to inadequacy of medical officers in jails coupled with non-availability of basic medical facilities, the bed occupancy rate remained as low as ranging between 0.03 and 11, and 14964 prisoners had to be referred to hospitals outside the jail complex during 2010-12, whereupon the jail administration had to incur an additional expenditure of ₹ 1.44 crore at the place of their admission.

5.1.10.5 Procurement of insufficient medicines

The DGP, before the commencement of a financial year, invites the demand of medicines from all jails in the State of Punjab for placing bulk order on the Central Public Sector Enterprises (CPSEs).

Audit observed that in 15 test checked jails, the DGP, as against the demand of 359 and 275 allopathic medicines, procured only 120 and 182 medicines during 2010-11 and 2011-12 respectively, thereby resulting in short supply of medicines to the extent of 67 *per cent* (2010-11) and 34 percent (2011-12). Further, most of the medicines procured by the DGP from the CPSEs were received so late that the requisite medicines remained out of stock for days ranging between 24 and 365 days. Even the short supply of medicines was not met with through local procurement by the indenting jails.

Thus, due to inadequate medical infrastructure and medicines, the inmates were deprived of the health care facility in jails.

On this being pointed out, the Jail Superintendents stated (December 2011-June 2012) that the points had been noted for future compliance and assured to take up the matter with the higher authorities. The Secretary assured (January 2013) the posting of required number of Medical Officers and formation of a committee for providing adequate medical facilities as early as possible.

5.1.10.6 Purchase of medicines at higher rates

The DGP placed supply orders for procurement of medical stores amounting to ₹ 26.99 lakh and ₹ 23.75 lakh with a CPSE - M/s HLL Life Care Limited (HLL) during the year 2010-11 and 2011-12, respectively. As per clause 2 of the supply order, in case of any subsequent reduction in prices guaranteed by the supplier to the DGS&D, DHS/ESI or to any other State Government or State Government Undertaking, the reduced rates would also be equally applicable to the supply order in question.

Audit observed that the dealer (M/s Uday Agencies, Ludhiana) of HLL supplied (March 2011) gloves and IV Sets to Jan Aushdhi Store, Bathinda (State Government undertaking) at the prices lower than those supplied to the Jails Department, resulting into procurement of medical stores at higher rates to the extent of ₹ 4.49 lakh (*Appendix-5.7*).

The Secretary assured (January 2013) that the matter would be looked into and recovery would be effected wherever necessary and intimated to audit.

5.1.10.7 Supply of untested drinking water

Para 914 of the Manual provides that the water of all jail wells/tubewells which is used or likely to be used at any time for drinking or culinary purposes, shall be analysed qualitatively by the Chemical examiner on or about the 5th January of each year.

Audit observed that out of 15 test-checked jails, the water samples of only five jails²³ were got tested once in two years i.e. 2010-12 and that too for bacteriological tests only. None of the Central Jails and District Jails got the source of drinking water chemically analysed²⁴, as prescribed in the Manual. Non-testing of water led to supply of contaminated water to inmates, as 1757 inmates were found to be suffering from water borne diseases²⁵ during 2010-12.

The Jail Superintendents, while agreeing to the audit observation, assured to get the complete testing of water done in future, which was reassured by the Secretary (January 2013).

5.1.11. HUMAN RESOURCE MANAGEMENT

I. Shortage of Warder staff

As per the Model Prison Manual²⁶ (MPM) the strength of custodial/guarding staff will be determined keeping in view the requirements of security, discipline, programme emphasis, duty posts, workload and distribution of functions.

The position of the overall sanctioned strength and men-in-position of warder staff during 2010-12 is given in **Table 5.10**:

Table 5.10 : Position of sanctioned strength and men-in-position of warder staff

Name of cadre	2010-11			2011-12		
	Sanctioned strength	Men in position	Excess (+) Short (-)	Sanctioned strength	Men in position	Excess (+) Short (-)
Head Warder	362	313	(-)49	479	296	(-)183
Head Matron	11	9	(-)2	22	9	(-)13
Warder	1561	1526	(-)35	2088	1516	(-)572
Matron	58	64	(+)6	94	58	(-)36
	1992	1912	(-)80	2683	1879	(-)804

Source: Departmental data

It was observed that the sanctioned strength of warder staff was increased by

²³ Central Jails Amritsar, Jalandhar, Ludhiana and Patiala and District Jail Faridkot.

²⁴ 1) Turbidity, 2) Colour, 3) Odour, 4) Conductivity, 5) Alkalinity, 6) Residual chlorine, 7) pH, 8) Iron, 9) Chloride, 10) Hardness, 11) Total solids, 12) Suspended solids, 13) Nitrogen (ammonia), 14) Nitrites, 15) Nitrates, 16) Fluorides, 17) Metal, viz., Arsenic, Aluminum, Lead, Manganese, 18) Chlorine demand, 19) Additional parameters, viz., BOD, COD, TOC, oil and grease, pesticides, mercury etc.

²⁵ Dysentery (608), Vomiting (201) and abdomen pain (948).

²⁶ Para 4.02 of the Model Prison Manual (2003) of the Bureau of Police Research and Development, Ministry of Home Affairs, Government of India.

35 per cent, whereas men-in-position decreased from 96 per cent in 2010-11 to 70 per cent during 2011-12. It was further seen that the available warder staff was also not deployed proportionately, as discussed below:

5.1.11.1 Disproportionate deployment of watch and ward staff

As per Para 222(1) read with para 222(3) of the Manual, there shall be three circles namely Patiala, Ferozepur and Amritsar for the purpose of appointment, transfer and promotion of Warders and better organisation of the warder establishment. The Superintendent of the Headquarters of the circle is required to manage the Warder establishment of each jail falling under his jurisdiction. Further, Para 276 of the Manual dealing with the Warders *inter alia* prescribes that the strength of the guards and all matters relating to the protection of the jail and the prisoners be regulated by the Superintendent in accordance with any general or special orders from time to time issued by the Inspector General.

The position of sanctioned strength of warder staff vis-à-vis authorized capacity of the jails and men-in position vis-à-vis number of prisoners in the 19 test checked jails as on 31st March 2012 is given in **Table 5.11**:

Table 5.11 : Position of prisoners and warder staff sanctioned/actually in position

Name of Jails	Authorised capacity of the jail	Total sanctioned posts of watch and ward staff	Prisoner Warder ratio	Inmates as on 31 March 2012	Men-in-position as on 31 March 2012	Prisoner Warder ratio
Central Jail Amritsar	1610	214	8:1	2705	212	13:1
Central Jail Bathinda	1146	131	9:1	1263	119	11:1
Central Jail Ferozepur	1236	183	7:1	1249	167	7:1
Central Jail Gurdaspur	750	124	6:1	982	101	10:1
Central Jail Jalandhar	2990	248	12:1	1986	117	17:1
Central Jail Ludhiana	2600	196	13:1	2553	140	18:1
Central Jail Patiala	1401	225	6:1	1788	156	11:1
Central Jails (Average)	11733	1321	9:1	12526	1012	12:1
District Jail Faridkot	2072	215	10:1	1199	96	12:1
District Jail Hoshiarpur	678	88	8:1	623	58	11:1
District Jail Ropar	325	107	3:1	420	54	8:1
District Jail Nabha	462	200	2:1	509	95	5:1
District Jail Sangrur	650	138	5:1	932	98	10:1
Borstal Jail Ludhiana	500	82	6:1	391	79	5:1
Women Jail Ludhiana	220	46	5:1	208	25	8:1
District Jails (Average)	4907	876	6:1	4282	495	9:1
Sub Jail Muktsar	69	24	3:1	191	35	5:1
Sub Jail Fazilka	48	22	2:1	110	24	5:1
Sub Jail Malerkotla	170	21	8:1	106	19	6:1
Sub Jail Phagwara	20	15	1:1	33	13	3:1
Sub Jail Dasuya	20	21	1:1	32	18	2:1
Sub Jails (Average)	327	103	3:1	472	109	4:1
Grand Total	16967	2300	7:1	17908	1732	10:1

Source: Departmental data

Audit analysis revealed that ratio of authorized capacity of jails to sanctioned strength of warder staff varied from 1:1 to 13:1 and that of actual prisoner population to warder staff in position from 2:1 to 18:1. The warder staff sanctioned for a jail did not bear any relation to the authorized capacity of the jail. Similarly, the warder staff in position did not bear any relation to the actual population of the prisoners. The problem of disproportionate deployment of warders for uniform watch and ward was not taken into consideration by the department, as prescribing and maintaining an optimum ratio of warder staff to prisoners would help in proper discharge of custodial duties. MPM also recommends in principle one warder staff for every six prisoners. Thus, the disproportionate deployment of watch and ward staff ended up the Central jails to be poorly guarded as against the sub jails.

On this being asked, the Secretary intimated (January 2013) that the process to recruit more warders was expected to be finalized by May 2013 and a committee had been formed to study the deployment of warders optimally.

II. TRAINING

Punjab Jail Training School, Patiala (PJTS) was established in 1988 to meet the needs of training of the jail personnel in Northern India. The school is equipped with 30 rooms to accommodate 60 officers and spacious barracks for 150 personnel.

Audit of records (March 2012) of the Principal, PJTS revealed the following shortcomings:-

5.1.11.2 Underutilization of training capacity

The school had a capacity of 10920 training week slots to impart training to 210 jail personnel for 52 weeks in a year which remained grossly underutilized at 58 per cent (2010-11) and 92 per cent (2011-12), as given in **Table 5.12**:

Table 5.12 : Underutilization of training capacity

Year	Available training capacity (210 x 52 weeks)	Training capacity actually utilized	Percentage of under-utilization
2010-11	10920	4488	58
2011-12	10920	826	92

Source: Departmental data

The underutilization was mainly due to the fact that the PJTS did neither circulate the calendar of training to other States nor to the jail authorities within State of Punjab and inadequate training facilities as discussed in the succeeding paragraphs, rendering the training school as under utilized during 2010-12.

On this being pointed out, the Principal, PJTS stated (March 2012) that the calendar of training courses for the year 2012-13 had been prepared and was under approval of the DGP (Prisons) for circulation to all the concerned quarters, but did not furnish any justification for under utilization of training capacity.

5.1.11.3 Non-maintenance of training database

As per para 236 of the Manual, every Warder is required to undergo such instructions and practice in the nature of military training as may be necessary to keep him acquainted with squad and company drill and to render him thoroughly efficient in the use of arms at any time prescribed for the use of Warders.

Audit observed that in 20 test checked jails²⁷, neither the Jail Superintendents, (except for the Central Jail, Bathinda) nor the PJTS maintained any database to ensure that available training was imparted to all Warders at least once in the entire service career. In the absence of database, the possibility of imparting same training to same warder again and again could not be ruled out.

On this being enquired, the Jail Superintendents assured maintenance of the training database. However, the Principal, PJTS stated (March 2012) that digital database was under preparation and assured that the same would be submitted within a day or two, which was awaited (September 2012).

5.1.11.4 Lack of training facilities

a) Non-providing of human resources and infrastructure

The Principal, PJTS demanded (December 2007) new instructors for specialized courses²⁸, furniture/fixtures and repairs²⁹ for the smooth running of the training school. Further, the Principal requested (July 2011) for provision of a firing range at the available land with new jail at Nabha, as the PJTS did not possess its own firing range for imparting training in firing to the jail personnel, but the same were not provided (December 2012), thereby affecting the performance of the training school adversely.

b) Antiquated weapons

Arms and ammunition being used for training to the watch and ward staff in PJTS were outdated and not in tune with the current security needs. Audit observed that out of 243 weapons available with the PJTS, 236³⁰ (97 per cent) were outdated.

Though the demand for the introduction of new weapons, in line with the present needs, was made by the PJTS several times between August 2006 and December 2010, but the antiquated arms and ammunition had not been replaced (December 2012).

²⁷ Central Jails at Amritsar, Bathinda, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, and Patiala; District Jails Faridkot, Hoshiarpur, Nabha and Ropar, Sangrur, Kapurthala; Open Air Jail Nabha; Women Jail and Borstal Jail Ludhiana. Sub Jails at Fazilka, Malerkotla, Muktsar, Phagwara.

²⁸ Tear gas squad, dog squad and martial arts.

²⁹ Fourteen double beds, chairs, study tables, mattresses, bed sheets, pillows, pillow covers, blankets for officers' hostel, besides minor/special repairs, sanitary works, white wash and electrical repairs; special repair of Warder's hostel.

³⁰ 136 Musket Rifles .410 already weaned out of army before 1942 and 100 rifles 303 received by the jail department prior to the year 1947.

c) Non-providing/idle office automation and training equipment

Against the requirement (December 2010-August 2011) of office automation equipment for imparting training in PJTS, only computers were provided by the DGP, Chandigarh as given in **Table 5.13**:

Table 5.13 : Position of non-availability of infrastructure at Punjab Jail Training School

Equipment requisitioned	Number required	Date of requisition	Date of reminder	Purpose	Date of receipt
Computer	15	28.12.2010	16.02.2011	Training	11.03.2011 (10 computers)
Computer	04	28.12.2010	16.02.2011	Office use	NR
Photostat machine	01	24.08.2011	--	Office use	NR
Projector	01	12.08.2011	--	Training	NR
Laptop	02	12.08.2011	--	Training	NR

Source: Departmental data

NR = Not received

Though the DGP provided 10 computers for training purpose in March 2011, yet the computer instructor to impart training to the jail personnel was not provided, thereby not only rendering the computers involving ₹ 3.89 lakh idle but also denying the intended computer training to the participants. Remaining equipment required for imparting training in audio-visual mode were also awaited (December 2012).

On this being pointed out, the Principal stated (March 2012) that the vigorous efforts would be made to get the requisite human resource and infrastructure.

Lack of seriousness on the part of department to provide human resource, infrastructure, modern weapons and office automation equipment for training purpose caused the training ineffective ultimately endangering the security of jails.

The Secretary, while admitting the audit observations, assured (January 2013) that the shortcomings with regard to appointment of sufficient training staff, providing infrastructure etc. at the Punjab Jail Training School, Patiala would be met with on top priority.

III. Security equipment, arms and ammunition

5.1.11.5 Lack of modern equipment, arms and ammunition

Para 23.18 of MPM recommends of having modern security equipment like jammers, metal detectors, screening machines and other electronic devices for maintaining security in prisons. The MPM also suggests that the armoury of the prisons should be well equipped with all types of sophisticated and automatic weapons.

It was, however, observed that the test checked 14 Jails³¹ having armoury, were lacking modern gadgets and equipment required for security,

³¹ Central Jail Amritsar, Bathinda, Ferozepur, Gurdaspur, Jalandhar, Ludhiana and Patiala; District Jails Faridkot, Hoshiarpur, Nabha, Ropar, Sangrur, Borstal Jail Ludhiana and Kapurthala.

surveillance and search, as discussed below.

a) Modern equipment

Audit observed that none of the test checked jails was having the facilities of screening (X-ray), metal detection, explosive detection, mobile phone jamming to prevent entry of prohibited articles into the prisons. In the absence of modern search and security devices, the prisoners were being searched manually while admitting into the jail premises. As a result thereof, 445 cases of seizure of mobile phones including accessories and 87 cases of seizure of prohibited drugs from the prisoners within the jail premises were registered during 2010-12. Besides, cash amounting to ₹ 15,730 on six occasions was also recovered from the inmates during 2010-12.

On this being asked, the Jail Superintendents stated that the matter would be taken up with the higher authorities.

b) Arms and ammunition

The Manual prescribes issue of pistols/revolver for officers and Muskets .410 rifles for Jail Warders with prescribed rounds of ammunition. Further, as per para 308(1) of the Manual, 40 rounds ball, 50 rounds blank and 30 rounds of buckshot were to be allotted to individual official.

In test checked 14 jails having armoury, it was noticed that instead of having modern sophisticated weapons in the armoury, there were antiquated Musket .410 rifles in the stock for the Warders though the officers were provided with comparatively modern arms. The compatible ammunition was also not found to be kept matching with the norms, as the balls, blanks and buckshots were short by 75, 25 and 38 *per cent*, respectively as given in **Table 5.14**:

Table 5.14 : Position of shortage of ammunition for available Musket .410 rifles

For Musket .410	Balls (as per norms of 40 rounds)	Blanks (as per norms of 50 rounds)	Buckshots (as per norms of 30 rounds)
Required	20520	25650	15390
Available	5098	19325	9569
Shortage	15422	6325	5821
Percentage shortage	75	25	38

Source: Departmental data

Audit further observed that despite the lack of modern arms and shortage of ammunition, indents, required to be raised on 15 March each year as per the provisions of the Manual, were not raised by any of the Jail Superintendents. Thus, the much needed security practices being followed in the jails were out of date and not in tune with the modern security and surveillance needs.

The Secretary stated (January 2013) that whole body scanners, mobile jammers and metal/explosive detectors would be installed shortly to stop infiltration of unauthorized material in the jail premises. As regards

replacement of old arms and ammunition, a committee was stated to have now been formed to replace them with modern weapons.

5.1.12 INTERNAL CONTROL MANAGEMENT SYSTEM

5.1.12.1 Inadequate inspection of jails

As per paragraph 25 to 27 of the Manual, the Inspector General has been entrusted with the duty of visiting and inspecting every jail, as far as possible, at least once in each year with a view to satisfying himself that the provisions of the Prison Act, 1894 and all rules, regulations, directions and orders made or issued there under, applicable to such jail are duly obeyed and enforced and that the management of each jail is in all respects efficient and satisfactory. Further, a copy of the minutes required under para 25 and 26 with matters which should, in the opinion of the Inspector General, be brought to the notice of Government shall be forwarded by the Inspector General to the State Government.

Audit observed that out of the test checked 22 jails, IG/DGP visited 13 jails in 2010-11 and 14 jails in 2011-12 but no report with regard to their visits was either sent to the concerned jail or to the State Government. Thus, in the absence of inspection in the remaining jails and non-submission of inspection reports, adherence to the rules, regulations and management in these jails could not be ensured.

On this being enquired, the Secretary while agreeing to the audit observation assured (January 2013) that in future this aspect would be taken care of and written reports of the inspection would also be prepared so as to keep a watch on its compliance.

5.1.12.2 Non-revision of jail manual

On the directions of the Hon'ble Supreme Court, the Manual for the superintendence and management of prisons in the Punjab State was revised to bring it in line with the current needs of 1996 and the Government of Punjab after obtaining the approval of the Council of Ministers on 20 July 1996 prescribed the same.

It was seen in Audit that the manual prescribed in 1996 was not further revised to match with the present needs and to incorporate the departmental orders and instructions issued from time to time since 1996.

In reply, the Secretary informed (January 2013) that the Prisons Act was under revision and was with the Legal Remembrance for vetting. As soon as the revised Act is approved, the process to revise the manual would be initiated.

5.1.12.3 Non-submission of periodical returns

Paragraphs 987 and 988 of the Manual require submission of 53 periodical returns by the Jail Superintendents and Medical Officers to the headquarters office.

Audit observed (December 2011-June 2012) that in the test-checked 22 jails, returns ranging between 4 and 30 were only being submitted to the headquarters office, thereby having shortfall in submission of periodical returns ranging between 43 and 91 *per cent*. It was further seen that the returns being received at the headquarters office were also not being consolidated, analysed and used by the management in decision making as is evident from the point discussed in paragraphs 5.1.8.2 and 5.1.10.1.

Thus, inadequate evaluation of the performance of jails, non-revision of manual and non-submission of requisite returns to the headquarter office are indicative of poor monitoring, which reflects adversely on the effective and efficient working of the jail administration.

The Secretary was of the opinion (January 2013) that many of the returns prescribed in the manual had become redundant with the passage of time and as regards the remaining, it was assured that those would be considered in decision making at apex level.

CONCLUSIONS

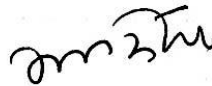
Budget estimates were found to have been prepared unrealistically. Non-creation of reception centres in jails required for segregation of prisoners led to lodging of prisoners suffering from Tuberculosis and mental disorder with other prisoners and the health care facilities were also found to be inadequate. Video conferencing system was under-utilized. During 2010-12, fifty one prisoners escaped while ferrying them to courts for *peshis*. Enhanced capacity of jails was not utilized in a scientific manner to ease out the overcrowding. Reformative activities for prisoners were absent and most of the rehabilitation activities were also primitive. There was shortage of Warders and the available Warders were also not deployed in proportion to the number of inmates. The only Jail Training School in Punjab was lacking basic infrastructure. Inadequate inspections of the jails and non submission of various envisaged periodical returns indicated the weak internal control management system in the department.

RECOMMENDATIONS

The State Government may like to consider the following:

- *Budget estimates may be prepared as accurately as possible.*
- *Reception centres should be made functional for designing correctional path for the prisoners. Video conferencing facilities be optimally utilized to save time, money and unnecessary ferrying of prisoners. Capacity creation needs to be planned considering average number of convicts and under-trials separately.*
- *Reforms of the prisoners should be made the main concern of correctional homes and sufficiently modern viable trades be introduced to enable the prisoners to secure reasonable livelihood on their release.*

- *The purchase of dietary items must conform to the norms. Jail hospitals need to be well equipped and supply of safe drinking water be also ensured.*
- *The department should prioritize deployment of sufficient Warder staff and that too in right proportion for the safe custody of the prisoners and the security of jails. The gaps in the field of training should be filled in urgently to impart effective training to augment security efficiency.*
- *The authorities should inspect the jails regularly to ensure adherence to the rules/instructions. Receipt of periodical returns be given importance and these should invariably be analyzed and considered in decision making on various issues.*



CHANDIGARH
The 13 March 2013

(AMANDEEP CHATHA)
Accountant General (Audit), Punjab

Countersigned



NEW DELHI
The 14 March 2013

(VINOD RAI)
Comptroller and Auditor General of India

Appendices

Appendix-1.1

(Referred in Paragraph 1.11, page 10)

Year-wise Paragraphs/Performance Audits for which departmental replies were not received till 30 September 2012

Year of Audit Report (Civil)	Pending Performance Audit No.	Pending Paragraph No.	Total pending		Total
			Performance Audits	Paragraphs	
2008-09	Nil	2.3.1, 2.3.6	Nil	02	02
2009-10	2.1, 2.2	3.1.1, 3.1.2, 3.1.4, 3.1.6, 3.1.7, 3.2.1, 3.2.2, 3.2.4, 3.3.1	02	09	11
2010-11	2.1, 4.1	3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5, 3.1.6, 3.1.7, 3.1.8, 3.1.9, 3.1.10, 3.2.1, 3.2.2, 3.2.3, 3.2.4, 3.2.5, 3.3.1, 3.3.2	02	17	19
Total			04	28	32

Appendix-1.2

(Referred in Paragraph 1.11, page 10)

List of Paragraphs and Performance Audits of the Reports of the C&AG of India for which departmental replies were not received upto 30 September 2012

Sr. No.	Name of the Department	Year of the Audit Report	Paragraph Number	Total number of paragraphs	Grand Total
1.	Animal Husbandry Fisheries and Dairy Development	2010-11	4.1 (<i>Performance Audit</i>)	1	1
2.	Agriculture and Housing and Urban Development	2010-11	3.1.7	1	1
3.	Civil Aviation	2009-10	3.1.2	1	1
4.	Education	2009-10	2.2 (<i>Performance Audit</i>)	1	1
5.	Forest and Wildlife	2008-09	2.3.6	1	1
6.	Health & Family Welfare	2009-10	2.1 (<i>Performance Audit</i>) 3.1.1, 3.2.4	3	9
		2010-11	3.1.1, 3.1.9, 3.2.1, 3.2.2, 3.2.5, 3.3.2	6	
7.	Medical Education and Research	2010-11	2.1 (<i>Performance Audit</i>)	1	1
8.	Housing and Urban Development	2010-11	3.1.3, 3.1.4, 3.2.4	3	3
9.	Industries and Commerce	2009-10	3.3.1	1	2
		2010-11	3.3.1	1	
10.	Irrigation	2009-10	3.2.1	1	3
		2010-11	3.1.5, 3.2.3	2	
11.	Local Government	2009-10	3.2.2	1	1
12.	Public Works (Buildings and Roads Branch)	2009-10	3.1.6	1	1
13.	Public Works (B & R Branch) Irrigation and Housing and Urban Development	2010-11	3.1.8	1	1
14.	Planning	2008-09	2.3.1	1	1
15.	Rural Development and Panchayats and Local Government	2009-10	3.1.4	1	1
16.	Social Security and Women and Child development	2010-11	3.1.6	1	1
17.	Home Affairs and Justice	2009-10	3.1.7	1	3
		2010-11	3.1.2, 3.1.10	2	
	Total			32	32

Appendix 2.1

(Referred in Paragraph 2.1.15.3, page 29)

Statement showing delay in completion of works under PMGSY

Sr. No.	Name of division	Name of work	Phase/Package No.	Est. cost allotted cost. (Gross) (₹ in lakhs)	Name of contractor	EE No. date	Time limit (Month)	Date of start	Actual date of completion	Exp. incurred (₹ in lakhs)	Period of delay	
											Years	Month
1	Construction Division, Sirhind	Amlah Khanna road to Salana Jiwan singh Wala, Lullon upto distt. boundary	VII PB-409	626.23	M/s B. S. Builders	2905-09 Dt. 15.9.08	9	24/9/08	28/2/10	564.13	0	5
2		Link Road Lehra to Rai Dhruana	IV/PB-1704	388.11	M/s Welkin India	438-41/. 20.1.06	8	20.1.06	31.7.07	307.42	0	7
3		Link Road km. 82.01 Sangrur Barnala road to Jharron	VI/PB-1711	512.36	M/s J. K. Associates	3232-37/ 24.7.07	9	24/7/07	31/3/09	529.39	0	8
4		Link Road Katraon to Manaal	VI/PB-1712	388.21	Harbhajan Singh & Co	1796-01/. 8.5.07	8	8/5/07	28/6/08	387.61	0	2
5		Link Road Sherpur to Mulowal	VI/PB-1713	497.55	Harbhajan Singh & Co	1789-94/. 8.5.07	9	8/5/07	28/6/08	481.02	0	3
6		Link Road Amargarh-Nabha MDR to Malerkotla-Khanna MDR	VI/PB-1714	445.16 505.85	M/s Sharma Const. Co	1810-15/ 8.5.07	9	8/5/07	30/8/08	458.93	0	7
7		Link Road Amargarh MDR to Issi ODR	VI/PB-1715	254.41	M/s J. K. Associates	1803-08/ 8/5/07	6	8/5/07	24/12/08	250.07	0	10
8		Link Road Katron to Pherwai via Rurgarh	VIII/PB-1743	215.06	M/s Aggarwal Const. Co	6267-74/ 24.9.09	6	24/9/09	30/11/10	212.14	0	5

9	SH-11 to Ranilke	VI/PB-1716	238.33	M/s D. S. Builders	1009-12 14.6.07	6	14/6/07	30/4/08	234.32	0	1	16
10	Dhuri to Bhatwan	VII/PB-1723	444.12	Harbhajan Singh & Co	3700-03 26.9.08	6	26/9/08	14/8/09	435.87	0	1	18
11	Amargarh to Mohali	VII/PB-1725	131.73	M/S Punjab Hotmix Plant	3695-98 26.9.08	4	26/9/08	20/3/11	122.01	1	10	24
12	Malerkotla to Kanganwal	VIII/PB-1730	531.95	M/s Sharma Const. Co	3462-65 25.9.09	6	25/9/09	31/5/11	485.31	0	11	6
13	Harsha china to Kot Sidhu	V/PB-118 MB	423.91	M/s Satish Aggarwal & Co.	10462-65 /15.9.06	6	15.9.06	25/11/07	433.88	0	5	10
14	Ajnala to Sahowal	VI/PB-124 MB	303.54	M/s Balwinder Singh & Co.	3232-37/ 24.7.07	6	24/7/07	15/5/09	276.18	1	0	21
15	Dial to Ajnala	VI/PB-125 MB		M/S Buildwell Const. Co.	2601-04/ 23.5.07	6	23/5/07	23/8/08	217.63	0	6	0
16	Manawala to Toot	VI/PB-126 MB	302.33	M/s Sharma Const. Co	CE CHD No.1441-44 dt. 21.5.07	6	23/5/07	3/2/09	273.21	0	11	10
17	Kohali to Beharwal	VI/PB-127 MB	307.69	M/s Satish Aggarwal & Co	1439-42/ 21.5.07	6	21/5/07	2/2/09	307.53	0	11	11
18	Ajnala Fatehgarh Churrian Road to Sudhar	VI/PB-128 MB	203.30	M/s Surinder Pal Singh & Co	2609-12/ 23/5/07	6	23/5/07	30/1/09	209.21	0	11	7

19	Mahabaddhar to Sammewali km 0-18	IV/PB-1307	392.36	M/s S & S Const. Co	3122-26 28.6.05	9	28/6/05	24/10/06	383.69	0	3	26
20	Muktsar to Abohar via chak Sheranwala	VI/PB-1310	804.57/ 861.15	M/s Yadav Builders	3211-14 11.4.07	9	8/3/07	28/4/08	338.30	0	1	20
21	Ratta Tibba to Bam upto Block boundary	VI/PB-1311	854.89	M/s Shivam Const. Co	2506-10 22.3.07	10	8/3/07	25/4/08	773.84	0	1	17
22	Rasule pur Block Boundary to Khema Khara Block Boundary	VI/PB-1314	218.26	M/S Singla Const. Co	2489-94 22.3.07	6	8/3/07	20/2/08	194.07	0	2	12
23	Malout (ODR-30) to Baloch Khara km 0-17.30	VI/PB-1315	533.61	M/S Shivam Const. Co	2498-2500 22.3.07	6	8/3/07	30/9/08	482.51	0	9	22
24	Bhawaniagarh to Bassiarkh	VIII/PB-1734	446.73	M/s High Rise Eng. Pvt. Ltd	3444-48 4.9.09	6	4/9/09	28/9/2010	400.00	0	3	24
25	Sangrur to Sajuma	VIII/PB-1736	425.21	M/S Balaji & Co	2771-75 19.8.09	6	19/8/09	15/7/2010	415.99	0	1	26

26	Provincial. Division, Bathinda	Sangat to Shergarh	VIII/PB- 206	573.99	M/S Garg Const. Co	5063-67/ 30.7.09	6	30/7/09	21/9/10	546.23	0	4	21
27		Nathana Jandwala Road to Bathinda	VIII/PB- 207	333.12	M/S Munish Kumar Bansal	5069-72/ 30.7.09	6	30/7/09	10/8/10	321.54	0	3	10
28	PMB, Nawanshehar	GBR to Jhungian Khuruli road	PB-1404	500.01	M/S S & S Co.	12913/ 11.10.05	9	11.10.05	30/3/07	456.05	0	5	19
29		Banga to Katarian	PB-1405	235.33	M/s Anil Kumar	2316-20 25.5.07	6	25/5/07	30/4/09	217.12	1	0	5
30	PMB, Kapurthala	Adda Bhawanipur to ghadana phatak NH-1	PB-906	3.32	M/s Buildwell const co	10534 219.06	9	21/9/06	30/10/07	312.25	0	1	1
Total										11027.45			

Source: Departmental records

Appendix-2.2*(Referred in Paragraph 2.2.7.1, page 37)***Statement showing funds released for preparation of district perspective plan and expenditure incurred there against by the test checked districts***(₹ in lakh)*

Sr. No.	Name of the district	Sanction No. and date	Total funds received from GoI	Expenditure incurred as on 31 March 2012	Balance funds with DPC	Remarks
1	Amritsar	V-4011/47/2005-06-07/NREGA SI. No. 312 dated 13.11.2007	10.00	4.10	5.90	
2	Barnala	V-24011/47/2005-06-07/NREGA SI. No. 475 dated 31.1.08	10.00	0.00	10.00	The plan prepared by the MGNREGS staff
3	Fazilka (Ferozepur)	V-24011/47/2005-06-07/NREGA SI. No. 312 dated 13.11.2007	10.00	2.74	7.26	The final payment would be made after approval
4	Muktsar	V-24011/47/2005-06-07/NREGA SI. No. 312 dated 13.11.2007	10.00	0.85	9.15	Balance amount spent on wages
5	Pathankot (Gurdaspur)	V-24011/47/2005-06-07/NREGA SI. No. 312 dated 13.11.2007	10.00	7.60	2.40	₹7.60 lakh were incurred for purposes other than the perspective plan
Total			50.00	15.29	34.71	

Source: Departmental records

Appendix-2.3

(Referred in Paragraph 2.2.8.2.2(ii), page 42)

Statement showing short release and delay in release of State share to the test checked districts

Sr. No.	Name of the district	Year	Central share	Date of receipt of central share	State share due	State share received	Due date of receipt of state share	Actual date of receipt of State share	Short (-) /Excess (+) release	Delay (in days)	₹ in lakh
1	Amritsar	2007-08	1196.28	07.06.2007	132.91	132.91	21.06.2007	20.09.2007	0	90	
		2008-09	630.94	14.05.2008	70.10	70.10	28.05.2008	29.09.2009	0	488	
		2009-10	390.98	26.06.2009	43.44	43.44	10.07.2009	12.11.2009	0	124	
			300.00	14.06.2009	33.33	33.33	28.06.2009	01.01.2010	0	94	
			443.36	14.12.2009	49.26	49.26	28.12.2009	25.03.2010	0	85	
		2010-11	1119.94		124.44	68.89			55.55		
2011-12	1100.00		122.22	138.89			16.67				
2	Barnala	2007-08 ¹	0	0	0	0	0	0	0	0	
		2008-09	134.36	05.05.2008	14.93	14.93	19.05.2008	10.12.2008	0	202	
			144.88	01.07.2008	16.10	16.10	15.07.2008	08.02.2009	0	204	
		2009-10	53.00	03.02.2010	5.89	5.89	17.02.2010	31.03.2010	0	42	
		2010-11	42.46	28.05.2010	4.72	4.72	11.06.2010	23.06.2010	0	12	
			25.00	05.01.2011	2.78	2.78	19.01. 2011	15.03.2011	0	58	
			300.00	01.03.2011	33.33	33.33	16.03. 2011	28.06.2011	0	105	
		2011-12	150.00	28.08.2011	16.67	16.67	11.09. 2011	23.03.2012	0	193	
			150.00	17.09.2011	16.67	16.67	01.10. 2011	23.03.2012	0	172	

¹ The scheme was not launched in this district during this year.

Sr. No.	Name of the district	Year	Central share	Date of receipt of central share	State share due	State share received	Due date of receipt of state share	Actual date of receipt of State share	Short (-) /Excess (+) release	Delay (in days)
3	Fazilka	2007-08 ²	69.45		0	0			0	
		2008-09	205.75	01.04.2008	22.86	22.86	16.4.2008	10.09.2008	0	143
			150.00	23.09.2009	16.67	16.67		01.01.2010	0	84
		2009-10	75.00	14.01.2010	8.33	0			-8.33	
			150.00	15.03.2010	16.67	0			-16.67	
			145.57	26.05.2010	16.17	24.42	10.06.2010	23.06.2010	8.25	13
			200.00	24.08.2010	22.22	16.50	08.09.2010	11.10.2010	-5.72	32
		2010-11	175.00	07.01.2011	19.44	19.44	22.01.2011	19.03.2011	0	55
			95.00	21.01.2011	10.56	10.56	05.02.2011	19.03.2011	0	41
			500.00	28.02.2011	55.55			19.03.2010	-55.55	
			200.00	30.03.2011	22.22	0			-22.22	
		2011-12	936.00		104.00	91.11			-12.89	
4	Muktsar	2008-09	86.98	01.04.2008	9.66	9.66	15.04.2008	10.09.2008	0	148
			301.07	26.05.2010	33.45	33.45	08.06.2010	23.06.2010	0	14
		2010-11	500.00	23.02.2011	55.56	55.56	09.03.2012	28.06.2011	0	80
			200.00	29.03.2011	22.22	22.22	12.04.2011	28.06.2011	0	76
			50.00	21-06-2011	5.56	5.56	05.07.2011	29.03.2012	0	266
		2011-12	100.00	07-04-2011	11.11	11.11	21.04.2011	29.03.2012	0	342
			50.00	26-07-2011	5.56	5.56	10.07.2011	29.03.2012	0	262
			600.00	09-09-2011	66.67	66.67	23.09.2011	29.03.2012	0	187

² The scheme was not launched in this district during this year and ₹ 69.45 lakh were received from Gol for preparatory activities.

Sr. No.	Name of the district	Year	Central share	Date of receipt of central share	State share due	State share received	Due date of receipt of state share	Actual date of receipt of State share	Short (-) /Excess (+) release	Delay (in days)
5	Pathankot	2008-09	268.87	01.04.2008	29.88	29.88	15.04.2008	23.08.2008	0	131
			2.00	04.06.2008	0.22	0	19.06.2008	-	-0.22	-
		2009-10	40.15	31.03.2008	4.46	-	15.04.2008	12.11.2009	-4.46	212
			260.25	30.06.2009	28.92	33.38	15.07.2008	12.11.2009	4.46	120
			152.85	06.08.2009	16.98	-	21.08.2009	18.02.2010	-16.98	182
			200.00	27.11.2009	22.22	39.20	12.12.2009	18.02.2010	16.98	183
			24.00	04.01.2010	2.67	2.67	15.01.2010	06.03.2010	0	48
			285.73	15.02.2010	31.75	31.75	02.03.2010	31.03.2010	0	31
		2010-11	200.00	31.03.2010	22.22	22.00	15.04.2010	11.10.2010	-0.22	180
			206.23	31.05.2010	22.91	22.91	15.06.2010	23.06.2010	0	9
			125.00	05.01.2011	13.89	13.89	20.01.2011	18.03.2011	0	58
			500.00	23.02.2011	55.56	50	10.03.2011	11.10.2010	-5.56	-
		2011-12	256.00	16.08.2011 to 22.12.2011	28.44	27.78	21.08.2011 to 05.01.2012	23.03.2012	-0.66	19 to 207
				29.02.2012 to 23.03.2012						
			95.00		10.56	0	15.03.2012 to 06.04.2012	-	-10.56	-

Sr. No.	Name of the district	Year	Central share	Date of receipt of central share	State share due	State share received	Due date of receipt of state share	Actual date of receipt of State share	Short (-) /Excess (+) release	Delay (in days)
6	Hoshiarpur	2007-08	380.15	10.12.2007	42.24	42.24	25.12.2007	29.09.2008	0.00	278
		2008-09	447.53	04.04.2008	49.73	49.73	19.04.2008	29.09.2009	0.00	525
			463.00	10.12.2008	51.44	51.44	25.12.2008	16.03.2009	0.00	80
			952.00	13.02.2009	105.77	105.77	28.02.2009	12.11.2009	0.00	251
		2009-10	795.12	28.04.2009	88.35	88.35	13.05.2009	12.11.2009	0.00	180
			466.97	06.08.2009	51.88	51.88	21.08.2009	18.02.2010	0.00	177
			476.51	10.10.2009	52.94	52.94	25.10.2009	01.01.2010	0.00	67
			369.60	12.01.2010	41.07	41.07	27.01.2010	06.03.2010	0.00	37
		2010-11	185.00	18.02.2010	20.56	20.56	05.03.2010	31.03.2010	0.00	25
			1200.00	12.03.2010	133.33	133.33	27.03.2010	31.03.2010	0.00	3
			630.81	03.05.2010	70.09	70.09	09.05.2010	23.06.2011	0.00	44
			95.00	21.01.2011	10.56	10.56	06.02.2011	18.03.2011	0.00	39
		2011-12	500.00	27.02.2011	55.56	55.56	15.03.2011	28.06.2011	0.00	103
			150.00	29.03.2011	16.67	16.67	14.04.2011	28.06.2011	0.00	73
			100.00	01.07.2011	11.11		16.07.2011		-11.11	
				1050.00	07.09.2011	116.67	116.67	23.09.2011	23.03.2012	0.00
Total					2419.90	2239.58			-180.32	

Source: Departmental records

Appendix 2.4

(Referred in Paragraph 2.2.9.1, page 46)

Statement showing percentage of registered households provided employment in the test checked districts

Sr. No.	Name of the district	Year	Total No. HHs registered	No. of HHs provided employment	Percentage of HHs provided employment
1	Amritsar	2007-08	24322	15555	63.95
		2008-09	36163	14913	41.24
		2009-10	55126	21892	39.71
		2010-11	66561	30441	45.73
		2011-12	67584	13758	20.36
2	Barnala	2007-08*	NA	NA	NA
		2008-09	17385	1268	7.29
		2009-10	19552	7100	36.31
		2010-11	22332	7950	35.60
		2011-12	23552	8455	35.90
3	Fazilka	2007-08*	NA	NA	NA
		2008-09	81531	1765	2.16
		2009-10	97348	23987	24.64
		2010-11	107225	35161	32.79
		2011-12	55189	12147	22.01
4	Hoshiarpur	2007-08	43154	26297	60.94
		2008-09	45135	35512	78.68
		2009-10	66025	44581	67.52
		2010-11	70610	31465	44.56
		2011-12	71408	22777	31.90
5	Muktsar	2007-08*	NA	NA	NA
		2008-09	25038	8380	33.47
		2009-10	40848	23765	58.18
		2010-11	48905	23399	47.85
		2011-12	53393	21376	40.04
6	Pathankot	2007-08*	NA	NA	NA
		2008-09	51378	7036	13.69
		2009-10	57049	23602	41.37
		2010-11	60168	15038	24.99
		2011-12	15978	4457	27.89

Source: Departmental records

HH=Household

* Scheme was not launched in these districts during these years

Appendix-2.5*(Referred in Paragraph 2.2.9.1, page 46)***Statement showing achievement of 100 days employment in the test checked districts**

Sr. No.	Name of the district	Year	Total HHs registered	HHs to whom 100 days employment provided	Percentage
1	Amritsar	2007-08	24322	1058	4.35
		2008-09	36163	78	0.22
		2009-10	55126	3966	7.19
		2010-11	66561	1161	1.74
		2011-12	67584	118	0.17
2	Barnala	2007-08*	NA	NA	NA
		2008-09	17385	1	0.006
		2009-10	19552	11	0.06
		2010-11	22332	112	0.50
		2011-12	23552	45	0.19
3	Fazilka	2007-08*	NA	NA	NA
		2008-09	81531	6	0.007
		2009-10	97348	76	0.078
		2010-11	107225	258	0.24
		2011-12	55189	88	0.16
4	Hoshiarpur	2007-08	43154	1584	3.67
		2008-09	45135	3534	7.83
		2009-10	66025	614	0.93
		2010-11	70610	1114	1.58
		2011-12	71408	227	0.32
5	Muktsar	2007-08*	NA	NA	NA
		2008-09	25038	12	0.05
		2009-10	40848	418	1.02
		2010-11	48905	297	0.61
		2011-12	53393	190	0.35
6	Pathankot	2007-08*	NA	NA	NA
		2008-09	51378	0	0
		2009-10	57049	75	0.13
		2010-11	60168	178	0.30
		2011-12	15978	11	0.06

*Source: Departmental records**HH=Household*

* Scheme was not launched in these districts during these years.

Appendix-2.6

(Referred in Paragraph 2.2.9.4(i) , page 47)

Statement showing delay in payment of wages in the test checked districts

Sr. No.	Name of the district	Delay (In days)
1	Amritsar	4 and 188
2	Barnala	2 and 341
3	Fazilka	23 and 202
4	Hoshiarpur	Upto 790
5	Muktsar	4 and 579
6	Pathankot	2 and 48

Source: Departmental records

Appendix-2.7

(Referred in Paragraph 2.2.11.1(i), page 57)

Details of maintenance of records in the test checked GPs

Sl. No.	Name of the district	Name of the block	JCAR	JCR	ER	MRI & RR	WR	AR	CR	MAUC
1.	Fazilka	Abohar	10	10	10	10	10	10	10	10
		Jalalabad	-	-	09	09	09	09	09	09
2.	Barnala	Barnala	09	09	09	09	09	09	09	09
		Sehna	08	08	08	08	08	08	08	-
3.	Muksar	Malout	09	09	09	09	09	09	09	09
		Gidderbaha	07	07	07	07	07	07	07	07
4.	Hoshiarpur	Bhunga	10	10	10	10	10	10	10	10
Total			53	53	62	62	62	62	62	54

Source: Departmental records

Abbreviations used:

JCAR-Job card application register

JCR-Job card register

ER-Employment register

MRI&RR-Muster roll issue and receipt register

WR-Work register

AR-Asset register

CR-Complaint register

MAUC- Monthly allotment and utilisation certificate watch register

Appendix-2.8

(Referred in Paragraph 2.2.12.1, page 58)

Statement showing shortage of Gram Rojgar Sahayak (GRS)

Sr. No.	Name of the district	No. of Gram Panchayats	No. of GRS required	No. of GRS appointed	Shortage	Percentage of shortage
1	Amritsar	817	817	52	765	94
2	Barnala	158	158	17	141	89
3	Fazilka	376	376	38	338	90
4	Hoshiarpur	1362	1362	0	1362	100
5	Muktsar	263	263	42	221	84
6	Pathankot	399	399	15	384	96
Total		3375	3375	164	3211	

Source: Departmental records

Statement showing shortage of Technical Assistants (TAs)

Sr. No.	Name of the district	No. of Gram Panchayats	No. of TAs required	No. of TAs appointed	Shortage	Percentage of shortfall
1	Amritsar	817	163	4	159	98
2	Barnala	158	31	3	28	90
3	Fazilka	376	74	4	70	95
4	Hoshiarpur	1362	287	10	277	97
5	Muktsar	263	53	6	47	89
6	Pathankot	399	80	3	77	96
Total		3375	688	30	658	

Source: Departmental records

Appendix-2.9*(Referred in Paragraph 2.2.12.2, page 59)***Statement showing funds received and expenditure incurred on training to the Panchyati Raj Institutions during 2007-08 to 2011-12***(₹ in lakh)*

Sr. No.	Name of the district	Total funds received	Expenditure incurred on training	Balance
1	Amritsar	7.00	7.00	0.00
2	Barnala	7.00	0.00	7.00
3	Fazilka (Ferozepur)	7.00	0.61	6.39
4	Hoshiarpur	0.00	0.00	0.00
5	Muktsar	7.00	0.11	6.89
6	Pathankot	7.00	7.00	0.00
Total		35.00	14.72	20.28

*Source: Departmental records***Statement showing funds received and expenditure incurred on training to the Data Entry Operators***(₹ in lakh)*

Sr. No.	Name of district	Total funds received	Expenditure incurred on training	Balance
1	Amritsar	4.50	4.50	0.00
2	Barnala	4.50	0.00	4.50
3	Fazilka (Ferozepur)	4.50	0.21	4.29
4	Hoshiarpur	0.00	0.00	0.00
5	Muktsar	4.50	0.00	4.50
6	Pathankot	4.50	0.02	4.48
Total		22.50	4.73	17.77

Source: Departmental records

Appendix-2.10

(Referred in Paragraph 2.2.13.3, page 60)

Statement showing complaints filed, disposed of and lying pending in the State

Year	No. of complaints received	No. of complaints disposed of	No of complaints pending
2007-08	11	5	6
2008-09	59	52	7
2009-10	151	128	23
2010-11	312	312	0
2011-12	79	51	28
Total	612	548	64

Source: Departmental records

Appendix 3.1
(Referred in Paragraph 3.1.3.1, page 67)

Statement showing loss of interest due to delay in release of funds by Government of India

Year	Instalment	Amount of instalment (Gol share)	Due date of instalment	Received as on	Delay in days	Reasons for delay	Interest		
							Period	Days	Rate of interest ³ (per cent)
2010-11	2 nd instalment	8359.50	December 2010	07.07.2011	187	Delay in submission of certificate regarding creation of SDRF duly certified by A.G.(A&E), together with expenditure statement by GOP in June 2011 instead of October 2010.	01.01.11 to 31.03.11	90	8.00
							01.04.11 to 02.05.11	32	8.75
							03.05.11 to 15.06.11	44	9.25
							16.06.11 to 06.07.11	21	9.50
2011-12	1 st instalment	8777.63	June 2011	26.09.2011	87	GOP submitted the certificate confirming credit of 2 nd instalment of 2010-11 in SDRF in August 2011 instead of April 2011.	01.07.11 to 25.07.11	25	9.50
							26.07.11 to 15.09.11	52	10.00
							16.09.11 to 25.09.11	10	10.25
2011-12	2 nd instalment	8777.63	December 2011	30.07.12	211 (upto 30.7.2012)	GOP submitted the consolidated annual report of natural calamity to Gol in 4/2012 (due in 9/2011)	01.01.12 to 31.03.12	90	10.50
							01.04.12 to 29.07.12	120	10%
Total									1090.58

Source: Departmental data

³ On Overdraft Regulations of RBI, at which the State Government had been crediting interest to SDRF.

Appendix 3.2

(Referred in Paragraph 3.1.3.2, page 67)

Statement showing delay in release of funds from treasury

Sr. No.	Name of District	Date of calamity (Flood)	Fund demanded and sanctioned (₹ in lakh)	Purpose	Date of sanction by FD/FCR	Date of drawal from treasury	Delay in withdrawal from treasury (days)	Reasons for delay
1	Kapurthala	21.08.2011	234.00	Construction of roads	14.09.2011	31.03.2012	167	Due to delay in passing of the bills by the treasury.
2.	Moga	26.04.2011	450.63	Relief for damaged crops	16.12.2011	31.03.2012	105	
3.	Muktsar	July-September 2011	1361.80	Drainage & water supply/flood protection	23.12.2011	19.03.2012	86	
4.	Tarn Taran	7.8.2011	85.95	Relief for damaged crops	16.12.2011	31.03.2012	105	
			2132.38					

Source: Departmental data

Appendix 3.3

(Referred in Paragraph 3.1.4.1, page 68)

Statement showing delay in disbursement of flood relief amount

Name of District	Date of calamity	Date of demand by DC	Delay in demand (days)	Fund sanctioned (₹ in lakh)	Date of sanction by FCR	Purpose	Date of amount received by DC	Delay in drawal from treasury (days)	Undisbursed amount (₹ in lakh)	Delay in disbursement to the victims/date of disbursement (days)
Kapurthala	21.08.2011	30.09.2011	09	516.10	22.11.2011	Relief for damaged crops	07.12.2011	76	An amount of ₹ 1492.89 lakh were disbursed upto 05.11.12 and after that undisbursed amount of ₹ 117.17 was deposited into treasury vide challan dated 30.11.2012	380/5.11.2012
Moga	26.04.2011	02.05.2011	-	450.63	16.12.2011	Relief for damaged crops	31.03.2012	308	101.86	446/14.9.2012
Muktsar	July-September 2011	02.11.2011	-	2474.40	22.11.2011	Relief for damaged crops	09.12.2011	38	377.01	257/14.8.2012
Tarn Taran	07.08.2011	23.09.2011	15	182.80	22.11.2011	Damaged houses	09.12.2011	92	19.15	293/27.7.2012
	07.08.2011	23.09.2011	15	85.95	16.12.2011	Relief for damaged crops	31.03.2012	206	25.23	293/27.7.2012
Total				3709.88					523.25	

Source: Departmental data

Appendix 3.4

(Referred in Paragraph 3.2.4.1, page 71)

Statement showing the details of delay in submission and approval of auditing targets

Year	Field office	Actual date of submission by field office	Delay in submission w.e.f 1 April of respective year (Days)	Date of approval	Delay in approval w.e.f 1 April of respective year (Days)
2009-10	Amritsar	20.04.2009	19	13.08.2009	134
	Ludhiana	22.04.2009	21	13.08.2009	134
	Patiala	30.04.2009	29	13.08.2009	134
2010-11	Amritsar	13.10.2010	195	25.03.2011	358
	Ludhiana	03.05.2010	32	25.03.2011	358
	Patiala	8.12.2010	251	25.03.2011	358
2011-12	Amritsar	07.06.2011	67	12.08.2011	133
	Ludhiana	16.05.2011	45	12.08.2011	133
	Patiala	06.06.2012	66	12.08.2011	133

Source: Departmental data

Appendix 3.5*(Referred in Paragraph 3.2.5.1, page 74)***Statement showing the details of units targeted and shortfall**

Name of District	Year	Units targeted	Units audited	Shortfall	Per centage of shortfall
Amritsar	2009-10	332	65	267	80
	2010-11	392	39	353	90
	2011-12	492	7	485	99
Taran Taran	2009-10	184	29	155	84
	2010-11	243	38	205	84
	2011-12	277	17	260	94
Patiala	2009-10	430	159	271	63
	2010-11	402	56	346	86
	2011-12	465	99	366	79
Fatehgarh Sahib	2009-10	154	37	117	76
	2010-11	151	23	128	85
	2011-12	170	19	151	89
Ludhiana	2009-10	800	89	711	89
	2010-11	966	67	899	93
	2011-12	1140	37	1103	97
Moga	2009-10	157	24	133	85
	2010-11	179	4	175	98
	2011-12	213	4	9	98

Source: Departmental data

Appendix 3.6

(Referred in Paragraph 3.2.7.1, page 77)

Statement showing the age profile of the outstanding audit objections/paras in respect of DCFA Amritsar and Patiala

Age in years		Token Tax	Passenger and Goods Tax	Stamp Duty	Sale Tax	Grant in Aid	Excise Duty	Plan Fund	Electricity Duty	Entertainment Tax	(₹ In lakh)		
											GPF	GIS TOTAL	
6-10	Paras	64	0	161	124	1	9	183	142	13	67	0	764
	Amount	326.73	0	598.30	78.74	0.77	956.48	726.98	988.76	926.57	5.61	0	4608.94
11-15	Paras	0	0	21	0	29	0	75	0	0	14	0	139
	Amount	0	0	15.90	0	4.34	0	179.99	0	0	5.36	0	205.59
16-20	Paras	0	0	20	0	35	0	16	0	0	10	0	81
	Amount	0	0	6.56	0	8.95	0	38.02	0	0	7.03	0	60.56
21-25	Paras	56	200	11	30	2	23	3	12	25	7	0	369
	Amount	1915.27	336.02	5.57	13.37	0.18	507.13	1.04	0.01	57.98	4.12	0	2840.69
26-30	Paras	186	219	9	656	0	57	0	224	111	0	0	1452
	Amount	130.43	337.64	0.48	308.40	0	442.72	0	182.52	121.24	0	0	1523.43
Total	Paras	306	419	222	810	67	89	277	378	149	98	0	2815
	Amt	2372.43	673.66	626.81	400.51	14.24	1906.33	946.03	1171.29	1105.79	22.12	0	9239.21

Source: Departmental data

Appendix 4.1*(Referred in Paragraph 4.1.1, page 87)***Statement showing price escalation**

Sr. No	Name of the Division	Construction of approaches to ROB at Level Crossing No.	Awarded/ completion cost (₹ in crore)	Stipulated date of start/ completion	Actual date of completion	Total delay in completion of work	Escalation paid in stipulated period (₹ in crore)
1.	Central Works Division No. 1, PWD Bathinda	i) No. 139/3 on Bhuchio-Bathinda. Railway line ii) No. 242/2 on Delhi-Bathinda Railways line	43.06/46.96	17.11.06/ 16.02.08	31.07.10	29 months and 15 days	1.23
2.	Provincial Division PWD Jalandhar	(i) A-61 at Maqsoodan (ii) C-11 at Suchipind	25.85/28.38	17.11.06/ 16.02.08	30.08.10	30 months and 15 days	0.90
3.	-do-	No. S-3 on Jal-Nakodar Railway line	42.60/48.26	23.4.08/ 22.10.09	20.07.10	8 months and 29 days	3.61
		Total	111.51/123.60				5.74

Source: Departmental data

Appendix-4.2

(Referred in Paragraph 4.1.5, page 93)

Statement showing excess payment of additional amount

Sr. No	Award No. and date	Name of village	Total land acquired (in acre)	Basic rate of land per acre (₹)	Date of notification under Section 4	Date of Annou-ncement of award	Additional amount paid for one year @ 12% p.a as per actual date of announce-ment of award (days)	Additional amount payable @ 12% p.a as per actual date of announce-ment of award (days)	Excess payment (days)
1	515, 22.04.11	Dhurali Saneta & Sukhgarh (Private land)	14.4124	9603073	19.05.10	22.04.11	16608403 (365)	15425339 (339)	1183064 (26)
2	517, 13.06.11	1. Balongi (Panchayat land)	3.8750	8928571	18.11.10	13.06.11	3897323* (365)	2220940 (208)	1676383 (157)
		2. Balongi (Private land)	0.6000	9603073	18.11.10	13.06.11	691421 (365)	394015 (208)	297406 (157)
TOTAL			18.8874				21197147	18040294	3156853

Source: Departmental data

Details of rates fixed per acre

S.No.	Description	For Private land (₹ per acre)	For Panchayat Land (₹ per acre)
A	Basic Value of land	96,03,073	89,28,571
B	Additional Payment (Interest) @ 12 per cent per annum on 'A' above for one year	11,52,369	10,71,429
C	Solatium @ 30 % on 'A' above	28,80,922	NIL
D	Total (A+B+C)	1,36,36,364	1,00,00,000
E	Non-litigation charges @ 10 per cent on 'D' above	13,63,636	10,00,000
Grand Total		1,50,00,000	1,10,00,000

Source: Departmental data

* Calculated on 3.6375 acres (excluding 0.2375 acre), for which the payment was actually made.

Appendix-4.3

(Referred in Paragraph 4.2.1, page 95)

**Statement showing avoidable payment of interest for the period from
June 2008 to March 2012**

(₹ in crore)

Period	Months	Amount	Rate of interest #	Amount of interest
June 2008 – March 2009	10	22.92	8.32	1.59
April 2009 – March 2010	12	22.92	7.72	1.77
April 2010 – February 2011	11	22.92	7.73	1.62
March 2011 – March 2011	1	23.80 ^{\$}	7.73	0.15
April 2011 – March 2012	12	23.80	7.96	1.89
TOTAL	46			7.02

Source: Departmental data

Average rate of interest on Government borrowings

\$ ₹ 0.88 crore received on 28 February 2011.

Appendix-4.4

(Referred in Paragraph 4.2.5, page 100)

Details of excluded items of uniforms as well as uniforms not received

A. Excluded items of uniforms

Sr. No.	Item	No. of items	Rate (₹)	Amount (₹)
1.	Woolen Sweater (for all students)	122394	90*	1,10,15,460
2.	Woolen Cap (for non-Sikh boys)	41095	15*	6,16,425
3.	Stitching of <i>salwar-kameez</i> (for all girls)	70471	35*	24,66,485
	Total			1,40,98,370

B. Uniforms not received

Sr. No.	Item	No. of items	Rate (₹)	Amount (₹)
1.	Full uniform	3517	400	14,06,800
2.	<i>Dupatta</i> (for all girls)	46097	30*	13,82,910
	Total			27,89,710

* Rates taken on the basis of lowest cost of items paid by three districts viz. Ludhiana, Hoshiarpur and Sangrur.

Appendix-5.1*(Referred in Paragraph 5.1.7.2(a), page 105)***Details of exaggerated revised budget demands (SoE-wise) during 2010-11***(₹ in thousands)*

S.No.	Head of Account	Original Budget Demand	Budget Allotted	Revised Budget Demand	Revised Budget Allotted	Expenditure
	2056-001					
1	93-Electricity	200	200	203	200	183
2	91-Medical	455	340	405	405	309
3	24-POL	1430	1130	1230	1230	826
4	13- OE	1601	1600	23568	1600	872
	2056-101					
5	26-Advt	103	67	76	67	23
6	11- TA	1386	945	1030	955	562
7	02- Wages	7433	7340	7368	6900	6893
8	98-Computerisation	1300	650	818	650	101
9	94-Water	650	625	835	625	73
10	24-POL	4115	3030	3235	3030	2390
11	13- OE	26412	18730	24687	18730	17048
12	93-Electricity	60775	48565	53032	48565	43158
	2056-102					
13	13- OE	70	35	64	38	21
14	91-Medical	98	67	82	64	13
15	50-Compensation and other Charges	300	195	217	197	140
16	11- TA	67	57	126	55	
17	93-Electricity	915	830	1195	795	553
	4055					
18	27- Minor Works	2898	1460	21858	17646	1360
19	52-M&E	1560	805	20968	741	177
20	25-CT&S	9510	7722	14362	9974	6772
	Total	121278	94393	175359	112467	81474
Percentage of revised budget demands to the original budget		85.77				

Source: Departmental data

Appendix-5.1 (Continued)

(Referred in Paragraph 5.1.7.2.(a), page 105)

Details of exaggerated revised budget demands (SoE-wise) during 2011-12

(₹ in thousands)

S.No.	Head of Account	Original Budget Demand	Budget Allotted	Revised Budget Demand	Revised Budget Allotted	Expenditure
	2056-001					
1	50-Compensation and other Charges	7790	7790	8710	7790	7759
2	24-POL	1000	1000	1269	1000	992
3	13- OE	1127	23484	23719	23719	17694
4	11- TA	178	178	374	374	29
5	92-Telephone	150	150	184	150	112
	2056-101					
6	13- OE	23197	18835	46318	19117	18009
7	23 COR	224795	200000	209109	180000	192397
8	93-Electricity	60775	56755	65524	56700	51627
9	50-Compensation and other Charges	73415	64717	71399	64467	60825
10	92-Telephone	2547	1547	6378	4757	1440
11	91-Medical	7290	5360	9336	5663	4997
12	02- Wages	8224	7261	8434	5300	5955
13	98-Computerisation	2338	650	1247	150	38
14	24-POL	3810	3260	3380	2820	2309
15	11- TA	1410	945	1063	545	314
16	94-Water	930	625	645	100	80
17	26-Advt	103	67	76	17	12
	2056-102					
18	93-Electricity	2010	860	2070	860	743
19	02- Wages	1158	1040	1248	1048	843
20	50-Compensation and other Charges	276	200	255	190	109
21	13- OE	84	41	77	45	32
	4055					
22	21-M&S	18980	15540	37450	10540	14706
23	27- Minor Works	7420	48460	64646	59886	19885
24	25-CT&S	17641	7722	22326	8222	4255
25	52-M&E	1517	19505	27490	25380	3824
	Total	468165	485992	612727	478840	408986
Percentage of revised budget demands to the original budget		26.07				

Source: Departmental data

Appendix-5.2

(Referred in Paragraph 5.1.7.2(b), page 105)

Details of expenditure in excess of the approved revised budget estimates during 2010-11 and 2011-12

(₹ in thousands)

S. No.	Head of account	Year	Approved RBE	Expenditure	Excess
2056-101					
1	02- Wages	2011-12	5300	5955	655
2	23 Cost of Ration	2011-12	180000	192397	12397
3	30-Other contractual services	2011-12	4274	4735	461
4055-COL on Police					
4	21-Material & Supply	2010-11	11540	12678	1138
5	21- Material & Supply	2011-12	10540	14706	4166
TOTAL			211654	230471	18817

Source: Departmental data

RBE = Revised budget estimates

Appendix-5.3

(Referred in Paragraph 5.1.7.2(c), page 106)

Details of savings against revised budget estimates during 2010-11

(₹ in thousands)

S. No.	Head of account	Budget Allotted (Revised)	Expenditure	Savings	Percentage
	2056-001				
1	11-T.A.	475000	155386	319000	32
2	13-O.E.	1600000	848370	751630	47
3	14-R.R.T.	1356000	1090443	265557	20
4	24-P.O.L.	1230000	825832	404168	33
5	50-O.C.	7282000	5216139	2065861	28
6	91-Medical	400000	309073	90927	23
7	92-Telephone	150000	92368	57632	38
8	94-Water	53000	15688	37312	70
	2056-101				
9	11-T.A.	530000	359422	170578	32
10	13. O.E.	12800000	11114405	1685595	13
11	14-R.R.T.	744000	380243	363757	49
12	24-P.O.L.	1910000	1533126	376874	20
13	26-Advertisement	50000	17727	32273	65
14	91-Medical	3360000	3007139	351861	10
15	92-Telephone	852000	481794	370206	43
16	93-Electricity	35480000	31638480	3841520	43
17	94-Water	525000	4107	520893	99
	2056-101-02				
18	11-T.A.	419000	202896	216104	52
19	13. O.E.	5923000	5313422	609578	10
20	14-R.R.T.	169000	127223	41777	25
21	24-P.O.L.	1120000	857246	262754	23
22	26-Advertisement	17000	5475	11525	68
23	50-Other Charges	19467000	16337092	3129908	16
24	91-Medical	3560000	2835451	724549	20
25	92-Telephone	1122000	988148	133852	12
26	93-Electricity	13030000	11500304	1529696	12
27	94-Water	100000	68580	31420	31
	2056-101-03				
28	01-Salary	475000	123306	311694	74
29	50-Other Charges	743000	99993	643007	87
30	93-Electricity	55000	20060	34940	64
	2056-102				
31	11-TA	46000	11181	34819	76
32	12-OE	24000	17717	6283	26
33	50 Other Charges	190000	138671	51329	27
34	91-Medical	35000	6543	28457	81
35	93–Electricity	700000	473400	226600	32
	2056-102-02				
36	11-TA	11000	340	10660	97
37	13-OE	11000	3220	7780	71
38	50-Other Charges	5000	1070	3930	79
39	91-Medical	32000	6263	25737	80
40	93-Electricity	130000	79530	50470	39
	2056-98				
41	13-OE	100000	51800	48200	48
	4055-800-03				
42	25-Clothing, Tentage and Storage	1614000	148000	1466000	91
	4055-800-08				
43	52-Machinery and Equipments	308000	43000	265000	86
	4055-800-10				
44	52-Machinery and Equipments	433000	134000	299000	69
	4055-800-09				
45	27-Minor Works	16186000	0	16186000	100
	Total	134822000	96683673	38096713	28

Source: Departmental data

Appendix-5.3 (Continued)*(Referred in Paragraph 5.1.7.2(c), page 106)***Details of savings against revised budget estimates during 2011-12***(₹ in thousands)*

S. No.	Head of account	Budget Allotted (Revised)	Expenditure	Savings	Percentage
	2056-001				
1	01-Salaries	64035000	55091000	8944000	14
2	11- TA	374000	29000	345000	92
3	13- OE	23719000	17694000	6025000	25
4	14-RRT	1700000	1464000	236000	14
5	26-Advt	130000	97000	33000	25
6	91-Medical	781000	494000	287000	37
7	92-Telephone	150000	112000	38000	25
8	94-Water	53000	18000	35000	66
9	Charged Exp.	9000	0	9000	100
	2056-101				
10	01-Salaries	64035000	55091000	8944000	14
11	11- TA	374000	29000	345000	92
12	13- OE	23719000	17694000	6025000	25
13	14-RRT	1700000	1464000	236000	14
14	26-Advt	130000	97000	33000	25
15	91-Medical	781000	494000	287000	37
16	92-Telephone	150000	112000	38000	25
17	94-Water	53000	18000	35000	66
18	Charged Exp.	9000	0	9000	100
19	01-Salaries	936118000	822629000	113489000	12
20	11- TA	545000	314000	231000	42
21	14-RRT	713000	621000	92000	13
22	24-POL	2820000	2309000	511000	18
23	26-Advt	17000	12000	5000	29
24	1-MV	2000000	1340000	660000	33
25	91-Medical	5663000	4997000	666000	12
26	92-Telephone	4757000	1440000	3317000	70
27	94-Water	100000	80000	20000	20
28	Charged Exp.	37000	0	37000	100
29	98-Computerisation	150000	38000	112000	75
	2056-102				
30	01-Salaries	29152000	23875000	5277000	18
31	02- Wages	1048000	843000	205000	20
32	11- TA	16000	6000	10000	63
33	13- OE	45000	32000	13000	29
34	50-Compensation & other Charges	190000	109000	81000	43
35	91-Medical	370000	93000	277000	75
36	93-Electricity	860000	743000	117000	14
37	Charged Exp.	2000	0	2000	100
	4055-COL on Police				
38	25-CT&S	8222000	4255000	3967000	48
39	27- Minor Works	59886000	19885000	40001000	67
40	52-M&E	25380000	3824000	21556000	85
	TOTAL	1259993000	1037443000	222550000	

Source: Departmental data

Appendix 5.4

(Referred in Paragraph 5.1.7.4, page 107)

**Details of non reconciliation of remittances and withdrawals
with treasury**

(₹ in thousands)

S.No.	Name of Jail	Amount of Remittance made into treasury	Period	Amount of withdrawal made from treasury	Period
Maintenance Side					
1	Central Jail, Amritsar	148311	12/2011 to 03/2012	170563955	02/2011 to 03/2012
2	Central Jail, Bathinda	518969	01/2011 to 04/2012	-	-
3	Central Jail, Jalandhar at Kapurthala	-	-	104577333	02/2011 to 03/2012
4	Central Jail, Ludhiana	-	-	46619084	12/2010 to 10/2011
5	Central Jail, Patiala	616467	07/2011 to 02/2012	140594569	12/2010 to 02/2012
6	Punjab Jail Training School, Patiala	-	-	7277773	01/2010 to 01/2011
7	District Jail, Faridkot	367547	12/2009 to 03/2012	-	-
8	District Jail, Nabha	368185	01/2011 to 03/2012	-	-
9	District Jail, Ropar	-	-	55132368	04/2010 to 03/2012
10	Borstal Jail, Ludhiana	-	-	34027461	02/2011 to 10/2011
11	Women Jail, Ludhiana	104075	11/2009 to 10/2011	24574733	11/2009 to 07/2011
12	Open Air Jail, Nabha	11250419	04/2009 to 03/2012	30599474	04/2010 to 03/2012
13	Sub Jail, Fazilka	238710	03/2008 to 04/2012	-	-
14	Sub Jail, Muktsar	-	-	29205589	04/2010 to 03/2012
15	Sub Jail, Malerkotla	3867466	08/2007 to 05/2012	-	-
Factory Side					
1	Central Jail, Amritsar	444347	02/2011 to 03/2012	4219625	02/2011 to 03/2012
2	Central Jail, Ferozepur	817161	01/2011 to 03/2012	6322671	01/2011 to 03/2012
3	Central Jail, Ludhiana	-	-	3509735	12/2010 to 10/2011
4	Central Jail, Patiala	-	-	11786403	12/2010 to 01/2012
5	District Jail, Faridkot	50736	12/2009 to 03/2012	-	-
6	Borstal Jail, Ludhiana	-	-	35816231	02/2011 to 10/2011
	Total	18792393		704827004	

Source: Departmental data

Appendix-5.5

(Referred in Paragraph 5.1.10.3, page 115)

Details of premature release of earnest money deposit

Quantity in grams and rate in ₹ per gram (including taxes)													
S.No.	Item	Qty purchased	Rate	Total Cost	Name of supplier	Security deposit required	Security actually deposited	Amount of EMD	Date of last consignment		Date of release of EMD		Prior release of EMD (days)
									Date of deposit of EMD	Date of last consignment	Date of release of EMD	Date of release of EMD	
1	Black gram	505700000	0.03491	17653987	Jai Mata Trading Co.	1765400	1765400	408000	02.04.2011 03.04.2011	04.06.2011	26.04.2011		39
2	Massar whole	176300000	0.05451	9610113	Sri Ganesh Trading Co.	961100	961100	200000	02.04.2011	30.05.2011	26.04.2011		34
3	Iodized salt	95200000	0.00764	727328	Sri Ganesh Trading Co.	72750	72750	16000	02.04.2011	20.06.2011	10.05.2011		41
4	Haldi whole	13300000	0.17900	2380700	Sri Ganesh Trading Co.	238100	238100	56000	02.04.2011	13.05.2011	26.04.2011		17
5	Red Chilli whole	13300000	0.09800	1303400	Sri Ganesh Trading Co.	130350	130350	30000	02.04.2011	09.06.2011	10.05.2011		30
6	Dhania whole	12700000	0.07920	1005840	Sri Ganesh Trading Co.	100600	100600	21000	02.04.2011	26.05.2011	10.05.2011		16
7	Mustard oil	34900000	0.08149	2844001	Rohan Enterprises	284400	285000	57000	08.04.2011 11.04.2011	18.06.2011	04.05.2011*		45
8	Soda ash	17500000	0.03104	543200	Jai Mata Trading Co	54320	54320	20000	06.04.2011	14.06.2011	10.05.2011		35
9	Tea	20300000	0.14000	2842000	Sri Ganesh Trading Co.	284200	284200	57000	02.04.2011	27.06.2011	26.04.2011		62
10	Gur	0	0	0	Rohan Enterprises	223900	225000	45000	08.04.2011 11.04.2011	27.06.2011	25.04.2011*		63
11	Toilet soap	198737	12.38	2460364	SS Enterprises	246100	206100	40000	07.04.2011	27.07.2011	29.04.2011*		89
	TOTAL	889398737		41370933				950000					

Source: Departmental data

* Adjusted in Security Deposit

Appendix 5.6

(Referred in Paragraph 5.1.10.4, page 115)

Details of shortage of Medical Officers

Name of the jail	Number of inmates (Average) 2010-11	Medical Officers required (as per norms)	Medical officers actually posted	Number of inmates (Average) 2011-12	Medical Officers required (as per norms)	Medical officers actually posted
Central Jail Amritsar	2583	6	2	2753	6	3
Central Jail Bathinda	1635	4	1	1569	4	2
Central Jail Ferozepur	1844	4	1	1760	4	1
Central Jail Gurdaspur	913	2	1	1049	3	1
Central Jail Jalandhar	1578	4	1	1549	4	4
Central Jail Ludhiana	2550	6	1	0	0	0
Central Jail Patiala	1771	4	2	1888	4	4
District Jail Faridkot	450	1	1	727	2	3
District Jail Hoshiarpur	621	2	1	634	2	1
District Jail Nabha	467	1	0	518	2	0
District Jail Ropar	473	1	1	507	2	1
District Jail Sangrur	814	2	1	916	2	1
Women Jail Ludhiana	203	1	1	0	0	0
Borstal Jail Ludhiana	500	1	1	0	0	0
District Jail Kapurthala	430	1	1	415	1	1
Total	16832	40	16	14285	36	22

Source: Departmental data

Appendix-5.7

(Referred in Paragraph 5.1.10.6, page 116)

Statement showing the purchase of medicinal items at higher rates

(Amount in ₹)

S.No.	Year	Name of Surgical Item	Quantity	Rate	Total Amount	Rate at which supplied to Jan Ausadhi, Bathinda	Amount	Difference
1	2010-11	IV Set	23000	14.90	342700	9.00	207000	135700
2	2010-11	Sterilized Gloves	15500	20.90	323950	9.95	154225	169725
3	2011-12	IV Set	7500	10.00	75000	9.00	67500	7500
4	2011-12	Sterilized Gloves	26900	15.00	403500	9.95	267655	135845
	Grand Total				1145150		696380	448770

Source: Departmental data