Report of the
Comptroller and Auditor General of India

on

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

The Report has been laid on the table of the State Legislature Assembly on 22-07-2014

for the year ended 31 March 2013

Government of Punjab
Report No. 3 of the year 2014

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Preface

This Report is prepared for submission to the Governor of the State of Punjab under Article 151 of the Constitution of India.

The audit of expenditure by the Departments of the State Government is conducted under Section 13 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The cases mentioned in this Report are those, which came to notice in the course of test audit during the year 2012-13 as well as those, which came to notice in earlier years, but could not be dealt with in the previous Reports; matters relating to the period subsequent to 2012-13 have also been included, wherever necessary.

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

Overview

Overview

This Report contains four performance audits on Water pollution in Punjab, Implementation of Indira Awaas Yojana, Remodelling/Construction of distributaries and minors and Working of Co-operation Department; and 16 paragraphs relating to time and cost overrun, avoidable expenditure, irregular retention and utilization of funds, etc. involving money value of ₹ 106.79 crore. Some of the major findings are mentioned below:

Performance Audit

A performance audit of **'Water pollution in Punjab'** was conducted. Some major findings are mentioned below:

- Punjab Pollution Control Board had neither formulated environmental standards based on local considerations nor prepared any comprehensive programme for the prevention, control or abatement of water pollution.

(Paragraph 2.1.6.1)

- Deficient execution of Sutlej Action Plan led not only to putting avoidable burden of cost escalation of ₹ 86.46 crore on State exchequer but also delayed accrual of the intended benefits of the project.

(Paragraph 2.1.8.1)

- The work of installation of Common Effluent Treatment Plant identified for cleaning of Budha Nallah was not executed due to non-provision of funds by Punjab Dyers Association leading to discharge of untreated industrial effluents affecting the quality of water of river Sutlej.

(Paragraphs 2.1.8.3 and 2.1.8.4)

- Due to non-segregation of industrial effluents and dairy wastes from domestic sewage in Ludhiana, Sewage Treatment Plants installed at a cost of ₹ 57.23 crore under Sutlej Action Plan were not treating sewage as per the prescribed standards.

(Paragraph 2.1.9)

- The resource recovery of ₹ 1.78 crore per annum from biogas, treated water and sludge from Sewage Treatment Plants installed in Ludhiana was not made as projected in the DPRs under Sutlej Action Plan.

(Paragraph 2.1.9.2)

- Quality of water of river Sutlej did not improve even after implementation of Sutlej Action Plan and degraded to Class 'D'[1] at the confluence point of Budha Nallah with the Sutlej despite installation of five (three under Sutlej Action Plan and two under Jawahar Lal Nehru National Urban Renewal Mission) Sewage Treatment Plants in Ludhiana.

(Paragraph 2.1.12)

- Punjab Pollution Control Board failed to conduct periodical inspection of industries as well as monitor the quality of ground water as per the targets and 1022 industries were operating without its consent.

(Paragraphs 2.1.13.1, 2.1.13.2 and 2.1.13.5)

A performance audit of **'Implementation of Indira Awaas Yojana'** was conducted. Some major findings are mentioned below:

- IAY assistance of ₹ 3.51 crore was disbursed to 1129 ineligible persons in three out of six selected districts.

(Paragraph 2.2.6.1)

- Homestead sites scheme was not implemented in the State.

(Paragraph 2.2.6.5)

- Shortfall in utilization of available funds ranged between 21 and 66 *per cent* during 2008-13. Government of India deducted ₹ 7.48 crore due to delay in release of State share and excess carry over of unspent balances of previous years.

(Paragraph 2.2.7.1 (i&ii))

- An amount of ₹ 21.13 crore was released to Sarpanches of 228 Gram Panchayats in four out of six test checked districts instead of crediting directly into beneficiaries' accounts.

(Paragraph 2.2.7.2)

- In six test checked districts, shortfall for last five years (2008-13) under construction of new houses and upgradation of *kutcha* houses against the number of houses sanctioned was 21 and 22 *per cent* respectively.

(Paragraph 2.2.8.1)

- Convergence of IAY was not made with other rural development schemes in six selected districts.

(Paragraph 2.2.9)

- Vigilance and Monitoring Committee at the State level met only once against the prescribed norms of at least once in a quarter.

(Paragraph 2.2.11.1)

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1 'D'-Propagation of wildlife and fisheries.

A performance audit of **'Remodelling/Construction of distributaries and minors'** was conducted. Some major findings are mentioned below:

- Improper budgeting and its re-appropriation resulted in savings ranging between ₹ 8.46 crore and ₹ 77.89 crore during 2008-13.

(Paragraph 2.3.7.1)

- *Abiana* and *Tawan* of ₹ 80.34 crore were recoverable from canal water users.

(Paragraph 2.3.7.2)

- Expenditure of ₹ 12.44 crore was rendered ungainful due to slippage of the existing lining.

(Paragraph 2.3.8.1)

- Ungainful expenditure of ₹ 6.67 crore was done on construction of a cross regulator without ensuring the availability of water.

(Paragraph 2.3.8.2)

- Abnormal delay in completion of projects due to poor planning led to delay in achievement of envisaged irrigation potential and cost overrun of ₹ 23.33 crore.

(Paragraph 2.3.8.4)

- Completion reports of 44 projects executed between April 2008 and March 2013 by incurring an expenditure of ₹ 120.34 crore were not prepared.

(Paragraph 2.3.8.5)

A performance audit of **'Working of Co-operation Department'** was conducted. Some major findings are mentioned below:

- The Department did not maintain any records pertaining to the loans disbursed, installments due along with interest and penal interest and amount recovered thereagainst in respect of Apex Co-operative Institutions and Co-operative Societies.

(Paragraph 2.4.8.1)

- In two schemes, the State Government released ₹ 50.36 crore over and above the budget provision, regularisation of which was pending as of December 2013.

(Paragraphs 2.4.8.1 and 2.4.8.4 (vi))

- Despite budget provision, the State Government did not release ₹ 91.38 crore for implementation of eight schemes during 2008-13 thereby depriving the beneficiaries of the intended benefits of the schemes.

(Paragraphs 2.4.8.1 to 2.4.8.4)

- Withdrawal of ₹ 7.71 crore from treasury meant for revival of Short Term Rural Co-operative Credit Structure and not putting them to use in contravention of Punjab Financial Rules led to avoidable burden of interest of ₹ 0.41 crore on the State exchequer.

(Paragraph 2.4.8.3(ii)(b))

- 2519 Special Audit Reports involving irregularities of ₹ 698.63 crore were pending for recovery/compliance as of 31 March 2013.

(Paragraph 2.4.9.2)

- Monitoring mechanism and internal control for implementation of various schemes and activities of the Department were deficient.

(Paragraph 2.4.11)

Compliance Audit

- Deficient project management led to time overrun and cost overrun of ₹ 11.18 crore, creation of infrastructure without requirement, failure to provide the requisite furniture to schools and non-procurement of laboratory equipment, denying intended benefits of the project to the rural students.

(Paragraph 3.1)

- Non-adherence to the guidelines resulted in irregular retention of ₹ 53.95 crore of CAMPA funds and blockade of material valuing ₹ 1.09 crore.

(Paragraph 3.4)

- 70 out of 99 blood banks in the State were functioning without valid licences. State Blood Transfusion Council did not adhere entirely to the objectives of National Blood Policy. Equipment costing ₹ 0.22 crore for establishing Blood Component Separation Unit were lying idle since September 2009. Monitoring and quality assurance mechanism was inadequate.

(Paragraph 3.6)

- Expenditure of ₹ 6.40 crore incurred on construction/renovation of seven hospitals rendered unproductive as the intended purpose to enhance the bed capacity remained unfulfilled for want of manpower and other infrastructure.

(Paragraph 3.7)

- Conditions associated with purchase of vehicles were not adhered to. Allocation of available vehicles was uneven. Global Positioning System created at a cost of ₹ 8.57 crore was non-functional for want of funds. Highway vehicles lacked functional equipment. Uneconomical departmental fuel pumps and unequipped workshops were never reviewed for their operational viability.

(Paragraph 3.10)

- Department's failure to adhere to codal provisions and to coordinate with Railways led to delay in completion of rail over/under bridges and avoidable payment of escalation of ₹ 6.22 crore.

(Paragraph 3.13)

- Non-submission of claims for expenditure incurred on repair and maintenance of National Highways, as per prescribed procedure, resulted in extra burden of ₹ 3.93 crore on State exchequer.

(Paragraph 3.14)

- Lack of control over maintenance of suspense head 'Miscellaneous Public Works Advances' led to accumulation of ₹ 168.36 crore and irregular debit of items related to Cash Settlement Suspense Account, unsanctioned estimates and funds received for deposit works under the head.

(Paragraph 3.16)

Chapter - 1

Introduction

Chapter-1

Introduction

1.1 Budget profile

There are 44 departments and 26 autonomous bodies in the State. The position of budget and expenditure incurred thereagainst by the State Government during 2008-13 is given in **Table 1.1**.

Table 1.1: Budget and expenditure

(₹ in crore)

Disbursement	2008-09		2009-10		2010-11		2011-12		2012-13	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
Revenue expenditure										
General Services	13997.31	14032.13	15859.39	15525.28	17465.85	18597.73	16434.11	16787.95	18818.97	18572.15
Social Services	6394.72	5482.68	7296.23	6217.13	8600.00	7260.85	11387.32	9246.50	13672.14	11189.97
Economic Services	5477.74	4744.49	5927.18	5218.62	6795.03	6398.94	7018.77	6264.07	10764.24	9152.09
Grants-in-aid and Contributions	861.29	309.69	520.95	446.91	1319.39	639.66	1759.22	746.80	772.30	543.73
Total	**26731.06**	**24568.99**	**29603.75**	**27407.94**	**34180.27**	**32897.18**	**36599.42**	**33045.32**	**44027.65**	**39457.94**
Capital expenditure										
Capital Outlay	4664.19	2857.93	3603.46	2166.41	4029.43	2384.09	3959.66	1598.12	4527.53	1915.82
Loans and Advances disbursed	40.06	55.07	27.67	28.84	68.27	68.40	176.84	176.61	247.28	197.53
Repayment of Public Debt (including Ways and Means Advances)	2408.03	2288.52	5902.89	5308.36	7385.58	5952.88	8624.92	8947.24	14661.91	15115.79
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	22688.57	22590.85	22618.88	20721.04	23011.37	25836.98	29020.27	28771.75	27505.16	33531.20
Closing Cash Balance	--	--	--	--	--	--	--	*-178.30*	--	-303.61
Total	**29800.85**	**27792.37**	**32152.90**	**28224.65**	**34494.65**	**34242.35**	**41781.69**	**39315.42**	**46941.88**	**50456.73**
Grand Total	**56531.91**	**52361.36**	**61756.65**	**55632.59**	**68674.92**	**67139.53**	**78381.11**	**72360.74**	**90969.53**	**89914.67**

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

1.2 Application of resources of the State Government

During 2012-13, against the total budget outlay of ₹ 90,970 crore, total expenditure of ₹ 89,915 crore was incurred. The total expenditure[1] of the State increased by 51.27 *per cent* from ₹ 27,482 crore in 2008-09 to ₹ 41,571 crore in 2012-13. The revenue expenditure increased by 60.60 *per cent* from ₹ 24,569 crore to ₹ 39,458 crore; non-plan revenue expenditure increased by 57.23 *per cent* from ₹ 23,147 crore to ₹ 36,395 crore; and capital expenditure decreased by 32.96 *per cent* from ₹ 2,858 crore to ₹ 1,916 crore during the period 2008-13.

The revenue expenditure constituted a dominant proportion (89 to 95 *per cent*) of the total expenditure during the years 2008-13 leaving small fund for capital expenditure (5 to 11 *per cent*). During this period, it grew at an annual average growth rate of 12.12 *per cent,* whereas revenue receipts grew at an annual average of 10.95 *per cent* during 2008-13.

The plan revenue expenditure contributed just five to eight *per cent* of the total revenue expenditure, whereas the Non-Plan revenue expenditure was 92 to 95 *per cent* during the period 2008-13.

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[1] Total expenditure includes revenue expenditure; capital expenditure; and loans and advances.

1.3 Persistent savings

In seven cases, during the last five years, there were persistent savings of ₹ five crore or more in each case as per details given in **Table 1.2.**

Table 1.2: List of grants having persistent savings during 2008-13

(₹ in crore)

Sr. No.	Number and Name of the Grant/Head of Account/Schemes	Amount of savings (percentage of savings in bracket)				
		2008-09	2009-10	2010-11	2011-12	2012-13
Revenue-voted						
1	05-Education 2202-General Education 02-Secondary Education 105-Teachers Training 01-Teachers Education Establishment of DIETS/(CSS)	13.96 (75.05)	42.86 (89.74)	29.34 (83.26)	21.08 (73.65)	18.14 (67.97)
2	12-Home Affairs and Justice 2055-Police 109-District Police 01-District Police (Proper)	18.39 (1.82)	30.23 (2.54)	24.37 (1.72)	28.36 (1.59)	24.70 (1.08)
3	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction and Administration	60.12 (27.15)	58.26 (20.69)	50.84 (17.09)	58.65 (16.94)	47.16 (12.72)
4	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	82.02 (95.31)	96.75 (97.41)	110.92 (99.99)	131.61 (99.26)	148.81 (100.00)
5	21-Public Works 2215-Water Supply and Sanitation 01–Water Supply 001– Direction and Administration	71.89 (32.60)	54.53 (23.69)	80.54 (29.57)	83.08 (23.18)	128.92 (29.60)
6	22-Revenue and Rehabilitation 2245-Relief on Account of National Calamities 02-Floods, Cyclones etc. 101-Gratutious Relief 01-Gratutious Relief	42.10 (59.30)	43.81 (87.62)	5.54 (10.45)	5.30 (8.15)	17.76 (88.80)
Capital-Voted						
7	15-Irrigation and Power 4711-Capital Outlay on Flood Control Projects-01-Flood Control 103-Civil Works 08-Works Expenditure Counter Protective Measures on Left Side of River Ravi (CSS)	8.00 (100.00)	7.00 (100.00)	5.00 (100.00)	5.00 (100.00)	5.00 (100.00)

Source: Appropriation Accounts

At Sr. No. 4 and 7, there was saving ranging from 95 to 100 *per cent* during all the last five years, which shows non-implementation of schemes as well as weak financial control.

1.4 Funds transferred to State implementing agencies outside State budget

During 2012-13, Government of India (GOI) directly transferred ₹ 1002 crore to various State implementing agencies (Para 1.2.3 of Comptroller and Auditor General of India's Audit Report on State Finances for the year 2012-2013 refers). Since these funds do not pass through the State budget, the Annual

Finance Accounts of the State do not present a complete picture of fund flow of Central Government resources into the State.

1.5 Grants-in-aid from Government of India

The Grants-in-aid received from GOI during the years 2008-09 to 2012-13 are given in **Table 1.3.**

Table 1.3: Grants-in-aid from GOI

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Non-plan grants	491.79	390.31	720.81	874.11	894.91
Total non-plan grants	491.79	390.31	720.81	874.11	894.91
Plan grants *of which*					
Grants for State Plan Schemes	629.45	1279.25	954.65	694.06	684.19
Grants for Central Plan Schemes	29.28	38.20	64.40	5.68	60.63
Grants for Centrally sponsored Schemes	544.16	612.54	659.39	866.79	1135.84
Total plan grants	1202.89	1929.99	1678.44	1566.53	1880.66
Grand total	**1694.68**	**2320.30**	**2399.25**	**2440.64**	**2775.57**
Percentage of increase over previous year	-19.66	36.92	3.40	1.73	13.72
Revenue Receipts	20712.79	22156.58	27608.47	26234.41	32051.15
Percentage increase of Revenue Receipts	7.67	6.97	24.61	-4.98	22.17
Percentage of total grants with Revenue Receipts	8.18	10.47	8.69	9.30	8.66

Source: Finance Accounts

Total grants-in-aid from GOI increased by ₹ 1,080.89 crore from ₹ 1,694.68 crore in 2008-09 to 2,775.57 crore in 2012-13. However, it increased by 13.72 *per cent* over the previous year. During this period, on an average, 9.06 *per cent* of the revenue receipts were contributed by the grants- in-aid from GOI.

1.6 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 stake holders. 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 containing audit findings is issued to the head of the office with request to furnish replies to the audit findings within four weeks of receipt of the Inspection Report. 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 Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India, which are submitted to the Governor of Punjab under Article 151 of the Constitution of India.

During 2012-13, compliance audit of 1138 drawing and disbursing officers of the State, 381 PRIs and 10 autonomous bodies was conducted by the office of the Accountant General (Audit), Punjab. Besides, four performance audits[2] were also conducted.

1.7 Significant audit observations and response of Government to audit

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

As per instructions issued by the Finance Department, Government of Punjab in August 1992 and provision of Comptroller and Auditor General of India's 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 Comptroller and Auditor General of India'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 Comptroller and Auditor General of India, to 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 and draft audit paragraphs. These draft reports and paragraphs proposed for inclusion in this Report were also forwarded to the Principal Secretaries/Secretaries concerned for seeking their replies. For the present Audit Report, draft reports on four performance audits, 16 draft paragraphs were forwarded to the concerned Administrative Secretaries. But reply of the Government has been received in four[3] cases only.

1.8 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

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[2] (i) Water pollution in Punjab; (ii) Implementation of Indira Awaas Yojana; (iii) Remodelling/Construction of distributaries and minors; and (iv) Working of Co-operation Department.

[3] Performance Audits on (i) Water pollution in Punjab; (ii) Implementation of Indira Awaas Yojana; (iii) Remodelling/Construction of distributaries and minors; and (iv) Working of Co-operation Department.

further investigation and recovery of the same under intimation to Audit. On being pointed out in Audit, ₹ 2.43 crore[4] were recovered during 2012-13.

1.9 Lack of responsiveness of Government to Audit

The Accountant General (Audit), Punjab conducts periodical inspection of Government Departments by test check of transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Inspection Reports (IR). When important irregularities, etc. detected during audit observations are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The heads of offices and next higher authorities are required to report their compliance to the Accountant General (Audit) within four weeks of receipt of IRs. Serious irregularities are also brought to the notice of the heads of the departments by the office of the Accountant General (Audit), Punjab through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

As of March 2013, 19510 IRs containing 37453 paragraphs were outstanding, of which, 12244 IRs containing 17535 paragraphs pertained to the period prior to April 2008 i.e. more than five years old. The year-wise position of outstanding IRs/paragraphs is given in **Table 1.4.**

Table 1.4: Outstanding Inspection Reports/paragraphs

Particulars	Prior to April 2008	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Inspection Reports	12244	1795	1368	1299	1310	1494	**19510**
Paragraphs	17535	3500	3211	3415	4641	5151	**37453**

Lack of action on Inspection Reports/paragraphs had resulted in accretion of financial irregularities.

1.10. Follow-up action on Audit Reports

The Comptroller and Auditor General of India's Audit Reports represent the culmination of the process of 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, the Finance Department issued (August 1992) instructions to all the departments to initiate concrete action *suo moto* on all paragraphs and reviews figuring in the Audit Reports, irrespective of whether the cases were taken up for examination by the Public Accounts Committee or not. The departments were also required to furnish to the Public Accounts Committee 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

[4] General Sector: ₹ 1.16 crore; Economic Sector: ₹ 1.11 crore; Social Sector-I: ₹ 0.02 crore; and Social Sector-II: ₹ 0.14 crore.

presentation of the Reports to the State Legislature. As regards the Audit Reports relating to the period 2008-09 to 2011-12, which had already been laid before the State Legislature, detailed notes in respect of 33 paragraphs and six performance audits (***Appendix 1.1 and 1.2***) had not been received in the Audit office as of 30 September 2013, even after lapse of the prescribed period of three months.

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

Nine Separate Audit Reports (SAR) in respect of three autonomous bodies (as detailed in **Table 1.5**) issued between May 2008 and February 2012 were pending for placement before the Legislature.

Table 1.5: Detail of SARs pending for placement before Legislature as on 31 March 2013

Sr. No.	Name of autonomous body	Years for which SARs were pending for placement before Legislature
1.	Punjab Legal Services Authority	2006-07 to 2010-11
2.	Punjab State Human Rights Commission	2009-10 and 2010-11
3.	Punjab Labour Welfare Board	2000-01 and 2001-02

Source: Departmental information

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

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

Table 1.6: Details of performance audits and paragraphs appeared in the Audit Reports during 2010-12

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Paragraphs
2010-11	2	45.84	17	154.02	--	--
2011-12	3	199.47	13	54.79	3	3

During 2012-13, four performance audits involving money value of ₹ 50.18 crore and 16 paragraphs involving ₹ 56.61 crore have been included in this Report. Out of this, replies to four performance audits were received (December 2013).

Chapter - 2

Performance Audit

Chapter-2

Performance Audit

SCIENCE, TECHNOLOGY AND ENVIRONMENT DEPARTMENT

2.1 Water pollution in Punjab

Water pollution denotes such contamination of water or such alteration of physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (directly or indirectly) which may create pollution in water.

Some of the significant findings of the performance audit are given below:

- ***Punjab Pollution Control Board had neither formulated environmental standards based on local considerations nor prepared any comprehensive programme for the prevention, control or abatement of water pollution.***

  (Paragraph 2.1.6.1)

- ***Deficient execution of Sutlej Action Plan led not only to putting avoidable burden of cost escalation of ₹ 86.46 crore on State exchequer but also delayed accrual of the intended benefits of the project.***

  (Paragraph 2.1.8.1)

- ***The work of installation of Common Effluent Treatment Plant identified for cleaning of Budha Nallah was not executed due to non-provision of funds by Punjab Dyers Association leading to discharge of untreated industrial effluents affecting the quality of water of river Sutlej.***

  (Paragraphs 2.1.8.3 and 2.1.8.4)

- ***Due to non-segregation of industrial effluents and dairy wastes from domestic sewage in Ludhiana, Sewage Treatment Plants installed at a cost of ₹ 57.23 crore under Sutlej Action Plan were not treating sewage as per the prescribed standards.***

  (Paragraph 2.1.9)

- ***The resource recovery of ₹ 1.78 crore per annum from biogas, treated water and sludge from Sewage Treatment Plants installed in Ludhiana was not made as projected in the DPRs under Sutlej Action Plan.***

  (Paragraph 2.1.9.2)

- ***Quality of water of river Sutlej did not improve even after implementation of Sutlej Action Plan and degraded to Class 'D'[1] at the confluence point of Budha Nallah with the Sutlej despite installation of five Sewage Treatment Plants in Ludhiana (three under Sutlej Action***

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[1] 'D'-Propagation of wildlife and fisheries.

Plan and two under Jawahar Lal Nehru National Urban Renewal Mission).

(Paragraph 2.1.12)

- ***Punjab Pollution Control Board failed to conduct periodical inspection of industries as well as monitor the quality of ground water as per the targets and 1022 industries were operating without its consent.***

(Paragraphs 2.1.13.1, 2.1.13.2 and 2.1.13.5)

2.1.1 Introduction

Water pollution denotes such contamination of water or such alteration of physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (directly or indirectly) which renders such water injurious to public health or safety or to domestic, commercial, industrial, agriculture or other legitimate uses or to the life and health of animals, plants or aquatic organisms. Organic and toxic wastes of industries, untreated municipal wastes and injudicious use of farm chemicals like fertilizers and pesticides are the primary sources of water pollution.

For the prevention, control or abatement of water pollution, Sutlej Action Plan (SAP) and West Bein Action Plan (WBAP) under National River Conservation Plan (NRCP) were approved for ₹ 229.38 crore and ₹ 14.97 crore in 1995 and 2001 respectively by the Ministry of Environment and Forests, Government of India (GOI) through installation of eight Sewage Treatment Plants (STP) in six towns[2] situated on banks of river Sutlej and West Bein (a tributary of the Sutlej). GOI extended NRCP to 11 towns[3] and sanctioned (between April 2010 and December 2011) 14 more STPs at a cost of ₹ 501.64 crore. Under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM), four projects of providing sewer lines and STPs were sanctioned (between December 2006 and April 2008) in two cities (Amritsar and Ludhiana). Besides this, Government of Punjab (GOP) ordered (October 2006) to prepare an action plan for cleaning of Budha Nallah including *inter alia* demarcation of land, removing of encroachments, desilting and construction of Common Effluent Treatment Plant.

2.1.2 Organisational set up

Under the administrative control of the Principal Secretary to Government of Punjab, Department of Science, Technology and Environment, Punjab Pollution Control Board (PPCB) along with its five Zonal offices and 13 Regional Offices is responsible for planning comprehensive programmes for the prevention, control or abatement of water pollution, inspection of sewage and trade effluent, assessment of quality of water of rivers, streams and wells and implementation of project of cleaning of Budha Nallah. The Department of Local Government, GOP was the nodal department and Punjab Water

[2] SAP-(i) Jalandhar(one); (ii) Ludhiana(three); (iii) Phagwara(one); and (iv) Phillaur(one); WBAP-(v) Kapurthala(one); and (vi) Sultanpur Lodhi(one).

[3] (i) Banga; (ii) Bhulath; (iii) Dasuya; (iv) Hoshiarpur; (v) Jalandhar; (vi) Moga; (vii) Mukerian; (viii) Nawanshahar; (ix) Phagwara; (x) Phillaur; and (xi) Tanda.

Supply and Sewerage Board (PWSSB) was the nodal implementing agency for NRCP and sewerage schemes under JNNURM. The Municipal Corporations/Councils were responsible for providing funds for capital cost as per share pattern and operation and maintenance of STPs.

2.1.3 Audit objectives

The objectives of the performance audit were to asses whether:

- adequate policies and mechanism for pollution prevention, treatment and non-restoration of polluted water in rivers and ground water were in place and properly implemented and risks of polluted water to health of living organisms were adequately assessed and addressed;
- financial management was efficient and effective;
- programmes for control of water pollution had succeeded to the desired extent in reducing pollution levels and restoring quality of water; and
- a monitoring mechanism was in place to enforce control of water pollution effectively.

2.1.4 Scope of audit and methodology

For surface water pollution, two[4] out of six towns[5] covered under NRCP (SAP and WBAP), three[6] out of 11 towns covered under extended NRCP and one (Ludhiana having two STPs) out of two cities covered under JNNURM were selected on the basis of expenditure by adopting Probability Proportionate to Size Without Replacement (PPSWR) method of sampling. For ground water pollution, four[7] out of 11[8] districts having fluoride contents beyond permissible limit were selected by adopting PPSWR method.

The records for the period 2008-13 of the Department of Local Government, GOP, Managing Director, PWSSB along with its executing divisions, Municipal Corporations/Councils, Member Secretary, PPCB along with its Zonal Offices and Regional Offices covering the selected cities were test checked during December 2012 to July 2013 for evaluating the projects related to abatement of water pollution. Besides this, records of six other departments[9] having certain roles and responsibilities related to water pollution issues were also test checked to that extent.

Mention was made in paragraph 6.2 of Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil) –Government of Punjab, on Environmental Acts and Rules relating to water pollution. The paragraph was discussed in the meetings of Public Accounts Committee(PAC)

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4 (i) Ludhiana (three STPs); and (ii) Kapurthala (one STP).

5 (i) Jalandhar (one STP); (ii) Ludhiana (three STPs); (iii) Kapurthala (one STP); (iv) Phagwara (one STP); (v) Phillaur (one STP); and (vi) Sultanpur Lodhi (one STP).

6 (i) Hoshiarpur; (ii) Jalandhar; and (iii) Moga.

7 (i) Bathinda; (ii) Faridkot; (iii) Mansa; and (iv) Muktsar.

8 (i) Amritsar; (ii) Bathinda; (iii) Faridkot; (iv) Ferozepur; (v) Jalandhar; (vi) Ludhiana; (vii) Mansa; (viii) Muktsar; (ix) Patiala; (x) Ropar; and (xi) Sangrur.

9 (i) Health and Family Welfare; (ii) Irrigation; (iii) Industries; (iv) Agriculture; (v) Soil and Water Conservation; and (vi) Water Supply and Sanitation.

during September and October 2008. Audit also examined follow up action on recommendations of PAC.

An entry conference was held with Principal Secretary to Government of Punjab, Department of Science, Technology and Environment on 22 May 2013 along with representatives of other concerned departments/authorities wherein the audit scope, objectives and methodology were explained. Audit findings were discussed with Secretary to GOP, Department of Science, Technology and Environment, in an exit conference held on 6 December 2013. Responses received from the authorities concerned have suitably been incorporated in the report.

2.1.5 Audit criteria

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

- The Water (Prevention and Control of Pollution) Act, 1974;
- Guidelines for implementation and monitoring of National River Conservation Plan; and
- National Environment Policy, 2006.

Audit findings

2.1.6 Planning

2.1.6.1 Non-preparation of policy and comprehensive plan

The Water (Prevention and Control of Pollution) Act, 1974 (Act) provides that PPCB shall plan a comprehensive programme for the prevention, control or abatement of pollution of streams and wells in the State and to secure the execution thereof. National Environmental Policy, 2006 (Policy) provides that each State Government may formulate stricter environmental standards, based on local considerations for addressing pollution related issues.

Audit of records of PPCB showed (March 2013) that PPCB had neither prepared comprehensive programme for the prevention, control or abatement of pollution of streams and wells in the State except for two towns viz., Ludhiana and Mandi Gobindgarh nor formulated environmental standards based on local considerations.

In the exit conference, Secretary, Science, Technology and Environment (STE) stated (December 2013) that a policy, based on local considerations, would be framed within six months.

2.1.6.2 Non-performing State Level Water Quality Review Committee

On the recommendations of GOI, GOP constituted (October 2002) Punjab Water Quality Review Committee (PWQRC) with Principal Secretary, Irrigation as Chairman to improve co-ordination amongst the Central and State agencies, review and monitor process of measures to assess the quality of water bodies and identify areas requiring immediate action for improving the quality of the water resources.

Audit of records (May 2013) of Director, Water Resources, Punjab showed that PWQRC formed (December 2002) a sub-committee to examine the existing water quality monitoring activities, research schemes and to suggest the issues to be addressed by PWQRC. However, the prescribed activities were neither undertaken by PWQRC itself nor by the sub-committee.

In the exit conference, Secretary (STE) assured to hold quarterly meetings of PWQRC and to take action as per its recommendations.

Thus, PWQRC formed on the recommendations of GOI remained non-performing since its formation which forfeited the objectives of its constitution.

2.1.6.3 Assessment of risk to human health

As per the provisions of National Environment Policy, 2006, the human beings are at the centre of concern for sustainable development. They are entitled to a healthy and productive life in harmony with nature. Thus, the State Government was to assess risks to human health from waterborne diseases due to water pollution.

Audit observed that risks to human health from water borne diseases due to pollution of rivers and from presence of harmful substances in rivers and ground water were not assessed by PPCB. Thus, the Government had not assessed the negative effects of water pollution of rivers and ground water on health of people who were dependent on these water resources for drinking and other purposes. The number of cases of waterborne diseases increased significantly (595 *per cent*) from 39781 in 2008 to 276393 in 2012[10].

In the exit conference, Programme Officer, Integrated Disease Surveillance Programme stated that due to improvement in the procedure of monitoring/reporting and surveillance, higher incidences of water borne diseases/fatalities have been recorded when compared to previous years. However, the reply was silent on reasons for non-assessment of risks of water pollution on human health and the fact remained that water pollution continued to pose challenge to the public health system in the State.

2.1.7 Financial management

With the objective of abatement and control of water pollution through installation of eight STPs in six towns, GOI approved SAP and WBAP under NRCP. The funds were shared between GOI and GOP in the ratio of 50:50 from August 1995 to March 1997; and 100 *per cent* by GOI from April 1997. Expenditure incurred on land acquisition, six *per cent* centage charges and cost escalation from April 1997 were to be borne by the State Government.

[10] As per data supplied by the Director, Health and Family Welfare, Punjab.

During 1995-96 to 1996-97, ₹ 8.11 crore were released to PWSSB out of which GOI share was ₹ 4.87 crore and GOP share was ₹ 3.24 crore. Thus, there was short release of State share of ₹ 0.82 crore. In case of extended NRCP, GOI had sanctioned (between April 2010 and December 2011) 14 more STPs at a cost of ₹ 501.64 crore to be shared by GOI and State Government in the ratio 70:30. As per GOP's decision, the State share was to be divided between GOP and MC concerned in the ratio of 20:10.

(i) PWSSB, nodal implementing agency for NRCP incurred ₹ 299.59 crore during August 1995 to March 2013, of which ₹ 22.79 crore were incurred during 2008-13 as given in **Table 2.1.1**.

Table 2.1.1: Funds received and expenditure incurred under NRCP during 2008-13

(₹ in crore)

Year	Opening balance	Funds received	Interest earned as per utilisation certificates	Total available funds	Expenditure	Closing balance
2008-09	14.95	11.48	0.22	26.65	14.07	12.58
2009-10	12.58	0.00	0.27	12.85	5.94	6.91
2010-11	6.91	0.00	0.01	6.92	3.40	3.52
2011-12	3.52	0.00	0.02	3.54	-0.54	4.08
2012-13	4.08	0.00	0.00	4.08	-0.08	4.16
Total		**11.48**	**0.52**		**22.79**	

Source: Data supplied by PWSSB

Analysis of the table showed that:

- ₹ 4.16 crore were lying (November 2013) unutilised with PWSSB which should have been refunded to GOI, as per the condition of the sanction.

- As per the condition of sanction issued by GOI, the interest earned on unutilised funds should be credited to the project and reflected in the utilisation certificate (UC). However, interest earned on unutilised funds during 2012-13 was neither reflected in the UCs nor calculated separately. Thus, incorrect position of unutilised funds was intimated to GOI.

In the exit conference, Director (Planning and Designs), PWSSB stated that the unspent balances under NRCP were lying due to two pending arbitration cases and the balance funds along with interest would be refunded to GOI after finalisation of these cases. Further, Secretary (STE) assured that suitable action would be taken in this regard in consultation with the Finance Department.

(ii) The position of funds received and expenditure incurred under extended NRCP during 2010-13 is given in **Table 2.1.2**.

Table 2.1.2: Position of funds received and expenditure incurred during 2010-13

(₹ in crore)

Year	Opening balance	Funds received			Interest earned	Total available funds	Expen-diture	Closing balance
		GOI	GOP	MC				
2010-11	0.00	38.36	3.90	15.80	0.45	58.51	26.60	31.91
2011-12	31.91	54.92	0.00*	33.15	0.66	120.64	89.91	30.73
2012-13	30.73	45.36	29.03	19.55	0.32	124.99	131.89	-6.90
Total		**138.64**	**32.93**	**68.50**	**1.43**		**248.40**	

Source: Data supplied by PWSSB ****** ***Share of GOP was not provided.***

Analysis of above table showed that :

- GOI released ₹ 138.64 crore (58 *per cent*) against its share of ₹ 168 crore (70 *per cent* of ₹ 240.07 crore), which resulted into short release of funds of ₹ 29.36 crore.

- An expenditure of ₹ 131.89 crore was incurred against the total available funds of ₹ 124.99 crore during 2012-13 which resulted into excess expenditure of ₹ 6.90 crore.

Reasons for short receipt of funds and excess expenditure were neither available in records nor intimated by PWSSB.

2.1.8 Implementation of projects

For the prevention, control or abatement of water pollution, four projects *viz.* NRCP, Cleaning of Budha Nallah, NRCP extended and JNNURM were taken up in Punjab between August 1995 and December 2011.

Audit noticed deficiencies in the implementation of the projects, which are summarised below:

2.1.8.1 National River Conservation Plan

Sutlej Action Plan for prevention of water pollution of river Sutlej was sanctioned by GOI, Ministry of Environment and Forests, National River Conservation Directorate (NRCD) in August 1995 for ₹ 229.38 crore involving 12 components to be completed by September 2000. Major part of the project involved setting up of STPs and laying of sewers, channelising the open surface drains into the existing sewer, effluent distribution channel and lining of Budha Nallah[11]. The Detailed Project Reports (DPR) for individual schemes of each town was to be submitted separately based on which expenditure sanction was to be accorded by NRCD. GOI accorded sanction to DPRs of 51 works at a cost of ₹ 200.71 crore.

[11] Budha Nallah is a major drain passing through Ludhiana and enters river Sutlej near village Wallipur Kalan. This carries the treated water from the treatment plants and other city waste.

Audit of records of PWSSB showed that an expenditure of ₹ 285.11 crore was incurred on 49 works (except for two[12] works) of the project having sanctioned cost of ₹ 198.65 crore during 1995-2013 (up to March 2013). The sanctioned works were completed with delay ranging between two and thirteen years. Consequently, not only the cost of the project escalated by ₹ 86.46 crore thereby putting avoidable burden on the State, as the cost escalation was to be borne by the State Government, but accrual of the intended benefits of the project were also delayed. The financial and physical progress of SAP is given in **Table 2.1.3**.

Table 2.1.3: Details of physical/financial progress under SAP as of March 2013

Sr. No.	Component and unit	Financial progress (₹ in crore)			Physical progress			Objective
		Provision in PFR[13]	Amount of DPR sanctioned (No. of works)	Financial progress	Scope	Executed	Shortfall	
1.	Outfall sewers (meters)	22.46	40.88 (18)	37.86	31418	27512	3906	To carry the sewage to STPs
2.	Tapping of open surface drains into existing sewers (No.)	0.94	Nil	Nil	625	Nil	625	To connect all the open drains to sewer so as to prevent their direct discharge into the river
3.	Sewage Treatment Plant (No.)	101.87	112.36 (6)	133.29	7	6	1	To treat the domestic sewage
4.	Pumping Stations (No.)	9.83	37.99 (6)	36.60	7	6	1	To pump the sewage from collecting tank to STP
5.	Effluent Distribution channel (meters)	5.25	Nil	Nil	19500	Nil	19500	To use the treated sewage for irrigation purpose
6.	Solid Waste Collection & Disposal (MT)	1.45	Nil	Nil	10	Nil	10	To collect, transport and dispose of the solid waste
7.	Community Lavatory Blocks (No.)	11.40	3.13 (4)	1.98	190	35	155	To prevent open defecations
8.	Plantation of trees (acre)	0.22	0.09 (4)	0.05	280	Done	Nil	To protect environment
9.	Lining of Budha Nallah (meter)	14.00	Nil	Nil	14000	Nil	14000	To increase its carrying capacity and to improve environment
10.	Crematoria (No.) (i) Electric	0.40	Nil	Nil	1	Nil	1	To prevent pollution of river caused by cremation of bodies on river banks
	(ii) Improved wood	0.27	0.09 (3)	0.07	45	10	35	
11.	Sewer cleaning machines (No.)	0.71	0.40 (1)	Nil	19	Nil	19	Cleaning of sewer to ensure smooth conveyance of the sewage
12.	Public awareness (Job)	0.26	0.28 (4)	0.19	Job	Job	Nil	To create awareness among the people
Total		**169.06**	**195.22 (46)**	**210.04**				
Supervision charges		23.67						
Land cost		36.65	5.49 (5)	75.07				
Grand Total		**229.38**	**200.71 (51)**	**285.11**				

Source: Data supplied by PWSSB

In the exit conference, Director (Planning and Design), PWSSB stated that escalation was due to higher rates of acquisition of land. The reply of the Department was not acceptable as the land should have been acquired before taking up the project.

12 Two works having sanctioned cost of ₹ 2.06 crore (construction of interception and diversion sewer (Phagwara)-₹ 1.66 crore; and open drain and sewer cleaning machine (Ludhiana)-₹ 0.40 crore) were not executed.

13 Pre feasibility report.

2.1.8.2 Non-execution of approved components

All the components of SAP were planned with definite objective indicated against each in **Table 2.1.3**. It was, however, noticed that six components (Sr. No. 2, 5, 6, 9, 10 (i) and 11 of **Table 2.1.3**) of the project valuing ₹ 22.75 crore were not executed at all. The work of construction of effluent distribution channel (Sr. No. 5) and lining of Budha Nallah (Sr. No. 9) were significant components to achieve the objectives of the scheme. Due to non-construction of effluent distribution channel, the treated water was not being utilised for irrigation purpose. The lining of Budha Nallah was dropped (1998) by GOI due to indiscriminate dumping of garbage, siltation and unauthorised encroachment. Non-execution of the above mentioned components resulted in non-achievement of objectives of the project as each component was planned and approved with definite purpose contributing towards reduction in pollution in the Sutlej.

On this being pointed out (May 2013), PWSSB stated (November 2013) that one work[14] was not executed as per site requirement, three works[15] were dropped and the DPRs of two works[16] were not sanctioned. The other components were executed with shortfall due to non-availability of sites. The reply indicated that the project was not prepared with due diligence and the State Government failed to execute the project as planned leading to non-accrual of complete benefits thereof.

2.1.8.3 Non-implementation of project of cleaning of Budha Nallah

Budha Nallah is a natural stream passing through Ludhiana city carrying waste water of the city to river Sutlej. With a view to channalise its section and to increase its carrying capacity and to improve environment, the work of lining of Budha Nallah was included in SAP. However, GOI dropped (September 1998) the work on the plea that the bad condition of Budha Nallah was due to indiscriminate dumping of garbage into it, siltation, growth of weeds, unauthorised encroachments on its banks and irregular/broken banks which need preventive measures by MC. However, nothing concrete was done till October 2006 when the State Government issued notification according to which the Department of Science, Technology and Environment was to evolve a time bound strategy to clear Budha Nallah and ensure its long time preservation. PPCB was responsible to take effective steps to ensure that polluted industrial effluents are not discharged into Budha Nallah. An action plan for cleaning of Budha Nallah at a cost of ₹ 615 crore, involving the components of demarcation of land, removing of encroachments, desilting and construction of CETP, was included in the annual plan of GOP for the year 2010-11.

It was noticed (July 2013) from the records of PPCB that Budha Nallah was carrying about 550 MLD effluent to river Sutlej, out of which 200 MLD was

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14 Tapping open surface drains into the existing sewer.

15 (i) Solid waste collection and disposal; (ii) Lining of Budha Nallah; and (iii) electric crematoria.

16 (i) Effluent distribution system; and (ii) Sewer cleaning machine.

trade effluent, mainly from dyeing industries and the rest was domestic sewage. Although an outlay of ₹ 27 crore[17] was made in annual plans for 2008-11 but neither the strategy adopted to clean Budha Nallah was furnished (December 2013) to Audit by Department of Science, Technology and Environment despite being called for (July 2013) nor found on the records of PPCB. It was, however, noticed that the domestic sewage was being treated through STPs but the industrial effluent was either being discharged into Budha Nallah or in the STP meant for treatment of domestic sewage thereby adversely affecting performance of the STPs and quality of water of river Sutlej.

2.1.8.4 Non-installation of Common Effluent Treatment Plant

Audit of records of PPCB and Industries Department showed that two Common Effluent Treatment Plants (CETP) were to be installed in Ludhiana at Bahadurke Road and Tajpur Road for the treatment of effluent discharged by 243 medium and small dyeing industries with the capacity of 15 MLD (for 18 industries) and 117 MLD (for 225 industries) respectively for which funds were to be provided by the Punjab Dyers Association (PDA). It was further observed that although the work of construction of CETP at Bahadurke Road was started in January 2013 and scheduled to be completed by December 2013, the work of construction of CETP at Tajpur Road had not been taken up due to non-providing of funds of ₹ 437 crore by PDA. Thus, harmful effluents of 243 dyeing industries were either being discharged into Budha Nallah or reaching STP Jamalpur thereby adversely affecting functioning of STP.

Treated water from STP Jamalpur. Poor quality of water after treatment is due to mixing of industrial effluents with domestic sewage (11 July 2013).

The Department of Local Government had assured PAC in response to audit observation contained in paragraph No. 6.2.5.3 on grant of consent of the Comptroller and Auditor General of India's Report (Civil) for the year ended 31 March 2000 that no untreated sewage would be discharged into any source of water after April 2008. However, inspite of the assurance given to PAC, untreated effluents were being discharged by the dyeing industries into Budha Nallah.

In the exit conference, Chairman, PPCB stated that CETPs for dyeing industries would be installed within 18 months.

Thus, the issue of cleaning of Budha Nallah which is of utmost importance for Ludhiana city remained unaddressed since long and was affecting the quality of treated sewage discharged into it.

[17] ₹ 10 crore-2008-09; ₹ 7 crore-2009-10; and ₹ 10 crore-2010-11.

2.1.9 Performance of STPs installed at Ludhiana

Sanction of three STPs (Jamalpur, Bhattian and Balloke) in Ludhiana at a cost of ₹ 83.07 crore was subject to the condition that the Punjab Government would ensure that all industrial units in Ludhiana had installed and operated their individual Effluent Treatment Plants (ETPs) and only treated industrial effluent meeting the prescribed standards was allowed to be discharged into the sewerage system/Budha Nallah/river Sutlej. Further, in a meeting held (September 2006) under the chairmanship of Principal Secretary to the Government of Punjab, (STE), it was decided that MC, Ludhiana would prepare scheme for setting up biogas plants based on cow dung and dairy waste and ensure complete utilisation of cow dung and waste water generated from the dairies.

The performance of three STPs installed at Ludhiana under NRCP is given in **Table 2.1.4**.

Table 2.1.4: Performance of STPs installed at Ludhiana

Name of STP/Capacity	DPR cost	Expenditure	Normal value of BOD[18] (mg/l)	Actual value of BOD (mg/l) between August 2010 and April 2013	Remarks
	(₹ in crore)				
STP Jamalpur/ 48 MLD	13.45	14.56	30	36 to 285	STP was not functioning properly due to non-segregation of industrial effluents from domestic sewage
STP Balloke/ 152 MLD	34.78	42.67	30	31 to 168	STP was not functioning properly due to inflow of dairy waste and non-setting up of biogas plant for treatment of dairy waste
STP Bhattian/ 111 MLD	34.84	37.59	30	18 to 29	STP was working properly as only domestic sewage was reaching the STP
Total	**83.07**	**94.82**			

Source: Data supplied by PWSSB

In the exit conference, Director (Planning and Design), PWSSB agreed that the STP at Jamalpur was receiving industrial effluents due to which its performance was not as per the standards. Regarding STP at Balloke, Superintending Engineer, MC, Ludhiana stated that the matter for acquisition of land to shift the dairies to other place was under consideration.

Thus, STPs installed at Jamalpur and Balloke at a cost of ₹ 57.23 crore could not treat sewage as per prescribed standards due to non-segregation of industrial effluent from domestic sewage at STP Jamalpur and mixing of dairy waste with domestic sewage at STP Balloke.

2.1.9.1 Non-point source of pollution

Release of funds for the STPs installed in Ludhiana was linked to foolproof arrangements to be made by the State Government to tackle non-point source of pollution[19].

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18 BOD is Biological Oxygen Demand and determines the uptake rate of dissolved oxygen by the biological organisms in a body of water and is widely used as an indication of the quality of water.

19 A contributory factor to water pollution that cannot be traced to a specific spot.

Test check of records of PPCB showed that it did not maintain data of non-point sources of pollution and consequently the quantity of untreated water being discharged into rivers could not be estimated. During site visit of dairy complex along Budha Nallah (July 2013), Audit noticed that at two places, untreated dairy waste was being discharged into Budha Nallah as shown in the photographs below:

Dairy waste discharging at Bachan Singh Nagar Marg near petrol pump (11 July 2013)

Dairy waste discharging into Budha Nallah (11 July 2013)

In the exit conference, Secretary (STE) stated that Commissioner, MC, Ludhiana would be directed to prepare an action plan for plugging the direct outlets in a time bound manner.

Thus, due to non-identification of non-point sources of pollution in Ludhiana, untreated water was being discharged into Budha Nallah and ultimately in river Sutlej.

2.1.9.2 Resource recovery from STPs

As per guidelines of NRCP, biogas from the STPs was to be used for power generation, lab needs and lighting purposes. Accordingly, in the DPRs of the STPs at Bhattian, Balloke and Jamalpur established under SAP, biogas recovered from the plants was proposed to be used for power generation for running the STPs and Main Pumping Station. Besides this, resource recovery from sale of treated sludge and waste water was also projected in the DPRs as detailed in **Table 2.1.5**.

Table 2.1.5: Projected annual resource recovery from STPs

(₹ in lakh)

Name of the STP	Projected resource recovery per year from						Total
	Biogas		Sludge		Treated waste water		
	Qty (cum/day)	Amount	Qty (cum/day)	Amount	Qty (kl/day)	Amount	
STP Bhattain	4274	40.15	67.28	9.59	111000	20.07	69.81
STP Balloke	5320	50.85	98.80	14.08	152000	22.80	87.73
STP Jamalpur	1197	11.04	25.00	3.56	36000	5.40	20.00
Total	**10791**	**102.04**	**191.08**	**27.23**	**299000**	**48.27**	**177.54**

Source: DPRs of STPs installed under NRCP

(i) It was noticed that though sufficient biogas was being produced in STP Bhattian but the same was not being used for power generation due to non-construction of biogas plant. In case of STPs at Balloke and Jamalpur though biogas plants were constructed at a cost of ₹ 1.78 crore and ₹ 0.83 crore (as per DPR) respectively but the same were not being utilised due to non/insufficient production of biogas in these STPs due to inflow of dairy wastes (Balloke) and mixing of dyeing industrial effluent with domestic sewage (Jamalpur) resulting in unfruitful expenditure of ₹ 2.61 crore on construction of biogas plants.

Biogas plant lying unutilised at STP Jamalpur (11 July 2013)

Biogas plant lying unutilised at STP Balloke (11 July 2013)

Use of biogas for power generation would have reduced the cost of operation and maintenance of these assets as approximately ₹ 4.92 crore[20] per year were being spent on electricity consumed by the STPs.

In the exit conference, Secretary (STE) stated that reasons for non-utilisation of biogas would be looked into and wherever feasible, follow up action taken for optimal use of biogas.

(ii) Section 17 (1) (i) of the Water (Prevention and Control of Pollution) Act, 1974 devolves responsibility on PPCB to evolve methods of utilisation of sewage and suitable trade effluents in agriculture.

Audit noticed that except in two towns viz., Nangal and Anandpur Sahib, treated sewage from the above said STPs as well as STPs set up under other schemes treating 1470 MLD water, was not being used for agriculture purposes. Similarly, sludge was also not being utilised. Thus, non-use of the treated water and sludge for agriculture purposes not only denied their benefits to the crops and to soil health but the benefits of reduction in use of chemical fertiliser were also denied to the people of the State.

In the exit conference, PPCB and Soil Conservation Department stated that though irrigation network had been laid at some places for the use of treated effluent of STP at Bhattian, but the farmers hesitate to use the same as they were not aware of advantages of using treated effluent for irrigation purposes. Special Secretary, Irrigation Department stated that irrigation network for utilisation of treated sewage for three STPs at Ludhiana would be made along with the scheme of Budha Nallah, the case for which was under process for funding. The action for early implementation of plan for utilisation of treated water of other STPs was also being taken.

Thus, the State Government had failed to utilise the biogas for power generation, sludge and treated sewage for agriculture purpose thereby not only denying resource recovery of ₹ 1.78 crore per annum projected in the DPRs of

[20] Based on electricity bills (Balloke-₹ 2.40 crore per year; Bhattian-₹ 1.56 crore per year; and Jamalpur-₹ 0.96 crore per year).

three STPs at Ludhiana only but also other benefits of treated sewage and sludge inspite of these having good irrigation quality and large quantity of plant nutrients.

2.1.9.3 Improper functioning of STP Kapurthala

The work of installation of 25 MLD STP at Kapurthala was completed in March 2006 at a cost of ₹ 7.88 crore and the work of operation and maintenance of the STP was to be carried out by the MC, as per MoU amongst GOI, GOP and MC. The STP was being maintained by the Executive Engineer, PWSSB-II, Jalandhar up to March 2012. Thereafter, it was handed over to MC, Kapurthala as it failed to provide funds to PWSSB for maintenance. The following shortcomings in functioning of STP Kapurthala were noticed:

➢ The flow meter of the STP, installed to quantify the sewage received for treatment was out of order since April 2012. As a result, the actual quantity of sewage received for treatment could not be ascertained.

Out of order flow meter in STP, Kapurthala (28 May 2013)

➢ A fully equipped laboratory was to be installed at the site of the STP to check the level of pollution of sewage received at inlet and treated sewage at outlet of the STP. It was noticed that though PWSSB purchased (October 2008) equipment worth ₹ 0.05 crore for the laboratory, it could not be utilized due to non-deployment of analyst to run the laboratory and checking of samples.

➢ The STP was designed to reduce BOD of untreated sewage from 200 mg/l to 24 mg/l after final polishing. Out of 26 samples taken by PPCB during November 2010 to April 2013, only one sample (August 2011) achieved the projected parameter of BOD. Thus, the STP was not treating sewage as per its designed treatment efficiency.

In the exit conference, Chairman, PPCB informed that prosecution proceedings had been launched against MC, Kapurthala.

2.1.10 Delay in completion of works of installation of Sewage Treatment Plants under extended NRCP

Test check of records of PWSSB showed that 14 STPs in 11 towns were to be installed out of which 11 STPs[21] in 10 towns having capacity of 102 MLD under extended NRCP were to be completed between March and December 2012 but as of March 2013, the works were still in progress and the physical progress of these works ranged between 62 and 97 *per cent*. The delay in completion of the works not only resulted in discharge of untreated sewage into rivers Sutlej and Beas, but would also inflict avoidable burden on State exchequer due to cost escalation.

In the exit conference, Director (Planning and Design), PWSSB attributed the delay to late acquisition of land or taking possession thereof, non-clearance of sites by the Forest Department and National Highway Authority of India and delay in receipt of funds. The reply was not acceptable because these issues should have been assessed and addressed before commencement of the works.

2.1.11 Jawahar Lal Nehru National Urban Renewal Mission

Government of India, Ministry of Finance, Department of Expenditure sanctioned (April 2008) two STPs at Balloke and Bhattian in Ludhiana with total capacity of 155 MLD and sewer lines at a cost of ₹ 241.39 crore. As of April 2013, an expenditure of ₹ 174.23 crore had been incurred. The work of laying of sewer lines was under progress. STPs at Balloke and Bhattian were installed in October 2011 and February 2012 respectively and were functioning properly and achieving the prescribed standards of BOD after treatment of sewage but the treated sewage ultimately reaches Budha Nallah and again gets polluted instead of being used for irrigation.

2.1.12 Status of water quality of river Sutlej

Under National Water Quality Monitoring Programme, PPCB was monitoring the quality of water of river Sutlej at 15 sampling stations half yearly. Comparison of water class[22] during 2008-09 and 2012-13, as per Designated Best Use classification, is given in **Table 2.1.6**.

Table 2.1.6: Status of water quality of river Sutlej

River	Year	Water class					Total No. of water sampling points
		A	B	C	D	E	
Sutlej	2008-09	1	8	3	3	Nil	15
	2012-13	Nil	4	7	4	Nil	15

Source: Data supplied by PPCB

[21] Three STPs at Jalandhar are to be completed by December 2014.

[22] 'A'-Drinking water source without conventional treatment but after disinfection; 'B'-Outdoor bathing; 'C'-Drinking water source after conventional treatment and disinfection; 'D'-Propagation of wild life and fisheries; 'E'-Irrigation, industrial cooling, controlled waste disposal.

Confluence point of Budha Nallah and the Sutlej (11 July 2013)

From the above, it could be seen that the quality of water of river Sutlej had degraded over the period 2008-13 as the number of sampling points having water class 'C' and 'D' had increased from three to seven and from three to four respectively during the period. At the same time, the number of sampling points having better water class 'A' and 'B' had decreased from one to nil and from eight to four respectively. This indicates degradation of water along the entire stretch of the Sutlej.

In Ludhiana, where five STPs were installed under the schemes, as discussed in paragraphs 2.1.9 and 2.1.11, the quality of water in the Sutlej was deteriorating even after installation of STPs. At upper stream of Budha Nallah, the quality of water was of Class 'C' having value of BOD 1.1 and 1.7 mg/l in 2008-09 and 2012-13 respectively which degraded to Class 'D' having value of BOD 13.9 and 14.4 mg/l in 2008-09 and 2012-13 respectively at the confluence point of river Sutlej with Budha Nallah.

In the exit conference, Chairman, PPCB stated that after installation of STPs in all 45 towns identified along the banks of the rivers, the pollution level would be reduced. However, the reply was silent on the issue of deterioration of water quality of the Sutlej even after installation of STPs.

2.1.13 Monitoring

2.1.13.1 Periodical inspection of industries

As per Section 17 (f) of the Water (Prevention and Control of Pollution) Act, 1974, PPCB is to inspect sewage or trade effluents, works and plants for the treatment of sewage and trade effluents and to review plans, specifications and other data relating to plants set up for treatment of water, works for purification thereof and the system for disposal of sewage or trade effluents.

Audit of records of PPCB showed that periodical inspections of industries were not carried out as per the targets prescribed by PPCB itself and shortfall in inspections ranged between 38 and 56 *per cent* (Red category[23] industries) and 42 and 59 *per cent* (Other category industries) during 2008-13 as given in **Table 2.1.7.**

[23] Highly polluting industries.

Table 2.1.7: Details of periodical inspection of industries during 2008-13

(In numbers)

Year	Targets fixed for inspection		Industries actually inspected		Shortfall		Percentage of shortfall	
	Red category	Other	Red category	Other	Red category	Other	Red category	Other
2008-09	13464	693	5911	308	7553	385	56	56
2009-10	13794	839	7417	347	6377	492	46	59
2010-11	16520	1966	8654	843	7866	1123	48	57
2011-12	16940	2301	10459	1325	6481	976	38	42
2012-13	17650	2591	10703	1427	6947	1164	39	45

Source: Data supplied by PPCB

While discussing the paragraph No. 6.2.5.2 on periodical inspection of industries appeared in the Comptroller and Auditor General of India's Report (Civil) for the year ended 31 March 2000, PAC recommended (March 2009) that GOP and PPCB should take immediate steps to achieve targets of inspection. However, as evident from the above table, PPCB did not comply with the recommendations of PAC.

In the exit conference, Chairman stated that the shortfall was due to shortage of manpower.

2.1.13.2 Running of industries without consent of PPCB

Section 25 (a) of the Water (Prevention and Control of Pollution) Act, 1974 provides that no person shall, without the previous consent of PPCB, establish or take any steps to establish any industry, operation or process or any treatment and disposal system, which is likely to discharge sewage or trade effluents into a stream or well or sewer or on land.

Audit of records of PPCB showed that 1022 industries were established without consent of PPCB during 2008-13. Action taken by PPCB against the defaulting industries was neither available on the records provided to Audit nor intimated despite being called for (July 2013).

In the exit conference, Chairman, PPCB stated that no industry would be allowed to operate without consent after 31 December 2013.

2.1.13.3 Constitution of Citizen Monitoring Committee

With a view to create awareness amongst the people on the importance of various river conservation works and to mobilise public support towards these works, GOI stressed (1995) need for public participation. Constitution of Citizen Monitoring Committee (CMC) in each town was a prescribed step to involve the community in NRCP activities.

Audit of records relating to implementation of NRCP showed that though CMC was constituted in Ludhiana, the same did not hold any meeting since December 1997. For Jalandhar and Phillaur towns, CMC for NRCP works was constituted in July 2012 whereas NRCP works were being carried out in these cities since 1995. Thus, inordinate delay in constitution of CMC defeated the purpose of making the people aware about the various river conservation works.

In the exit conference, Secretary (STE) stated that the system would be streamlined by 31 March 2014 for ensuring that the Committees are duly constituted and quarterly meetings are held on regular basis.

2.1.13.4 Non-constitution of the project monitoring cell

Release of funds under NRCP was linked to constitution of Project Monitoring Cell (PMC) under the Divisional Commissioner which should meet and monitor the progress regularly.

It was, however, noticed that monitoring of the project was not done by PMC under the Divisional Commissioner. On this being pointed out (May 2013), PWSSB stated (May 2013) that PMC had not been constituted as the Inter Departmental State Level Monitoring Committee (IDSLMC) under the chairmanship of the Principal Secretary to Government of Punjab, Department of Local Government covers almost all the concerned departments. The reply was not acceptable as PMC was to be constituted at the divisional level so as to involve the local functionaries/people as laid down by GOI while releasing the funds, whereas IDSLMC was a State level Committee.

2.1.13.5 Non-monitoring of ground water pollution due to weak internal control mechanism

Punjab Pollution Control Board while sending (September 2003) an action plan for regularly monitoring the ground water quality, instructed its Regional Offices (ROs) to carry out study of ground water from the sampling stations (annexed to the action plan) in 17 cities by drawing samples twice a year in the month of May (pre-monsoon) and November (post-monsoon). These instructions were reiterated (November 2004) with more cities to be covered under the study. The data after analysis of samples was to be compiled and published annually.

It was noticed from the records of ROs of the selected districts (Bathinda, Mansa, Muktsar and Faridkot) that ROs were monitoring the ground water quality by drawing samples randomly during March 2010 to March 2013 from different sites and that too without any fixed periodicity instead of drawing the samples from the fixed locations as per prescribed schedule. PPCB also did not take any action to get the action plan implemented. As a result, the annual publication on the quality of ground water could not be made available.

In the exit conference, Secretary (STE) stated that new points would be identified soon to monitor the ground water pollution in a systematic manner.

Thus, PPCB failed to draw and test the ground water quality from the identified sites and as per the fixed periodicity which shows weak internal control mechanism of the PPCB.

Conclusion

Punjab Pollution Control Board had neither formulated environmental standards based on local considerations nor prepared comprehensive programme, for the State, for the prevention, control or abatement of pollution. Punjab Pollution Control Board did not assess the impact of water pollution in rivers and ground water on health of people of the State despite a significant increase in incidences of water borne diseases during the last five years.

The project execution was found deficient. In Sutlej Action Plan, execution of the works was delayed considerably leading to avoidable burden of cost overrun on the State exchequer besides, delayed accrual of the intended benefits of the Plan. Non/short-execution of the works planned and approved under Sutlej Action Plan defeated the objective of abatement of pollution in river Sutlej. Works identified for cleaning of Budha Nallah were not executed due to non-provision of funds. In Ludhiana, the Sewage Treatment Plants set up under Sutlej Action Plan for treatment of domestic sewage were not performing at desired level due to non-segregation of industrial effluents and dairy wastes from domestic sewage. Biogas produced in the Sewage Treatment Plants was not utilised for power generation. Treated water and sludge having beneficial effects on crops and soil health were not utilised for agriculture. The works under extended National River Conservation Plan in 10 towns were behind time schedule. Water quality of river Sutlej did not improve even after installation of Sewage Treatment Plants.

Monitoring of the various activities related to abatement of water pollution was also found deficient. Punjab Pollution Control Board failed to inspect the industries as per the targets and significant number of industries were running without its consent. It also failed to implement its action plan to monitor the quality of ground water.

Recommendations

The State Government may like to:

- prepare a separate policy and comprehensive plan to address the issue of water pollution in the State, as required under the Water (Prevention and Control of Pollution) Act, 1974;
- ensure timely completion of all the components of the projects for accrual of the intended benefits and to avoid burden of cost overrun;
- take action to segregate the industrial effluent and dairy waste on priority basis to ensure optimal utilization of the installed Sewage Treatment Plants;
- take effective steps to ensure resource recovery by utilisation of treated water, sludge and biogas; and
- ensure periodical inspection of industries as per the targets, appropriate action against the industries operating without consent of Punjab Pollution Control Board and monitoring the quality of ground water.

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

2.2 Implementation of Indira Awaas Yojana

The Government of India earmarked (June 1985) a part of Rural Landless Employment Guarantee Programme (RLEGP) fund for the construction of houses for Scheduled Caste (SC)/Schedules Tribes (ST) and freed bonded labourers. As a result, Indira Awaas Yojana (IAY) was launched during 1985-86 as a sub-scheme of RLEGP. IAY, thereafter, continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since April 1989. IAY was delinked from JRY and was made an independent scheme with effect from January 1996. The main objective of IAY is to help in construction/upgradation of dwelling units of rural Below Poverty Line (BPL) householders belonging to members of SCs/STs, freed bonded labours, minorities and other non-SC/ST by providing them financial assistance.

Some of the significant findings of the performance audit are given below:

- ***IAY assistance of ₹3.51 crore was disbursed to 1129 ineligible persons in three out of six selected districts.***

  (Paragraph 2.2.6.1)

- ***Homestead sites scheme was not implemented in the State.***

  (Paragraph 2.2.6.5)

- ***Shortfall in utilization of available funds ranged between 21 and 66 per cent during 2008-13. GOI deducted ₹7.48 crore due to delay in release of State share and excess carryover of unspent balances of previous years.***

  (Paragraph 2.2.7.1 (i&ii))

- ***An amount of ₹21.13 crore was released to Sarpanches of 228 Gram Panchayats in four out of six test checked districts instead of crediting directly into beneficiaries' accounts.***

  (Paragraph 2.2.7.2)

- ***In six test checked districts, shortfall for last five years (2008-13) under construction of new houses and upgradation of kutcha houses against the number of houses sanctioned was 21 and 22 per cent respectively.***

  (Paragraph 2.2.8.1)

- ***Convergence of IAY was not made with other rural development schemes in six selected districts.***

  (Paragraph 2.2.9)

- ***Vigilance and Monitoring Committee at the State level met only once against the prescribed norms of at least once in a quarter.***

  (Paragraph 2.2.11.1)

2.2.1 Introduction

Indira Awaas Yojana is a centrally sponsored scheme on a cost sharing basis between the Government of India (GOI) and the State Government in the ratio of 75:25. It aims at helping in construction of dwelling units and upgradation of existing unserviceable *kutcha* houses to rural BPL householders by providing them financial assistance. The scheme is being implemented through District Rural Development Agencies (DRDAs)/Zila Parishads (ZPs) and houses are to be constructed by the beneficiaries themselves. A scheme for providing homestead sites to those rural BPL households, who have neither agricultural land nor a house site, was launched as a part of IAY with effect from 24 August 2009 on a cost sharing basis between GOI and the State Government in the ratio of 50:50.

2.2.2 Organizational set up

Financial Commissioner to the Government of Punjab, Department of Rural Development and Panchayats is the Administrative Head. Joint Development Commissioner (JDC), Department of Rural Development and Panchayats is the nodal agency for implementation of the scheme in the State. At District level, scheme is being implemented through DRDAs/ZPs and by Block Development and Panchayat Officer (BDPO) at Block level.

2.2.3 Audit objectives

The objectives of the performance audit were to assess whether:

- the systems and procedures were in place for identification and selection of the target groups;
- the allocation and release of funds under IAY was adequate;
- the physical targets were achieved; and
- the mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective.

2.2.4 Scope of audit and methodology

Punjab has three geographical strata i.e. foot-hill area, fertile area and sandy/semi-sandy area. Two districts from each strata, in all six[24] (30 *per cent*) out of 20 districts[25], based on expenditure incurred during 2010-13 under each district, through Probability Proportional to Size with Replacement Method and 12[26] (36 *per cent*) out of total 33 blocks of selected six districts and 122 villages falling under these 12 selected blocks, based on Simple Random Sampling without Replacement Method, were selected for test checking the implementation of the scheme. Records of the office of JDC and

[24] (i) Mansa, (ii) Muktsar, (iii) Nawanshahar, (iv) Patiala, (v) SAS Nagar and (vi) Tarn Taran.

[25] Funds were released to 20 districts during 2008-13 as two newly created districts i.e. Fazilka and Pathankot were not receiving IAY grants directly from MoRD, GOI.

[26] (i) Aur, (ii) Banga, (iii) Bhikhi, (iv) Bhikhiwind, (v) Dera Bassi, (vi) Gidderbaha, (vii) Jhunir, (viii) Majri, (ix) Malout, (x) Nabha, (xi) Samana and (xii) Tarn Taran.

selected DRDAs/ZPs/BDPOs/GPs for the period 2008-13 were test checked from May to July 2013.

Mention was made in Paragraph 6.2 of Comptroller and Auditor General of India's Audit Report (Civil) for the year ended 31 March 2002 on Rural Housing Scheme (Indira Awaas Yojana), which was discussed in Public Accounts Committee (PAC) on 30 October 2006. Audit also examined follow up action on recommendations of PAC.

Joint inspection/physical verification along with the State Government representatives, covering 611 beneficiaries of 122 selected villages was carried out to assess the impact of the scheme. An entry conference was held on 25 June 2013 with the officers/representatives of JDC in which audit objectives, criteria, scope and methodology, etc. were discussed. An exit conference to discuss the audit findings and recommendations was held with JDC on 4 December 2013. Audit findings and recommendations were accepted by JDC. Replies of JDC have suitably been incorporated in the report.

2.2.5 Audit criteria

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

- guidelines of IAY issued by the Department of Rural Development, Ministry of Rural Development (MoRD), GOI;
- accounting procedure for DRDAs/ZPs issued by MoRD, GOI;
- periodical reports/returns prescribed by State Government; and
- circulars/instructions issued by the Department of Rural Development, GOI/State Government.

Audit findings

2.2.6 Planning and selection of beneficiaries

2.2.6.1 Disbursement of IAY assistance to ineligible persons

Para 2.1 and 2.2 of IAY guidelines provides that the beneficiaries will be selected from the permanent IAY waitlist prepared on the basis of BPL lists in order of seniority[27] in the list. Selection of beneficiaries will be subject to the condition that the household of all the categories i.e. freed bonded labourers, SC/ST household, non-SC/ST household, physically and mentally challenged persons, ex-servicemen and retired members of paramilitary forces, etc. are BPL except families/widows of personnel from defence service/paramilitary forces killed in action.

Audit of records showed that in three out of six selected districts assistance of ₹ 3.51 crore for construction/upgradation of houses was irregularly paid to

[27] Poorest being selected on priority.

1129 ineligible persons who were not BPL households in BPL list (2002) as detailed in **Table 2.2.1.**

Table 2.2.1: Details of IAY assistance to ineligible persons

Sr. No.	Name of the district/block	No. of villages	No. of ineligible persons	Type	Period	(₹ in lakh) Amount	Total Amount
1.	Nawanshahar/ Aur	7	24	New construction	2008-10	6.80	7.30
			4	Upgradation	2008-09	0.50	
2.	SAS Nagar/ Majri	50	216	New construction	2011-12	81.23	114.68
			281	Upgradation		33.45	
3.	SAS Nagar/ Dera Bassi	39	101	New construction	2011-12	54.15	57.23
			99	Upgradation		3.08	
4.	Tarn Taran/ Bhikhiwind	09	398	New construction	2008-12	171.00	171.75
			05	Upgradation	2008-10	0.75	
5.	Tarn Taran/ Tarn Taran	01	01	New construction	2011-12	0.22	0.22
	Total	**106**	**1129**				**351.18**

Source: Data compiled from departmental records

PAC, while discussing paragraph No.6.2.6.2 on irregular release of grant to Sarpanches of Gram Panchayats appeared in the Comptroller and Auditor General of India's Audit Report (Civil) for the year ended 31 March 2002, recommended (March 2008) that a system should be adopted wherein beneficiary nominated by the Gram Sabha/Panchayat and certified by BDPO be a party to ensure correct disbursement of financial assistance. Audit, however, noticed that the Department did not comply with the recommendations and disbursement of financial assistance to ineligible persons still continued as is evident from **Table 2.2.1.**

During the exit conference, JDC agreed to conduct the enquiry in the matter.

2.2.6.2 Non-preparation of Annual Plan

Para 4.2 (b) (viii) of IAY guidelines provides that an Annual Plan shall be approved by ZP or the governing body, as the case may be. Audit of records in six test checked districts showed that the Annual Plans were not prepared by the districts during 2008-13.

During the exit conference, JDC stated that suitable instructions would be issued to all the districts to ensure preparation of Annual Plans regularly.

2.2.6.3 Identification of beneficiaries for cluster approach

Para 2.1 of IAY guidelines provides that DRDAs/ZPs, on the basis of allocations made and target fixed, shall decide the number of houses to be constructed/upgraded Panchayat-wise during a particular financial year and shall follow a cluster approach to facilitate better supervision, convergence with other schemes and economies in purchases by dividing all the villages in a district/block into three groups and each group of villages be provided funds every year.

In six test checked districts, it was noticed that DRDAs/ZPs neither decided the number of houses to be constructed/upgraded Panchayat-wise during a financial year nor followed the cluster approach to facilitate better supervision and convergence with other schemes. Thus, Panchayat-wise selection of beneficiaries, as envisaged in the guidelines, was not ensured.

During the exit conference, JDC assured to adopt the cluster approach, wherever feasible.

2.2.6.4 Non-maintenance of inventory of houses

Para 5.9 of IAY guidelines provides that the implementing agency shall have a complete inventory of houses constructed/upgraded under IAY, giving details regarding the date of start and completion of construction of dwelling units, name of village and block in which the house is located, occupation and category of beneficiaries and other relevant particulars.

Audit of records in six test checked districts and 12 selected blocks showed that inventory of houses constructed/upgraded under IAY during 2008-13 was neither maintained at district nor at block level.

PAC, while discussing paragraph No. 6.2.10 on inventory of houses appeared in the Comptroller and Auditor General of India's Audit Report (Civil) for the year ended 31 March 2002, directed (March 2008) the Department to submit a copy of inventory so prepared for the houses constructed during the last three years. Despite these recommendations, inventory of houses constructed was still not prepared. In the absence of the inventory the possibility of selection of the same beneficiary again could not be ruled out.

During the exit conference, JDC stated that instructions had been issued to all the districts to maintain the inventory of IAY houses.

2.2.6.5 Non-implementation of homestead sites scheme

A scheme for providing homestead sites to those rural BPL households who have neither agricultural land nor a house site was launched as a part of IAY with effect from 24 August 2009 on a cost sharing basis between GOI and State Government in the ratio of 50:50 (₹ 10,000 each). For the purpose of allotting homestead sites, the beneficiaries were to be selected only from the permanent IAY waitlists as per their priority in the list. The State Government will allot suitable Government land as homestead site to the eligible BPL household.

However, information supplied (June 2013) by JDC office showed that scheme for homestead sites has not been implemented in the State. JDC, during the exit conference attributed the reasons for non-implementation of the scheme to less financial assistance of ₹ 20,000 for providing homestead sites as compared to the prevailing market price of land.

2.2.7 Financial Management

2.2.7.1 Funding Pattern

Under IAY, funds are released directly to DRDAs in two instalments. The first instalment amounting to 50 *per cent* of the total allocation for a particular district is released in the beginning of the financial year and second instalment is to be released on receipt of request from the DRDAs and fulfilment of conditions as envisaged in para 4.2 of IAY guidelines. Further, IAY funds should be kept in a separate savings bank accounts and interest accrued should be treated as a part of IAY resources.

(i) The financial position of the scheme during 2008-13 is given in **Table 2.2.2.**

Table 2.2.2: Position of funds released and expenditure incurred

(₹ in crore)

Year	Opening balance	Alloca-tion	Funds released				Expen-diture	Unspent balances (percentage)
			Central	State	Interest etc.	Total available funds		
2008-09	4.30	57.26	54.12	10.01	0.37	68.80	46.39	22.41 (33)
2009-10	22.41	86.18	49.50	21.48	3.10	96.49	76.43	20.06 (21)
2010-11	20.06	98.52	77.69	21.48	7.54	126.77	77.79	48.98 (39)
2011-12	48.98	96.24	23.98	11.67	8.87	93.50	53.94	39.56 (42)
2012-13	39.56	106.63	6.59	1.90	6.75	54.80	18.83	35.97 (66)
Total		**444.83**	**211.88**	**66.54**	**26.63**		**273.38**	

Source: Information supplied by JDC office

Analysis of data in the **Table 2.2.2** showed:

➢ Shortfall in utilization of available funds ranged between 21 and 66 *per cent* during 2008-13. However, in six test checked districts, out of ₹ 113.16 crore available during 2008-13, funds of ₹ 5.58 crore (five *per cent*) remained unutilized as on March 2013.

➢ Against the matching share of ₹ 70.63 crore[28] during 2008-13, State Government released ₹ 66.54 crore thereby resulting into short release of State share of ₹ 4.09 crore.

(ii) Audit of records in three out of six selected districts (Patiala, SAS Nagar and Tarn Taran) also showed that GOI deducted ₹ 7.48 crore during 2008-11 due to delayed release of State share (₹ 5.96 crore) and excess carryover of balances (₹ 1.52 crore) of previous years.

(iii) Further, audit of records in five out of six selected districts (Mansa, Muktsar, Patiala, Nawanshahar and SAS Nagar) showed that funds of ₹ 28.70 crore received during 2008-13 from MoRD, GOI, were transferred to

[28] Matching share with reference to GOI's share of ₹ 211.88 crore.

separate savings bank accounts maintained for IAY after delays ranging between six and 223 days whereas the interest of ₹ 0.16 crore was not transferred in the respective bank accounts.

During the exit conference, JDC attributed the shortfall in utilization of available funds to release of funds by GOI at the fag end of the financial year due to which State share could not be released in the same financial year. It was further stated that instructions would be issued to all the districts to ensure timely release of funds to the implementing agencies.

2.2.7.2 Irregular release of grant to Sarpanches of Gram Panchayats

Para 4.10 of IAY guidelines provides that funds under IAY shall be transferred directly into the beneficiaries' account in bank or post office. The State Government in May 2008 also issued similar instructions.

(i) Audit of records in four out of six selected districts showed that in violation of the above provisions, assistance of ₹ 21.13 crore was released to the Sarpanches of 228 GPs through cheques by ZPs/BDPOs for onward disbursement to the beneficiaries during 2008-13 as per details given in **Table 2.2.3.**

Table 2.2.3: Details of irregular release of grant to Sarpanches of GPs

Sr. No.	Name of district	Name of ZP/Block	No. of GPs	Year of disbursement	Amount (₹ in crore)
1.	Mansa	ZP Mansa	153	2008-09	2.79
				2009-10	2.54
				2010-11	1.68
				2011-12	6.05
				2012-13	
		Block Bhikhi	5	2010-11	0.16
		Block Jhunir	17	2009-10	0.29
				2010-11	0.42
				2011-12	1.87
2.	Muktsar	ZP Muktsar	1	2008-09	0.01
3.	SAS Nagar	Block Majri	29	2008-09	0.18
			3	2009-10	0.02
4.	Tarn Taran	Block Bhikhiwind	9	2010-11	2.06
			11	2011-12	3.06
			228		**21.13**

Source: ***Information supplied by ZPs: Mansa and Muktsar; and BDPOs: Bhikhi, Jhunir, Majri and Bhikhiwind***

Audit examination of records of selected GPs further showed that:

In Majri block of district SAS Nagar, grant of ₹ 1,37,500 (December 2008) and ₹ 62,500 (January 2009) was released to GP, Ghandoli and GP, Akalgarh respectively for onward disbursement to the beneficiaries. GP, Ghandoli and GP Akalgarh disbursed ₹ 1,18,750 and ₹ 37,500 respectively, leaving total unspent balance of ₹ 43,750. Non-disbursement of balance amount resulted in denial of intended benefits to the beneficiaries to that extent.

(ii) Audit of records in Tarn Taran block of Tarn Taran district showed that in violation of Para 4.10 of guidelines, ₹ 0.06 crore were disbursed to 28 beneficiaries (August 2012) through bearer cheques which remained uncashed till March 2013, as the beneficiaries did not turn up for payment, as stated (July 2013) by the Department. These cheques were neither re-issued nor the amount taken back in the cash book.

(iii) Similarly, in Bhikhiwind block of Tarn Taran district, ₹ 0.12 crore were disbursed to 65 beneficiaries through self cheques instead of directly transferring the assistance to the beneficiaries' account.

During the exit conference, JDC stated that administrative order would be issued to disburse the grant directly into the beneficiaries' account. It was further stated that reasons and status of unspent amount would be called for and report would be submitted after carrying out investigation in the field.

2.2.7.3 Non/short disbursement of IAY assistance to the beneficiaries

Para 3.1 of IAY guidelines provides for assistance of ₹ 45,000 per unit cost for construction of a new house with effect from 1 April 2010.

Audit of records in Samana block of Patiala district showed that DRDA, Patiala sanctioned (August 2010) IAY assistance of ₹ 0.28 crore to 62 beneficiaries (₹ 45,000 to each beneficiary) of the village Marori for construction of new houses. However, assistance of ₹ 0.09 crore to 19 beneficiaries was not disbursed. Remaining 43 beneficiaries were provided assistance of ₹ 35,000 per unit during 2010-11 resulting in short release of ₹ 0.04 crore.

In Majri block of district SAS Nagar, assistance of ₹ 0.01 crore (₹ 11,250 per beneficiary) was disbursed during 2011-12 to eight beneficiaries against the sanctioned amount of ₹ 0.04 crore (₹ 45,000 per beneficiary). The remaining amount of ₹ 0.03 crore was not disbursed even after lapse of more than two years.

During the exit conference, JDC stated that report and reasons would be called for from the concerned ZPs/BDPOs.

2.2.7.4 Non-release of second instalment to the beneficiaries

Para 4.10 of IAY guidelines provides that payment shall be made to the beneficiary on a staggered basis depending on the progress of the work. Ideally, the funds shall be distributed to beneficiary in two instalments, first instalment with the sanction order and the second instalment when the construction reaches the lintel level.

Audit of records showed that in two (Nawanshahar and SAS Nagar) out of six selected districts, 36 beneficiaries of 16 villages were paid first instalment of ₹ 0.05 crore (between June 2008 and October 2011) for construction/ upgradation of houses but second instalment was not disbursed to the beneficiaries even after lapse of period ranging between two and five years.

During the exit conference, JDC stated that instructions would be issued to the respective Deputy Commissioner/ADC(D) to verify the facts and to maintain proper record citing the reasons for non-release of second instalment to the beneficiaries.

2.2.7.5 Irregular disbursement of IAY assistance

Para 2.1 of IAY guidelines provides that GPs will select the beneficiaries from the permanent IAY waitlist. The list so prepared needs to be approved by the Gram Sabha which will be final and no approval from higher body is required. Assistance of ₹ 45,000 or ₹ 15,000 per beneficiary for construction of new house and upgradation of house respectively was to be provided.

Audit of records in Bhikhi block of Mansa district showed that GP, Hamirgarh Dhapai during 2011-12, irregularly disbursed ₹ 0.03 crore[29] to such nine BPL households who were not entitled for the benefit under the scheme as per the recommendations of Gram Sabha. Similarly, two beneficiaries were paid ₹ 90,000 (₹ 45,000 each) for upgradation of houses against the duly approved admissible amount of ₹ 30,000 (₹ 15,000 each) by the Gram Sabha. Further, audit of records in Aur block of Nawanshahar district showed that GP, Sadhpur disbursed ₹ 37,500 (in three equal instalments) to one beneficiary during November 2008 to January 2010 against the sanctioned amount of ₹ 25,000, resulting in excess payment of ₹ 12,500.

JDC, during the exit conference, stated that reply would be submitted after carrying out the investigation in the field.

2.2.7.6 Suspected embezzlement

Para 4.10 of IAY guidelines provides that funds under IAY shall be transferred directly into the beneficiaries' accounts in a bank or post office. State Government also issued instructions (May 2008) to release the funds directly to the beneficiaries' bank account.

Audit of records in test checked Aur block of Nawanshahar district showed that ZP, Nawanshahar released ₹ 0.03 crore vide cheque no. 0296393 dated 28 March 2011 to BDPO, Aur for disbursement of second instalment to 16 beneficiaries[30] under IAY. The amount was deposited (30 March 2011) into State Bank of India (SBI) account no. 31554286624 opened in the name of BDPO, Aur. This amount was transferred to another SBI account No. 31650871342 on 31 March 2011, also opened in the name of BDPO, Aur. On 21 April 2011, an amount of ₹ 0.01 crore was transferred from SBI account No. 31650871342 to another SBI account no. 30751794437. No reason for transferring the amount from one account to another was furnished to audit. On 25 April 2011, BDPO, Aur again transferred ₹ 0.01 crore from account no. 30751794437 to 31554286624 for recoupment of ₹ 0.01 crore withdrawn in

[29] ₹ 2,25,000 to five beneficiaries for new construction and ₹ 60,000 to four beneficiaries for upgradation of houses.

[30] ₹ 2,25,000 for 10 beneficiaries for construction of new house (₹ 22,500 per beneficiary) and ₹ 45,000 for six beneficiaries for upgradation of house (₹ 7,500 per beneficiary).

cash on 25 February 2011. Of the remaining funds of ₹ 0.02 crore (including interest of ₹ 4,925) lying in account no. 31650871342, BDPO, Aur disbursed ₹ 0.01 crore (between 20 July and 9 August 2011) by issuing three bearer and two account payee cheques of ₹ 22,500 each to five beneficiaries of IAY and on 5 May 2012 withdrew the balance amount of ₹ 0.01 crore through self cheque and closed the account on same day. BDPO, Aur neither entered all these transactions in the cash book nor vouchers/actual payee receipts in support of payments made were produced to audit (June 2013). Thus, failure of the Department to exercise prescribed checks for safeguarding resources led to suspected embezzlement of ₹ 0.03 crore. This reflected poor control environment relating to handling of cash in the Department.

During the exit conference, JDC stated that matter would be investigated on priority basis.

2.2.7.7 Loss of interest due to irregular operation of current accounts

Para 4.7 of IAY guidelines provides that IAY funds shall be kept in a nationalized/scheduled or cooperative bank or a post office in an exclusive and separate savings bank account.

Audit of records in two out of six selected districts (Malout block of Muktsar district and Bhikhiwind block of Tarn Taran district) showed that IAY funds were kept in current accounts during 2008-13. This had resulted in loss of ₹ 0.08 crore to the scheme as interest earned was a part of its resources.

During the exit conference, JDC stated that directions would be issued to all the concerned officers to maintain one savings bank account.

2.2.7.8 Non-preparation of annual accounts

Para 4.5 of IAY guidelines provides that DRDAs/ZPs will follow the accounting procedures prescribed by MoRD, GOI. Annual accounts are required to be prepared every year and the finalized accounts of the previous year shall be got approved by the General Body of the concerned DRDA on or before 30 June and got audited on or before 31 August of the same year. Approved copies of the Audit Report are required to be sent to the State Government and Central Government on or before 30 September of each year.

Audit of records in five out of six selected districts showed that annual accounts were not prepared for the period ranging between two and four years by the concerned DRDAs/ZPs as detailed in **Table 2.2.4**.

Table 2.2.4: Non-preparation of annual accounts

Sr. No.	Name of the district	No. of years	Year
1.	Nawanshahar	4	2009-10, 2010-11, 2011-12 & 2012-13
2.	Patiala, SAS Nagar and Tarn Taran	3	2010-11, 2011-12 & 2012-13
3.	Muktsar	2	2011-12, 2012-13

Source: Information collected from DRDAs/ZPs

During the exit conference, JDC assured preparation of annual accounts by March 2014.

2.2.8 Targets and achievements

2.2.8.1 New construction and upgradation of unserviceable *kutcha* houses

The details of construction of new houses and upgradation of unserviceable *kutcha* houses under IAY in the State during 2008-13 are given in **Table 2.2.5.**

Table 2.2.5: Details of construction of new houses and upgradation of unserviceable *kutcha* houses during 2008-13

Year	Houses sanctioned		Houses completed		Under construction at the end of the year (As per JDC)		Under construction at the end of the year (As per data)		Difference	
	New works	Upgra-dation	New works	Upgra-dation	New works	Upgra-dation	New works	Upgra-dation	New works	Upgra-dation
1	2	3	4	5	6	7	8	9	10 (6-8)	11 (7-9)
2008-09	11278	6874	10618	6205	1923	1007	-	-	-	-
2009-10	16998	13498	15456	11652	11850	2473	3465	2853	8385	380
2010-11	14823	9524	12828	8723	2972	2180	13845	3274	10873	1094
2011-12	13513	5385	11555	4773	5181	2793	4930	2792	251	1
2012-13	2262	1554	3881	2000	3212	2081	3562	2347	350	266
Total	**58874**	**36835**	**54338**	**33353**						

Source: Information supplied by JDC office

Data furnished by JDC office was not correct to the extent that difference in number of houses under construction/upgradation at the beginning of the year and sanctioned during the year with the houses completed and under construction/upgradation at the end of that year ranged between 251 and 10873 under new construction whereas under upgradation it ranged between one and 1094.

In six test checked districts, the shortfall for last five years (2008-13) under construction of new houses and upgradation of *kutcha* houses against the number of houses sanctioned was 21 and 22 *per cent* respectively.

During the exit conference, JDC stated that figures would be reconciled.

2.2.8.2 Improper fixation of targets

Para 4.1 of IAY guidelines provides for fixation of targets for blocks by giving 75 *per cent* weightage to areas with housing shortage and 25 *per cent* weightage to rural SC/ST population within the respective blocks. Further, para 1.5 of IAY guidelines provides that three *per cent* of the available resources under the scheme in a district shall be earmarked for physically and mentally challenged persons and 15 *per cent* for minorities of the State.

Audit of records showed that in three out of six selected districts (Patiala, SAS Nagar and Tarn Taran), the criteria of housing shortage and rural SC/ST population was not followed for fixation of targets as no data regarding housing shortage was available with DRDAs/ZPs for the period 2008-13.

Further, five out of six test checked districts (Muktsar, Nawanshahar, SAS Nagar, Patiala and Tarn Taran) did not maintain records in respect of physically and mentally challenged persons and minorities.

In the absence of such records it could not be ascertained whether due weightage was given to such categories of eligible rural population.

During the exit conference, JDC assured compliance of IAY guidelines in future.

2.2.9 Convergence with other schemes

Para 5.11 of IAY guidelines provides that DRDAs will make concrete efforts to identify the programmes/schemes like Total Sanitation Campaign (TSC), Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), National Rural Water Supply Programme (NRWSP), Differential Rate of Interest (DRI) Scheme, Insurance Policies of Life Insurance Corporation of India like Janshree Bima and Aam Aadmi Bima and Mahatma Gandhi National Rural Employment Guarantee Scheme which can be dovetailed with IAY so as to ensure that IAY beneficiaries also derive the benefits of these schemes intended for rural BPL households.

Audit examination of records and information gathered from six selected districts showed that no effort was made to converge IAY with other schemes. Joint survey of 588 beneficiaries conducted in 12 selected blocks during the course of audit (as discussed in paragraph 2.2.11.4) showed that support from other schemes (TSC-87 *per cent,* NRWSP-63 *per cent*, RGGVY-81 *per cent* and Insurance Policies-100 *per cent)* was not made available.

During the exit conference, JDC assured that efforts would be made to converge IAY with other schemes.

2.2.10 Other irregularities

Audit noticed that provisions of IAY guidelines were violated by:

- diverting ₹ 0.05 crore to other rural development schemes under Rural Development Fund and 12th Finance Commission in Samana and Majri Blocks (Para 4.9 of the guidelines);
- operating multiple bank accounts ranging between two and seven by five DRDAs and eight BDPOs (Para 4.7 of the guidelines); and
- non-providing board to display IAY logo, year of construction, name of beneficiary, etc. (Para 5.10 of the guidelines) in any of the test checked districts despite recommendations (March 2008) by PAC in respect of paragraph No. 6.2.11 on other points of interest appeared in the Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2002.

During the exit conference, JDC stated that enquiry would be conducted and compliance of IAY guidelines would be ensured in future.

2.2.11 Monitoring mechanism

2.2.11.1 Monitoring and Internal Control

Para 6.1 of IAY guidelines provides that officers dealing with IAY at the State headquarters shall visit districts regularly to ascertain whether the programme was being implemented satisfactorily and houses were constructed in accordance with the prescribed procedure. Similarly, officers at the district and block levels must closely monitor all aspects of IAY through visits to the worksites. The monitoring of the programme at the State level will be the responsibility of State Level Vigilance and Monitoring Committee (VMC) for Rural Development Programme (RDP). Further, para 3 of guidelines of VMC for RDP issued by MoRD, GOI provides that the meetings of the State and district level VMCs be convened at least once every quarter.

Audit of records showed that schedule of inspection was neither drawn up at State nor at test checked district level during 2008-13. Further, information supplied by JDC showed that only one meeting of VMC was held at the State level during 2008-13 against the required 20 meetings whereas only one to six district level VMC meetings were held in test checked districts. There was also lack of internal control mechanism to monitor the procedure adopted to implement the scheme as cases of deviations from the scheme guidelines such as assistance given to ineligible persons, operations of multiple bank accounts, non-maintenance of inventory, non/less release of financial assistance, etc. were noticed in audit.

During the exit conference, JDC attributed the reason to shortage of staff for preparation of schedule of visits and VMC meetings and assured to hold the VMC meetings regularly in future.

2.2.11.2 Complaint monitoring system

Para 6.1.2 of IAY guidelines provides that effective Complaint Monitoring System with adequate staff shall be set up at the State level which can visit, independent of the regular execution wing and give a report to the implementing agencies about the short-comings/shortfalls, for effective redressal. Audit of records in JDC office showed that neither separate Complaint Monitoring Cell was established nor any record regarding number of complaints received and disposed of was maintained.

During the exit conference, JDC attributed the reasons to shortage of staff and assured to establish complaint monitoring system.

2.2.11.3 Management Information System

A web-based Management Information System (MIS) Programme Software 'AWAASSoft' was launched (July 2010) by GOI to capture beneficiary-wise data to monitor IAY. Further, para 6.1.1 of IAY guidelines (July 2012) advised States to upload bulk entries for previous years and 100 *per* cent data on AWAASSoft thereafter as release of second instalment was connected with expenditure generated through software.

Audit of records showed that in test checked districts, data was not being uploaded on AWAASSoft. In the absence of this, generation of reports, funds released, progress in construction of houses and convergence of all the benefits were not assessable through web.

During the exit conference, JDC stated that data was not uploaded on AWAASSoft in any district due to shortage of staff.

2.2.11.4 Impact assessment by Audit through beneficiary survey

In order to assess the impact of the scheme on the rural population and to physically inspect existence and quality of IAY houses, audit along with State Government officers interacted with 588 out of 611[31] sampled beneficiaries of 122 villages of 12 test checked blocks in six selected districts. Interaction with remaining 23 beneficiaries[32] could not be done. Responses to some important parameters relating to coverage of SC/ST BPL households, category of construction, problems faced by the beneficiaries and types of facility available in IAY houses, etc. derived from the interviews of beneficiaries and physical inspection of IAY houses are given in **Table 2.2.6**.

Table 2.2.6: Results of beneficiary survey

(Sample Size: 588)

Sr. No.	Particulars		In number	Percentage
1.	Coverage of SC/ST BPL households	SC/ST	509	87
		Others	79	13
2.	House allotment in the name of	Female	281	48
		Male	307	52
3.	Category under which grant sanctioned	New construction	349	59
		Upgradation	239	41
4.	Position of construction	Completed	576	98
		Ongoing/ abandoned	12	02
5.	House displays the logo	Yes	04	01
		No	492	84
		Not aware	92	15
6.	Awareness of Differential Rate of Interest loan/credit-*cum*-subsidy grants	Yes	0	00
		No	588	100
7.	Problems faced in sanction of IAY house	Yes	0	0
		No	588	100
8.	Awareness about waiting list of IAY	Yes	204	35
		No	384	65
10.	Allotment made as per priority list in waitlist	Yes	310	53
		No	278	47
11.	Expertise/information provided by Govt./NGO on innovative material, low cost material, etc.	Yes	0	0
		No	588	100
12.	Full freedom in construction of house	Yes	588	100
		No	0	0

[31] Based on Systematic Random Sampling Method.

[32] Three beneficiaries returned the grant, four were not present, four death cases of lone beneficiary, grant not given to six beneficiaries, three not traceable and three left the village.

Sr. No.	Particulars		In number	Percentage
13.	Type of facilities available in IAY house			
	a) Kitchen	Yes	203	35
		No	385	65
	b) Smokeless *chulhas*	Yes	04	01
		No	584	99
	c) Ventilation	Yes	144	24
		No	444	76
	d) Sanitary facilities	Yes	280	48
		No	308	52
	e) Drainage facilities	Yes	153	26
		No	435	74
	f) Electric supply	Yes	559	95
		No	29	05
14.	Support from any Government scheme like			
	a) Total Sanitation Campaign (TSC)	Yes	76	13
		No	512	87
	b) National Rural Water Supply Programme (NRWSP)	Yes	216	37
		No	372	63
	c) Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)	Yes	111	19
		No	477	81
	d) LIC Janshree Bima or Aam Aadmi Bima	Yes	0	0
		No	588	100
15.	Design of house as per specification of State Government	Yes	0	0
		No	588	100

Source: Response of the beneficiaries to the survey conducted by IA&AD

Audit analysis of the above table showed that:

- houses were allotted to 307 male members (52 *per cent*) despite the fact that adult female members were residing in IAY houses;
- houses displaying IAY logo was as low as one *per cent*;
- expertise/information on innovative material, low cost material and design of house, etc. was neither provided by the Government nor any NGO was associated for assistance in construction of IAY houses;
- percentage of facilities available in IAY houses such as kitchen, smokeless *chulha*, ventilation, sanitary and drainage facilities and electric supply ranged between one and 95 *per cent*;
- beneficiaries ranging between 13 and 37 *per cent* reported support from Government schemes like TSC, NRWSP and RGGVY. No beneficiary received any support under LIC Janshree Bima or Aam Aadmi Bima Insurance Policy; and
- the State Government did not specify any type/design for IAY houses.

While discussing paragraph No. 6.2.9 on fuel efficient *chulhas* and sanitary latrines of the Comptroller and Auditor General of India's Audit Report (Civil) for the year ended 31 March 2002, PAC recommended (March 2008) that the Department should ensure provision of fuel efficient *chulhas* and sanitary latrines in the houses constructed and sought a report on the steps taken in this regard. However, during the survey conducted by Audit, it was noticed that 99 and 52 *per cent* of the houses constructed under IAY did not have fuel efficient *chulhas* and sanitary latrines, respectively despite recommendations of PAC.

During the exit conference, JDC stated that instructions would be issued to all DCs/ADCs (D) for adherence to IAY guidelines.

2.2.11.5 Social Audit

Para 6.3.5 of IAY guidelines (July 2012) provides that system of social auditing of the scheme would be followed. Further, para 8.3 of the guidelines (June 2013) provides that Social Audit is a continuous and ongoing process, involving public vigilance and verification of implementation of the scheme. The basic objective is to ensure public accountability in implementation and provide an effective means for its achievement. However, audit noticed that no system of social audit of the scheme was followed at any level.

During the exit conference, JDC stated that efforts would be made to conduct the Social Audit.

2.2.11.6 Evaluation Studies

Para 6.2 of IAY guidelines provides for the States to conduct evaluation studies of their own regarding the implementation and impact of the programme in their States. Copies of these reports should be furnished to GOI. Remedial action should be taken by the States on the basis of the observations made in these evaluation studies. PAC, while discussing the paragraph No. 6.2.13 on evaluation and monitoring appeared in the Comptroller and Auditor General of India's Audit Report (Civil) for the year ended 31 March 2002, desired (March 2008) that the Department should submit an evaluation report on activities of the scheme.

Audit of records showed that evaluation studies on the implementation of IAY, despite recommendations of PAC, were neither done at the State level nor at district level during 2008-13.

On being pointed out in audit, JDC while admitting (July 2013) the audit observation, attributed the reason to non-provision of funds and shortage of staff.

Conclusion

Benefits of the scheme were extended to ineligible persons. Annual Plans and monthly targets were not prepared/fixed. The State Government failed to implement the scheme for homestead sites. The financial management was ineffective as the cases of short release of State/Centre share, delay in release of funds to implementing agencies, irregular/non-disbursement of assistance to beneficiaries, diversion of scheme funds, loss of interest on the scheme funds and non-preparation of annual accounts were noticed. Failure to exercise prescribed checks for safeguarding resources exposed the Department to the risk of embezzlement/misappropriation. No effort was made to converge Indira Awaas Yojana with other rural development schemes. Monitoring system was ineffective as Vigilance Monitoring Committee meetings were not convened as per prescribed norms, Complaint Monitoring Cell was not established, schedule of field inspections at different levels was not prepared, social audit and evaluation study was not conducted by the Department.

Recommendations

The State Government may like to:

- ensure compliance of the provisions of IAY guidelines so as to extend benefits of the Scheme to eligible persons;
- strengthen financial management system so as to avoid delay in release of funds to implementing agencies, diversion of funds, embezzlement of Government money; and
- strengthen internal control mechanism and follow the system of social audit as per the guidelines.

IRRIGATION DEPARTMENT

2.3 Remodelling/Construction of distributaries and minors

The Canal Irrigation network in Punjab with a length of 14500 kilometres is one of the oldest and largest network in India. The main thrust of the scheme "Remodelling/Construction of distributaries and minors" was to regain the irrigation potential by enhancing carrying capacity of existing channels and distributaries and to ensure the irrigation water supply at tail ends.

Some of the significant findings of the performance audit are given below:

- ***Improper budgeting and its re-appropriation resulted in savings ranging between ₹ 8.46 crore and ₹ 77.89 crore during 2008-13.***

  (Paragraph 2.3.7.1)

- ***Abiana and Tawan of ₹ 80.34 crore were recoverable from canal water users.***

  (Paragraph 2.3.7.2)

- ***Expenditure of ₹ 12.44 crore was rendered ungainful due to slippage of the existing lining.***

  (Paragraph 2.3.8.1)

- ***Ungainful expenditure of ₹ 6.67 crore was done on construction of a cross regulator without ensuring the availability of water.***

  (Paragraph 2.3.8.2)

> ➢ ***Abnormal delay in completion of projects due to poor planning led to delay in achievement of envisaged irrigation potential and cost overrun of ₹ 23.33 crore.***
>
> ***(Paragraph 2.3.8.4)***
>
> ➢ ***Completion reports of 44 projects executed between April 2008 and March 2013 by incurring an expenditure of ₹ 120.34 crore were not prepared.***
>
> ***(Paragraph 2.3.8.5)***

2.3.1 Introduction

Punjab State is primarily an agrarian economy, therefore, water resources and irrigation are central to it. The total geographical area of the State is 50.36 lakh[33] hectares with irrigable area of 40.70 lakh hectares. The canal water distribution system consists of 14500 kms. of canals/distributaries comprising six[34] canal systems designed for Culturable Command Area (CCA)[35] of 30.88 lakh hectares. The canals designed to cater to 70 *per cent* of the irrigation needs of the State, now have shrunk to a mere 27 *per cent* rendering stress on ground water resources. Therefore, for optimum utilization of available surface water, an efficient and well maintained canal system is of utmost importance. Remodelling/construction of distributaries and minors are undertaken to enhance their carrying capacity. The Department incurred an expenditure of ₹ 167.94 crore on 62 completed projects and ₹ 249.75 crore on 55 partially completed projects during 2008-13.

2.3.2 Organisational set up

Principal Secretary to the Government of Punjab, Department of Irrigation is the overall in-charge of the Department, assisted by Chief Engineer (CE), Canals with Headquarter at Chandigarh and 21 Executive Engineers (EEs) under the supervision of seven Superintending Engineers (SEs)/equivalent officers in the field.

2.3.3 Audit objectives

The objectives of the performance audit were to assess whether:

- ➢ the planning for implementation of the projects was efficient and effective to achieve the intended benefits optimally;
- ➢ the financial management was efficient and effective, and the user charges were correctly assessed, timely demanded and collected;

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33 Statistical Abstract compiled by Economic Advisor to Government of Punjab.

34 (i) Sirhind Canal-13.59 lakh hectares; (ii) Sirhind Feeder-3.60 lakh hectares; (iii) Eastern Canal-2.16 lakh hectares; (iv) UBDC-5.73 lakh hectares; (v) Bhakra Canal-3.81 lakh hectares; and (vi) Bist Doab-1.99 lakh hectares.

35 Culturable Command Area means that portion of the culturable irrigated area which is commanded by a flow or lift irrigation from an irrigation channel, outlet or State tubewells.

- the execution of the projects was done economically, efficiently and effectively in a timely manner;
- the human resource management was effective and efficient; and
- an effective monitoring and evaluation mechanism was in place.

2.3.4 Scope of audit and methodology

The performance audit on Remodelling/Construction of distributaries and minors was conducted between December 2012 and May 2013 for the period 2008-13 by test checking the records in the office of Principal Secretary, Irrigation, Chief Engineer, Canals and four[36] out of 10 divisions wherein the works were executed and two[37] out of seven Superintending Engineers on the basis Probability Proportionate to Size with Replacement Method of statistical sampling. Sample covered 40 *per cent* of the divisions and 56.80 *per cent* of expenditure (₹ 237.24 crore out of ₹ 417.69 crore). Out of 117 (completed: 62 and incomplete: 55) projects, 69 projects (completed: 44 and incomplete: 25) representing 58.97 *per cent* of projects were test checked.

Working of Irrigation Department was last reviewed in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil), Government of Punjab. The report included aspects relating to implementation of projects, outsourcing of works despite availability of qualified staff, over drafting of ground water leading to over exploitation of water etc. The Public Accounts Committee directed (29 December 2011) Administrative Secretaries of the concerned Departments to take appropriate action at their own level in respect of all the paragraphs of the Comptroller and Auditor General of India's Reports for the years up to 2007-08. The issues *viz.* non-recovery of *Abiana* and *Tawan,* over drafting of groundwater, weak internal controls and monitoring and evaluation still persist as discussed in paragraphs 2.3.7.2, 2.3.9, 2.3.13 and 2.3.14 respectively.

An entry conference was held on 27 May 2013 with Chief Engineer, Canals wherein the scope, methodology, objectives and criteria of performance audit were discussed. An exit conference was held on 9 December 2013 with the Department and representative of the State Government wherein audit findings were discussed. The replies of the Department and views expressed in the exit conference have suitably been incorporated in the report.

2.3.5 Audit criteria

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

- Public Works Department Code.
- Irrigation Manual of Orders.
- Canal and Drainage Act, 1873.

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[36] (i) Bathinda Canal Division, Bathinda; (ii) Bist Doab Division, Jalandhar; (iii) Harike Canal Division, Ferozepur; and (iv) Sangrur IB Division, Sangrur.

[37] (i) SE, Sirhind Canal Circle, Ludhiana; and (ii) SE, IB Circle, Patiala.

- Punjab Financial Rules.
- Departmental Financial Rules.
- Instructions/guidelines issued by Central Water Commission (CWC), Vigilance and Quality Control Wings and Chief Engineer, Canals.

Audit findings

2.3.6 Planning

Proper planning of projects in a particular canal system is required by providing all the items viz., earth work, *pucca* works like bridges, cross drainage works, head regulators, falls etc. and projects should be executed in full at one go. Article 2.4 of Irrigation Manual of Orders provides for adopting a four years programme for carrying out special repairs of distributaries and whole of the distributary system is required to be dealt with at one time.

The Department did not set its goals in terms of enhancement in irrigation potential and increase in the lengths of its distributaries and minors. During test check, Audit observed that the works were executed in piecemeal that resulted in non-improvement of canal system as a whole and led to time and cost overrun.

The total geographical area of the State is 50.36 lakh hectares with irrigable area of 40.70 lakh[38] hectares (2011-12). The Department did not prepare its projects to increase area of irrigation through canal systems with the result the area irrigated by canals decreased from 11.42 lakh hectares in 2007-08 to 11.13 lakh hectares in 2011-12 which led to exploitation of ground water and declaration of 112 blocks (80 *per cent*) as dark in the State.

Thus, the planning of the Department remained deficient in improving the existing discharge capacity of the distributaries and minors as the projects were executed in piecemeal resulting in non-improvement of canal system as a whole.

2.3.7 Financial management

2.3.7.1 Budget allotment and expenditure

The State Government provides funds to the Department for construction, improvement and maintenance works of canals through the annual budget. Government also arranges funds from Punjab Infrastructure Development Board (PIDB) and Rural Development Board apart from funds received as Additional Central Assistance (ACA) besides grants provided by 13th Finance Commission for the water sector for implementation of the Scheme.

[38] 11.13 lakh hectare (by canals), 29.54 lakh hectare (by tubewells) and 0.03 lakh hectare (by other sources).

Table 2.3.1 shows the allotment of budget and expenditure incurred there against during 2008-13.

Table 2.3.1: Budget allotment and expenditure

(₹ in crore)

Year	Original budget estimates	Supple-mentary provisions	Re-appropriation of grant	Revised budget	Expenditure incurred as per departmental records	Savings (*Percentage*)
1	2	3	4	5	6	7 (5-6)
2008-09	6.00	191.99	2.01	200.00	122.11	77.89 (39)
2009-10	150.00[39]	Nil	(-)6.50	143.50	135.04	8.46 (6)
2010-11	33.00	Nil	67.00	100.00	34.03	65.97 (66)
2011-12	50.00[40]	Nil	40.00	90.00	71.03	18.97 (21)
2012-13	50.00	Nil	38.00	88.00	55.48	32.52 (37)
Total				**621.50**	**417.69**	

Source: Expenditure shown in progress reports of the Department

From the above, it would be seen that though the re-appropriation during 2008-09 to 2012-13 were made, yet the expenditure incurred during these years remained less resulting in savings ranging between six and 66 *per cent*. This indicated incorrect estimation and defective financial planning as the valuable funds of the State Government could not be put to use in other developmental activities.

During the exit conference (December 2013), the Department stated that the savings were either due to non-release of funds by treasuries or late release of funds by the Finance Department. Although the savings occurred due to late release of funds by the Finance Department but the fact remained that there was persistent savings during 2008-13.

2.3.7.2 Non-recovery of *Abiana* and *Tawan*

(i) Section 37 of Canal and Drainage Act, 1873 provides that *Abiana* (Canal water rates) at the rates fixed by the Government is to be collected by the Revenue Department through the village *lambardars* on payment of three *per cent* fee of the *Abiana* collected. Irrigation Department prepares the *khataunis* (statements of *Abiana*) and sends these to the District Collector for collection.

The State Government waived off (January 2010) the entire outstanding amount of *Abiana* up to December 2009 and again levied (28 January 2010) the canal water rates (*Abiana*) for all canal systems in Punjab at the rate of ₹ 150 per acre per annum to be recovered in two equal instalments of ₹ 75 per acre payable by 31 May and 30 November respectively every year.

In the four test checked divisions, Audit noticed that divisional offices sent the *khataunis* of ₹ 79.88 crore for the period from *Rabi* 2009-10 to *Rabi* 2012-13 to the District Collectors. Out of ₹ 79.88 crore, the Revenue Department could recover ₹ 0.02 crore only in Hoshiarpur district up to August 2013.

[39] ₹ 46 crore pertained to Additional Central Assistance.

[40] Provided by 13th Finance Commission.

During the exit conference (December 2013), the Department admitted the facts and requested to transfer the paragraph to the Revenue Department to collect the *Abiana* on the basis of *khataunis*. The reply of the Department was not acceptable as the Irrigation Department should have co-ordinated with the Revenue Department for collection of *Abiana*.

(ii) Sections 31, 33 and 34 of the Canal and Drainage Act, 1873, provide that cutting of canal with a view of drawing water in an un-authorised manner is an offence and the guilty are liable to pay penalty up to 25 times of the normal water charges. The procedure for collection of *Tawan*[41] is same as applicable in case of *Abiana* as the joint *khataunis* of *Abiana* and *Tawan* are being prepared and sent to the Revenue Department for recovery. The unauthorized use/theft of canal water not only damages the canal structure but also reduces the discharge leading to non-feeding of tail ends of the distributaries/minors.

Audit noticed that in four test checked divisions, 1645 cases of theft of canal water were detected during 2008-13 besides 899 pending cases as on 1 April 2008. The divisional authorities decided 1921 out of 2544 cases by imposing penalty of ₹ 47.98 lakh. However, *Tawan* was not collected.

On being pointed out (November 2013), the Department stated (December 2013) that the detection and decision of *Tawan* cases was a continuous process and requested to transfer the paragraph to the Revenue Department. The reply of the Department was not acceptable as the Department should strengthen the system to curb theft of canal water and to coordinate with the Revenue Department for collection of *Tawan*.

2.3.8 Programme implementation

In four test checked divisions, as against the project cost of ₹ 296.46 crore, expenditure of ₹ 237.24 crore was incurred on 69 projects, out of which 44 projects were completed at a cost of ₹ 120.34 crore whereas 25 projects remained incomplete after incurring an expenditure of ₹ 116.90 crore. The irregularities noticed in implementation of the projects are discussed in the following paragraphs:

2.3.8.1 Ungainful expenditure on rehabilitation of Joga distributary

Joga distributary having discharge of 269 cusecs, off-takes from RD (Reduced Distance) 184650/R of Kotla Branch with CCA of 95653 acres. However, due to cuts and breaches, damage to the lining, hollowness of joints, eroded banks and old bridges etc., area of 62400 acres only was actually being irrigated. The State Government accorded (January 2009) administrative approval of ₹ 15.56 crore for rehabilitation of the distributary system (including remodelling of bridges[42]) to enhance the discharge capacity by 20 *per cent.*

During test check (May 2013) of records of Sangrur IB Division, Sangrur, Audit noticed that the work of rehabilitation and raising of banks of the distributary taken up in February 2009 was completed in June 2010 (except

[41] *Tawan* is penalty for unauthorized use of canal water.

[42] Five short span new bridges and reconstruction of nine existing bridges.

remodelling of bridges) by incurring an expenditure of ₹ 12.44 crore. Audit further noticed that despite incurring an expenditure of ₹ 12.44 crore, the discharge in the channel never touched the proposed level of 300.72 cusecs and the highest discharge in the distributary remained at 260 cusecs in August 2012 which was less than the existing discharge. Further, the old lining below the raised portion collapsed/slipped and damaged in the entire reach of the distributary. Without referring to the rehabilitation works done during February 2009-June 2010 and keeping in view the deteriorated condition, the State Government accorded (April 2013) administrative approval of a new project at a cost of ₹ 16.78 crore for reconstruction/remodelling of the distributary from Cup to Trapezoidal. This indicated that the raising of the lining of the distributary, during February 2009-June 2010, was done without assessing the condition of the existing lining. This resulted in ungainful expenditure of ₹ 12.44 crore.

On being pointed out (November 2013), the Department stated (December 2013) that after execution of work, the availability of water increased substantially at the tail ends. The damage to canal occurred due to plantation of trees by the Forest Department very near to lining. The matter had been taken up with the Forest Department for removal of these trees and work would be executed thereafter as per the new project. The reply of the Department was not acceptable as the distributary did not take the authorised discharge of 300.72 cusecs and the Department failed to assess the condition of the existing lining resulting in ungainful expenditure.

2.3.8.2 Ungainful expenditure on X-Regulator

Government accorded (June 2008) administrative approval of ₹ 5.23 crore, subsequently revised (December 2010) to ₹ 6.73 crore for construction of a new X-Regulator at RD 207730 of Holy Bein at Kanjli Wet Land in place of collapsed (July 2007) old regulator. The purpose of construction of the X-Regulator was to develop the Holy Bein upstream as tourist spot by providing boating facility and to feed Kanjli minor, having CCA of 2386 acres which off takes from the X-Regulator.

Up stream view of X-Regulator (20 May 2013)

During test check (May 2013) of records of Bist Doab Division, Jalandhar, Audit noticed that construction of the X-Regulator was completed in April 2010 by incurring an expenditure of ₹ 6.67 crore. Audit further noticed that sufficient water did not reach the site, resultantly the bed of the Holy Bein up-stream X-Regulator was filled with *hyacinth* and *sarkanda,* as shown in the photograph and as such it was not conducive to any tourist activities. Thus, construction of X-Regulator without ensuring the availability of water, resulted in ungainful expenditure of ₹ 6.67 crore.

On being pointed out (November 2013), the Department stated (December 2013) that the X-Regulator was provided to restore the damaged X-Regulator to maintain the wet land for migratory birds, picnic spot for the tourism and to regulate the flood water of seasonal rivulets falling in Holi Bein upstream. Presently there was no demand of canal water in the area. The reply of the Department was not acceptable as the purpose of the project was defeated and the Department failed to reinstate the system to feed Kanjli minor and no steps were taken by the Department in regard to tourist activities.

2.3.8.3 Ungainful expenditure on earthwork of Ghaggar branch

Audit of records of Irrigation Branch (IB) Circle, Patiala (May 2013) showed that to restore the designed capacity of Ghaggar branch and its distributaries, State Government provided (January 2009) funds of ₹ seven crore. EE, Lehal IB Division, Patiala executed the earth work from RD 1700 to 160000 of Ghaggar branch during February-March 2009 at a cost of ₹ 3.11 crore.

In the meanwhile, Chief Engineer, Lining, Chandigarh submitted a project estimate in March 2009 itself for side lining of Ghaggar branch from RD 0-172000 (including portion from RD 1700 to 160000 restored by IB Circle Patiala), which was sanctioned (July 2009) under NABARD and administrative approval of ₹ 51.69 crore (revised to ₹ 52.57 crore) was accorded in December 2009. The project included provision of 12.73 lakh cums of earthwork valued at ₹ 18.82 crore for remodelling of Ghaggar branch by changing its present section to enable it to take its proposed full supply discharge including enhancement of its capacity by 20 *per cent*. The work of remodeling by side lining Ghaggar branch from RD 0-172000 was executed between March 2010 and March 2013 at a cost of ₹ 52.17 crore.

On being pointed out, the Chief Engineer, Canals stated (November 2013) that the work was done to restore the canal as per the approved cross sections of unlined canal. The work was essential to run the canal as per its capacity. The reply of the Department was not acceptable as due to lack of coordination between IB and Lining Administration of Irrigation Department, the expenditure of ₹ 3.11 crore incurred on earthwork from RD 1700-160000 executed during February-March 2009 rendered ungainful as the same portion of the Ghaggar branch was again remodelled and lined between March 2010 and March 2013.

2.3.8.4 Time and cost overrun

During test check of records of Harike Canal Division, Ferozepur and Bathinda Canal Division, Bathinda, Audit noticed that the remodelling/ construction of five distributary systems were taken up during 1995-2001 with a view to enhance the carrying capacity by 20 *per cent* to provide better irrigation to 129729 hectares besides creation of additional irrigation potential of 3692 hectares at a cost of ₹ 30.85 crore. Due to non-remodelling of canal structures viz., bridges, falls, escapes, village road bridges, cross drainage works and railway bridges etc. simultaneously along with the lining of the channels, these projects were not completed within the initial period of the projects. These distributaries/minors were covered under the present scheme to complete the balance works. The projects could be completed only after incurring an expenditure of ₹ 54.18 crore up to 2012-13. Non-completion of the projects in the earlier period not only resulted in non-achievement of intended benefits but also resulted in time overrun of more than 10 years and cost overrun of ₹ 23.33 crore as given in **Table 2.3.2**.

Table 2.3.2: Time and cost overrun of projects

(₹ in crore)

Sr. No.	Name of Distributary/ Minor	Authorised discharge/ proposed discharge (CCA)	Year of the project (Original cost)	Expen-diture incurred (Year)	Year of revised project (Cost)	Expen-diture incurred under the revised project	Total expen-diture incurred up to 2012-13	Discharge release after remodelling	Cost overrun
1	2	3	4	5	6	7	8 (5+7)	9	10 (8-4)
1	Golewala Distributary System	249.85 Cs 288.82 Cs (30287 Hec.)	July 1999 (6.24)	4.53 (up to 1998-99)	August 2008 (13.13)	6.19	10.72	250 Cs	4.48
2	Mudki Distributary System	267.60 Cs (33327 Hec.)	March 1998 (14.13)	11.59 (up to 2006-07)	September 2006 (20.54)	10.82	22.41	250 Cs	8.28
3	New Chauntra Minor	26 Cs (2833 Hec.)	May 1995 (4.12)	5.23 (1996-97 to 2003-04)	September 2006 (8.19)	2.95	8.18	25 Cs	4.06
4	Phul Distributary	406.20 Cs (44016 Hec.)	April 2000 (4.56)	1.00 (2001-02)	September 2006 (7.28) August 2008 (4.03)	4.69 3.40	9.09	376 Cs	4.53
5.	Raika Feeder Distributary System	180Cs/ 191.02 Cs (19266 Hec.)	November 2001 (1.80)	0.88 (2002-03)	September 2006 (2.59) December 2011 (3.42)	1.06 1.84	3.78	162 Cs	1.98
	Total	**129729 Hec.**	**30.85**	**23.23**	**59.18**	**30.95**	**54.18**		**23.33**

Source: Departmental records

Audit observed that even after the completion of projects, none of the distributaries/minors could run at its enhanced designed discharge capacity to provide better irrigation to 129729 hectares. Besides this, additional irrigation potential of 3692 hectares was also not created.

On being pointed out (November 2013), the Department stated (December 2013) that the projects were delayed due to non-availability of funds which led to cost overrun. The reply of the Department was not acceptable as the Department took very long period in completion of the projects which led to time and cost overrun. Further, it failed to release enhanced designed discharge of water into these distributaries even after completion of the projects which was indicative of poor planning.

2.3.8.5 Non-preparation of completion reports

Rule 7.84 of DFR read with Para 2.122 (2) of PWD Code provides that completion report is to be submitted as soon as possible on completion of works on which outlay has been recorded by sub-heads to watch a comparison and explanation of difference between the quantities, rates and cost of various items of work executed and those in the estimates.

In four test checked divisions, project completion reports in respect of 44 works, completed between 2008-13 at a cost of ₹ 120.34 crore (***Appendix 2.1)*** were not prepared. In the absence of completion reports, the

Chief Engineer/State Government could not be apprised of the actual status of the projects.

During the exit conference, Chief Engineer, Canals admitted the facts and assured that completion reports would be prepared by 31 March 2014.

2.3.9 Over exploitation of ground water

The total geographical area of the State is 50.36 lakh hectares with irrigable area of 40.70 lakh hectares (2011-12). The details of area irrigated by canals and tube wells in the State are given in **Table 2.3.3.**

Table 2.3.3: Irrigation through canals and private tubewells

(Figures in lakh hectares)

Year	Total geographical area	Net area sown (percentage to total area)	Net irrigated area (percentage to sown area)	Irrigated by canal (percentage to irrigated area)	Irrigated by tube wells and wells (percentage to irrigated area)	Irrigated by other means (percentage to irrigated area)	No. of tube wells (In lakh)	Length of canals (in kms)
1	2	3	4	5	6	7	8	9
2007-08	50.36	41.87 (83.14)	40.68 (97.15)	11.42 (28.07)	29.22 (71.83)	0.04 (0.10)	12.46	14500
2008-09	50.36	41.71 (82.82)	40.64 (97.43)	11.10 (27.31)	29.50 (72.59)	0.04 (0.10)	12.76	14500
2009-10	50.36	41.58 (82.56)	40.71 (97.90)	11.11 (27.29)	29.55 (72.59)	0.05 (0.12)	13.76	14500
2010-11	50.36	41.58 (82.56)	40.70(P) (97.88)	11.13(P) (27.35)	29.54(P) (72.58)	0.03(P) (0.07)	13.82	14500
2011-12	50.36	41.58 (82.56)	40.70(P) (97.88)	11.13(P) (27.35)	29.54(P) (72.58)	0.03(P) (0.07)	13.83	14500

Source: Statistical Abstract compiled by Economic Advisor to GOI ***P: Provisional***

During audit of the records of Chief Engineer, Canals, Audit noticed that against the designed CCA of 30.88 lakh hectares, the area irrigated by canals ranged between 11.10 and 11.42 lakh hectares. Evidently, the decrease in area irrigated by canals during 2007-12 was taken over by 1.37 lakh new tube wells as area irrigated by tube wells increased from 29.22 lakh hectares to 29.54 lakh hectares during this period. The over exploitation of ground water led to continuous fall in ground water table in the State with the result that 112 out of 141 (as on 2011-2012) blocks (80 *per cent*) were declared dark with alarming rate of depletion of ground water. The irrigation through canals, therefore, needs to be enhanced to check the depletion of ground water in the State.

During the exit conference, the Department, while accepting the facts stated that steps were being taken to improve the irrigation system in the State. A project for rehabilitation of the canal system costing ₹ 4128 crore had been submitted to Central Water Commission. The situation would improve with passage of time.

2.3.10 Non-maintenance of land plans files and non-mutation of acquired land

As per Article 3.4 of Irrigation Manual of Orders, proper records of land acquired for canal system should be maintained. Further, a Register of Land Plans should be maintained distinct from the ordinary Register of Plans. The Revenue and Rehabilitation Department also instructed (November 2008) that mutation of the land acquired by a department for any purpose should be entered in revenue records immediately to avoid litigation at a later stage.

In two out of four test checked divisions in which land was acquired for construction of new distributaries and minors, Audit noticed that the divisional offices transferred ₹ 31.12 crore to various Land Acquition Collectors (LACs) for acquisition of 215.55 acre land during 2009-12. Audit observed that neither the Registers of Land Plans of the acquired land were maintained nor the mutation of the acquired land was got done in the name of the Government.

On being pointed out (November 2013), the Department stated that land plans for the land acquired for construction of Bhadour distributary, New Dhelwan distributary and New Peory minor was being prepared and matter for getting mutation in Government's name was being taken up with respective Tehsildars/LACs.

2.3.11 Human resource management

Human resource management plays an important role in an organization. The shortage of staff in the organization hampers the work being executed by the organization. **Table 2.3.4** indicates cadre-wise sanctioned strength and men-in-position of technical, non-technical and revenue staff during 2008-09 to 2012-13 in four test checked divisions.

Table 2.3.4: Position of staff in the selected divisions

(Numbers)

Cadre	2008-09			2009-10			2010-11			2011-12			2012-13		
	SS	MIP	Shortage (%)	SS	MIP	Shortage (%)	SS	MIP	Shortage (%)	SS	MIP	Shortage (%)	SS	MIP	Shortage (%)
Technical Staff	152	136	16 (10.53)	152	137	15 (9.87)	152	130	22 (14.47)	152	128	24 (15.79)	152	117	35 (23.03)
Non-Technical staff	1368	1251	117 (8.55)	1355	1210	145 (10.70)	1347	1207	140 (10.39)	1345	1198	147 (10.93)	1345	1189	156 (11.60)
Revenue Staff	451	205	246 (54.55)	451	202	249 (55.21)	451	187	264 (58.54)	451	175	276 (61.20)	451	183	268 (59.42)

Source: Figures collected from the selected divisions; SS-Sanctioned Strength, MIP-Men-in-position

From the above, it would be seen that the shortage of technical and revenue staff ranged between 9.87 and 23.03 *per cent* and 54.55 and 61.20 *per cent* respectively during the period from 2008-09 to 2012-13.

On being pointed out (November 2013), the Department stated that for optimum utilization of technical and non-technical staff of the Department, restructuring was under process as per guidelines of the Finance Department. The Department had made certain recruitments. Rules for recruitment of *Patwaries* are proposed to be amended to allow for recruitment by way of promotion from existing surplus Group 'C' and 'D' staff.

2.3.12 Vigilance and quality control

Chief Engineer, Vigilance and Quality Control, Punjab, is entrusted with the work of conducting technical examination of works before execution on the basis of the initial data. This check is absolutely important as the quantities of items of work are based on this data. The concerned divisions should furnish the reply to the inspection memos within fifteen days of issue of the memos.

Test check of records of the four selected divisions disclosed that the Technical Examiners/Executive Engineers, Quality Control under whose jurisdiction the divisions fall, checked only initial data/quality of works executed of only 67 (7.49 *per cent*) out of 894 works executed by these divisions during 2008-13.

Audit noticed that the divisional officers did not furnish replies to the inspection memos issued by the Technical Examiners. Audit further noticed that specific targets for checking of the works by the Technical Examiners/Executive Engineers were not fixed by Chief Engineer, Vigilance and Quality Control.

During the exit conference, Chief Engineer, Canals admitted the facts and assured that non-compliance of inspection memos would be checked and compliance would be ensured by 31 March 2014.

2.3.13 Internal controls

2.3.13.1 Non-inspection of divisions/sub-divisions

As per Article 2.15 of Irrigation Manual of Orders, Divisional Officers should inspect their sub-divisional offices annually and forward the inspection reports to their Superintending Engineers for perusal and orders. Circle Officers should also inspect their divisional offices annually and submit a copy of Register of Inspection of divisional offices by 10^{th} April each year in a prescribed proforma to the Chief Engineer.

In four test checked divisions, neither Superintending Engineers (SEs) nor Executive Engineers (EEs) conducted any inspection of the offices under their respective jurisdiction. In respect of works executed, the SE, Patiala issued inspection note in respect of one work executed under Sangrur IB Division, Sangrur, whereas the SE, Ferozepur issued only one inspection note during the period 2008-09 to 2012-13 despite execution of 252 works by Harike Canal Division, Ferozepur during the said period. In Bathinda Canal Division, Bathinda and Bist Doab Division, Jalandhar, no such inspection note was issued during 2008-13 by the concerned SE and Director, Water Cell respectively.

During the exit conference, the Department stated that directions had been issued to the concerned EEs/SEs to carry out the inspection of the divisions and sub-divisions.

2.3.14 Monitoring and evaluation

2.3.14.1 Non-monitoring/evaluation of the scheme

The Department has a Director, Monitoring and a Director, Evaluation to monitor and evaluate the physical and financial progress of projects exceeding ₹ 30 crore. The monitoring and evaluation of projects having cost below ₹ 30 crore is done by the respective Chief Engineers. As per the guidelines for Performance Evaluation of Irrigation System issued by the Central Water Commission, New Delhi in August 2002, it is mandatory for all the State Governments to carry out Performance Evaluation Studies of all the extension/renovation/modernisation schemes preferably by third party and get approved from a Technical Advisory Committee constituted under the Chairmanship of Member (Water Planning and Project Wing), Central Water Commission and representatives from Water Resources/Irrigation Department/project authorities of the State Government. Audit noticed that neither the Directors, Monitoring and Evaluation monitored/evaluated nor Chief Engineer, Canals got evaluated the scheme of remodelling/construction of distributaries and minors from a third party.

On being pointed out (November 2013), the Department stated that the projects under Accelerated Irrigation Benefit Programme were being monitored as per guidelines of Central Water Commission. They were restructuring the Department and remedial action regarding the offices of Directors, Monitoring and Evaluation would be taken to ensure proper staffing for monitoring and evaluation.

2.3.14.2 Management Information System

The Director (Monitoring) through a Management Information System (MIS), monitors and maintains data relating to ultimate potential of the scheme, potential created up to the end of the previous year, potential targeted and potential created during the year. As per MIS ,the position of targets and achievements of irrigation potential during the last five years is given in **Table 2.3.5**.

Table 2.3.5: Targets and achievements of irrigation potential

(*Area in hectares*)

Year	Ultimate potential of the Scheme	Potential already created up to the end of the previous year	Potential targeted during the year	Potential created during the year	Shortfall
2008-09	59596	36324	NA*	NA	NA
2009-10	107180	75026	32154	32154	Nil
2010-11	107180	97526	32154	Nil	32154
2011-12	175127	97526	Nil	77601	-
2012-13	107180	99756	NA	NA	NA

Source: Management Information Report **NA: Not available*

From the above, it would be seen that the data did not give correct position of irrigation potential created. Further MIS did not contain information on utilization of the irrigation potential created. The Department did not evaluate the impact of remodelling of canals/distributaries. Thus, MIS in its present shape did not serve as an effective tool for planning/monitoring by the Department.

Chief Engineer, Canals during the exit conference assured that the data regarding creation of irrigation potential and utilization of potential created would be collected and incorporated.

2.3.14.3 Monitoring of the projects

Para 4.9 of PWD Code provides that the monthly progress reports indicating details of the measurement of the works, calculation of the quantities of the works paid during the previous month etc. should be submitted to the divisional office every month. In Irrigation Department, the division of major estimates into sub-head for the classification of accounts is guided usually by the classification sanctioned in the abstract of the estimate. As per the project estimates, the broad components of a irrigation project are (A) preliminary; (B) land; (C) works; (D) regulator; (E) falls; (G) bridges; (L-I) earthwork; (L-II) lining and (O) miscellaneous, according to which, the progress reports should be prepared as all the components are very important to release authorised discharge into a channel.

In the four test checked divisions, Audit noticed that the projects started in 2008-09 were still in progress. The physical and financial progress reports were being prepared on percentage basis instead of depicting component-wise progress of the work. Audit further noticed that in 25 incomplete projects, the progress of works ranged between 35 and 95 *per cent.*

On being pointed out (November 2013), Chief Engineer, Canals stated that the progress reports were being submitted as per the directions of the competent authority. The reply of the Department was not acceptable as progress reports were not prepared as per the codal provisions and quantum of percentage did not indicate the actual component-wise construction of the distributaries/ minors.

2.3.14.4 Checking of outlets

As per Para 2 (1) of Chapter 13.19 of Revenue Manual, Sub-Divisional Officer is required to check 20 *per cent* outlets per year and 100 *per cent* checking of outlets during six years to ensure authorized release of water. In this regard, entries are to be made in the Outlet Checking Book. A report regarding checking of outlets is to be submitted to the divisional office in the month of June every year.

In four test checked divisions, Audit observed (December 2012-May 2013) that checking of 5114 outlets[43] was not being carried out by the

[43] (i) Bathinda Canal Division, Bathinda-1092; (ii) Sangrur IB Division, Sangrur-856; (iii) Bist Doab Division, Jalandhar-1576; and (iv) Harike Canal Division, Ferozepur-1590.

Sub-Divisional Officers to check the authorized discharge of each outlet and of the equitable use of water by the farmers of each distributary/minor. Reasons for infringement of the codal provisions were not on records.

On being pointed out (November 2013), Chief Engineer, Canals stated that outlets were being checked by the Sub-Divisional Officers twice a year and required checking was made by Executive Engineers during April and October after maturity of crops of *Rabi* and *Kharif* seasons. The reply was not acceptable as during audit of test checked divisions, none of the divisional officers produced the records relating to checking of outlets. Further, Divisional Officers were asked (December 2013) to furnish the documentary evidence in support of the reply, but no evidence was produced to Audit.

2.3.14.5 Achievement of targets

The Department did not set its goals in terms of enhancement in irrigation potential and increase in lengths of its distributaries and minors.

In four test checked divisions, the position of CCA and actual irrigated area during 2008-2013 is given in **Table 2.3.6.**

Table 2.3.6: Position of CCA and actual irrigated area in the test checked divisions

(Area in acres)

Year	Sangrur IB Division, Sangrur		Bist Doab Division, Jalandhar		Bathinda Canal Division, Bathinda		Harike Canal Division, Ferozepur	
	CCA	Actual irrigated area (percentage)	CCA	Actual irrigated area (percentage)	CCA	Actual irrigated area (percentage)	CCA	Actual irrigated area (percentage)
2008-09	398517	205812 (51.64)	512014	74431 (14.54)	710001	665139 (93.68)	326600	163300 (50.00)
2009-10	398455	210394 (52.80)	508895	75466 (14.83)	710001	532501 (75.00)	326600	163300 (50.00)
2010-11	398552	210915 (52.92)	498285	73754 (14.80)	710101	532926 (75.05)	326600	163300 (50.00)
2011-12	397641	210970 (53.06)	501317	71186 (14.20)	710301	534492 (75.25)	326680	163300 (49.99)
2012-13	398674	211005 (52.93)	495739	70643 (14.25)	710410	669675 (94.27)	326600	163300 (50.00)

Source: Departmental records

Audit noticed that though the availability of water at the tail ends of the remodelled distributaries and minors was improved but inspite of the 44 completed and 25 partially completed projects, creation of irrigation potential was static due to poor planning, lack of funds and execution of works in piecemeal.

Conclusion

Planning and execution of projects for enhancing the capacity of various canal systems including distributaries and minors was deficient to achieve the intended benefit as the designed discharge could not be released due to non-remodelling/construction of canal structures simultaneously with lining. Raising of lining of distributary/minor without ascertaining the condition of existing lining resulted in ungainful expenditure. The State Government failed to recover *Abiana* and *Tawan* from farmers due to its failure to adopt a proper procedure with accountability. The execution of works of various projects in piecemeal resulted in time and cost overrun. The area of irrigation by canals decreased which necessitated installation of tube wells. Eighty *per cent* blocks were declared as dark due to depletion of ground water. Human resource management in the Department was weak. There was weak vigilance and quality control mechanism. Monitoring and evaluation of works executed was missing.

Recommendations

The State Government may like to:

- ensure remodelling/construction of distributaries and minors in a time bound manner in all respects to avoid time and cost overrun;
- ensure timely recovery of *Abiana* and *Tawan*;
- prepare completion reports of projects promptly after their completion;
- prepare component-wise progress reports of ongoing works to watch the implementation of the projects; and
- strengthen monitoring and internal control mechanism to achieve the envisaged irrigation potential and the desired goals.

Co-operation Department

2.4 Working of Co-operation Department

The Co-operation Department was established to cater to the needs of co-operative movement in a useful and effective way. The Department provides subsidies and financial assistance to co-operative societies which are basically economic enterprises and their object is to promote interests of their members. The credit structure of co-operatives is the main instrument for the economic development of the farmers and the rural poor.

The significant audit findings are given below:

- ***The Department did not maintain any records pertaining to the loans disbursed, instalments due along with interest and penal interest and amount recovered thereagainst in respect of Apex Co-operative Institutions and Co-operative Societies.***

  (Paragraph 2.4.8.1)

- ***In two schemes, the State Government released ₹ 50.36 crore over and above the budget provision, regularisation of which was pending as of December 2013.***

  (Paragraphs 2.4.8.1 and 2.4.8.4 (vi))

- ***Despite budget provision, the State Government did not release ₹ 91.38 crore for implementation of eight schemes during 2008-13 thereby depriving the beneficiaries of the intended benefits of the schemes.***

  (Paragraphs 2.4.8.1 to 2.4.8.4)

- ***Withdrawal of ₹ 7.71 crore from treasury meant for revival of Short Term Rural Co-operative Credit Structure and not putting them to use in contravention of Punjab Financial Rules led to avoidable burden of interest of ₹ 0.41 crore on the State exchequer.***

(Paragraph 2.4.8.3(ii)(b))

- ***2519 Special Audit Reports involving irregularities of ₹ 698.63 crore were pending for recovery/compliance as of 31 March 2013.***

(Paragraph 2.4.9.2)

- ***Monitoring mechanism and internal control for implementation of various schemes and activities of the Department were deficient.***

(Paragraph 2.4.11)

2.4.1 Introduction

As per provisions of Punjab Co-operative Societies Act, 1961 (Act), Co-operation Department provides share capital and loans to Co-operative Societies to be recovered in due course. The Department also provides subsidies and financial assistance to Co-operative Societies with objective of promotion of co-operation and economic interest of the members. As on 31 March 2013, there were 19432 Co-operative Societies registered in the State. There were 12 number of Centrally Sponsored/Shared/State owned schemes implemented during 2008-2013.

2.4.2 Organizational set up

The Financial Commissioner, Co-operation, Government of Punjab is the administrative head of the Co-operation Department at the Government level and is responsible for implementation of Government policies and programmes of the Department. Registrar, Co-operative Societies, Punjab is the head of the Department, who is assisted by three divisional level Joint Registrars, 17 district level Deputy Registrars and 80 tehsil level Assistant Registrars. Co-operation activities relating to women entrepreneurs/societies are looked after by a Lady Assistant Registrar. Audit functions are looked after by a Chief Auditor who is assisted by 21 Audit Officers in the field.

2.4.3 Audit objectives

The objectives of audit of working of Co-operation Department were to assess whether:

- budgetary and financial management was effective, efficient and economical;
- implementation of the schemes was effective, efficient and economical and steps/initiatives taken by the Department for achievement of these objectives were adequate;
- human resource management was adequate and utilized effectively; and
- internal control system was efficient and effective for achieving the objectives and goals.

2.4.4 Scope of audit and methodology

Audit was conducted during May-August 2013 by test checking the records of Financial Commissioner, Co-operation, Registrar, Lady Assistant Registrar and Chief Auditor, Co-operative Societies and 28[44] (25 *per cent*) out of 113 field units selected by adopting Probability Proportionate to Size method of random sampling. Records relating to transfer of funds and utilization thereof for the period 2008-13 were scrutinized in Registrar's office. An entry conference was held on 23 August 2013 with Special Secretary to Government of Punjab, Department of Co-operation, wherein audit objectives, scope and methodology of audit etc. were explained besides seeking suggestions of the Department. An exit conference was held with representatives of the State Government and officers of the Co-operation Department on 5 December 2013 wherein the audit findings were discussed. Replies furnished by the Department/State Government and the views expressed in the exit conference have suitably been incorporated.

2.4.5 Audit criteria

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

- Punjab Co-operative Societies Act, 1961 (Act) and Punjab Co-operative Societies Rules, 1963 (Rules).
- Punjab Financial Rules (PFR).
- Notifications, guidelines, sanctions and instructions issued by the Department/State Government.

Audit findings

2.4.6. Planning

2.4.6.1 Non-preparation of annual and perspective plans

The Department is responsible for promotion and development of co-operatives for all round socio economic transformation particularly in rural areas of the State. The Department is required to formulate policies in this behalf and to prepare plans to execute the policies.

Audit, however, noticed that although the policies and programmes in respect of plan schemes were being prepared and executed through apex institutions but the annual and perspective plans to execute those policies for the implementation of plan schemes had not been prepared by the Department during 2008-13. As such there was lack of adequate planning in the department.

2.4.7 Financial management

Para 5.3 of Punjab Budget Manual lays down that the budget estimates of expenditure should be framed as accurately as possible.

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[44] Twenty Assistant Registrars, three Deputy Registrars and five Audit Officers, Co-operative Societies.

2.4.7.1 Non-Plan and Plan expenditure

Non-Plan expenditure of ₹ 366.04 crore was incurred during the years 2008-13, against the budget outlay of ₹ 380.12 crore resulting in saving of ₹ 14.08 crore representing 3.70 *per cent* of budget allotment. Audit observed that the Department was efficient in framing the budget estimates accurately.

Plan expenditure, being the expenditure on implementation of programmes and schemes, is the indicative of development. Against total plan budget outlay of ₹ 356.57 crore, ₹ 315.55 crore were released and utilized during 2008-13 for implementation of various GOI/GOP schemes, which have been discussed in paragraph 2.4.8.

2.4.7.2 Reconciliation of the deposits and withdrawals

Rules 2.2 (v) and 2.31 (a) of Punjab Financial Rules, Volume-I provide that each Drawing and Disbursing Officer (DDO) should reconcile the amount with the treasury by 15th of next month. Audit noticed that out of 28 test checked DDOs, reconciliation of deposits and withdrawals was carried out with treasuries by 14 DDOs. The reconciliation of deposits amounting to ₹ 1.22 crore by five[45] DDOs and withdrawals amounting to ₹ 30.62 crore by 13 DDOs[46] was not carried out with the treasuries during 2008-13, as required under the rules.

During the exit conference (December 2013), the Department admitted the facts and stated that necessary instructions had been issued to the field offices to do the needful.

2.4.7.3 Failure to transfer Group Insurance Scheme amount to Insurance Fund

Under the provisions of Group Insurance Scheme (GIS), 1982, the DDOs were required to prepare a contingent bill in October every year for transferring an appropriate amount from the Group Insurance Saving Fund to the Insurance Fund in respect of the employees who were members of the scheme.

During test check of records of 28 DDOs, Audit noticed that 20 DDOs transferred the GIS amount to Insurance Fund, whereas eight DDOs did not transfer ₹ 0.67 lakh (30 *per cent* of GIS subscription of ₹ 2.24 lakh) relating to the period from January 2008 to December 2012 which indicated non-observance of the codal provisions.

During the exit conference (December 2013), the Department admitted the facts and stated that necessary instructions had been issued to the field offices to do the needful and compliance would be made in next six months.

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45 Assistant Registrars, Co-operative Societies. (i) Kharar; (ii) Malout; (iii) Patiala; (iv) Rajpura; and (v) Audit Officer, Co-operative Societies, Ludhiana.

46 Assistant Registrars, Co-operative Societies (i) Ajnala; (ii) Bholath; (iii) Kharar; (iv) Malout; (v) Malerkotla; (vi) Patti; (vii) Patiala; (viii) Phagwara; (ix) Rajpura; (x) Talwandi Sabo; (xi) Deputy Registrar, Co-operative Societies, Nawanshahar; Audit Officers, Co-operative Societies, (xii) Kapurthala; and (xiii) Mansa.

2.4.8 Execution of schemes

During the period covered in audit, the Department implemented 12 schemes with budget outlay of ₹ 356.57 crore, against which ₹ 315.55 crore were released and utilized. Out of the twelve schemes, two were centrally sponsored, three shared and seven State funded schemes as given in ***Appendix 2.2.*** The deficiencies noticed in execution of the schemes are discussed below:

2.4.8.1 Grant of loans

The State Government/Registrar, Co-operative Societies granted loans to Co-operative Societies, Co-operative Sugar Mills and Apex Co-operative Institutions with a moratorium of two years, at the rate of 12 *per cent* per annum recoverable in 20 half yearly instalments. In case of non-payment of instalment(s), penal interest at two *per cent* per annum was leviable/ recoverable. It was noticed that the Department did not maintain any records pertaining to the loans disbursed, instalments due along with interest and penal interest and amount recovered there against in respect of Apex Co-operative Institutions and Co-operative Societies. Due to non-maintenance of records, Audit could not work out the recoverable amount of loan, interest and penal interest due for recovery against these institutions during 2008-13. In exit conference (December 2013), the Department stated that the records of loans to Apex Co-operative Institutions were being maintained at Head Office level and loans granted to primary co-operative societies were being maintained at field level. However, no records in support of reply were shown to Audit. The Department also agreed to monitor the repayment of all loans at Headquarters level.

Details of loans outstanding at the beginning of the year, disbursed during the year, recovered during the year and outstanding loans at the close of the year during 2008-13 are given in **Table 2.4.1.**

Table: 2.4.1: Details of loans granted and outstanding

(₹ in lakh)

Year	Opening balance as on 1 April	Loans disbursed during the year	Loans recovered during the year	Loans outstanding as on 31 March	Interest received and credited to Government Account
2008-09	21569.58	2441.52	28.00	23983.10	4.44
2009-10	23983.10	Nil.	27.40	23955.70	9.24
2010-11	23955.70	Nil.	23.76	23931.94	2.41
2011-12	23931.94	12800.00	28.97	36702.97	21.96
2012-13	36702.97	10167.00	215.88	46654.09	1.50
TOTAL		**25408.52**	**324.01**		**39.55**

Source: Finance Accounts of respective years

➢ Audit noticed that recovery amount of ₹ 3.24 crore included refund of undisbursed loans of ₹ 2.03 crore pertaining to 2011-12 (₹ 0.06 crore) and 2012-13 (₹ 1.97 crore), as such the actual recovery of loans was negligible i.e. ₹ 1.21 crore. Ten, out of 20 test checked Assistant Registrars had no loans and interest outstanding, whereas remaining 10 Assistant Registrars, could recover only ₹ 3.14 lakh (15 *per cent*) against the due amount of ₹ 20.66 lakh and also failed to recover interest of ₹ 62.75 lakh (91 *per cent*) against due interest of ₹ 68.63 lakh. In the exit conference (December 2013), the Department attributed shortfall in recovery of loans to the weak financial position of Sugar Mills and assured to take up the matter of converting these loans into share capital/ grant-in-aid with the State Government.

➢ Audit also noticed that during 2008-09, against a budget provision of ₹ 0.10 lakh, the State Government released loans of ₹ 24.41 crore. During 2011-12 and 2012-13, against budget provision of ₹ 128.72 crore and ₹ 109.26 crore loans of ₹ 128.00 crore and ₹ 101.67 crore were released respectively (***Appendix 2.2***). In the exit conference, the Department stated that ₹ 24.41 crore was an adjustment made in April/May 2008 of the loan taken from Sugar Development Fund of GOI and that the matter for its regularization (August 2010) was pending with the State Government.

2.4.8.2 Centrally sponsored schemes

During 2008-13, against the planned outlay of ₹ 63.63 lakh for the centrally sponsored schemes, GOI released ₹ 63.63 lakh (***Appendix 2.2***). Audit noticed that:

➢ Under "Assistance to Women Co-operative Societies" scheme, the GOI, released (1996-97) ₹ 54.44 lakh, out of which an amount of ₹ 16.20 lakh in respect of closed Co-operative Societies was refunded to GOI during 2003. Balance amount of ₹ 0.38 crore was got revalidated from time to time but the funds were not released by the State Government for providing assistance to the Co-operative Societies till 2007-08. The beneficiary Co-operative Societies declined (2008) to avail of the financial assistance. The State Government did not refund the amount of ₹ 0.38 crore to GOI though a period of more than 16 years have elapsed.

During the exit conference (December 2013), the Department admitted the facts and stated that the matter would be taken up with GOI to utilize the funds for other women assisted schemes, if possible, before it is finally surrendered to GOI.

➢ Audit observed that GOI released financial assistance of ₹ 25.39 lakh[47] under "Financial assistance to Handloom Agencies as one time rebate at the rate of 10 *per cent* on the sale of handloom products" scheme to the State Government but the State Government released funds to these handloom agencies during 2009-10 (₹ 14.45 lakh) and 2010-11 (₹ 10.94 lakh) after a delay ranging between 11 and 57 months thereby adversely affecting the interests of the beneficiaries.

During the exit conference (December 2013), the Department admitted the facts and stated that the funds were released to the Weavco within one month of the receipt of the sanction. The fact, however, remained that the State Government did not release funds to the Department in time.

2.4.8.3 Shared Schemes

(i) GOI and State Government (50:50)

➢ Government of India (GOI) and the State Government were to provide ₹ five crore each per annum during 2008-13 under the scheme "Financial

[47] In May 2005 (₹ 10.23 lakh); March 2009 (₹ 4.22 lakh); and February 2010 (₹ 10.94 lakh).

assistance to Dairy Co-operatives to meet out their losses". GOI released ₹ 23.70 crore directly to Milk Unions during 2008-13 and against budget outlay of ₹ 22.45 crore, GOP released ₹ 21.20 crore to Milkfed, for which the utilization certificates were found to have been furnished. Though asked (July 2013), the Department/State Government did not furnish any reason for short release of ₹ 1.25 crore (December 2013).

➢ As one time assistance to Apex and Primary Handloom Workshop Co-operative Societies under Deen Dayal Hathkargha Protsahan Yojna, GOI released its share of ₹ 0.15 crore to GOP during February 2007. GOP released the entire amount of ₹ 0.30 crore including State's share of ₹ 0.15 crore to the beneficiaries in February 2009 i.e. after a lapse of two years. In the exit conference, the Department accepted and attributed the delay to sealing of Major Head-2851 on the orders (December 2006) of the Hon'ble Court (Civil Judge Junior Division, Jalandhar).

(ii) GOI/NABARD and State Government

(a) With a view to revive and revitalize the rural Co-operative Credit Structure, GOI constituted (August 2004) a task force under the Chairmanship of Prof. A. Vaidyanathan. The task force recommended (February 2005) appropriate amendments in the Co-operation laws to leave all financial regulatory funding to the designed authority under the Banking Regulation Act, 1949. In turn, a Memorandum of Understandings (MOU) was signed between GOI, GOP and National Bank for Agriculture and Rural Development (NABARD) on 29 January 2008. Audit noticed that GOP did not modify the Co-operation laws during February 2008-March 2013 with the result that GOI/NABARD did not come forward for financial assistance as per MOU and MOU became redundant.

(b) Audit further noticed that the State Government released ₹ 7.71 crore in March 2009 to Co-operation Department for revival of Short Term Rural Co-operative Credit Structure with the condition that the amount would be spent on receipt of funds from NABARD. The amount so released was drawn from the treasury in March 2009 in contravention of Punjab Financial Rules and kept the same in the FDRs for periods ranging between 91 days and one year on interest rate ranging between 3.75 and nine *per cent* in Punjab State Co-operative Bank Ltd., Chandigarh. The Department earned interest of ₹ 2.55 crore up to 24 July 2013 against the borrowing cost of ₹ 2.96 crore incurred by the State Government on this amount during the same period as detailed in ***Appendix 2.3*** resulting in loss of ₹ 0.41 crore to the State exchequer.

During the exit conference, the Department stated that NABARD was insisting on amendments in the Co-operative Act which were beyond the scope of MOU signed by the State Government, GOI and NABARD in January 2008. Now, the scheme had been closed by GOI. With regard to non-utilization of funds, the Department stated that due to non-materialization of MOU and non-release of funds by NABARD, the money could not be put to use and amount would now be refunded to the State Government. The reply confirmed that drawal of funds and not putting them to use led to avoidable burden of ₹ 0.41 crore on State exchequer.

2.4.8.4 State plan schemes

The State Government provided budget for seven State Plan Schemes during 2008-13. Scheme relating to loans to Co-operative Sugar Mills had been covered under paragraph 2.4.8.1. Scheme-wise audit findings for the remaining six schemes were as follows:

Non-implementation of schemes

(i) Under the scheme "Empowerment and revival of women co-operative societies especially in Border Areas", for enablement of rural women through development of their skills, awareness and aptitude by providing vocational training, an outlay of ₹ 0.01 crore (***Appendix 2.2***) was provided by the State Government during 2010-11. The scheme was, however, not implemented by the Department due to non-release of funds by the State Government.

During the exit conference, the Department stated that the matter would be taken up with the State Government for the revival of the scheme.

(ii) The State Government made provision of ₹ 75.39 crore[48] (***Appendix 2.2***) under the scheme "Interest subvention/financial assistance to Co-operative Banks/Primary Agriculture Credit Societies (PACS)," but the funds were not released by the treasury with the result no financial assistance could be granted to the Central Co-operative Banks/PACS during these years.

During the exit conference, the Department stated that the farmers had not been adversely affected in any way as the Co-operative Banks/PACS continued to grant loans to the farmers at the approved rate of seven *per cent* per annum. The reply was not convincing as non-release of funds denied the assistance to the Co-operative Bank/PACS which adversely affected their loan providing capability.

Partly implemented schemes

(iii) As against the provision of ₹ 1.52 crore[49] made under the scheme "Financial assistance to dairy co-operatives for making silage pits for progressive dairy farms and milk producers in the State", the Department drew ₹ 0.50 crore in March 2012 and transferred to Milkfed for providing financial assistance to the beneficiaries. Audit observed that with these funds, Milkfed could provide financial assistance to 100 beneficiaries only. The Department/State Government did not furnish reasons for non-release of balance funds of ₹ 1.02 crore (***Appendix 2.2***) during 2008-09, 2010-11 and 2012-13. Thus, non-release of entire allocated funds deprived the beneficiaries of the intended benefits of the scheme.

48 2010-11 (₹ 0.01 crore), 2011-12 (₹ 75.37 crore) and 2012-13 (₹ 0.01 crore).

49 2008-09 - ₹ one crore; 2010-11 - ₹ 0.01 crore; 2011-12 - ₹ 0.50 crore; and 2012-13-₹ 0.01 crore.

(iv) Against budget outlay of ₹ 10 crore for "Financial assistance for strengthening/augmentation of dairy processing and production capacities in co-operative sector in Punjab" during 2012-13, treasury released (March 2013) ₹ five crore only. Markfed utilized these funds for modification of Powder Plant (₹ 1.50 crore) at Ludhiana and Milk Shelf Life Processing Plant(₹ 3.50 crore) at Chandigarh and submitted utilization certificates. The remaining funds of ₹ five crore meant for augmentation of dairy processing were not released (December 2013) thereby denying the intended benefits of the scheme to the masses. The Department attributed (December 2013) non-release of balance funds to shortage of funds with the State Government.

Defective implementation of the scheme

(v) Against the provision of ₹ 0.52 crore[50] under the scheme "Financial assistance to dairy co-operatives for (i) providing milking parlour to the commercial dairy farms and (ii) providing milking machines and other equipment to exclusive Women Dairy Co-operative Societies", the Department withdrew ₹ 0.50 crore in March 2012 and provided the same to MD, Milkfed for providing financial assistance to the beneficiaries. Balance amount of ₹ 0.02 crore (***Appendix 2.2***) was not released.

Audit observed that MD, Milkfed provided financial assistance for providing milking machines to 201 beneficiaries out of which women beneficiaries were only 10 which defeated the purpose of the scheme and also led to short release of ₹ 0.02 crore.

Irregularities in release of funds

(vi) During 2009-10 against the provision of ₹ 0.05 crore for "Repayment to National Dairy Development Board (NDDB) to avail benefit of one time settlement of loan of Punjab State Co-operative Milk Producers Federation (Milkfed)", the State Government released (March 2010) ₹ 26 crore. Audit noticed that the above funds were arranged by the State Government from Punjab Urban Development Authority (PUDA) against transfer of surplus land measuring 85 kanal and 8 marla of Milk Union, Bathinda and 33 kanal 2 marla of Milk Union, Amritsar to PUDA. Reasons for not making provision of full amount in the budget and excess expenditure of ₹25.95 crore over budget outlay were not intimated by the Department (December 2013).

During the exit conference, the Department stated that PUDA would be requested for payment of balance amount as per MOU/agreement signed with PUDA. Representative of the Government during the exit conference stated that the matter to regularize the release of excess funds would be taken up with the Finance Department.

2.4.9 Audit of co-operative societies

2.4.9.1 As per Section 48 of the Act, the Registrar would audit or cause to be audited by a person authorized by him by general or special order in writing in this behalf, the accounts of every co-operative society at least once in each year.

[50] 2010-11 - ₹ 0.01 crore; 2011-12 - ₹ 0.50 crore; and 2012-13 - ₹ 0.01 crore.

➢ With regard to audit of co-operative societies other than women co-operative societies, Audit observed that during the period covered in audit (2008-13), the Department was able to audit more than 95 *per cent* of the societies planned for audit and recovery of due audit fees was also more than 97 *per cent*.

➢ As many as, 6640 annual audits (76 *per cent*) of women co-operative societies were not conducted, against 8705 annual audits due during 2008-13 and audit fee of ₹ 0.10 crore, due from 2065 co-operative societies audited, was also not recovered.

During the exit conference, the Department admitted the facts and stated that audit of women co-operative societies had now been entrusted to the Chief Auditor with effect from 2013-14. The recovery of audit fee of ₹ 0.09 crore was also stated to have been made with the assurance to recover the balance audit fee by the end of 2013-14. However, the Department could provide the details only of audit fee of ₹ 0.03 crore recovered (December 2013).

2.4.9.2 Special Audit Reports

As per Para 1 of Chapter 7 of Manual of Co-operative Audit, Punjab, auditors are required to submit Special Audit Reports (SARs) in respect of all cases of embezzlements/misappropriations and serious irregularities as soon as the same are detected and verified. Action on SARs is to be ensured by monitoring and pursuing these SARs by Assistant Registrar (Audit) through the Chief Auditor.

Number of SARs and the amount involved at the beginning of the year, addition/clearance and closing balance during the years 2008-13 is given in **Table 2.4.2**.

Table 2.4.2: Position of SARs during the period 2008-2013

(₹ in crore)

Year	Opening Balance		Addition		Total		Clearance		Closing balance	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2008-09	2888	479.94	32	34.66	2920	514.60	14	2.97	2906	511.63
2009-10	2906	511.63	43	9.90	2949	521.53	28	6.02	2921	515.51
2010-11	2921	515.51	45	31.60	2966	547.11	157	23.42	2809	523.69
2011-12	2809	523.69	57	85.08	2866	608.77	259	11.59	2607	597.18
2012-13	2607	597.18	65	109.88	2672	707.06	153	8.43	2519	698.63
		TOTAL	**242**	**271.12**			**611**	**52.43**		

Source: Departmental figures

From the above, it would be seen that though number of SARs pending for clearance in 2012-13 was reduced to 2519 from 2888 in 2008-09, yet the amount pending for recovery/compliance had increased from ₹ 479.94 crore in 2008-09 to ₹ 698.63 crore in 2012-13. During 2008-13, 242 SARs involving ₹ 271.12 crore were added and 611 SARs involving ₹ 52.43 crore were cleared. Record showing perusal of these cases and recovery effected was not available with the Department. Assistant Registrar (Audit) neither monitored nor reconciled the figures with the Chief Auditor.

In the exit conference, the Department stated that Audit Compliance Committees to review the SARs were already in place and most of the pending cases belonged to Markfed. However, the Department did not produce the relevant records to justify its reply.

2.4.10 Human resource management

The position of sanctioned strength vis-à-vis men-in-position of Inspectors in the Co-operation Department as on March 2009 and March 2013 is given in **Table 2.4.3**.

Table 2.4.3: Position of sanctioned strength of Inspectors and men-in-position

Position as on March 2009				Position as on March 2013			
Sanctioned posts	Men-in-position	Vacant Posts	Shortage (*per cent*)	Sanctioned Posts	Men-in-position	Vacant posts	Shortage (*per cent*)
1488	700	788	53	1488	340	1148	77

Source: Departmental figures

From the above, it would be seen that shortage of Inspectors increased from 53 *per cent* in 2008-09 to 77 *per cent* in 2012-13. In 20 test checked offices, the shortage of Inspectors increased from 51 *per cent* in 2008-09 to 77 *per cent* in 2012-13. Shortage in Inspectors' cadre adversely affected the overall inspections as discussed below:

Section 49 of the Act provides that the Registrar or any person authorized by general or special order in this behalf by the Registrar may inspect a co-operative society.

Audit of records showed that 10 out of 20 selected Assistant Registrars, Inspectors conducted only 8344 inspections of co-operative societies, against the targets of 12623 inspections, during 2008-13 thereby leaving 4279 inspections (33.89 *per cent*) un-conducted.

During the exit conference, the Department admitted the facts and stated that the restructuring process had been completed and the required staff would be recruited in phased manner; thereafter targets would be achieved.

2.4.11 Internal control mechanism

The Registrar, Co-operative Societies is responsible for exercising effective controls on the implementation of various schemes/activities of the Department. Audit test checked the existence and adequacy of internal controls with reference to internal audit, monitoring mechanism and Management Information System as discussed below:

- Internal control system of the Department was deficient particularly in the areas of maintenance of records relating to loans given to co-operative societies and Apex Co-operative Institutions (paragraph 2.4.8.1), recoveries of audit fees from the women co-operative societies (paragraph 2.4.9.1) and in regard to achieving the targets of inspections (paragraph 2.4.10).

- No Internal Audit Wing was functioning in the Department. Considering the size and functions of the Department, Government need to put in place a mechanism of internal audit. Absence of internal audit had adverse impact on the efficiency of the Department as it could not watch the compliance of its statutes relating particularly to recovery of audit fees from women co-operative societies (paragraph 2.4.9.1), reconciliation of deposits and withdrawals (paragraph 2.4.7.2) and transfer of Group Insurance Scheme amount to Insurance Fund (paragraph 2.4.7.3) and compliance of the Special Audit Reports (paragraph 2.4.9.2).

➢ The Department did not have a proper monitoring mechanism with regard to implementation of schemes. Audit noticed delays in implementation of schemes and found that impact of implementation of the schemes was not evaluated. The winding up process of the societies was not monitored for expeditiously winding up of defunct societies with the result that 1090 co-operative societies were pending (March 2013) for winding up.

➢ Management Information System was being managed manually within the Department. However, a Web Based Management Information System was being developed (December 2013) by the State Government for all departments under Integrated Workflow and Document Management System through Tata Consultancy Services Limited.

➢ The Department had been ineffective in responding to the audit observations of Accountant General, as 280 Inspection Reports (IRs) containing 484 paras were outstanding as of March 2013, of which 200 IRs containing 292 paras pertained to the period prior to April 2008. Lack of effective response to audit observations resulted in recurrence of irregularities reported by Audit.

Conclusion

The Department did not maintain records of loans granted for monitoring timely recovery of the loans. Despite budget provisions, funds were not released for implementation of schemes. Excess expenditure was incurred over and above the outlay in budget. Withdrawal of money disregarding Punjab Financial Rules led to loss to the State Government. Though audit of co-operative societies and recovery of audit fee was satisfactory yet the women co-operative societies remained grossly unaudited. Non-monitoring of compliance of Special Audit Reports resulted in increase of their pendency. Shortage in Inspectors' cadre adversely affected the overall inspection in the Department. Internal control and monitoring mechanism was deficient.

Recommendations

The State Government may like to:

- ➢ evolve a proper system for maintaining proper records of loans so as to know the amount of loans becoming due along with interest and penal interest at a fixed interval;
- ➢ ensure timely release of funds as per budget outlay for effective implementation of the schemes;

- ensure timely monitoring of compliance of Special Audit Reports;
- put in place effective internal controls and internal audit to ensure reasonable assurance for efficiency in operations, reliability of financial reporting and compliance with applicable laws and statutes and also take adequate steps to implement Web Based Management Information System.

Chapter - 3

Compliance Audit

Chapter-3

Compliance Audit

EDUCATION DEPARTMENT

3.1 Providing additional classrooms, laboratories and basic facilities in schools of rural Punjab

Deficient project management led to time overrun and cost overrun of ₹ 11.18 crore, creation of infrastructure without requirement, failure to provide the requisite furniture to schools and non-procurement of laboratory equipment, denying intended benefits of the project to the rural students.

With a view to enhance the learning capability of the children by providing proper accommodation in schools, proper space for storing teaching and learning material for better teaching methodology in secondary and senior secondary schools, the Detailed Project Report (DPR) for ₹ 141.45 crore was prepared by the Government of Punjab (GOP), Department of Education on sharing basis in the ratio of 15:85 between GOP and National Bank for Agriculture and Rural Development (NABARD). NABARD approved (November 2007) the DPR with its share of ₹ 112.89 crore against its envisaged share of ₹ 123.00 crore, thereby increasing the GOP share from ₹ 18.45 crore to ₹ 28.56 crore for development of infrastructure in 351 rural schools of the then existing 20 districts of Punjab under Rural Infrastructure Development Fund (RIDF)-XIII. The project which was to be completed by 31 March 2009, was still in progress (November 2013). Further, to promote science education in these 351 schools, NABARD sanctioned (June 2010) another project of ₹ 14.40 crore (loan from NABARD-₹ 12.24 crore and State share- ₹ 2.16 crore) for purchase of laboratory equipment under RIDF-XVI.

Audit was conducted to assess the efficiency and effectiveness of financial management, implementation of the project and optimum utilization of the infrastructure created under the project, by selecting five districts[1] representing all the three geographical strata i.e. *Doaba, Majha* and *Malwa* and 60 schools with maximum expenditure out of the existing 151 schools in these selected districts. The records of the implementing agency i.e. the Director Public Instructions (Secondary Education), Punjab {DPI (SE)} and 14 divisions of the executing agency i.e. the Chief Engineer, Public Works Department (Buildings & Roads) {PWD (B&R)} were test checked between May 2013 and October 2013.

Audit findings

3.1.1 Financial management

➢ The Finance Department released (February 2008 to September 2011)

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[1] (i) Amritsar including Tarn Taran; (ii) Ferozepur; (iii) Gurdaspur; (iv) Jalandhar; and (v) Ropar including Mohali.

₹ 141.05 crore (NABARD loan of ₹ 112.49 crore and State share of ₹ 28.56 crore) to the Chief Engineer, PWD (B&R), Punjab (CE) who further released ₹ 140.49 crore[2] to various divisions under his control for execution of the project. The Executive Engineer, Provincial Division, Mohali (EE) transferred (between 2008 and 2010) ₹ 22.31 crore to DPI (SE) for purchase of furniture and disbursement of consultancy fee to the architect. An amount of ₹ 4.09 crore[3] was lying (November 2013) with DPI (SE) and three divisions of PWD (B&R) for making payments of pending bills of contractors.

➢ Of ₹ 22.31 crore transferred between December 2008 and December 2010 to DPI (SE), EE, instead of keeping the amount under Miscellaneous Public Works Advances (MPWA) till final adjustment on the basis of vouchers, booked the same as expenditure in the accounts of the division without having detailed classification and vouchers in support thereof, leading to wrong booking of expenditure. Consequently, expenditure on the project was overstated to the extent of ₹ 4.02 crore as out of ₹ 22.31 crore booked to the accounts, only ₹ 18.29 crore were actually spent by the DPI (SE).

On this being pointed out (October 2013), EE stated (October 2013) that the matter was being taken up with DPI (SE) for obtaining the utilisation certificate. DPI (SE) stated (November 2013) that the vouchers were retained in his office as some funds were lying unspent out of the total released money and now vouchers along with utilisation certificates were being sent to the executing agency.

3.1.2 Time and cost overrun

The project was to be completed by 31 March 2009 within ₹ 141.45 crore as approved by NABARD. However, audit examination of records showed that:

➢ Works costing ₹ 6.37 crore[4], as per DPR, were not executed and the works valuing ₹ 113.82 crore[5] were executed at a cost of ₹ 125 crore (including ₹ 0.57 crore for making pending payments to the contractor) resulting in cost overrun of ₹ 11.18 crore.

➢ Execution in respect of 56 works was delayed ranging between one and 50 months in 56 out of 60 test checked schools, thereby delaying accrual of intended benefits to the students in rural areas of the State.

On this being pointed out, CE attributed (November 2013) the excess expenditure to work site condition and design finalised by the architect in addition to revision of premium of Common Schedule of Rates; and

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2 ₹ 0.56 crore were not released by the treasury.

3 DPI (SE)-₹ 3.52 crore (including interest of ₹ 0.28 crore); Executive Engineers of (i) Construction Division-I, Ferozepur-₹ 33.90 lakh; (ii) Provincial Division, Jalandhar-₹ 2.51 lakh; and (iii) Provincial Division, Mohali-₹ 20.51 lakh.

4 (i) Additional Class Rooms: 2 x 3.73 = 7.46 lakh; (ii) Toilet Facility: 115 x 1.16 = 133.40 lakh; (iii) Boundary Wall (Rft.): 226517 x 216 = 489.28 lakh; and (iv) Drinking Water Supply System: 13 x 0.50 = 6.50 lakh.

5 ₹ 120.19 crore (DPR cost of works to be executed by PWD) *minus* ₹ 6.37 crore (works not executed at all).

non-execution of already available facilities in the schools. The reply indicated that proper survey was not conducted before preparing the DPR.

3.1.3 Non-utilization of infrastructure

From the information supplied (May-June 2013) by 60 test checked schools, it was observed that the infrastructure provided under the project was not being utilized at all or under-utilized due to various reasons as discussed below:

- In Government Senior Secondary School (GSSS), Chohla Sahib, Amritsar, six classrooms constructed at a cost of ₹ 22.38 lakh were not being used since handing over of these rooms in April 2009 to the school authorities due to non-enrolment of students and non-availability of teachers.

- In GSSS, Mehta Nangal and GSSS, Taragarh in Amritsar district and GSSS, Ferozshah in Ferozepur district, 14 toilets constructed at a cost of ₹ 16.23 lakh were not being utilized (May 2013) due to lack of necessary equipment; improper drainage and breakage of urinals; and non-fitting of toilet seats, respectively. This rendered the expenditure ungainful, besides denying the facilities to the students.

- In GSSS, Pandori Nijjran, a building having seven rooms, two science labs and one other room was constructed at a cost of ₹ 38.85 lakh without requirement. As a result, the building was not being used. Similarly, in GSSS, Dolike Duhre, seven rooms, two science labs, eight toilets and one other room constructed at a cost of ₹ 48.12 lakh were lying idle since August 2011 due to non-enrolment of students in commerce, science and vocational streams.

On this being pointed out, DPI (SE) stated (November 2013) that information regarding non-utilisation of infrastructure had been called for from concerned schools. Thus, non-utilization of the created infrastructure in these schools indicated that the requirement projected in the DPR was inflated as it was not based on demand driven assessment.

3.1.4 Short supply/non-utilisation of furniture

(i) As per DPR, provision of ₹ 18.45 crore was made for furniture to be purchased by DPI (SE) who issued (January 2008) supply orders to 17 firms on rate contract with the Controller of Stores for supply up to 6 January 2009. As per Section 14 of Schedule B of the rate contract, if the contractor fails to deliver or dispatch any consignment within the period prescribed, the delayed consignments were subject to two *per cent* penalty per consignment per month or a part thereof on the value of the store supplied. Further, as per Section 14(c) of the rate contract, the risk purchase at the cost of the supplier was to be made by inviting short term quotations from the registered and other known suppliers within three months after the stipulated date of supply if the supplier fails to make supplies within the stipulated delivery period.

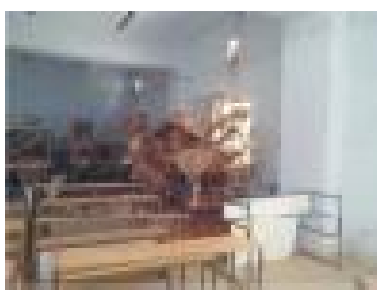
It was noticed in audit (May and November 2013) that out of 112041 furniture items to be purchased as per DPR, 99230 items were actually purchased (November 2013) and remaining 12811 (11 *per cent)* furniture items valuing ₹ 1.88 crore were yet not supplied by the firms even after lapse of 58 months from the stipulated date of supply. Though the Department levied and collected penalty of ₹ 1.07 lakh for delayed supply of items, but did not take any action to cancel the supply orders and to make the risk purchase of the pending supplies at the cost of the defaulting suppliers, as provided in the rate contract, thereby denying the rural students of the intended facilities.

On this being pointed out, the DPI (SE) did not furnish any reply.

(ii) In 60 test checked schools, it was noticed (June 2013) that against requirement of 16961 furniture items as per DPR, 13660 items were actually supplied to these schools leaving shortage of 3301 items (19 *per cent*). Further, it was noticed that in 29 schools, 3745 items were short supplied which was 22 *per cent* of the projected requirement whereas in seven schools, 444 items (three *per cent*) were supplied in excess of the projected requirement.

On this being pointed out, DPI (SE) stated (November 2013) that the detailed position had been called for from all 351 schools and the furniture items would be shifted to the schools where required.

(iii) It was noticed that in Ferozepur district, 1283 dual desks were supplied to four schools (GSSS, *Arniwala Sheikh,* GSSS, *Mahmu Joyia,* GSSS, *Sayadwala,* GSSS, *Waryam Khera)* out of which only 605 desks were put to use and the remaining 678 desks (53 *per cent*) valuing ₹ 9.63 lakh were stored in improper manner and their condition was deteriorating with the passage of time as is evident from the photographs given below:



Furniture lying in depleted condition in GSSS *Waryam Khera*, Ferozepur (22 May 2013)

Furniture lying in depleted condition in GSSS *Arniwala Sheikh*, Ferozepur (16 May 2013)

On this being pointed out, DPI (SE) stated (November 2013) that the concerned schools had been asked (October 2013) to clarify the reasons for non-utilisation of furniture and the Department would shift the unutilised furniture where it was required.

3.1.5 Non-supply of laboratory equipment

In order to promote science education in 351 schools covered under the project, NABARD sanctioned (June 2010) another project (RIDF XVI) for purchase of laboratory equipment at a cost of ₹ 14.40 crore (loan from NABARD-₹ 12.24 crore and State share-₹ 2.16 crore). It was, however, observed (June 2013) that purchase of the laboratory equipment/material had not been finalised (November 2013).

On this being pointed out, DPI (SE) stated (November 2013) that purchase of material could not be effected due to expiry of rate contract and lapse of funds in 2011-12; and non-according of administrative approval by the Department during 2012-13. Now, after sanction of the funds (August 2013) by Punjab Government, constitution of purchase committee was under consideration (November 2013).

The reply of the Department can be viewed in light of the fact that in 60 test checked schools, 130 laboratories constructed at a cost of ₹ 7.02 crore were non-functional due to non-availability of laboratory material rendering the expenditure of ₹ 7.02 crore unfruitful, besides denial of intended benefits of laboratory equipment for senior secondary classes to the science students.

The matter was referred to the Government in July 2013; reply was awaited (December 2013).

3.2 Excess payment of interest to provident fund subscribers

Punjabi University, Patiala paid interest at rates higher than those fixed by Government of Punjab resulting in overpayment of interest of ₹ 10.78 crore.

Section 8(2) of the Provident Fund Act, 1925 (Act) provides that the appropriate Government may, by notification, direct that the provisions of the Act shall apply to any Provident Fund established for the benefit of the employees of any institution, and, on making of such declaration, the Act shall apply accordingly, as if such Provident Fund were a Government Provident Fund and the authority having custody of the Fund were the Government. The University Grants Commission also, in consultation with the Government of India, Ministry of Human Resources Development, clarified (April 2004), in case of Central Universities, that since Provident Fund regulations of these Universities were notified under the Provident Fund Act, 1925 in terms of section 8(2), it was mandatory to follow the rate of interest notified by the Government.

The provisions of the Act were applied to the Provident Fund established for the benefit of the employees of Punjabi University, Patiala vide notification issued by the Education Department of the Government of Punjab in November 1962. It was, thus, mandatory for the University to follow the rate of interest notified by the Government of Punjab from time to time, in terms of section 8(2) of the Act.

Audit of General Provident Fund (GPF)/Contributory Provident Fund (CPF) records of Punjabi University, Patiala (September 2013) for the period 2008-13 showed that the University was paying interest, for the GPF/CPF subscriptions, at rates higher than those notified by the Government of Punjab, as detailed in **Table 3.1**.

Table 3.1: Details of excess payment of interest on GPF/CPF

Year	Interest rate notified by the Government (*per cent*)	Interest rate allowed by the University (*per cent*)	Amount of interest credited to subscribers' account	Amount of interest required to be credited as per rate notified by the Government	Excess interest paid
			(₹ in crore)		
2008-09	8	9.50	7.61	6.41	1.20
2009-10	8	9.50	7.81	6.58	1.23
2010-11	8	12	9.19	6.13	3.06
April 2011 to November 2011	8	10.75	6.10	4.54	1.56
December 2011 to March 2012	8.6	10.75	3.05	2.44	0.61
2012-13	8.8	12	11.70	8.58	3.12
Total			**45.46**	**34.68**	**10.78**

Source: Departmental data and rates fixed by Government of Punjab

The higher rates of interest allowed than those fixed by the Government of Punjab resulted in excess payment of interest of ₹ 10.78 crore to the GPF/CPF subscribers of the University.

On being pointed out (September 2013), the Registrar, Punjabi University, Patiala stated (November 2013), that no instructions were received from the State Government regarding rate of interest to be given to the employees of University as the same was decided by the Syndicate[6] as per provision made in the University Calendar. It was further stated that as the issue related to all the Universities of the State, the matter regarding fixing of rate of interest would now be taken up in the co-ordination committee of the Vice-Chancellors of universities and the decision of the co-ordination committee would be considered before the syndicates of the universities.

The reply was not acceptable as the University Calendar itself lays down that the Syndicate would make ordinances consistent with the provisions of Provident Fund Act, 1925 for the conduct of the business of the fund and the Act provides that the conduct of the fund would be regulated as if such fund were a Government Provident Fund, which in no way allow the Syndicate to override the powers of Government regarding fixing the rate of interest.

The matter was referred to the Government in October 2013; reply was awaited (December 2013).

ELECTIONS DEPARTMENT

3.3 Unauthorized expenditure on honorarium

Payment of honorarium in excess of the limit prescribed in the rules rendered the expenditure of ₹ 1.05 crore as unauthorized.

As per Rule 5.55 of Punjab Civil Services Rules read with Rule 15.1, a competent authority may grant or permit a Government employee to receive an honorarium maximum of ₹ 200 if the services rendered fall within the

[6] The Syndicate is the principal executive body of the University responsible for the management and administration of the revenue of the University.

course of the ordinary duties and in other cases up to ₹ 2000 in each individual case during a financial year.

Examination of records of District Election Officers (September 2012-March 2013) and the Chief Election Officer, Punjab (July 2013) showed that elections of Shiromani Gurdwara Parbandhak Committee (SGPC) were held in Punjab in September 2011. The Commissioner, Gurdwara Elections, Punjab (Commissioner) allowed (December 2011 and February 2012) honorarium equal to one month's basic pay with grade pay to the officers/officials deputed for conducting elections, on the ground that quantum of work for SGPC elections was similar to Lok Sabha and Vidhan Sabha elections.

Audit observed that honorarium of ₹ 1.24 crore was paid (January 2012-March 2012) to the officers/officials for conducting SGPC elections in excess of the prescribed limit by ₹ 1.05 crore without obtaining relaxation of Rules *ibid,* as Government of India specifically allowed (June 1998) payment of honorarium in excess of the prescribed limits for Lok Sabha and Vidhan Sabha elections only.

On this being pointed out (April 2013), the office of the Commissioner stated (May 2013) that honorarium was paid with the approval of the Commissioner, Gurdwara Elections but *ex-post facto* approval of the competent authority would be solicited and conveyed to Audit in due course. In their subsequent reply (July 2013), the office of the Commissioner stated that the case for relaxation in rule had been submitted (June 2013) to Finance Department; reply was still awaited (December 2013).

Thus, payment of honorarium by the Commissioner for conducting SGPC elections, in excess of the prescribed limit without obtaining relaxation of the Rules, rendered the expenditure of ₹ 1.05 crore as unauthorised.

The matter was referred to the Government in August 2013; reply was awaited (December 2013).

FORESTS AND WILDLIFE PRESERVATION DEPARTMENT

3.4 Irregular retention and utilization of CAMPA funds

Non-adherence to the guidelines resulted in irregular retention of ₹ 53.95 crore of CAMPA funds and blockade of material valuing ₹1.09 crore.

In pursuance of the Supreme Court's order (April 2004), Government of India (GOI), Ministry of Environment and Forests (MoEF) constituted a Compensatory Afforestation Fund Management and Planning Authority (CAMPA) for management of money collected towards compensatory afforestation, net present value (NPV) etc., while according approvals for use of forest land for non-forest purposes, under the Forest (Conservation) Act, 1980 (Act). The Supreme Court observed (May 2006) that CAMPA had still not become operational and ordered the constitution of an ad-hoc body (known as 'Ad-hoc CAMPA'), till CAMPA became operational. Further, in accordance with the guidelines of MoEF (July 2009), the State Government constituted (September 2009) Punjab Compensatory Afforestation Fund Management and Planning Authority (PUNCAMPA). As per the guidelines, the State CAMPA receives money collected from user agencies towards compensatory afforestation (CA), additional compensatory afforestation, penal compensatory afforestation, NPV and all other amounts recovered from such agencies under the Act. The amount so received by PUNCAMPA is transferred to Ad-hoc CAMPA maintained by GOI and the Ad-hoc CAMPA releases a sum of about ₹ 1,000 crore per year, for the next five years, in proportion of 10 *per cent* of the principal amount pertaining to the State on the basis of Annual Plan Operation (APO) submitted by PUNCAMPA. Against the deposit of ₹ 356.27 crore with Ad-hoc CAMPA, PUNCAMPA received ₹ 100.97 crore and earned interest of ₹ 4.35 crore as of March 2013. Out of total available funds of ₹ 105.32 crore, PUNCAMPA incurred an expenditure of ₹ 102.78 crore on afforestation and allied activities leaving ₹ 2.54 crore unutilized.

Audit of records relating to PUNCAMPA (September-December 2012) in 19[7] (out of 39) units and information collected subsequently (up to January 2014) showed the following irregularities:

- Government of Punjab framed (November 2011) a State policy for purchase of non-forest land. Under this policy, Punjab State Forest Development Corporation (PSFDC) was to receive funds from user agencies on account of diversion of forest land for non-forestry purpose. Audit observed that PSFDC, during 2010-13, received ₹ 64 crore from user agencies on this account, which, as per CAMPA guidelines, was required to be credited to Ad-hoc CAMPA fund. The PSFDC incurred an expenditure of ₹ 10.05 crore on purchase of land and retained the balance amount of ₹ 53.95 crore as of March 2013. The CCF stated (January 2014) that these funds did not relate to CAMPA funds. The reply was not acceptable as the funds were to be credited to Ad-hoc CAMPA fund as per CAMPA guidelines.

- The material valuing ₹ 1.09 crore (out of ₹ 1.65 crore) purchased by Forest Division, Patiala for construction of chain link fencing during 2010-12 remained unutilized (December 2013), leading to blockade of funds. The Chief Conservator of Forests, Punjab (CCF) attributed (January 2014) the delay to finalization of tenders for execution. The fact, thus, remained that the material could not be utilized even after lapse of more than 21 months.

- Forest Division, Hoshiarpur constructed 115 running kilometre (RKM) single live hedge at a cost of ₹ 0.35 crore in 2010-11 against estimated cost of ₹ 0.07 crore for construction of 125 RKM resulting in excess expenditure of ₹ 0.28 crore besides short achievement of physical target by 10 RKM. The CCF stated (January 2014) that the expenditure was incurred after the issue

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[7] District Forest Officers (i) Amritsar; (ii) Bathinda; (iii) Dasuya; (iv) Hoshiarpur; (v) Ludhiana; (vi) Pathankot; (vii) Patiala; (viii) Ropar; and (ix) Sangrur; Chief Wildlife Wardens (x) Bathinda, (xi) Mohali; and (xii) Patiala; (xiii) Field Director, Chhatbir Zoo; (xiv) Principal Chief Conservator of Forests (PCCF), Punjab; (xv) Additional PCCF(D), Mohali; (xvi) Conservator of Forests (CF), Extension, Mohali; (xvii) CF (Monitoring and Evaluation), Mohali; (xviii) CF (PPP), Mohali; and (xix) CF (Research and Training), Hoshiarpur.

was examined by a high level technical committee. The reply of CCF was not convincing as the revised estimate was required to be approved by the Steering Committee of PUNCAMPA as per the guidelines.

➢ As per guidelines (September 2009), CAMPA fund was meant for maintenance and protection of forests and wildlife after approval of APO. Audit, however, observed that Forest Divisions, Hoshiarpur and Jalandhar incurred expenditure of ₹ 0.10 crore on purchase of two vehicles[8] not provided for in APO. The CCF stated (January 2014) that vehicles were purchased out of the total provisions made in APOs. The reply was not acceptable as the vehicles were purchased without having provision in APOs.

➢ Forest land measuring 558 kanal 3 marla under the jurisdiction of Forest Division, Amritsar was unauthorisedly occupied by the private parties and was being used for non-forestry purposes. Accepting the facts, Divisional Forest Officer, Amrtisar stated (November 2013) that efforts were being made to get the forest land vacated from unathorised occupants.

The matter was referred to Government in January 2014; reply was awaited (January 2014).

GENERAL ADMINISTRATION DEPARTMENT

3.5 Avoidable payment of interest on Government borrowings

Retention of undisbursed amount of productivity bonus outside Government account in violation of instructions of the Finance Department led to avoidable payment of interest of ₹ 3.11 crore on Government borrowings.

The Finance Department (FD), Government of Punjab, released (September 2010) ₹ 117.12 crore to Agriculture Department under the State Plan Scheme[9] during 2010-11 to compensate the farmers of the State by paying productivity bonus (bonus) effective from 22 January 2010, equal to the amount of electricity bills deposited by them. The Director, Agriculture, Punjab (Director) drew (September 2010) ₹ 117.12 crore from treasury and transferred (between September and November 2010) ₹ 94.32 crore to the Deputy Commissioners (DC) of 20 districts for disbursement to the farmers during 2010-11.

Keeping in view the difficulties[10] being faced in disbursement of bonus causing resentment among the existing farmers, the scheme was withdrawn by the Government on 3 November 2010. The Agriculture Department refunded the balance amount of ₹ 22.80 crore in Government account on 2 December 2010. Accordingly, FD advised (March 2011) DCs to pay bonus up to 31 March 2011 and deposit the undisbursed amount in Government account.

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8 Hoshiarpur Division purchased multi-utility vehicle (₹ 4.73 lakh) not provided for in the budget and Jalandhar Division purchased one jeep (₹ 5.41 lakh) against budget provided for mini truck and tools for field work in APO.

9 AGR-18 "Provision of productivity bonus to the farmers of the State".

10 Most of the farmers having electricity connection in their names were not available.

Audit of records (April-May 2013) of 20 DCs and information collected subsequently showed that ₹ 47.22 crore were disbursed till 31 March 2013. Of the undisbursed amount of ₹ 48.07 crore (including interest earned amounting to ₹ 0.97 crore), DCs refunded ₹ 42.59 crore between April 2011 and May 2013 with delay ranging between 29 and 730 days leaving a balance of ₹ 5.48 crore which was still lying undisbursed with DCs[11] (May 2013).

Meanwhile, the State Government was paying interest at the rate of 7.96 and 7.79 *per cent* on the Government borrowings during 2011-12 and 2012-13, respectively. Had the respective DCs deposited the unspent balances on time, the same could have been made available for productive use and avoided outgo of ₹ 3.11 crore[12] on account of interest on Government borrowings to that extent.

On this being pointed out (April-May 2013), 12 DCs[13] attributed short-disbursement to death of most of the farmers having electricity connection in their names and migration of some farmers outside Punjab or India; seven DCs[14] intimated that the matter would be looked into; and DC Patiala assured to refund the undisbursed amount. The replies of DCs were not acceptable as the amount of bonus was to be paid up to 31 March 2011 and the amount remaining undisbursed thereafter was to be deposited in Government account.

The matter was referred to Government in July 2013; reply was awaited (December 2013).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6 Collection, storage and distribution of whole human blood and its components by blood banks

70 out of 99 blood banks in the State were functioning without valid licences. State Blood Transfusion Council did not adhere entirely to the objectives of National Blood Policy. Equipment costing ₹ 0.22 crore for establishing Blood Component Separation Unit were lying idle since September 2009. Monitoring and quality assurance mechanism was inadequate.

Human blood, an essential element of human life occupies a vital space in any health service delivery system. National Blood Policy (NBP) 2007 stipulates a

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11 (i) Amritsar: ₹ 1,92,516; (ii) Barnala: ₹ 12,701; (iii) Ferozepur: ₹ 3,50,65,736; (iv) Gurdaspur: ₹ 2,216; (v) Jalandhar: ₹ 13,67,381; (vi) Mansa: ₹ 2,91,389; (vii) SAS Nagar: ₹ 3,893; (viii) Patiala: ₹ 32,17,509; (ix) Sangrur: ₹ 6,93,728; (x) SBS Nagar: ₹ 1,39,34,188; and (xi) Tarn Taran: ₹ 43,236.

12 Interest calculated on balance amount of ₹ 12.73 crore as on 31.03.2013 (₹ 5.48 crore as on May 2013 *plus* ₹ 7.25 crore deposited by three DCs during April-May 2013).

13 (i) Barnala; (ii) Bathinda; (iii) Faridkot; (iv) Fatehgarh Sahib; (v) Hoshiarpur; (vi) Jalandhar; (vii) Ludhiana; (viii) SAS Nagar; (ix) Mansa; (x) Roopnagar; (xi) Sangrur; and (xii) SBS Nagar.

14 (i) Amritsar; (ii) Ferozepur; (iii) Gurdaspur; (iv) Kapurthala; (v) Moga; (vi) Sri Muktsar Sahib; and (vii) Tarn Taran.

comprehensive, efficient and a total quality management approach within a nation-wide system to ensure easy access to adequate and safe blood supply. As against the available funds of ₹ 3.82 crore with State Blood Transfusion Council (SBTC), expenditure of ₹ 1.55 crore was incurred during 2010-13. Out of total 99 blood banks (BBs)[15] in the State, functioning of 24 BBs[16], selected by Stratified Random Sampling Without Replacement method, was reviewed during May - July 2013 covering the period 2010-13.

Audit findings

3.6.1 Licensing and renewal of license

State Drugs Controller (SDC) and Central Drugs Standards Controlling Organisation grant license to operate BB after conducting joint inspection about availability of prescribed infrastructure and manpower. License once granted is valid for five years, thereafter it requires renewal.

Audit of records of SDC (June 2013) showed that out of 99 BBs, only 29 were operating with valid license. Three BBs continued to function for three to 11 years without renewal of license and finally closed[17] due to insufficient infrastructure. Sixty seven BBs (68 *per cent*) were running without renewal of license (45 BBs for non-removal of deficiencies, 17 BBs for want of inspection and five BBs for want of authorisation) for a period ranging between one month and 16 years.

State Drugs Controller stated (July 2013) that BBs had been directed to remove deficiencies and licenses would be renewed thereafter. SDC also assured to conduct joint inspection in due course.

3.6.2 Management of equipment

Drugs and Cosmetics Rules prescribe availability of equipment for BBs, which should be standardised and calibrated as per schedule.

Analysis of data/information collected (June-July 2013) from 24 selected BBs showed that in 22 BBs, a number of prescribed equipment were not available ***(Appendix 3.1)*** and in 11 BBs some of the available equipment ***(Appendix 3.2)*** were not functioning for a period ranging between one month and 10 years. Further, calibration of equipment was not done in BBs at Civil Hospital, Ludhiana, Barnala and Banga, during 2010-13 whereas no information was furnished by BB at Civil Hospital, Bathinda. Thus, the quality of blood distributed by these BBs could not be ensured.

State Blood Transfusion Council assured (July 2013) to take up the matter with State Government and further stated that general instructions had been

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15 49 in Government Sector and 50 in Private/Charitable Sectors.

16 In case of private/charitable BBs, data has been collected through SBTC in structured data format.

17 BBs at Civil Hospital at (i) Mandi Gobindgarh (31 December 2012); (ii) Phillaur (23 June 2009); and (iii) Samrala (02 January 2011).

passed on to all BBs by Punjab State AIDS Control Society to strictly adhere to instructions/guidelines of the Rules regarding equipment.

3.6.3 Shortage of manpower

Punjab Health Systems Corporation (PHSC) issued guidelines (July 2010) on requirement of staff on the basis of monthly blood collection by BBs falling under its jurisdiction.

Audit of records of 12 BBs[18] showed that in 11 BBs[19], there was shortage of staff as 39 Laboratory Technicians (63 *per cent*) and 9 Staff Nurses (47 *per cent*) were working against required strength of 62 and 19 respectively. BB at Civil Hospital, Moga was operating without any Medical Officer. The concerned BB authorities stated (June 2013) that the demand for staff had been sent from time to time. The reply was not convincing as the shortage of manpower was still persisting.

3.6.4 Collection of blood from donors

(i) Drugs and Cosmetics Rules provide that blood donor's records in each BB indicating serial number, name, address and signature of the donor along with other particulars like age, weight, haemoglobin, blood group, blood pressure, signature of the Medical Officers etc. should be maintained. Further, blood should be accepted from voluntary, non-remunerative, low risk, safe and healthy donors within the age group of 18-65 years, weight not less than 45 kg and haemoglobin not less than 12.5 gm/dl.

Analysis of data/information collected (June-July 2013) from 24 selected BBs (for 38,385 donors registered in June 2010, November 2011 and February 2013) showed the following deficiencies:

- Age (5,438 cases in 11 BBs), weight (10,511 cases in 15 BBs) haemoglobin (11,925 cases in 12 BBs), blood group (2,059 cases in 10 BBs), blood pressure (12,543 cases in 15 BBs), signature of the Medical Officers (12,004 cases in 13 BBs) and signature of donors (12,720 cases in 15 BBs) were not recorded.

- Blood was collected from two under-aged donors and three over-aged donors in three BBs, six under-weight donors in two BBs and 342 donors with haemoglobin less than 12.5 gm/dl in five BBs.

Thus, standards, as prescribed in Drugs and Cosmetics Rules, were not complied with and donor safety was compromised. Concerned authority of BBs attributed (June 2013) non-compliance to shortage of staff and rush of work.

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[18] BB at Civil Hospital, Samrala has been closed.

[19] Civil Hospital, (i) Moga; (ii) Nakodar; (iii) Pathankot; (iv) Gurdaspur; (v) Banga; (vi) Ludhiana; (vii) Bathinda; (viii) Sri Muktsar Sahib; (ix) Malerkotla; (x) Barnala; and (xi) Mansa.

(ii) As per objective 1.2.1 of NBP, SBTCs should gradually phase out the practice of replacement donors in a time bound programme. Audit noticed that as against the target of 75 *per cent* (2010-11) and 90 *per cent* (2011-13) for voluntary blood collection fixed by SBTC, National AIDS Control Organization (NACO) supported BBs[20] collected 63 to 82 *per cent* of blood units from voluntary donors during 2010-13. However, in 14 test checked BBs of Government Sector, percentage of voluntary collection of blood ranged from 70 to 80 *per cent* during 2010-13.

On this being asked, SBTC stated (July 2013) that efforts would be made to achieve the target in successive years.

(iii) It was seen that out of 11 lakh blood units collected during 2010-13 in the State, 56,617 units had been discarded on account of expiry of shelf life and other reasons. In 24 tests checked BBs, 6,670 blood units (4,647 in Government and 2,023 in private sector BBs) were discarded due to expiry of shelf life and other reasons.

3.6.5 Separation of blood components

As per objective 5.6 of NBP, availability of blood components should be ensured through a network of BBs by creating adequate number of Blood Component Separation Units (BCSU). Such facilities are required for separation of whole blood into its constituent components – red cells, platelets and plasma for use when only these specific components are required.

(i) Audit of records showed that 36 BBs (Government/Defence Sector: 20 and Private/charitable: 16) out of 99 BBs in the State, had BCSU. Further, records of the BB at Civil Hospital, Banga showed that five equipment[21] costing ₹ 0.22 crore, received during August-September 2009 for establishing BCSU were lying idle for want of license and other necessary equipment. It was also noticed that the condition of these equipment was deteriorating with the passage of time.

State Blood Transfusion Council stated (July 2013) that BBs with annual collection of more than five thousand blood units would be encouraged to have BCSU and efforts would be made to provide required infrastructure at Banga.

(ii) State Blood Transfusion Council provided targets for separation of blood components from whole human blood only for four[22] BBs, out of 36 BBs having BCSU. However, as against the target of 65 *per cent* (2010-11) and 80 *per cent* (2011-13), these four BBs separated blood components from the total blood units ranging from 48 to 59 *per cent* during 2010-13.

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20 Three BBs in the medical colleges, one BB in hospital under Bhakra Beas Management Board, 40 BBs in civil hospitals under Punjab Health Systems Corporation and one BB under Red Cross Society were supported by NACO.

21 (i) Deep Freezer (-800C); (ii) Cryo Fuge, (iii) Deep Freezer (-400C); (iv) Manual Plasma Expresser; and (v) Rem Platelets Incubator.

22 (i) Blood Banks at Sri Guru Nanak Dev Hospital, Amritsar; (ii) Guru Gobind Singh Medical College & Hospital, Faridkot; (iii) Civil Hospital Ludhaina; and (iv) Rajendra Medical College & Hospital, Patiala.

Further, records of 15 BBs out of 24 test checked BBs where BCSU was available, showed that only 37 *per cent* of the whole blood units were separated into blood components. This was well below the World Health Organisation's recommendation that the ratio of use of blood components and whole blood should be 90:10 since only limited categories of clinical intervention require whole blood.

State Blood Transfusion Council (July 2013) stated that efforts would be made to increase awareness among blood users by conducting training regarding rational use of blood at BB level.

3.6.6 Non-adherence to National Blood Policy

State Blood Transfusion Council did not adhere to the following objectives of NBP:

- Separate cadre for Medical and Para Medical staff (objective 6.7 of NBP) was not created.
- Corpus fund (objective 7.1 of NBP) to facilitate research in transfusion medicine and technology related to blood banking was not created.
- Rules for registration of nursing homes for affiliation with a licensed blood bank for procurement of blood for their patients (objective 8.6 of NBP) were not enacted by the State.
- Computer based information and management system (objective 7.5 of NBP) was not developed for use by BBs to facilitate networking to exchange information amongst BBs.
- Guidelines for management of blood supply during natural and manmade disasters (objective 5.9 of NBP) were not prepared.
- Quality Assurance Manager (QAM) to ensure quality of blood (objective 3.2 of NBP) was not designated at three[23] BBs collecting more than 15,000 units of blood per year.
- Vigilance Cell under State Licensing Authority (objective 3.1.4 of NBP) was not created.

State Blood Transfusion Council stated (July 2013) that matter would be taken up with Governing Body/Executive Committee. It also assured to prepare guidelines and issue instructions in this regard.

3.6.7 Training

Audit of records of SBTC showed that against the target of imparting training to 145 Medical Officers (MOs), 145 Laboratory Technicians (LTs) and 105 Staff Nurses (SNs) on 'Blood Safety (Induction and Refresher)', training was imparted to 102 MOs, 125 LTs and 80 SNs during 2010-13. On rational use of blood, training was imparted to 1223 MOs against target of 1475 MOs during 2010-13.

[23] (i) Dayanand Medical College & Hospital, Ludhiana; (ii) Rajindra Hospital, Patiala; and (iii) Sri Guru Nanak Dev Hospital, Amritsar.

State Blood Transfusion Council attributed (July 2013) shortfall to non-turning up of participants.

Monitoring and evaluation

3.6.8 Non-formation of Hospital Transfusion Committee

State Blood Transfusion Council, in view of NBP (objective 5.3.1 of NBP), issued guidelines (February 2010) to set up Hospital Transfusion Committee (HTC) in BBs equipped with BCSU to review appropriateness of policies of blood/red cells/components and summary report of usage statistics on issue of blood/ component etc.

Audit of records of 15 test checked BBs where BCSU was available showed that in three[24] BBs, HTC was not formed. In remaining 12 BBs, against the requirement of 372 meetings, only 140 (38 *per cent*) meetings were conducted during 2010-13. In reply, concerned authority of BBs attributed (July 2013) reasons of short/non-conducting of meetings to heavy work load/busy schedule and assured to conduct meetings in future.

3.6.9 Shortfall in conducting inspection of blood banks

Drugs and Cosmetics Rules provide that subject to the instructions of the controlling authority, it is duty of an Inspector authorised to inspect the manufacture of drugs[25] not less than once a year, all premises licensed for manufacture of drugs to satisfy himself that condition of the license and provisions of Rules were being observed.

Audit of records (June 2013) of SDC showed that shortfall in conducting inspections ranged between 53 and 61 *per cent* in Government BBs and between 56 and 83 *per cent* in private/charitable BBs during 2010-13. The SDC attributed (July 2013) shortfall to shortage of Drug Inspectors.

3.6.10 Shortfall in number of meetings of Governing Body and Executive Committee

Rules and Regulations of SBTC provide that Governing Body should meet at least twice a year and Executive Committee once in three months or more often, if necessary. Audit of records of SBTC showed (July 2013) that Governing Body and Executive Committee met only twice during 2010-13. In reply, SBTC assured (July 2013) to make efforts to meet at least once in a year in successive years.

The matter was referred to the Government in August 2013; reply was awaited (December 2013).

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[24] BBs at Civil Hospital, (i) Barnala; (ii) Mansa; and (iii) Sri Muktsar Sahib.

[25] Human blood is categorized as 'drug' under the Drugs and Cosmetics Act.

3.7 Non-functional additional bed capacity of hospitals

Expenditure of ₹ 6.40 crore incurred on construction/renovation of seven hospitals rendered unproductive as the intended purpose to enhance the bed capacity remained unfulfilled for want of manpower and other infrastructure.

(a) Government of Punjab, Department of Health and Family Welfare, keeping in view the higher bed occupancy rate, number of admissions, population base at which the hospitals were serving, etc. accorded (August 2008) administrative approval to the proposal of Punjab Health Systems Corporation (PHSC) for upgradation of Mata Kaushalya Hospital (MKH), Patiala (₹ two crore)[26] and Sub-Divisional Hospital (SDH), Pathankot (₹ 1.50 crore). The proposal *inter alia* included to upgrade the existing functional bed capacity of MKH, Patiala (154 to 250 beds) and SDH, Pathankot (100 to 130 beds).

Audit of records (February 2013) of PHSC and the information collected subsequently showed that the works of MKH, Patiala and SDH, Pathankot commenced in September 2009 were completed in February 2011 and March 2011, with an expenditure of ₹ 3.45 crore and ₹ 1.37 crore, respectively. PHSC handed over the upgraded buildings of MKH, Patiala and SDH, Pathankot to the hospital authorities in June 2011 and March 2011, respectively. However, additional bed capacity could not be made functional due to non-providing of required manpower and allied infrastructure though the same was planned as per Indian Public Health Standards at the time of initiating the proposal.

On being enquired (September 2013), PHSC stated (October 2013) that the position of manpower and infrastructure to run the hospitals up to the desired level would be assessed and provided in due course.

(b) The Ministry of Health and Family Welfare, Department of AYUSH, GOI sanctioned ₹ 3.16 crore for upgradation of five ayurvedic hospitals[27] at district/sub-district level and released (February 2010) grant-in-aid of ₹ 2.69 crore i.e. 85 *per cent* of the grant as its share and balance ₹ 0.47 crore i.e. 15 *per cent* share was to be provided by the State Government.

Audit of records (January and May 2013) of Directorate of Ayurveda, Punjab (DoA) showed that out of ₹ 2.69 crore, ₹ 1.85 crore[28] were released between June 2010 and February 2011 to PHSC for construction/renovation work in five ayurvedic hospitals. The work of all the five hospitals was completed between February 2011 and May 2011 by incurring an expenditure of ₹ 1.58 crore[29] and the same were handed over to the hospital authorities

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26 Revised to ₹ 3.70 crore in March 2013 on the basis of rough cost estimate and increase in scope of work.

27 ₹ 63.36 lakh each for Ayurvedic Hospitals at (i) Amritsar; (ii) Hoshiarpur; (iii) Jalandhar; (iv) Ludhiana; and (v) ₹ 62.56 lakh for Ayurvedic Hospital, Bathinda.

28 Jalandhar (₹ 37.50 lakh in June 2010); at Verka in Amritsar (₹ 37.50 lakh in June 2010); Bathinda (₹ 37.50 lakh in September 2010); at Datarpur in Hoshiarpur (₹ 37.50 lakh in October 2010); and Ludhiana (₹ 35.14 lakh in February 2011).

29 Out of ₹ 1.85 crore transferred to PHSC, ₹ 1.58 crore had been paid to contractors and the final bills were yet to be prepared.

between March 2011 and May 2012. However, the intended purpose to enhance indoor facilities in these hospitals could not be achieved due to non-providing of requisite staff (September 2013).

On being pointed out, DoA stated (September 2013) that the hospitals would function properly after deployment of requisite staff.

The matter was referred to the Government in April 2013 and July 2013; reply was awaited (December 2013).

3.8 Non-setting up of Blood Storage Units

Due to lack of commitment of the Department, the Blood Storage Units could not be set up even after lapse of more than two years, thereby rendering the expenditure of ₹ 0.29 crore unproductive and depriving the patients of the facility of readily available blood at the time of emergency.

Blood Storage Unit (BSU) is one of the critical determinants besides 24 hours delivery services and other emergency facilities to make First Referral Units (FRU)[30] fully functional. As per guidelines (2007)[31], setting up of Blood Storage Centres would make blood readily available at the time of emergency, especially to women during and after childbirth to bring down maternal mortality rate.

Audit of records of the State Health Society[32], Punjab (SHS) (August 2012) and Punjab Health Systems Corporation (PHSC) (January 2013) showed that Government of India (GOI) provided funds of ₹ 1.49 crore[33] during 2008-2011 in the Programme Implementation Plans (PIP) of SHS under National Rural Health Mission (NRHM) for setting up of 99 BSUs at FRUs in the State. SHS transferred (June 2011) entire funds of ₹ 1.49 crore to PHSC. Accordingly, PHSC invited (August 2011) tenders for the supply of 119 Ice Lined Refrigerators (ILR) for 119 FRUs[34] considering a better and safe option in case of electricity failure up to 24 hours and placed (August 2012) supply order for procurement and installation of 29 ILRs at a cost of ₹ 0.29 crore at 29 FRUs in first phase selected on the basis of higher number of caesarian deliveries. However, ILRs installed at 29 FRUs[35] during November-December 2012 could not be made functional (September 2013) for want of authorisation for operation of equipment from the State Drugs Controller and Licensing

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30 Community Health Centre, Sub-Divisional Hospital and District Hospital.

31 For setting up of Blood Storage Centres issued by National AIDS Control Organisation, Ministry of Health and Family Welfare, Government of India, New Delhi.

32 Established under National Rural Health Mission, Punjab.

33 ₹ 0.53 crore for 35 BSUs (2008-09); ₹ 0.93 crore for 62 BSUs (2009-10); and ₹ 0.03 crore for two BSUs (2010-11).

34 Eighty nine existing hospitals (two District Hospitals, seven Sub Divisional Hospitals and 80 Community Health Centres) and 30 upcoming Community Health Centre (CHCs) being constructed under core plan at that time, as decided in March 2011.

35 **DHs**: (i)Nawanshahar and (ii)Faridkot; **SDHs**: (iii)Baba Bakala, (iv)Raikot, (v)Sardulgarh, (vi)Gidderbaha, (vii)Balachaur and (viii)Sunam; and **CHCs**: (ix)Jalalabad, (x)Jandiala, (xi)Kot Ise Khan, (xii)Bham, (xiii)Goniana, (xiv)Lopoke, (xv)Naushera Majha Singh, (xvi)Sham Chaurasi, (xvii)Nathana, (xviii)Amloh, (xix)Tanda, (xx)Dhanaula, (xxi)Ghuman, (xxii)Ahmadgarh, (xxiii)Shahkot, (xxiv)Derabassi, (xxv)Ghariala, (xxvi)Mehraj, (xxvii)Nurpur Bedi, (xxviii)Ghanaur, and (xxix)Quadian.

Authority, Punjab. Further action to procure ILRs for remaining FRUs was not initiated (September 2013).

On being pointed out, PHSC stated (September 2013) that approval for setting up of BSUs had been applied and BSUs would be made functional shortly. The supply orders for remaining ILRs were yet to be placed. Further reply of the Department was awaited (December 2013).

Thus, due to lack of commitment of the Department, BSUs could not be set up even after lapse of more than two years despite availability of operational guidelines and funds. This rendered the expenditure of ₹ 0.29 crore incurred so far as unproductive and the balance amount of ₹ 1.20 crore also remained unutilised.

The matter was referred to the Government in April 2013; reply was awaited (December 2013).

3.9 Non-implementation of centrally sponsored programme through AYUSH intervention

Failure of the Department to implement centrally sponsored programme 'Anaemia-free Punjab' in a time bound manner not only resulted into forfeiture of central assistance of ₹ 1.83 crore but also denial of intended benefits to the people of Punjab.

In order to make the State of Punjab anaemia-free through network of Ayurvedic hospitals and dispensaries, the Directorate of Ayurveda, Punjab submitted (March 2010) a programme "Anaemia Free Punjab" to the Department of AYUSH, Ministry of Health and Family Welfare, Government of India (GOI) seeking grant-in-aid of ₹ 1.83 crore under the Centrally sponsored scheme 'Promotion of AYUSH intervention in public health initiatives'. The objectives of the programme were to prevent and eradicate anaemia from Punjab[36]. GOI accorded (November 2010) sanction to the proposal of the Department for a total grant of ₹ 1.83 crore for two years and released first instalment of ₹ 1.10 crore to be utilised within one year of the date of issue of sanction.

Audit of records (January 2013) of the Directorate of Ayurveda, Punjab (DoA) showed that on receipt (December 2010) of first instalment of ₹ 1.10 crore, DoA invited tenders for procurement of machinery (February 2011) and raw medicines/packing material (April 2011) for manufacturing of medicines in Government Ayurvedic Pharmacy at Patiala, but the tenders were not finalised by the Committee till August 2011 and the same were abandoned being old. After lapse of 17 months from receipt of funds, DoA approached (May 2012) GOI to know about the component-wise cut imposed in the proposed grant (₹ 1.83 crore). In response, GOI asked (July 2012) DoA and the State Government (November 2012) to refund the amount of ₹ 1.10 crore along with 10 *per cent* interest thereon, as no work was started even after lapse of

[36] Married men aged 15-49 years (13.6 *per cent*); married women aged 15-49 years (38.6 *per cent*); pregnant women aged 15-49 (41.6 *per cent*); and children aged 6-35 months (66.4 *per cent*).

18 months of release of funds. Consequently, the DoA refunded (December 2012) the amount of ₹ 1.18 crore including interest earned of ₹ 0.08 crore to GOI.

On being pointed out, DoA stated (February 2013) that the programme was to be implemented in three years as per their proposal submitted to GOI, which did not impose any time limit while releasing the funds of ₹ 1.10 crore. The reply was not acceptable as the sanction of GOI clearly stipulated the time frame of two years in which the grant (₹ 1.83 crore) was to be utilised and the amount of ₹ 1.10 crore released in November 2011 (first installment) was to be utilised within one year of the date of issue of sanction.

The matter was referred to the Government in July 2013; reply was awaited (December 2013).

HOME AFFAIRS AND JUSTICE DEPARTMENT

3.10 Procurement, operation and maintenance of vehicles in Police Department

Conditions associated with purchase of vehicles were not adhered to. Allocation of available vehicles was uneven. Global Positioning System created at a cost ₹8.57 crore was non-functional for want of funds. Highway vehicles lacked functional equipment. Uneconomical departmental fuel pumps and unequipped workshops were never reviewed for their operational viability.

Punjab Police possesses a fleet of vehicles for discharging their duty. Vehicles needed to provide mobility to police are broadly of four categories i.e. heavy vehicle, (Bus, Truck and Troop Carriers), medium vehicles, light vehicles (Jeeps/Cars) and two wheelers. Apart from this, Punjab police also have Special Purpose Vehicles like riot control vehicles (*Vajras*), water cannon vehicles, recovery vans, ambulances, prisoner vans, etc.

Audit of procurement, operation and maintenance of vehicles by Punjab Police (District Police) for the period 2010-13 was conducted between January and December 2013 by examining the records of office of Director General of Police (DGP), Punjab and seven Senior Superintendents of Police[37] (SSP) offices, and one Commissioner of Police (CP), Ludhiana, selected by adopting Probability Proportional to Size method of random sampling. The audit was conducted to assess the efficiency in procurement, operation, maintenance of vehicles and monitoring. The audit findings were benchmarked against the criteria derived from the standing orders, guidelines issued by the State Government and DGP Punjab.

[37] (i) Barnala; (ii) Bathinda; (iii) Hoshiarpur (iv) Ludhiana (Rural); (v) Moga; (vi) SAS Nagar; and (vii) Tarn Taran.

Audit findings

Procurement of vehicles

3.10.1 Irregularities in procurement of vehicles

The DGP was delegated the powers to purchase equipment not available on rate contract of Controller of Stores, Punjab or DGS&D, New Delhi or with Defence Research Development Organization, through Departmental Standing Purchase Committee (directed in September 2002) having a technical member, expert about equipment and presence of Chairman and all the members was mandatory. Audit examination of purchase files (May-June 2013) showed that:

- DGP, instead of forming departmental standing purchase committee as directed by Government, formed new purchase committee on six occasions and purchased 352 vehicles[38] valuing ₹ 23.13 crore. The newly formed purchase committee did not have a technical expert also. Purchase of 216 vehicles (Mahindra Scorpio Getaway: 150 and Mahindra Xylo-D2-BSIII: 66) valuing ₹ 15.34 crore were finalized on two occasions without ensuring presence of representative of Controller of Stores; and
- on five occasions, 87 vehicles (Innova: 65 and Tavera: 22) valuing ₹ 6.52 crore, not on the DGS&D rate contract, were purchased from open market without resorting to tendering process.
- the department did not have fleet management policy to manage a total fleet of 3,134 vehicles. Despite the fact that prisoners' vans, light commercial vehicles (LCVs), water cannons and *Vajras* remained short of authorization, seven more ambulances despite already having in excess of the authorization were purchased during 2010-13. Authorization of vehicles was also not revised.

Director General of Police did not furnish any justification (August 2013) for deviations from the laid down procedure, however, as regards ambulances, stated (June 2013), that against 60 units, only 48 ambulances were sanctioned. Reply indicated the status of all the units including Battalions, etc. whereas audit covered only district police, having 34 ambulances as compared to authorisation of 24. Regarding non-procurement of prisoners vans, DGP stated that it was not on the Director General of Supplies and Disposal's (DGS&D) rate contract. Reply was not acceptable as DGP was fully authorized to procure vehicles through tenders from open market.

Operations

3.10.2(i) Uneven authorization and allocation of vehicles

Senior Superintendents of Police and Commissioners of Police (CP), heading police districts, had an authorised fleet of vehicles for maintaining law and order. However, criteria for authorisation were not made available to Audit. Audit noticed that:

- Headquarter office was holding 157 vehicles (78 cars, 68 jeeps and

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[38] Mahindra Scorpio Getaway/LX-239; Tata Bus-5; Swaraj Mazda Bus-8; Hero Honda Karizma motor cycle-34 and Mahindra Xylo-66.

11 trucks) in excess of authorization whereas the district police had shortage of 120 vehicles (one car, 100 jeeps and 19 trucks); and

- distribution of available vehicles amongst the field (SSP and CP) offices was neither adhered to authorization nor shortages were evenly distributed, as given in **Table 3.2**:

Table 3.2: Showing uneven distribution of available vehicles

Type of vehicle	Authorization	Available	Number of SSsP having		Number of vehicles	
			shortage of vehicles	excess vehicles	short distributed	excess distributed
Car	57	56	8	6	11	10
Jeep	1439	1339	18	9	235	135
Bus	54	55	7	7	8	9
Truck	24	5	21	2	21	2
LCV	556	302	20	6	227	23
Recovery Van	24	26	2	4	2	4
Ambulance	24	39	3	12	3	18
Motor Cycle	1538	1261	18	8	500	223

Source: Departmental data

Director General of Police attributed (August 2013) reasons for shortage in field to shortage of funds and excess at Headquarters office to sensitive nature of duty. Uneven distribution was attributed to the recently created police districts, lack of funds, sensitive law and order situation, besides donation of vehicles. Reply was not acceptable as considering these parameters, authorisation should have been revised with the approval of the competent authority before allocation of vehicles.

(ii) Non-functioning of Global Positioning System

With the objective of having round the clock security cover for public, immediate and timely police response and to ensure accountable system of police working, Director General of Police approved (September 2009), a project for modernization of control rooms by installation of Global Positioning System (GPS) with auto-generated response at six locations[39] at a cost not exceeding ₹ 11.50 crore. Implementation of project was entrusted (September 2009) to Punjab Police Housing Corporation (PPHC) and ₹ 7.74 crore[40] were transferred to it. PPHC awarded (January 2010) the work of installation of GPS to a solution provider[41]. As per agreement (February 2010), the solution provider was to install GPS in 605 vehicles and install one range control system at each of the six identified locations. For operating this system, PPHC was to pay GPS rental quarterly to the solution provider.

Audit noticed (July-December 2013) that the solution provider supplied (January 2010) system costing ₹ 6.01 crore which included 605 GPS units for installation in vehicles and equipment for installation in control rooms. PPHC constructed these control rooms at a cost of ₹ 2.56 crore. Out of 605 GPS

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[39] (i) Amritsar; (ii) Ludhiana; (iii) Jalandhar; (iv) Patiala; (v) Bathinda; and (vi) SAS Nagar.
[40] ₹ 7.50 crore in November 2009 and ₹ 0.24 crore in November 2010.
[41] M/s HCL Infosys.

units, 508 GPS units were installed and commissioned in June 2010. Remaining 97 GPS units valuing ₹ 0.22 crore[42] remained uninstalled (December 2013) due to its non-compatibility with batteries of the vehicles identified for their installation. The warranty of GPS units lapsed (June 2013) during storage itself. PPHC incurred an expenditure of ₹ 0.92 crore towards recurring charges (rental charges and overheads) up to Mach 2012, including ₹ 0.05 crore for the uninstalled GPS units. PPHC could not pay rental charges after March 2012 due to non-availability of funds. Resultantly, solution provider, after serving notice (July 2013), withdrew the services, rendering the entire system, set up at a cost of ₹ 8.57 crore,[43] as non-functional.

(iii) Delayed/non-disposal of condemned vehicles

As per the instructions (August 1996) issued by Motor Vehicle Board, Punjab, condemned vehicles should be disposed of within three months of their condemnation. During test check of records of the office of DGP Punjab, it was noticed that:

- out of 50 vehicles condemned at Headquarters office during 2010-13, 41 vehicles having initial reserve price of ₹ 0.38 crore, were disposed of for ₹ 0.18 crore with delays ranging between 35 and 667 days beyond permissible time of three months, after re-fixing the reserve price at ₹ 0.15 crore. Reserve price of remaining seven condemned vehicles had been revised from ₹ 0.05 crore to ₹ 0.02 crore and were still awaiting disposal despite delay of up to 335 days (March 2013); and

- records of four SSP offices[44] and one CP, Ludhiana showed that 34 vehicles, having reserve price of ₹ 0.17 crore, were disposed of at ₹ 0.13 crore with delays ranging between 128 and 1436 days. In another three SSP offices,[45] 21 condemned vehicles, having reserve price of ₹ 0.09 crore, were still to be disposed of despite delays ranging between 27 and 2,093 days (March 2013). The delay in disposal of condemned vehicles led to decrease in sale value resultantly causing loss to the Government.

Director General of Police and three SSsP[46] attributed (July-October 2013) the delay to lengthy process for the disposal of condemned vehicles. Replies were not acceptable as inordinate delay ranging between 35 and 1436 days beyond permissible time of three months could not be attributed to the process only.

3.10.3 Shortage of drivers

Director General of Police, with the aim to ensure proper use, care and maintenance of police motor vehicles, issued (June 1981) a Standing Order No. 10 (revised), which *inter alia* prescribed that only authorized drivers were permitted to drive police vehicles. It also prohibited driving of police vehicles

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42 Cost of per GPS unit was ₹ 22,376.25 (₹ 19,890 + taxes).

43 ₹ 6.01 crore (cost of 605 GPS units and other equipment) *plus* ₹ 2.56 crore (cost of construction of rooms).

44 (i) Barnala; (ii) Hoshiarpur; (iii) Moga; and (iv) SAS Nagar.

45 (i) Ludhiana (Rural); (ii) Moga; and (iii) SAS Nagar.

46 (i) Barnala; (ii) Hoshiarpur; and (iii) SAS Nagar.

by officials and officers of all ranks. Audit noticed that sanctioned posts of drivers in district police were 927 (49 *per cent)* as against holding of 1,873 vehicles (March 2013).

3.10.4 Utilization of ordinary vehicles for carrying prisoners

Five[47] out of seven test checked SSP offices, due to shortage of prisoners' vans-specifically designed to ferry prisoners, were using ordinary vehicles for ferrying the prisoners/inmates from jails to and fro the courts. On this being pointed out, concerned SSsP[48] attributed it to shortage of prisoners' van and assured (January-September 2013) to take up the matter with the higher authority.

3.10.5 Un-equipped highway patrolling vehicles

As per DGP orders (December 2003), all highway patrolling vehicles were required to be mandatorily equipped with essential items and equipment[49] helpful in saving precious lives, conducting rescue operations and clearing of the tracks. Audit noticed (July-September 2013) that 19 out of 21 highway patrolling vehicles, in CP office and six[50] test checked SSP offices, were either not provided with all equipment or the equipment were not in working condition. Four SSsP[51] and CP, while agreeing to the fact, stated (July-September 2013) that the matter would be referred to the higher authority for making the highway patrolling vehicles functional in all respects whereas, two SSsP[52] stated (July 2013) to have already taken up the matter with the higher authority.

3.10.6 Non-reviewing the running of departmental petrol pumps

Out of eight test checked offices in audit, SSP, Bathinda, Hoshiarpur, Tarn Taran and CP Ludhiana were running a departmental fuel pump (petrol and diesel) each, whereas remaining were purchasing fuel from market. Audit of records (July-September 2013) showed that fuel from the departmental fuel pumps, on account of overhead charges, was costlier as compared to market rates thereby caused loss of ₹ 0.61 crore. These pumps, during 2010-13, also remained dry for 136 (petrol) and 77 (diesel) days at Hoshiarpur, 91 (petrol) and 137 days (diesel) at Tarn Taran and 152 (petrol) and 121 days (diesel) at Bathinda defeating the purpose of operating these pumps departmentally.

On being pointed out, SSsP assured (July-September 2013) to either look into the matter or take up the matter with the higher authority.

3.10.7 Non-obtaining of Pollution Under Control certificate

All motor vehicles are required[53] to carry a "*Pollution Under Control*" certificate issued by a government authorized agency. Audit noticed that no

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47 (i) Barnala; (ii) Hoshiarpur; (iii) Ludhiana (Rural); (iv) Moga; and (v) Tarn Taran.

48 (i) Barnala; and (ii) Moga.

49 First Aid Kits; ropes; stretcher; torches; saw; traffic-cones; warning triangles; public address system; speed radar; alco meter; camera; sirens of approved type. etc.

50 (i) Barnala; (ii) Bathinda; (iii) Hoshiarpur; (iv) Moga; (v) Ludhiana (Rural); and (vi) Tarn Taran.

51 (i) Moga; (ii) Hoshiarpur; (iii) Ludhiana (Rural); and (iv) Tarn Taran.

52 (i) Barnala; and (ii) Bathinda.

53 Under sub rule (7) of Rule 115 of Central Motor Vehicles Rules, 1989.

such certificate in respect of vehicles under the charge of any of the test checked SSP office had been obtained.

On being pointed out, SSsP of the test checked districts assured (January-September 2013) to take up the matter with the higher authority to get all vehicles examined for pollution.

Maintenance

3.10.8 Unequipped departmental workshops

Standing Order No. 10, issued by DGP (June 1981) *inter alia* prescribed that every district would have a unit workshop, duly equipped with machines, tools and at least four mechanics for carrying out repairs.

Though the DGP admitted that except for PAP Jalandhar, no district was sanctioned departmental workshop and posts of mechanics, yet test checked offices (July-September 2013) showed that five offices[54] were operating departmental workshops by deploying constabulary officials as mechanics. Besides, these workshops were not equipped with basic tools, spares and allied equipment.

SSsP/CP, while agreeing to the requirement of mechanics, stated (July-September 2013) that the matter would be taken up with the higher authority.

Thus, operating departmental workshops without spare parts, tools and equipment and even mechanics defeated the very purpose of running these workshops.

Monitoring and evaluation

3.10.9 Deficient monitoring and evaluation

It was noticed in audit that no instruction was issued or format prescribed to receive information from SSsP for monitoring the availability, operation and status of the vehicles. It was, however, noticed that DGP was receiving expenditure returns in respect of each vehicle from SSsP every month in varied format.

Audit examination (May-June 2013) of reports and returns files in the office of DGP showed that against the envisaged 288 monthly expenditure returns due during 2010-13 in respect of test checked offices, as much as 94 returns (33 *per cent*) were not received. Monthly abstract was not prepared by consolidating the available data, resultantly these returns were not analyzed by the management to derive information, which could be used in decision making.

3.10.10 Unreliable data base

Audit of records of DGP office showed a difference of two to 20 vehicles held by four SSsP[55] on 31 March 2013 as compared to records of DGP office. This indicated that data maintained in DGP office was not being updated to be

[54] (i) Barnala; (ii) Bathinda; (iii) Hoshiarpur; (iv) Ludhiana (CP); and (v) Tarn Taran.

[55] (i) Barnala; (ii) Ludhiana (Rural); (iii) SAS Nagar; and (iv) Tarn Taran.

consistent with the actual position. Reply of DGP was awaited (August 2013).

3.10.11 Excess consumption of fuel

Government of Punjab, Department of Finance (Finance Budget-I Branch) fixed (July 2012) norms for consumption of fuel by each vehicle, with the maximum ceiling of 261 litres per month. In the test checked six SSP offices, 397 vehicles in operation from July 2012 to March 2013 were found to have consumed 69187 litres (worth ₹ 0.35 crore) of fuel beyond the maximum limit. Though the consumption of fuel in excess of the norms was reported by SSsP concerned to DGP through monthly returns, yet no action had been taken to prevent recurrence of such excess expenditure in future.

On being pointed out, DGP while admitting the audit observation, stated (June 2013) that directions had since been issued to all the concerned.

The matter was referred to the Government in August 2013; reply was awaited (December 2013).

3.11 Unproductive expenditure on central armoury building

Construction of armoury building in the protected fort without permission of the Archaeology Department rendered the expenditure of ₹ 2.15 crore unproductive as it could not be put to use for the intended purpose.

The Government of Punjab, Department of Cultural Affairs, Archaeology and Museums declared (December 1992) Bahadurgarh Fort (fort) at Patiala a protected monument under the Punjab Ancient and Historical Monuments and Archaeological Sites and Remains Act, 1964 (Act). As per the Act, no person, including the owner or occupier of the protected area, shall construct any building within the protected area without the permission of the Government. The Commandant, 36th Battalion PAP (Commandant) and the Commandant, Commando Training Centre (CTC) were the occupiers of the fort.

Audit of records (September 2010) of the Commandant and information collected subsequently (between November 2010 and July 2013) disclosed that the Commandant, without taking into consideration the necessity to obtain prior permission of the Government for construction in the protected monument, mooted a proposal (May 2005) for construction of a new central armoury building in the fort as the existing armoury building was dilapidated and was insufficient to store arms and ammunition. The Director General of Police, Punjab (DGP) transferred (March 2006) ₹ 1.25 crore to Punjab Police Housing Corporation (PPHC) for execution of work. PPHC requested (January and March 2007) the Commandant and Inspector General of Police, Commando Punjab (IGP) for obtaining unsafe certificate for removal of old *astabal* causing obstruction to the proposed site. The Commandant intimated (August 2007) the IGP that the site had been shifted farther from the ancient *astabal* and permission for removal of the ancient *astabal* was no longer required from the Archaeology Department.

Meanwhile, on receipt (May 2007) of an intimation from Tourism Department to vacate the fort for developing it as a tourist facility, it was decided (June 2007) in a meeting under the chairmanship of Chief Secretary that it would not be possible to vacate the fort as Police Department had built up huge infrastructure in it but no more building would be added. Despite this decision, Home Department issued (September 2007 and May 2009) administrative approval for ₹ 2.11 crore[56] for construction of armoury building in the fort. The Armoury building was completed (May 2009) at a cost of ₹ 2.15 crore.

The Commandant did not take charge (August 2009) of the armoury building as the ancient *astabal* was still obstructing the passage of vehicles even to reach the gate of the building. Thereafter, Commandant, CTC was directed (October 2010) to take over the charge of the armoury building for providing residential facility to trainees. However, the building, which was not conducive for residential purpose, was used only once during September to December 2010.

Thus, construction of armoury building in the protected fort without obtaining permission from the Archaeology Department rendered the expenditure of ₹ 2.15 crore unproductive, as it could not be put to use for the intended purpose.

The matter was referred to Government in April 2013; reply was awaited (December 2013).

IRRIGATION DEPARTMENT

3.12 Avoidable expenditure due to non-approval of tendered rates in time

Non-approval of tendered rates within the validity period and re-tendering led to avoidable expenditure of ₹ 2.43 crore.

With a view to overcome the problems of frequent silting, scouring, chronic shortage of water at tail ends, to take authorized discharge, to cater to keen demand of water at crop sowing time and for proper feeding of off taking channels, the National Bank for Agriculture and Rural Development (NABARD) sanctioned (July 2009) a loan of ₹ 49.11 crore for side lining of channels of Ghaggar Branch RD 0-1,72,000 in Patiala and Sangrur districts. The Project was to increase additional irrigation facilities for 14,885 hectares culturable command area, to which the Government of Punjab (GOP), Department of Irrigation, accorded (December 2009) administrative approval of ₹ 51.69 crore including State share of ₹ 2.58 crore.

Audit of records of three Executive Engineers (EEs)[57], showed that e-tenders for lining work from RD 81000-172000 (60 slices) were invited (August 2010) which were to be received up to 14 September 2010 with validity period of 90 days from the opening of the tenders. The technical and financial bids were opened on 16 October and 25 October 2010 respectively and the lowest

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56 ₹ 1.25 crore (September 2007) and ₹ 0.86 crore (May 2009).

57 (i) Canal Lining Arrear Division, Ludhiana; (ii) Kotra Canal Lining Division, Sangrur; and (iii) Canal Lining Arrear Division, Patiala.

tendered rates were ₹ 25.41 crore[58]. The validity period of tender was up to 24 January 2011. The Superintending Engineer (SE), Canal Lining Circle, Patiala, forwarded (20-24 December 2010) the tenders for approval of rates to the Chief Engineer/Lining, Irrigation Works, Punjab (CE) who approved the rates between 5 March and 15 March 2011 after lapse of the validity period of tenders. As the rates were approved by the CE after the validity period, the contractors refused to execute the work in view of increase in rates and lapse of validity period.

Tenders were re-invited (May 2011), opened (September 2011) and the lowest rates approved (November 2011) by CE were of ₹ 28.38 crore[59]. The work was allotted (November 2011) and on completion (between December 2011 and April 2012), an amount of ₹ 27.84 crore was paid to contractors resulting in avoidable expenditure of ₹ 2.43 crore compared to the lowest tendered rates of ₹ 25.41 crore quoted in the earlier tender discharged.

On being pointed out (August 2013), CE stated (October 2013) that the then SE/EEs never specifically brought to the notice of the higher authorities, the reduction of validity period of tender rates from 180 to 90 days in tenders invited in August 2010, though a copy of NIT was enclosed at the time of submission of rates. They took a period of one and a half month in submitting tenders for approval. EE, Kotra Canal Lining Division, Sangrur, admitted the facts. No reply was, however, furnished by other two EEs till November 2013.

The reply of CE is not acceptable as non-approval of tendered rates of ₹ 25.41 crore within the validity period, on the first call by CE, led to re-tendering/acceptance of higher rates of ₹ 28.38 crore resulting in avoidable expenditure of ₹ 2.43 crore[60].

The matter was referred to Government in August 2013; reply was awaited (December 2013).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

3.13 Avoidable payment of escalation on construction of rail over bridges/rail under bridges

Department's failure to adhere to codal provisions and to coordinate with the Railways led to delay in completion of rail over/under bridges and avoidable payment of escalation of ₹ 6.22 crore.

The Railways prioritizes and approves the construction of new rail over/under bridge (ROB/RUB) works on cost sharing basis with the State Government. For construction of ROB/RUB, the State Government process the proposals, give requisite undertaking for cost sharing and closures of level crossings to the Railways and sanction of work in the State Government Budget. The

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58 ₹ 8.15 crore (Ludhiana); ₹ 8.18 crore (Sangrur); and ₹ 9.08 crore (Patiala).

59 ₹ 9.14 crore (Ludhiana); ₹ 9.15 crore (Sangrur); and ₹ 10.09 crore (Patiala).

60 ₹ 27.84 crore (Paid on completion) *minus* ₹ 25.41 crore (tendered rates on first call) = ₹ 2.43 crore.

Punjab Infrastructure Development Board (PIDB) was declared Nodal agency for construction of ROBs/RUBs. Records relating to construction of ROBs/RUBs during 2010-11 to 2012-13 showed that during this period, 25 ROBs/RUBs were constructed at a cost of ₹ 430.67 crore as detailed in ***Appendix 3.3***. Out of these, five works had already been commented upon in the paragraph 4.1.1 of the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012-Government of Punjab. Of the remaining 20 completed works, 10[61] works completed at a cost of ₹ 176.54 crore were selected by adopting Probability Proportional to Size (PPS) Method of Random Sampling.

During examination of records relating to construction of 10 ROBs/RUBs during April-May 2013, the following irregularities were noticed.

3.13.1 Irregular payment of escalation on lump sum contracts

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. Para 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 records of five[62] Executive Engineers (EE) of PWD (B&R) showed that five works for construction of ROBs/RUBs were allotted at a cost of ₹ 82.03 crore on lump sum basis with scheduled period of completion of 14 to 15 months. Though the works were to be executed on lump sum basis, yet a price adjustment clause was included in DNITs and agreements, which states that contract price would be adjusted for increase or decrease in rates and prices of labour, material, fuel and lubricants. It was further noticed that a price escalation amounting to ₹ 2.75 crore was paid within the stipulated period of completion of works as detailed in ***Appendix 3.4.*** It was further observed that in four other lump sum contracts, works[63] were allotted during the same period by deleting the price adjustment clause and no escalation was paid. The inclusion of price adjustment clause in the agreements of lump sum contracts of five works was a favour to the contractual agencies and not in consonance with the provisions and spirit of PWD Code and DFR.

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61 Construction of approaches on (i) ROB No. 2 at Morinda (₹ 16.12 crore); (ii) ROB 145-B at Sirhind (₹ 17.03 crore); (iii) ROB No. 2C/2T at Bathinda (₹ 33.65 crore); (iv) ROB A-34 at Jagraon (₹ 16.06 crore); (v) ROB B-30 at Malout (₹ 20.06 crore); (vi) ROB 194 at Budhlada (₹ 16.06 crore); (vii) RUB 240 at Malout (₹ 20.50 crore); (viii) ROB LC No. C 161 at Chawapayal (₹ 12.26 crore); (ix) ROB on LC 131-C at Shamboo (₹ 16.06 crore); and (x) RUB 245A at Bathinda (₹ 8.74 crore)= (₹ 176.54 crore).

62 Executive Engineers, (i) Central works Division, PWD (B&R), Abohar; (ii) Construction Division No.1, PWD (B&R), Ludhiana; (iii) Construction Division No. II, PWD(B&R), Bathinda; (iv) Construction Division No I, PWD(B&R), Mohali; and (v) Construction Division, PWD (B&R), Sirhind.

63 Construction of approaches on (i) ROB No. C-161 at Chawapayal (Construction Division No. 2, Ludhiana); (ii) LC No. C-194 at Budhlada (Provincial Division, Mansa); (iii) RUB No. B-240 at Malout (Construction Division No. 2, Bathinda); and (iv) ROB No. LC 131-C at Shambu (Provincial Division No. 2, Patiala).

On this being pointed out (July 2013) in audit, the Chief Engineer (Infrastructure Projects) stated (August 2013) that the provision of price adjustment clause was necessary to safeguard the ultimate interest of the Government by making a balanced contract for ensuring timely completion, smooth performance of contract and to avoid any potential disputes with the contractor. The reply was not acceptable as the insertion of price adjustment clause in the lump sum contract agreements by violating the codal provisions was irregular.

3.13.2 Avoidable payment of escalation due to delays attributed to Railways

The construction of ROB/RUB was a venture of the State Government and Railways. PIDB instructed (October 2008) the Chief Engineer (IP) that a written undertaking in respect of time schedule chart, acceptance of cost sharing and approved General Arrangement Drawings (GADs) must be obtained from the Railways before taking up the work for the smooth and timely completion of work. Audit of records of six works allotted to various agencies at a cost of ₹ 87.34 crore (five works-₹ 82.03 crore as referred to in paragraph 3.13.1 and one work (Serial No. 6 of ***Appendix 3.5)*** allotted at a cost of ₹ 5.31 crore) the works were not completed within stipulated period and delay of 18 to 60 months occurred due to (i) delay in completion of Railway's portion of work, (ii) non-handing over obligatory span and common pier by Railways and (iii) non-approval of drawings and methodology by Railways. Due to delayed completion of works by Railways, the Department had to make avoidable payment of escalation amounting to ₹ 3.47 crore, as detailed in ***Appendix 3.5.***

On this being pointed out (July 2013), the Chief Engineer (IP) stated (August 2013) that the works could not be completed within the stipulated time period due to non-completion of Railway's portion and on account of not handing over of common pier in time and non-shifting of utilities by Railways. The reply was not convincing as the delay was due to non-coordination with Railways for timely completion of the works.

The matter was referred to Government in July 2013; reply was awaited (December 2013).

3.14 Non-reimbursement of expenditure

Non-submission of claims for expenditure incurred on repair and maintenance of National Highways, as per prescribed procedure, resulted in extra burden of ₹ 3.93 crore on State exchequer.

The expenditure on construction and upkeep of National Highways is initially incurred by the concerned Executive Engineer (EE) of the State Public Works Divisions on an agency basis from the State balances and get it reimbursed from the Regional Pay and Accounts Officer (National Highways), Ministry of Road Transport and Highways, Government of India (MoRTH) through the concerned Accountant General. The Controller General of Accounts, Ministry of Finance (November 2001) and the Chief Controller of Accounts, Ministry of Road Transport & Highways, New Delhi clarified (December 2001) that all claims for a particular financial year were to be got settled within the same financial year and the claims pertaining to previous year(s) should not be entertained during the current financial year as the expenditure on National Highways is of revenue nature.

Audit of records (May 2012) of the Executive Engineer (EE), Central Works Division, Ferozepur and further information collected (April 2013) from all the concerned 12[64] divisions showed that these divisions claimed a sum of ₹ 19.27 crore during the period from 2009-10 to 2012-13 on account of expenditure incurred on repair and maintenance of National Highways. MoRTH disallowed ₹ 3.93 crore due to the reasons that expenditure pertained to previous years, expenditure not shown in Form-27, expenditure booked in Form-64 and schedule dockets mismatched and did not tally with Form-27, non-supply of supporting documents etc. by the concerned Central Works Divisions of the State.

Thus, due to non-submission of claims within the prescribed time and non-supply of requisite documents, 12 EEs failed to get reimbursement of expenditure of ₹ 3.93 crore incurred on repair and maintenance of National Highways from the MoRTH, resulted into extra burden on the State exchequer.

On matter being referred to Government in June 2013, EE, Central Works Division, Ferozepur attributed the reasons for late submission of claims to late release of LOC by the treasury. EEs, Sangrur at Patiala and Amritsar-1 and Horticulture Division, Mohali (at Patiala) stated that due to lack of funds/LOC, payment could not be released during concerned year, EE, Abohar stated that payment was made in the next financial year. EEs, Central Works Divisions, Pathankot, Ropar, Hoshiarpur, Patiala, Bathinda and Mohali did not provide specific reasons. EE, Central Works Division, Ludhiana stated that reimbursable amount had been claimed within time frame. The reply of EE, Ludhiana was not acceptable as the works were completed between 29 September 2007 and 3 February 2009 whereas claims for reimbursement of expenditure were raised in December 2010.

The fact, however, remained that due to non-submission of claims within the prescribed period as per set procedure led to extra burden of ₹ 3.93 crore on the State exchequer.

The matter was referred to Government in June 2013; reply was awaited (December 2013).

[64] Central Works Divisions, (i) Abohar; (ii) No.1 Amritsar; (iii) Bathinda; (iv) Ferozepur; (v) Hoshiarpur; (vi) No.1 Ludhiana; (vii) SAS Nagar; (viii) Pathankot; (ix) Patiala; (x) Sangrur at Patiala; (xi) Ropar; and (xii) Horticulture, SAS Nagar.

3.15 Blockade of funds

Blocking of ₹ 1.97 crore in construction of bridge remaining without usage due to delay in acquisition of land for approach road.

The Government of Punjab, Public Works Department (PWD) accorded (June 2008) administrative approval of ₹ 2.11 crore for construction of high level bridge of 75.51 meter span over *Pawittar Bein* including approaches and link road of 0.45 KM length in district Kapurthala with the aim to connect roads leading to Industrial Focal Point, Goindwal Sahib and historical place of Sultanpur Lodhi. The work was technically sanctioned by the Chief Engineer, PWD (B&R) in October 2008.

Audit of records (September 2012) of the Executive Engineer (EE), Construction Division No. 2, PWD (B & R), Kapurthala showed that the work was allotted (January 2009) at a cost of ₹ 2.24 crore on lump sum basis with a time limit of 12 months. The land measuring 1.04 acre was required for alignment of approaches of the bridge, out of which 0.54 acre belonged to Gram Panchayat and 0.50 acre was of land owners. The Gram Panchayat gave (January 2009) its consent for use of its land for construction of bridge but the remaining land measuring 0.50 acre pertaining to private land owners remained un-acquired for construction of approach road. The bridge portion was completed (March 2011) at an expenditure of ₹ 1.97 crore without construction of approach road to the bridge.

On being pointed out (September 2012) and information collected subsequently, EE stated (August 2013) that the earth work in the portal on approaches where panchayat land was available had been completed, bridge had been put to traffic for local vehicles and bituminous approach road would be completed soon. It was further stated (November 2013) that notification under Section 6 for acquisition of land had been published.

The reply was not convincing as non-acquisition of private land prior to taking up the construction work led to non-construction of approach road. This had resulted not only in blockade of funds of ₹ 1.97 crore spent on construction of bridge without its usage for vehicular traffic for more than 32 months but the intended purpose to link the Industrial Focal Point Goindwal Sahib and historical place of Sultanpur Lodhi was also not achieved (November 2013).

The matter was referred to Government in July 2013; reply was awaited (December 2013).

PUBLIC WORKS (BUILDINGS & ROADS), IRRIGATION, RURAL DEVELOPMENT & PANCHAYATS AND WATER SUPPLY & SANITATION DEPARTMENTS

3.16 Non-clearance of Miscellaneous Public Works Advances

Lack of control over maintenance of suspense head 'Miscellaneous Public Works Advances' led to accumulation of ₹ 168.36 crore and irregular debit of items related to Cash Settlement Suspense Account, unsanctioned estimates and funds received for deposit works under the head.

Miscellaneous Public Works Advances (MPWA) is a suspense head of account under the major head of account concerned. It is intended to record transactions, the allocation of which is not known or which cannot be adjusted until recovery or settlement is effected or write off ordered. A mention was made in paragraph 4.4 of Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 (Civil)-Government of Punjab on Miscellaneous Public Works Advances. Public Accounts Committee (PAC) in their Report No. 173 and 175 presented to Vidhan Sabha on 25 March 2010 took a serious view of non-clearance of outstanding MPWA and recommended *inter alia* that the departments must clear the long outstanding items immediately. With a view to further assess the position of outstanding balances under MPWA, audit was conducted between May and July 2013 by collection and analysis of the data of outstanding items of MPWA as of March 2013 in respect of 48[65] out of 188 divisions of four departments selected by adopting Probability Proportional to Size With Replacement Method of Random Sampling. Out of 48, Four[66] divisions did not supply the item-wise/period-wise details of ₹ 8.64 crore outstanding under MPWA.

Audit findings

3.16.1 Outstanding amount

The position of total outstanding MPWA as on 31 March 2013 in the selected 48 divisions showed (***Appendix 3.6***) that ₹ 168.36 crore consisting of 2,496 items were lying outstanding under MPWA. Of these, ₹ 0.02 crore[67] pertained to the period even prior to re-organisation (November 1966) of the State. Non-clearance/adjustment of MPWA was persisting despite being

[65] 13 out of 54 (24 *per cent*) divisions of PWD (B&R); 21 out of 83 (25 *per cent*) divisions of Irrigation Department; 11 out of 43 (26 *per cent*) divisions of Water Supply & Sanitation Department; and three out of eight (38 *per cent*) divisions of Rural Development & Panchayats Department.

[66] (i) Warehouse Division, Ranjit Sagar Dam, Shahpurkandi-₹ 2.17 crore; (ii) Water Supply and Sanitation Division (WSSD) No. 2, Ropar-₹ 0.33 crore; (iii) Drainage Division, Ludhiana-₹ 0.04 crore; and (iv) WSSD (Mechanical), Patiala- ₹ 6.10 crore.

[67] (i) Madhopur UBDC Division, Gurdaspur-₹ 6,587 (14 items); (ii) Bist Doab Division, Jalandhar-₹ 52,584 (12 items); (iii) Sidhwan Canal Division Ludhiana-₹ 5,755 (two items); (iv) Drainage Division, Ludhiana-₹ 76,495 (27 items); (v) Mechanical Drainage Construction Division, Ferozepur-₹ 1,757 (one item); (vi) Provincial Division, Bathinda-₹ 76,361 (two items); (vii) WSSD No. 3, Ludhiana-₹ 250 (one item); and (viii) WSSD No. 2, Sri Muktsar Sahib-₹ 3,530 (four items).

pointed out by PAC. It was noticed that MPWA were lying outstanding against the contractors, suppliers, departmental employees, other divisions/offices as detailed in **Table 3.3** and items on account of irregular debits to MPWA as discussed in paragraph 3.16.2.

Table 3.3: Category-wise details of outstanding Miscellaneous Public Works Advances

(₹ in crore)

Particulars	Before re-organisation of the State			After re-organisation of the State		
	No. of divisions	No. of items	Amount	No. of divisions	No. of items	Amount
Outstanding against contractors and suppliers	--	--	--	32	414	17.30
Outstanding against other States	--	--	--	5	14	10.70
Outstanding against other divisions/offices	--	--	--	41	887	88.93
Outstanding against departmental employees	6	52	0.02	45	812	15.21

Source: Compiled from Departmental data

(i) Outstanding against contractors and suppliers

PAC observed (March 2010) that inordinate delay in receipt of material and adjustment of advances resulted in contractors being unduly benefited and connivance of the departmental employees with the contractors/suppliers could not be ruled out and recommended to recover the Government dues from the contractors/suppliers at the time of making their final payments. Audit, however, noticed that in 32 selected divisions, 414 items valuing ₹ 17.30 crore were outstanding for the period from March 1968 to March 2013 against various contractors/suppliers on account of short/non-supply of material, advance payments, excess payments, non-deduction of cess, *minus* bills, penalties, mobilization advances, rejected material etc. However, the irregularity was still persisting despite PAC's recommendation.

(ii) Outstanding against other States

In five[68] selected divisions, 14 items involving ₹ 10.70 crore were lying outstanding against other States viz. Jammu and Kashmir (₹ 4.83 crore), Haryana (₹ 0.20 lakh) and Himachal Pradesh (₹ 5.87 crore) for the period from March 1973 to June 2009 on account of payment for land compensation, advance payment for execution of various works etc. As such, proper accountal of State funds could not be ensured due to non-recovery/adjustment of the amounts since long.

(iii) Outstanding MPWA against other divisions/offices

In 41 selected divisions, ₹ 88.93 crore relating to 887 items for the period from July 1967 to March 2013 were pending for adjustment/recovery on

[68] (i) Mechanical Drainage Construction Division, Ferozepur-₹ 0.21 lakh (2 items); (ii) Project Repair and Maintenance Division, Ranjit Sagar Dam, Shahpur Kandi-₹ 1018.07 lakh (8 items); (iii) Shahpur Kandi Dam Division No. 4, Shahpur Kandi-₹ 35.17 lakh (1 item); (iv) Communication Division, Ranjit Sagar Dam, Shahpur Kandi-₹ 0.14 lakh (1 item); and (v) Water Supply and Sanitation Division (Mechanical), Patiala-₹ 16.78 lakh (2 items).

account of supply/transfer of material, transfer of funds, works done by these divisions on behalf of other divisions/offices etc. Due to delay in recovery/adjustment, diversion/mis-utilisation of funds could not be ruled out.

(iv) Outstanding against departmental employees

In 45 selected divisions, ₹ 15.23 crore (consisting of 864 items including 52 items amounting to ₹ 0.02 crore for the period prior to re-organisation of the State) were outstanding against the departmental employees for the period from July 1958 to March 2013 and included items on account of unauthorized payments, diversion of funds, excess payments, shortage of material, non-accountal of stock, irregular payments, non-receipt of vouchers, advance payments, execution of works below specification, losses etc.

On being pointed out (August 2013), two Executive Engineers[69] (EE), stated (August and October 2013) that ₹ 1.26 crore had been adjusted /cleared/ recovered. Other two EEs[70] stated (October 2013) that they had initiated the cases for writing off the irrecoverable amounts. EE, Mechanical Drainage Division, Amritsar, admitted that ₹ 0.34 lakh were outstanding against expired/retired employees. Whereas, the other EEs assured (May-October 2013) to clear the outstanding amounts at the earliest.

Thus, non-recovery/adjustment of the amounts for longer period would further result in more and more amounts becoming irrecoverable as the concerned employees would retire with the passage of time thereby causing permanent loss to the State exchequer. The irregularity was persisting despite recommendation of PAC to recover the Government dues from the employees.

3.16.2 Irregular debits to MPWA

(i) Irregular debit of items of Cash Settlement Suspense Account

The Government of Punjab, Department of Finance introduced (March 2006) the system of cash and carry for settlement of inter divisional transactions and dispensed with the operation of suspense head "Cash Settlement Suspense Account" (CSSA) and the items lying outstanding there under were to be cleared immediately.

It was, however, noticed that instead of clearing outstanding items under CSSA by settlement in accordance with the orders of March 2006, nine divisions transferred (between January 2007 and January 2009) 64 items involving ₹ 5.05 crore[71] to MPWA. This was not only against the spirit of the

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[69] (i) EE, Construction Division No. 1, PWD (B&R), Kapurthala (₹ 0.03 crore); and (ii) EE, Construction Division No. 2, PWD (B&R), Jalandhar (₹ 1.23 crore out of ₹ 2.10 crore).

[70] (i) EE, Shah Nehar Extension (Civil) Division, Hoshiarpur; and (ii) EE, Madhopur UBDC Division, Gurdaspur.

[71] (i) Mechanical Drainage Division, Amritsar-₹ 260.94 lakh (33 items); (ii) Faridkot Drainage Construction Division, Gidderbaha-₹ 2.10 lakh (4 items); (iii) Madhopur UBDC Division, Gurdaspur-₹ 0.12 lakh (1 item); (iv) Canal Lining Division, Rampura Phul-₹ 107.07 lakh (2 items); (v) Electrical Division, Chandigarh-₹ 2.70 lakh (5 items); (vi) Construction Division, Malerkotla-₹ 86.98 lakh (1 item); (vii) Central Works Division, Patiala-₹ 7.38 lakh (6 items); (viii) WSSD, Fazilka-₹ 5.08 lakh (2 items); and (ix) WSSD, Gurdaspur-₹ 32.97 lakh (10 items).

orders of the Government to dispense with the operation of CSSA but also resulted in delay in recovery of amount lying under CSSA.

On this being pointed out (August 2013), EE, WSSD No. 2, Amritsar stated (August 2013) that efforts were being made to clear these balances. Other divisions did not furnish replies.

(ii) Debit of expenditure incurred on works relating to unsanctioned estimates

Article 57 of Account Code, Volume-III provides that no charges should be debited to MPWA on the ground of absence or insufficiency of sanction or appropriation.

In six[72] selected divisions, ₹ 4.97 crore in 38 cases were debited to MPWA on account of unsanctioned estimates during the period from July 1974 to July 2010 in departure to the provision of Article 57 *ibid*. On this being pointed out (August 2013), EE, Bist Doab Division, Jalandhar stated (August 2013) that now the estimate of the work had been sanctioned and the amount cleared from outstanding MPWA. EE, Phagwara Drainage Division, Jalandhar assured (September 2013) that the amount would be cleared on receipt of budget from the Government. The replies indicated departure from the codal provisions.

(iii) Funds received for deposit works debited to MPWA

Article 73 of the Account Code, Volume III provides that the funds received for execution of deposit works should be classified under the head "Public Works Deposits" and entered in the Deposit Register. Only the amount spent in excess of the deposits received is to be debited to MPWA.

It was, however, noticed that in six[73] selected divisions, 10 items involving ₹ 26.82 crore for deposit works were debited to MPWA during the period from April 1994 to March 2013 instead of Public Works Deposits as prescribed. Further, 11 petty payments of ₹ 1.92 lakh in respect of Irrigation Department (seven items-₹ 0.13 lakh), PWD (B&R) (two items-₹ 0.20 lakh) and Water Supply and Sanitation Department (two items-₹ 1.59 lakh) made to banks for release of documents, account opening, bank charges etc. were also being shown under MPWA against banks whereas the same should have been charged to the works concerned.

On this being pointed out, Executive Engineer, Panchayati Raj Division, Ludhiana stated (June 2013) that funds received for deposit works were being

[72] (i) Madhopur UBDC Division, Gurdaspur- ₹ 0.04 crore (19 items); (ii) Phagwara Drainage Division, Jalandhar-₹ 0.34 crore (one item); (iii) Bist Doab Division, Jalandhar- ₹ 1.29 crore (one item); (iv) Drainage Division, Ludhiana- ₹ 3.08 crore (15 items); (v) Sidhwan Canal Division, Ludhiana-₹ 0.20 crore (one item); and (vi) Canal Lining Division, Rampura Phul - ₹ 0.02 crore (one item).

[73] (i) Panchayati Raj Division, Bathinda-₹ 493.34 lakh (3 items); (ii) Panchayati Raj Division, Ludhiana-₹ 1177.45 lakh (1 item); (iii) Provincial Division, Bathinda-₹ 415.90 lakh (1 item); (iv) Construction Division No. 2, Jalandhar-₹ 193.74 lakh (3 items); (v) Construction Division No.1, Jalandhar-₹ 0.20 lakh (1 item); and (vi) Construction Division No. 2, Kapurthala-₹ 401.72 lakh (1 item).

kept under MPWA for completing accounting entries. EE, Panchayati Raj Division, Bathinda stated (October 2013) that misclassification had now been rectified. EE, Construction Division No. 2, PWD (B&R), Jalandhar stated (October 2013) that out of ₹ 1.94 crore, ₹ 1.26 crore had been adjusted/cleared up to August 2013 and the balance would be adjusted soon.

(iv) Credit balances under MPWA

Credit balances represent the amounts received in excess of the funds advanced and thus, should be classified under the head Public Works Deposits-miscellaneous deposits which is meant to accommodate all items of receipt, the classification of which cannot be determined at once.

In 26 selected divisions, credit/*minus* balances of ₹ 3.32 crore (***Appendix 3.7***) representing 144 items pertaining to the period from September 1970 to March 2013 were outstanding under MPWA as on 31 March 2013. Keeping the credit balances under MPWA is not only against the rules but also nullify the other items of MPWA in the divisional records which ultimately lead to not presenting the true and fair position of this suspense head in the State's Accounts. Besides this, non-clearance/adjustment of credit balances for such a long time may lead to its misappropriation.

On this being pointed out (August 2013), EE, WSSD No. 2, Amritsar noted (August 2013) the observation for future compliance. EE, WSSD (Mechanical), Patiala stated (August 2013) that the amounts were placed under MPWA inadvertently and necessary rectification would be done. EE, Construction Division No. 2, PWD (B&R), Jalandhar stated (October 2013) that these items would be cleared in due course.

(v) Difference of the totals of Monthly Abstract and Form 32 again booked to MPWA

As per para 5.14 of Departmental Financial Rules, any amount becoming irrecoverable should be got written off with the orders of the competent authority. However, in three[74] divisions, ₹ 2.44 lakh on account of difference in figures of totals of monthly abstract of MPWA and Form 32 appended to monthly accounts was again debited to MPWA as a single entry without any reference to the original items. This practice would not only limit the scope of recovery or settlement of these items permanently but also lead to erosion of accountability for siphoning of Government money.

3.16.3 Variation in figures in monthly accounts and MPWA Registers

In 18 selected divisions, there was an overall difference of ₹ 5.66 crore (***Appendix 3.8***) between the figures reported by the divisions through Form 32 appended to the monthly accounts and those appearing in MPWA Registers of the divisions. In eight divisions, the figures reported by the Executive Engineers through Form 32 were less by ₹ 1.24 crore than the figures

[74] (i) Investigation Division (J), Hoshiarpur- ₹ 0.46 lakh; (ii) Electrical Division, PWD (B&R), Chandigarh-₹ 1.57 lakh; and (iii) Construction Division No. 1, PWD (B&R), Jalandhar-₹ 0.41 lakh.

appearing in the MPWA Registers whereas in 10 divisions, these were reported in excess by ₹ 4.42 crore.

On this being pointed out, EE, Canal Lining Division, Sri Muktsar Sahib stated (August 2013) to have rectified the difference in figures. Whereas, five[75] EEs stated (May-October 2013) that the difference would be reconciled and adjusted.

The matter was referred to the Government in July 2013; reply was awaited (December 2013).

CHANDIGARH **(AJAIB SINGH)**
The **Accountant General (Audit), Punjab**

Countersigned

NEW DELHI **(SHASHI KANT SHARMA)**
The **Comptroller and Auditor General of India**

[75] (i) Construction Division No. 2, Kapurthala; (ii) Provincial Division, Nawanshahar; (iii) Shah Nehar Extension (Civil) Division, Hoshiarpur; (iv) WSSD No. 2, Amritsar; and (v) Construction Division No. 2, PWD (B&R), Jalandhar.

Appendices

Appendix 1.1

(Referred to in paragraph 1.10, page 6)

Year-wise detail of paragraphs/performance audits of the Reports of the CAG of India for which departmental replies were not received up to 30 September 2013

Year of Audit Report	Pending Performance Audit No.	Pending Paragraph No.	Total No. of pending		Total
			Performance Audits	Paragraphs	
2008-09	-	2.3.6	-	01	01
2009-10	2.1, 2.2	3.1.1, 3.1.2, 3.1.6, 3.3.1	02	04	06
2010-11	2.1	3.1.3, 3.1.7, 3.1.9, 3.2.1, 3.2.2, 3.2.4, 3.2.5, 3.3.2	01	09	10
2011-12	2.1, 2.2, 5.1	3.1, 3.2, 3.3, 4.1.1, 4.1.3, 4.1.4, 4.1.5, 4.2.1, 4.2.3, 4.2.4, 4.2.5	03	11	14
2011-12 (District Ludhiana)	-	4.1, 4.2, 4.8, 4.10, 5.1, 5.7, 5.8, 6.2	-	08	08
Total			**06**	**33**	**39**

Appendix 1.2

(Referred to in paragraph 1.10, page 6)

Department-wise detail of paragraphs/performance audits of the Reports of the CAG of India for which departmental replies were not received up to 30 September 2013

Sr. No.	Name of the department	Year of Audit Report	Paragraph No.	Total number of paragraphs	Grand total
1.	Agriculture and Housing and Urban Development	2010-11	3.1.7	1	1
2.	Civil Aviation	2009-10	3.1.2	1	3
		2011-12	4.1.4, 4.2.1	2	
3.	Economic and Statistical Advisor	2011-12	5.7 (District Ludhiana)	1	1
4.	Education	2009-10	2.2 (Performance Audit)	1	1
		2011-12	4.2.5	1	1
		2011-12	4.2 (District Ludhiana)	1	1
5.	Finance	2011-12	3.2	1	1
6.	Forest and Wildlife	2008-09	2.3.6	1	1
7.	General Services	2011-12	6.2 (District Ludhiana)	1	1
8.	Health & Family Welfare	2009-10	2.1(Performance Audit), 3.1.1	2	
		2010-11	3.1.9, 3.2.1, 3.2.2, 3.2.5, 3.3.2	5	7
		2011-12	4.1 (District Ludhiana)	1	1
9.	Home Affairs and Justice	2011-12	5.1 (Performance Audit)	1	1
10.	Housing and Urban Development	2010-11	3.1.3, 3.2.4	2	2
		2011-12	4.1.5	1	1
11.	Industries and Commerce	2009-10	3.3.1	1	
		2010-11	3.3.1	1	2
12.	Irrigation and Power	2011-12	4.2.4	1	1
13.	Labour and Employment	2011-12	3.3	1	1
14.	Medical Education and Research	2010-11	2.1(Performance Audit)	1	1
15.	Public Works (Buildings and Roads Branch)	2009-10	3.1.6	1	
		2011-12	2.1 (Performance Audit), 4.1.1, 4.1.3, 4.2.3	4	5
16.	Punjab Pollution Control Board	2011-12	5.8 (District Ludhiana)	1	1
17.	Revenue, Rehabilitation and Disaster Management	2011-12	3.1	1	1
18.	Rural Development and Panchayats	2011-12	2.2 (Performance Audit)	1	
			4.8 (District Ludhiana),	1	3
			5.1 (District Ludhiana)	1	
19.	Social Security and Women and Child Development	2011-12	4.10 (District Ludhiana)	1	1
Total				**39**	**39**

Appendix-2.1

(Referred to in paragraph 2.3.8.5, page 50)

Detail of completed projects in test checked divisions

(₹ in crore)

Sr. No.	Name of the scheme	Project cost	Total expenditure
1	Rehabilitation of Bathinda Distributary	4.14	2.81
2	Rehabilitation of Phul Distributary	4.03	3.40
3	Rehabilitation /Remodeling of Dhipali Distributary	4.65	3.29
4	Raising capacity of Bhadaur Distributary	35.12	34.48
5	Construction of New Lined Wara Bhai Ka Sub Minor	0.31	0.21
6	Construction of New Lined Kotha Guru Sub Minor	0.57	0.44
7	Construction of Romana Sub Minor	0.62	0.49
8	Rehabilitation of Jaiton Distributary	5.32	3.58
9	Rehabilitation of Dhulkot Distributary	1.10	0.56
10	Strengthening of embankment of Doda Distributary	4.59	4.54
11	Rehabilitation of Bhana Distributary	0.44	0.44
12	Rehabilitation of Rudhana Distributary	7.78	6.85
13	Rehabilitation of Guru Sar Minor	0.47	0.27
14	Repairing of Gates at head works, Manpur Headworks and Buani Headworks	0.80	0.75
15	Rehabilitation of Mahouli Minor	0.64	0.35
16	Rehabilitation of low level Machaki Minor RD 0-37500 off taking at RD157306/R of Sirhind Feeder	1.37	1.20
17	Rehabilitation of Lubanian Wali Minor from RD 0-30100 and its extension from RD 30100-44000 off taking at RD 17078/R of 2-L Minor of link channel	2.93	2.93
18	Rehabilitation of 3-R Minor of Mudki Distributary from RD 0-49600 and its extension from RD 49600-55000 off taking at RD 77420/R Mudki Distributary	3.03	3.01
19	Rehabilitation of Ghall Distributary System and extension of Ghall Distributary RD 9700-17600 off taking at RD 56000 of Sirhind Feeder	1.38	1.21
20	Constructing balance works of Dohak Minor RD 0-30000	0.34	0.34
21	Construction of New Lined Chauntra Minor RD 0-62200 off taking at RD 28405/R of Muktsar Distributary	2.96	2.91
22	Constructing Machaki Kalan Minor RD 0-14459	0.13	0.13
23	Rehabilitation of Muktsar Distibutary	7.32	5.42
24	New Dharagwala Minor RD 0-23660	3.52	3.81
25	Rehabilitation of Kudal Minor RD 0-35850	1.99	1.46
26	Constructing Khidianwali Sub Minor RD 0-12500	5.47	4.29
27	Rehablitation of Abul Khurana Distributary	0.56	0.20
28	Rehabilitation of Mayawah Distributary	1.52	1.09
29	Rehabilitation of Jeet Distributary	2.38	2.22
30	Rehabilitation of Butewah Distributary	3.12	1.96
31	Rehabilitation of Sodhinagar Distributary	1.59	0.57
32	Rehabilitation of Nijamwah Distributary	1.47	1.34
33	Rehabilitation of Sodhiwala Distributary	0.23	0.19
34	Rehabilitation of Bahadarke Distributary	0.43	0.38
35	Rehabilitation of Jandwala Distributary	1.33	0.35
36	Rehabilitation of Khundaj Minor	0.21	0.16
37	Rehabilitation of Rodianwali Minor	0.16	0.11
38	Rehabilitation of Rattewala Minor	0.38	0.18
39	Rehabilitation of Bodiwala Distibutary	0.71	0.33
40	Rehabilitation of Kakhanwali Distributary	0.12	0.07
41	Rehabilitation of Khulan Minor	1.50	1.09
42	Rehabilitation of Wajidpur link Channel RD 0-27800	2.03	1.78
43	Rehabilitation of Joga Branch System with 20 *per cent* enhanced capacity	15.56	12.46
44	Constructing Cross Regulator (Holi) Bein at Kanijli wet land at RD 207730	6.74	6.69
	Total	**141.06**	**120.34**

Source: Information provided by Chief Engineer, Canals

Appendix 2.2

(Referred to in paragraphs 2.4.8 to 2.4.8.2, 2.4.8.4 (i to iii and v)*,*
pages 61, 62, 64 & 65)

Detail of budget outlay, funds released and expenditure during 2008-13 in respect of plan schemes

A. 100 *per cent* Centrally Sponsored Schemes

(₹in lakh)

Sr. No.	Name of the scheme	Year	Budget outlay	Funds released		Expenditure	Excess(+)/ Saving(-)
				GOI	GOP		
1.	Assistance to Women Co-operative Societies	2008-09	38.24	38.24	Nil	Nil	(-)38.24
2.	Financial Assistance to Handloom Agencies as one time rebate at the rate of 10 *per cent* on the sale of handloom products	2009-10	14.45	14.45	14.45	14.45	Nil
		2010-11	10.94	10.94	10.94	10.94	Nil
Total			**63.63**	**63.63**	**25.39**	**25.39**	**(-)38.24**

***₹ 38.24 lakh received from Government of India during 1996-97**

B. Shared schemes

(₹ in lakh)

Sr. No.	Name of the scheme	Year	Budget outlay	Funds released	Expenditure	Excess/ Saving
3	Assistance to Apex and Primary Handloom Workshop Co-operative Societies under Deen Dayal Hathkargha Protshan Yojna (50:50)	2008-09	30.00	30.00	30.00	Nil
Total			**30.00**	**30.00**	**30.00**	**Nil**
4	Financial Assistance to Dairy Co-opratives to meet out their losses (50:50)	2008-09	500.00	500.00	500.00	Nil
		2009-10	495.00	370.00	370.00	(-)125.00
		2010-11	500.00	500.00	500.00	Nil
		2011-12	250.00	250.00	250.00	Nil
		2012-13	500.00	500.00	500.00	Nil
Total			**2245.00**	**2120.00**	**2120.00**	**(-)125.00**
5	Revival of short term Co-operation Credit Structure	2008-09	770.84	770.84	770.84	Nil
Total			**770.84**	**770.84**	**770.84**	**Nil**
Grand Total			**3045.84**	**2920.84**	**2920.84**	**(-)125.00**

Appendix 2.2 (continued)

C. State schemes

(₹ in lakh)

Sr. No.	Name of the scheme	Year	Budget outlay	Funds released	Expenditure	Excess/ Saving
6	Loans to Co-operative Sugar Mills	2008-09	0.10	2441.52	2441.52	(+)2441.42
	-do-	2011-12	12872.00	12800.00	12800.00	(-)72.00
	-do-	2012-13	10926.00	10167.00	10167.00	(-)759.00
	Total		**23798.10**	**25408.52**	**25408.52**	**(+)1610.42**
7	Empowerment and Revival of Women Co-operative Societies especially in Border Areas	2010-11	1.00	Nil	Nil	(-)1.00
	Total		1.00	Nil	Nil	(-)1.00
8	Interest Subvention/Financial Assistance to Co-operative Banks/PACS to cover losses due to increase in rate of interest on refinance of Short Term Agriculture Loans by NABARD	2010-11	1.00	Nil	Nil	(-)1.00
	-do-	2011-12	7537.00	Nil	Nil	(-)7537.00
	-do-	2012-13	1.00	Nil	Nil	(-)1.00
	Total		7539.00	Nil	Nil	(-)7539.00
9	Financial Assistance to Dairy Co-operatives for making Silage Pits for Progressive Dairy Farms and Milk Producers in State	2008-09	100.00	Nil	Nil	(-)100.00
	-do-	2010-11	1.00	Nil	Nil	(-)1.00
	-do-	2011-12	50.00	50.00	50.00	Nil
	-do-	2012-13	1.00	Nil	Nil	(-)1.00
	Total		**152.00**	**50.00**	**50.00**	**(-)102.00**
10	Financial Assistance to Dairy Co-operatives for Strengthening/ Augmentation of Dairy Processing and Production Capacities in Co-operative Sector in Punjab	2012-13	1000.00	500.00	500.00	(-)500.00
	Total		**1000.00**	**500.00**	**500.00**	**(-)500.00**
11	Financial Assistance to Dairy Co-operatives for providing Milking Parlour to the Commercial Dairy Farms and providing Milking Machines and other equipment to exclusive Women Dairy Co-operative Societies	2010-11	1.00	Nil	Nil	(-)1.00
	-do-	2011-12	50.00	50.00	50.00	Nil
	-do-	2012-13	1.00	Nil	Nil	(-)1.00
	Total		**52.00**	**50.00**	**50.00**	**(-)2.00**
12	Repayment of loan to National Dairy Development Board to avail benefit of one time settlement of loan of Punjab State Co-operative Milk Producer Federation	2009-10	5.00	2600.00	2600.00	(+)2595.00
	Total		**5.00**	**2600.00**	**2600.00**	**(+)2595.00**
Grand Total			**32547.10**	**28608.52**	**28608.52**	**(-)3938.58**

Source: Appropriation Accounts

Abstract

(₹ in lakh)

Category of the schemes	Budget outlay	Funds released	Expenditure
CSS	63.63	25.39	25.39
Shared	3045.84	2920.84	2920.84
State Plan	32547.10	28608.52	28608.52
Total	**35656.57**	**31554.75**	**31554.75**

Appendix-2.3

(Referred to in paragraph 2.4.8.3(ii)(b), page 63)

Detail of loss of interest calculated at Government borrowing rates

(₹ in lakh)

Period	Amount	Government borrowing rate	Interest
1/4/09 to 31/3/10	770.84	7.72	59.51
1/4/10 to 31/3/11	830.35	7.73	64.19
1/4/11 to 31/3/12	894.54	7.96	71.21
1/4/12 to 31/3/13	965.74	7.79	75.23
1/4/13 to 5/7/13	1040.97	7.79	25.77
Total Interest			**295.91**

Source: Departmental data and Finance Accounts

Appendix-3.1

(Referred to in paragraph 3.6.2, page 81)

Detail of equipment not available in blood banks

Sr. No.	Name of the blood bank	Name of the equipment not available
1	Blood Bank, Civil Hospital, Moga	Compound microscope, chemical balance, laminar airflow, plasma bath, sterile connecting device, cell counter, Ph meter and coaugulometer.
2	Blood Bank, Civil Hospital, Nakodar	Dielectric sealer, compound microscope, chemical balance and elisa reader with printer micropipettes.
3	Blood Bank, Civil Hospital, Pathankot	Rh view box, insulated box, serologic rotators, compound microscope, chemical balance, sterile connecting device, cell counter, Ph meter and coaugulometer.
4	Blood Bank, Civil Hospital, Gurdaspur	Insulated box.
5	Blood Bank, Civil Hospital, Samrala	Dielectric sealer, micropipette, thermostatic incubator, serologic rotators, incubator with thermostatic control, chemical balance and elisa reader with printer micropipettes.
6	Blood Bank, Civil Hospital, Banga	Serological water bath, thermostatic incubator, domestic refrigerator with temperature display facility, insulated box, stop watch, compound microscope and chemical balance.
7	Blood Bank, Civil Hospital, Ludhiana	Serologic rotators, stop watch, standby generator, compound microscope, domestic refrigerator with temperature display facility, sterile connecting device and coaugulometer.
8	Blood Bank, Civil Hospital, Bathinda	Rh view box, domestic refrigerator with temperature display facility, serological rotators, stop watch, compound microscope, incubator with thermostatic control, chemical balance, dielectric sealer, plasma bath, sterile connecting device, cell counter, Ph meter and coaugulometer.
9	Blood Bank, Guru Gobind Singh Medical College and Hospital, Faridkot	Domestic refrigerator with temperature display facility and stop watch.
10	Blood Bank, Civil Hospital, Sri Muktsar Sahib	Blood collection monitor with agitator, dielectric sealer (two), micropipette, Rh view box, domestic refrigerator with temperature display facility, stop watch, chemical balance, elisa reader with printer micropipettes, laminar airflow, plasma bath, sterile connecting device, cell counter, Ph meter, coaugulometer.
11	Blood Bank, Civil Hospital, Malerkotla	Weighing device, blood donation bed couch, dielectric sealer, chemical balance.
12	Blood Bank, Civil Hospital, Barnala	Dielectric sealer, domestic refrigerator with temperature display facility, insulated box, clinical thermometer, stop watch, compound microscope, chemical balance, laminar airflow, dielectric sealer, sterile connecting device, cell counter, Ph meter and coaugulometer.
13	Blood Bank, Civil Hospital, Mansa	Side table, blood collection monitor with agitator, incubator with thermostatic control, chemical balance, laminar airflow, plasma expresser, plasma bath, sterile connecting device, cell counter, Ph meter, coaugulometer and generator.
14	Blood Bank, Adhalkha Hospital, Amritsar	Thermostatic incubator, serological rotators, centrifuge table model, incubator with thermostatic control, chemical balance, cryo centrifuge, sterile connecting device and coaugulometer.
15	Blood Bank, Blood Donor Council (Registered), Phagwara	Compound microscope.

Sr. No.	Name of the blood bank	Name of the equipment not available
16	Blood Bank, Dayanand Medical College and Hospital, Ludhiana	Sterile connecting device, cell counter, Ph meter and coaugulometer.
17	Blood Bank, Deep Nursing Home and Children Hospital, Ludhiana	Sphygmomanometer, oxygen cylinder, serological water bath, Rh view box, compound microscope, centrifuge table model and chemical balance.
18	Blood Bank, Ghai Hospital, Jalandhar	Thermostatic incubator, insulated box and chemical balance.
19	Blood Bank, Life Line Blood Bank Centre I/S Walia Hospital, Patiala	Compound microscope and sterile connecting device.
20	Blood Bank, Maharaj Sohan Singh Charitable Hospital, Beas, Amritsar	Compound microscope and chemical balance.
21	Blood Bank, Satguru Partap Singh Apollo Hospital, Ludhiana	Serological water bath (two), compound microscope and sterile connecting device.
22	Blood Bank, Joshi Hospital and Trauma Centre, Jalandhar	Sphygmomanometer, haemoglobin estimation meter, Rh view box, insulated box, clinical thermometer, compound microscope, cryo centrifuge, cell counter and Ph meter.

Source: Information supplied by blood banks

Appendix-3.2

(Referred to in paragraph 3.6.2, page 81)

Detail of equipment not working in blood banks

Sr. No.	Name of the blood bank	Name of the equipment not in working condition (not working for)
1	Blood Bank, Civil Hospital, Moga	Blood collection monitor with agitator (23 months) dielectric sealer (five months) and (-)40° blood bank refrigerator (18 months).
2	Blood Bank, Civil Hospital, Nakodar	Blood collection monitor with agitator (53 months).
3	Blood Bank, Civil Hospital, Pathankot	Blood collection monitor with agitator (46 months), cryo centrifuge (three month), (-)40° blood bank refrigerator (37 months) and (-)80° blood bank refrigerator (36 months).
4	Blood Bank, Civil Hospital, Banga	Weighing device (one year), blood collection monitor with agitator (two years), dielectric sealer (one year), binocular microscope and centrifuge table model (18 months).
5	Blood Bank, Civil Hospital, Ludhiana	Blood collection monitor with agitator (four years), binocular microscope (two years), chemical balance (10 years), plasma bath, (-) 40° blood bank refrigerator (three months), cell counter (10 years), Ph meter (10 years) and generator (three years).
6	Blood Bank, Civil Hospital, Bathinda	Dielectric sealer (since 2007), (-)40° blood bank refrigerator (since two months) and (-)80° blood bank refrigerator (three months).
7	Blood Bank, Guru Gobind Singh Medical College and Hospital, Faridkot	(-)40° Blood bank refrigerator (two months)
8	Blood Bank, Civil Hospital, Malerkotla	Blood collection monitor with agitator (date-not available).
9	Blood Bank, Civil Hospital, Barnala	Blood collection monitor with agitator (45 months), (-)40° blood bank refrigerator (13 months) and (-)80° blood bank refrigerator (one month).
10	Blood Bank, Civil Hospital, Mansa	Serological bath (six months), (-)40° blood bank refrigerator (three months), weighing device (three months), needle destroyer (six months), blood bank refrigerator (two months) and one air conditioner (one year).
11	Blood Bank, Rajindra Hospital, Patiala	Dielectric sealer (one year).

Source: Information supplied by blood banks

Appendix-3.3

(Referred to in paragraph 3.13, pages 98)

Detail of expenditure incurred on rail over bridges/rail under bridges (ROB/RUB) constructed during 2010-13

(₹ in crore)

Sr. No.	Name of the division	Name of ROB/RUB completed within three years		Expenditure incurred
1	Central Works Division, Abohar	1	ROB B-30 at Malaut	20.06
2	Provincial Division, Amritsar	2	ROB A44/T-3 at Beas	10.22
		3	ROB C-46, Beas	23.96
3	Construction Division No. 2, Amritsar	4	ROB B-2 at Jawala Flour Mills at Amritsar	14.25
4	Central Works Division, Bathinda	5 & 6	ROB 139/3 & 242	49.13
5	Provincial Division, Bathinda	7	RUB 245-A at Bathinda	8.74
6	Construction Division No. 2, Bathinda	8	ROB on LC No. 2C/2T at Bathinda	33.65
		9	RUB on LC No. B-240 at Bathinda	20.50
7	Construction Division, Barnala	10	ROB on LC No. B-92 at Barnala	22.00
8	Provincial Division, Ferozepur	11	ROB Ferozepur Cantt	7.45
9	Construction Division No. 2, Ferozepur at Fazilka	12	ROB- B-48 at Abohar	13.47
10	Construction Division, Gurdaspur	13	ROB –A/26 at Batala	12.39
11	Construction Division No. 1, Hoshiarpur	14	ROB C-64 at Tanda	13.30
12	Provincial Division, Jalandhar	15 & 16	ROB A-61 &C-11	28.98
		17	ROB S-3 at Khalsa College at Jalandhar	48.83
13	Construction Division No. 1, Ludhiana	18	ROB A-34 at Jagraon	16.06
14	Construction Division No. 2, Ludhiana	19	ROB on LC No. C-161 at Chawapayal	12.26
15	Provincial Division, Mansa	20	ROB C-206 at Mansa	6.16
		21	ROB on LC No. 194 at Budhlada	16.06
16	Construction Division No. 1, Mohali	22	ROB No. 2 at Morinda	16.12
17	Provincial Division No. 2 Patiala	23	ROB on LC No. 131 –C Shambu	16.06
18	Construction Division, Sirhind	24	ROB 145-B at Sirhind	17.03
19	Provincial Division, Sangrur	25	ROB on LC No. C 78-B at Sunam	3.99
Total				**430.67**

Source: Information colleted from Chief Engineer(IP)

Appendix-3.4

(Referred to in paragraph 3.13.1, page 98)

Detail of escalation paid within stipulated period of completion of works

Sr. No.	Name of the work	Allotted cost (₹ in crore)	Date of start	Stipulated date of completion	Actual date of completion	Escalation paid within stipulated period (₹ in crore)
1	Construction of approaches at ROB B-30 at Malout	16.69	21-06-07	20-09-08	30-04-10	0.98
2.	Construction of approaches at ROB 34-A at Jagraon	14.29	17-11-06	16-01-08	30-06-10	0.51
3.	Construction of approaches at ROB No. 2C/2T at Bathinda	19.96	13-03-09	12-06-10	10-08-12	0.39
4.	Construction of approaches at ROB No. 2 at Morinda	14.29	17-11-06	16-01-08	31-12-12	0.47
5.	Construction of approaches at ROB No. 145-B at Sirhind	16.80	13-03-09	12-06-10	31-12-11	0.40
Total		**82.03**				**2.75**

Source:Information collected from various divisions

Appendix-3.5

(Referred to in paragraph 3.13.2, page 99)

Detail of escalation paid on works due to delays attributed to Railways

Sr. No.	Name of the work	Allotted cost (₹ in crore)	Date of start	Stipulated date of completion	Actual date of completion	Delay in completion of works (months)	Escalation paid due to delay attributed to Railways (₹ in crore)
1.	Construction of approaches at ROB No. 145-B at Sirhind	16.80	13-03-09	12-06-10	31-12-11	18	0.07
2.	Construction of approaches at ROB No. 2C/2T at Bathinda	19.96	13-03-09	12-06-10	10-08-12	26	0.56
3.	Construction of approaches at ROB 34-A at Jagraon	14.29	17-11-06	16-01-08	30-06-10	29	0.48
4.	Construction of approaches at ROB No. 2 at Morinda	14.29	17-11-06	16-01.08	31-12-12	60	0.82
5	Construction of approaches at ROB B-30 at Malout	16.69	21-06-07	20-09-08	30-04-10	19	1.06
6.	Construction of approaches to RUB at LC 245A at Bathinda	5.31	4-12-06	03-06-07	15-09-10	40	0.48
Total		**87.34**					**3.47**

Source:Information collected from various divisions

Appendix-3.6

(Referred to in paragraph 3.16.1, page 102)

Detail of outstanding Miscellaneous Public Works Advances as on 31 March 2013 in respect of selected divisions

Sr. No.	Name of the division	Location	Total outstanding MPWA as on 31 March 2013		Oldest item (month/ year)	Latest item (month/ year)
			No. of items	Amount (In ₹)		
(A)	**Department of Rural Development and Panchayats (DRDP)**					
1.	Panchayati Raj Division	Bathinda	9	4,93,45,613.29	Sep-84	Mar-12
2.	Panchayati Raj Division	Jalandhar	53	9,32,549.71	Jan-73	Jun-12
3.	Panchayati Raj Division	Ludhiana	3	11,77,77,991.67	Feb-96	Mar-13
	Sub Total (DRDP)	**3 Divisions**	**65**	**16,80,56,154.67**		
(B)	**Irrigation Department**					
4.	Mechanical Drainage Division	Amritsar	124	2,76,73,588.89	Jan-69	Jan-08
5.	Drainage Construction Division, Faridkot	Gidderbaha	37	18,20,58,385.74	Sep-81	Oct-12
6.	Mechanical Drainage Construction Division	Ferozepur	228	13,40,05,841.85	Feb-70	Feb-08
7.	Madhopur Division, UBDC	Gurdaspur	155	34,45,931.63	Jul-58	Dec-07
8.	Investigation Division (J)	Hoshiarpur	199	7,11,74,639.67	Sep-76	Mar-13
9.	Shah Nehar Extension, Civil Division	Hoshiarpur	102	1,42,94,775.00	Apr-80	Mar-13
10.	Intensive Investigation Division	Hoshiarpur	133	1,02,12,063.50	Dec-74	Dec-12
11.	Phagwara Drainage Division	Jalandhar	24	2,25,34,913.00	Sep-95	Aug-09
12.	Bist Doab Division	Jalandhar	19	1,30,43,405.00	Sep-56	Sep-09
13.	Ludhiana Drainage Division	Ludhiana	84	3,39,78,465.38	Jun-60	Mar-06
14.	Sidhwan Canal Division	Ludhiana	18	21,81,476.47	Jan-65	Dec-10
15.	Canal Lining Division	Sri Muktsar Sahib	9	12,65,56,246.00	Feb-08	Mar-13
16.	Jalandhar Mechnical Drainage Division	Nangal Township	47	2,73,20,620.71	Jul-80	Dec-07
17.	Canal Lining Division	Rampura Phul	22	1,90,23,115.85	Apr-85	Mar-12
18.	Project Repair and Maintenance Division, Ranjit Sagar Dam	Shahpur Kandi	19	16,70,64,869.58	Mar-78	Oct-10
19.	Dam Construction and Spillway Division, Ranjit Sagar Dam	Shahpur Kandi	25	1,66,67,010.32	Jan-87	Feb-08
20.	Field Mechanical and CP Division, Ranjit Sagar Dam	Shahpur Kandi	17	49,81,834.93	Feb-79	Oct-07
21.	Shahpur Kandi Dam Division No. 4	Shahpur Kandi	28	6,81,71,716.34	Jan-80	Jan-10
22.	Plant Errection and Rigging Division, Shahpur Kandi Dam	Shahpur Kandi	3	2,40,00,000.00	Oct-06	Mar-07
23.	Communication Division, Ranjit Sagar Dam	Shahpur Kandi	18	2,32,28,402.07	Jan-79	Jun-08

Sr. No.	Name of the division	Location	Total outstanding MPWA as on 31 March 2013		Oldest item (month/ year)	Latest item (month/ year)
			No. of items	Amount (In ₹)		
24.	Warehouse Division, Ranjit Sagar Dam	Shahpur Kandi	NA	2,16,83,189.87	NA	NA
	Sub Total (Irrigation Department)	**21 Divisions**	**1311**	**1,01,33,00,491.80**		
(C)	**Public Works Department (Buildings and Roads) (PWD (B&R))**					
25.	Construction Division No. 2	Bathinda	9	87,39,901.00	Dec-07	Mar-13
26.	Provincial Division	Bathinda	48	4,59,34,775.91	Oct-53	Mar-13
27.	Electrical Division	Chandigarh	63	1,72,71,562.00	Aug-95	Feb-13
28.	Central Works Division	Hoshiarpur	51	1,30,80,732.00	Jul-75	Oct-12
29.	Construction Division No. 2	Jalandhar	80	2,09,74,027.09	Feb-75	Mar-13
30.	Construction Division No.1	Jalandhar	45	13,58,707.16	Jun-69	Jun-12
31.	Construction Division No. 1	Kapurthala	20	4,02,95,572.22	May-90	Feb-13
32.	Construction Division No. 2	Kapurthala	22	7,53,24,075.93	Jul-89	Dec-12
33.	Provincial Division	Mohali	42	21,05,784.90	May-98	Feb-13
34.	Construction Division	Malerkotla	6	90,43,550.00	Mar-79	Jan-09
35.	Construction Division	Sri Muktsar Sahib	63	1,71,56,978.10	Jul-71	Jun-12
36.	Provincial Division	Nawanshahar	22	1,28,60,813.49	Jul-99	Mar-13
37.	Central Works Division	Patiala	15	1,39,46,914.00	Mar-91	Feb-08
	Sub Total (PWD (B&R))	**13 Divisions**	**486**	**27,80,93,393.80**		
(D)	**Water Supply and Sanitation Department (WSSD)**					
38.	Water Supply and Sanitation Division No. 2	Amritsar	62	1,25,82,935.00	Mar-91	Mar-13
39.	Water Supply and Sanitation Division	Fazilka	54	2,41,87,741.00	Sep-77	Jun-11
40.	Water Supply and Sanitation Division	Gurdaspur	64	2,25,54,231.00	Apr-91	Feb-13
41.	Water Supply and Sanitation Division No. 3	Ludhiana	47	77,67,193.08	Sep-22	Jul-11
42.	Water Supply and Sanitation Division	Moga	78	1,38,75,168.62	Sep-79	Feb-13
43.	Watcr Supply and Sanitation Division No. 2	Mohali	39	9,59,301.94	Nov-73	Mar-13
44.	Water Supply and Sanitation Division No. 3	Mohali	29	2,25,65,968.00	Aug-05	Mar-13
45.	Water Supply and Sanitation Division No. 1	Sri Muktsar Sahib	46	2,01,63,156.00	Sep-77	Jan-13
46.	Water Supply and Sanitation Division No. 2	Sri Muktsar Sahib	150	3,52,77,898.80	Mar-60	Mar-13
47.	Water Supply and Sanitation (Mechanical) Division	Patiala	65	6,09,89,884.00	NA	NA
48.	Water Supply and Sanitation Division No. 2	Ropar	NA	32,71,089.67	Mar-13	Mar-13
	Sub Total (WSSD)	**11 Divisions**	**634**	**22,41,94,567.11**		
	Grand Total	**48 Divisions**	**2496**	**1,68,36,44,607.38**		

Source: Departmental data ***NA: Not made available to Audit***

Appendix-3.7

(Referred to in paragraph 3.16.2(iv), page 106)

Division-wise detail of *minus* balances lying under Miscellaneous Public Works Advances as on 31 March 2013

Sr. No.	Name of the division	Location	No. of items	Amount (in ₹)	Oldest item (month/year)	Latest item (month /year)
(A)	**Irrigation Department**					
1	Mechanical Drainage Division	Amritsar	2	-65,402.40	Jan-08	Jan-08
2	Drainage Construction Division, Faridkot	Gidderbaha	2	-31,320.33	Jun-90	Feb-08
3	Mechanical Drainage Construction Division	Ferozepur	4	-20,370.07	Feb-86	Sep-94
4	Madhopur Division, UBDC	Gurdaspur	4	-442.56	Sep-70	Jul-84
5	Investigation Division (J)	Hoshiarpur	25	-2,34,410.42	Sep-78	Jun-94
6	Intensive Investigation Division	Hoshiarpur	13	-3,84,501.00	Dec-74	Feb-09
7	Canal Lining Division	Rampura Phul	2	-10,14,721.00	Jul-02	Aug-08
Sub Total (Irrigation Department)		**7 Divisions**	**52**	**-17,51,167.78**		
(B)	**Public Works Department (Buildings and Roads) (PWD (B&R))**					
8	Construction Division No. 2	Bathinda	1	-784.00	Mar-13	Mar-13
9	Provincial Division	Bathinda	3	-42,852.00	Oct-03	Jul-08
10	Electrical Division	Chandigarh	9	-1,11,281.73	Mar-96	Jun-07
11	Central Works Division	Hoshiarpur	11	-9,92,860.00	Mar-91	Aug-95
12	Construction Division No. 2	Jalandhar	6	-14,788.45	Jul-81	Nov-12
13	Construction Division No.1	Jalandhar	2	-2,91,844.00	Jan-00	Jun-12
14	Construction Division No. 2	Kapurthala	3	-76,553.07	Jul-89	Jun-10
15	Provincial Division	Mohali	1	-3,353.00	Jan-06	Jan-06
16	Construction Division	Sri Muktsar Sahib	6	-23,18,859.00	Mar-98	Mar-08
17	Provincial Division	Nawanshahar	3	-8,43,371.00	Jul-99	Nov-09
Sub Total(PWD (B&R))		**10 Divisions**	**45**	**-46,96,546.25**		
(C)	**Water Supply and Sanitation Department (WSSD)**					
18	Water Supply and Sanitation Division No. 2	Amritsar	10	-6,20,921.00	Mar-02	Feb-12
19	Water Supply and Sanitation Division	Fazilka	1	-49.00	Dec-01	Dec-01
20	Water Supply and Sanitation Division No. 3	Ludhiana	6	-5,162.03	Jul-71	Mar-13
21	Water Supply and Sanitation Division	Moga	6	-6,29,862.00	Feb-92	Mar-12
22	Water Supply and Sanitation Division No. 2	Mohali	1	-1,57,947.00	Mar-13	Mar-13
23	Water Supply and Sanitation Division No. 3	Mohali	5	-27,06,203.00	Aug-05	Jul-11
24	Water Supply and Sanitation Division No. 1	Sri Muktsar Sahib	2	-19,954.00	May-10	Apr-11
25	Water Supply and Sanitation Division No.2	Sri Muktsar Sahib	8	-33,634.00	Feb-84	Oct-04
26	Water Supply and Sanitation (Mechanical) Division	Patiala	8	-2,26,09,683.00	NA	NA
Sub Total(WSSD)		**9 Divisions**	**47**	**-2,67,83,415.03**		
Grand Total		**26 Divisions**	**144**	**-3,32,31,129.06**		

Source: Departmental data

Appendix-3.8

(Referred to in paragraph 3.16.3, page 106)

Detail of variation in figures of outstanding Miscellaneous Public Works Advances as per Register and Form 32 as on 31 March 2013

Sr. No.	Name of the division	Location	Total outstanding MPWA as per register as on 31-03-2013 (In ₹)	Total outstanding MPWA as on 31 March 2013 as per Form-32 (In ₹)	Difference between Register and Form 32 (In ₹)
(A)	**Department of Rural Development and Panchayats (DRDP)**				
1	Panchayati Raj Division	Jalandhar	9,32,549.71	8,78,184.53	54,365.18
	Sub Total		**9,32,549.71**	**8,78,184.53**	**54,365.18**
(B)	**Irrigation Department**				
2	Mechanical Drainage Construction Division	Ferozepur	13,40,05,841.85	13,58,51,321.86	-18,45,480.01
3	Communication Division, RanjitSagar Dam	ShahpurKandi	2,32,28,402.07	2,33,83,996.94	-1,55,594.87
4	Sidhwan Canal Division	Ludhiana	21,81,476.47	22,15,419.00	-33,942.53
5	Dam Construction and Spillways, RanjitSagar Dam	ShahpurKandi	1,66,67,010.32	1,66,70,986.05	-3,975.73
6	Ludhiana Drainage Division	Ludhiana	3,39,78,465.38	3,39,79,363.36	-897.98
	Sub Total		**21,00,61,196.09**	**21,21,01,087.21**	**-20,39,891.12**
7	Shah Nehar Extension, Civil Division	Hoshiarpur	1,42,94,775.00	1,40,90,931.00	2,03,844.00
8	Intensive Investigation Division	Hoshiarpur	1,02,12,063.50	99,00,160.00	3,11,903.50
9	Project Repair and Maintenance Division, RanjitSagar Dam	ShahpurKandi	16,70,64,869.58	16,58,46,413.58	12,18,456.00
10	Canal Lining Division	Sri Muktsar Sahib	12,65,56,246.00	12,35,88,545.00	29,67,701.00
11	ShahpurKandi Dam Division No. 4	ShahpurKandi	6,81,71,716.34	6,08,10,391.72	73,61,324.62
	Sub Total		**38,62,99,670.42**	**37,42,36,441.30**	**1,20,63,229.12**
(C)	**Public Works Department (Buildings and Roads) (PWD (B&R))**				
12	Construction Division No. 2	Kapurthala	7,53,24,075.93	9,91,70,585.00	-2,38,46,509.07
13	Provincial Division	Nawanshahar	1,28,60,813.49	1,31,32,813.00	-2,71,999.51
	Sub Total		**8,81,84,889.42**	**11,23,03,398.00**	**-2,41,18,508.58**
14	Construction Division No. 2	Jalandhar	2,09,74,027.09	2,09,34,686.00	39,341.09
	Sub Total		**2,09,74,027.09**	**2,09,34,686.00**	**39,341.09**
(D)	**Water Supply and Sanitation Department (WSSD)**				
15	Water Supply and Sanitation Division	Moga	1,38,75,168.62	2,81,50,021.00	-1,42,74,852.38
16	Water Supply and Sanitation Division No. 2	Sri Muktsar Sahib	3,52,77,898.80	3,80,13,133.00	-27,35,234.20
17	Water Supply and Sanitation Division No. 3	Ludhiana	77,67,193.08	88,36,439.01	-10,69,245.93
	Sub Total		**5,69,20,260.50**	**7,49,99,593.01**	**-1,80,79,332.51**
18	Water Supply and Sanitation Division No. 2	Amritsar	1,25,82,935.00	1,23,28,548.00	2,54,387.00
	Sub Total		**1,25,82,935.00**	**1,23,28,548.00**	**2,54,387.00**
	Grand Total (*plus* items)		**42,07,89,182.22**	**40,83,77,859.83**	**1,24,11,322.39**
	Grand Total (*minus* items)		**35,51,66,346.01**	**39,94,04,078.22**	**-4,42,37,732.21**

Source: Departmental data