



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
for the period ended March 2023**



**Government of Punjab
Report No. 4 of 2025
(Composite Audit Report – Civil)**

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Preface

This Report of the Comptroller and Auditor General of India for the period ended March 2023 has been prepared for submission to the Governor of Punjab under Article 151(2) of the Constitution of India.

The Report contains significant results of the Performance Audit and Compliance Audit of the Departments/Autonomous Bodies of Government of Punjab.

The instances mentioned in this Report are those which came to notice in the course of test audit done for the period 2022-23 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports; and instances relating to the period subsequent to 2022-23 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 two Performance Audits *viz.* ‘Information Systems Audit of e-Procurement’ and ‘Quality of School Education in Punjab’; two Subject Specific Compliance Audits *viz.* ‘Basic Amenities for Inmates in Jails’ and ‘Functioning of Punjab Labour Welfare Board’; and six audit observations arising out of Compliance Audit of Departments involving financial implications of ₹ 209.47 crore.

Chapter-I: General

As against the total budget outlay of ₹ 2,69,206.42 crore, the application of resources was ₹ 2,86,714.73 crore during the year 2022-23. The total expenditure¹ of the State increased by 53.72 *per cent* from ₹ 79,177 crore to ₹ 1,21,710 crore during the period 2018-19 to 2022-23.

Revenue expenditure of the State increased by 50.74 *per cent* from ₹ 75,404 crore in 2018-19 to ₹ 1,13,661 crore in 2022-23 and capital expenditure increased by 176.41 *per cent* from ₹ 2,412 crore in 2018-19 to ₹ 6,667 crore in 2022-23. However, when compared to the previous year, revenue expenditure grew by 17.62 *per cent*, while capital expenditure declined by 16.76 *per cent*. Revenue expenditure ranged between 80 and 95 *per cent* of the total expenditure while capital expenditure ranged between three and eight *per cent* during 2018-2023 except for the year 2019-20 when it was 19 *per cent* due to conversion of Ujjwal Discom Assurance Yojana (UDAY) loans amounting to ₹ 15,628 crore into equity capital in Punjab State Power Corporation Limited.

During the period from 2018-19 to 2022-23, revenue expenditure increased at an annual average growth rate of 13 *per cent* whereas revenue receipts grew at an annual average rate of 11 *per cent*.

(Paragraph 1.2, Page 2)

As of June 2023, 17,844 Inspection Reports containing 64,482 observations (issued up to March 2023) involving money value of ₹ 79,727.63 crore, were outstanding, of which 11,518 IRs containing 33,852 observations involving money value of ₹ 22,016.72 crore pertained to the period prior to April 2018 i.e., more than five years old. Increasing pendency of audit observations merits urgent attention of the Government for addressing the issues raised by Audit.

(Paragraph 1.5, Page 4)

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

PERFORMANCE AUDIT

Chapter-II: Information Systems Audit of e-Procurement

The 'Information Systems Audit of e-Procurement' in Punjab covering five years' period from April 2018 to March 2023 was conducted between August 2023 and June 2024 to assess whether the e-Procurement system was fully implemented and was being utilised efficiently; whether the business rules were adequately mapped into the system; whether data in the system was complete, reliable and the integrity of data was maintained; and whether adequate controls were built up into the system.

The Information Systems Audit of Implementation of e-Procurement system in Public Works Department (Buildings & Roads) covering the period July 2010 to December 2016 was included in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017. In the current audit, it is noted that several shortcomings highlighted in the previous report still persisted, despite assurance of the management to the Public Accounts Committee. These included: lack of a service-level agreement with NIC; non-updating the tender status and proceedings of technical and financial committees on the portal; non-mapping of business rules; inconsistency in values of bill of quantity and tender summary report; gaps in system generated numbers; deficiencies with regard to use of Digital Signature Certificate; segregation of duties and user access; bidders using common email IDs and mobile numbers; Business Continuity Plan, Disaster Recovery plan and IT Security; and non-recording of digital signature stamp on documents uploaded by the Department and the bidders.

Audit noticed that lack of a service-level agreement with NIC for the development and maintenance of GePNIC resulted in unclear roles and responsibilities, causing delays in modifying the portal and addressing payment gateway issues. Further, the Directorate of Procurement Policy and Enforcement (DPPE) was not made functional as required by PTPP Act, hindering the effective use of the GePNIC system.

Audit reviewed the functionalities available in the system and noticed that there were serious system design issues in areas such as:

- Tender evaluation (both technical and financial), vendor negotiations and contract awards, which were still done manually, impairing the objective of reducing human intervention in the process.
- Due to the lack of integration with other portals maintaining records of blacklisted vendors, GePNIC had not implemented the functionality to

prevent such vendors (including those blacklisted by Departments other than the one issuing the tender) from participating in tenders.

Departmental users and bidders were not adequately trained or made aware of the e-Procurement system. Key business rules, such as minimum period for submission of bids, controls to prevent contract awards to single bidders, monitoring procurement timeframes, EMD exemptions, etc. were not fully incorporated into the system. There were no validation controls during user enrolment.

The absence of periodic reconciliation led to a ₹ 135.64 crore discrepancy between GePNIC transactions and the pooling bank account, posing financial risks. Non-ensuring sufficient liquidity of funds before creation of the fixed deposit from the pooling account, impacted refunds for 173 transactions worth ₹ 1.36 crore. As on 31 March 2023, earnest money deposits, tender fees and processing fees amounting to ₹ 54.95 crore remained unsettled, for tenders published during 2018-2023 of which 61 *per cent* of the tenders were published more than two years ago. GePNIC lacked a tracking system to monitor and follow up on failed transactions.

Audit noticed several other severe system design deficiencies, including issues with bid decryption failures and mismatches in BoQ formats, indicating that bidders could modify templates. There were also concerns about irregular access to Management Information System (MIS) reports, creation of multiple user identities without ensuring unique PAN, email ID, and mobile numbers and the ability for departmental users to decrypt bid documents on different dates. Furthermore, the system allowed user-defined templates, which prevented automatic population of BoQ comparative charts, leading to unnecessary risks from manual intervention.

The above deficiencies raise serious concern about confidentiality of data and integrity of e-procurement system.

Further, lack of validation in mapping of Digital Signature Certificate (DSC), non-availability of digital signature in all documents, missing trail of records during revocation of tenders etc. affected the security, integrity and reliability of the system. The lack of logs for failed transactions, which act as primary keys in critical tables, was a control deficiency which resulted in absence of a trail of accountability for users of the system. Non-repudiation features of the DSC were compromised due to a lack of controls restricting its use exclusively to the authorised holder. Besides, the system's inability to prevent username changes in user profiles created unnecessary risks of modifications to historical data.

Audit noticed instances of bid submissions originating from the Department's own IP address, which is indicative of the material risk of collusion between the Departmental personnel and the bidders. Further, in 0.41 lakh of 1.36 lakh

tenders that received valid bids, two to 74 bids were found to have been submitted from the same IP address for the same tender.

The Nodal Department did not have its own Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) and was fully dependent on NIC. It had neither identified nor documented its own key assets such as hardware, software, personnel, etc. nor it had any archival policy for retention of legacy data. Further, the absence of an internal audit module and a complaint monitoring system hindered effective management decisions and improvements.

Significant Recommendations

The State Government may ensure that:

- (i) a Memorandum of Understanding (MoU) and Service Level Agreement (SLA) with NIC is established that clearly defines the roles and responsibilities of all stakeholders, stage-wise timelines (with provisions for extensions if necessary), project costs and other essential clauses to ensure smooth development of the e-Procurement system;*
- (ii) DPPE is made functional and tasked with actively overseeing the implementation and utilisation of the GePNIC to ensure compliance and enhance operational efficiency;*
- (iii) tender stages are automatically updated on the portal after completion of each stage, besides implementing strong application controls within the system to enforce bidder eligibility criteria, ensuring that key business processes such as tender evaluation, negotiation and contract awards are fully automated, reducing the need for manual intervention;*
- (iv) SOP for blacklisting bidders is developed, and integrate with other systems/relevant portals to maintain and share updated records of blacklisted vendors;*
- (v) various stakeholders are adequately trained to utilise the portal fully, ensuring optimal use of the e-Procurement system;*
- (vi) business rules are enforced within GePNIC by mapping prescribed timelines, flagging delays at each stage, preventing single-bidder contract awards and ensuring that contracts are awarded within the bid validity period;*

- (vii) *a system for regular reconciliation between GePNIC and banking transactions is established, ensuring sufficient liquidity to avoid failed refund transactions;*
- (viii) *requisite controls for capturing item-specific EMD are implemented and exemptions granted, if any, are recorded accurately, besides prioritising settlement of pending fees and implementing controls to track failed transactions;*
- (ix) *standardised and flexible templates are introduced within the GePNIC platform to streamline the evaluation process, besides reducing manual intervention and improving the accuracy of BoQ comparative analysis;*
- (x) *profile name updates are restricted to prevent modification of historical data; and to prevent assigning the same role to multiple users within the same procuring entity;*
- (xi) *comprehensive Business Continuity and Disaster Recovery plans are established, for regular review and updates to reflect changes in technology, infrastructure, personnel, and business processes; and*
- (xii) *an internal audit module together with a complaint monitoring system is introduced to improve service quality and enable continuous system improvements.*

Chapter-III: Quality of School Education in Punjab

The Performance Audit, covering the period from 2018-19 to 2022-23, evaluated the effectiveness of school education in Punjab and the enforcement of the Right of Children to Free and Compulsory Education (RTE) Act, 2009. The audit focused on key areas such as quality education to students, pupil teacher ratio and human resources under RTE Act.

The planning process in the School Education Department was inadequate. During 2018-19 to 2022-23, no Government school prepared a School Development Plan in line with the provisions under RTE Act, Samagra Shiksha Framework and Punjab RTE Rules 2011.

Audit observed improvements in retention rates at certain educational levels. However, inconsistencies persisted at the elementary and secondary levels, where retention rates fluctuated between 81 *per cent* and 97 *per cent*, and 77 *per cent* and 90 *per cent* respectively during 2018-19 to 2022-23. Notably, there has been a significant decline at the higher secondary level, with retention rates decreasing from 106 *per cent* in 2018-19 to 66 *per cent* in 2022-23.

SCERT could not fulfil its mandate for curriculum development, age-appropriate syllabus design and learning material creation under the Punjab Curriculum Framework, 2013. As of March 2023, there was a shortage of academic staff in SCERT (72 per cent) and DIETs (88 per cent) as per organisational structure prescribed by MHRD, GOI. As regards non-academic staff, there was no shortage in SCERT, whereas DIETs faced shortage of over 61 per cent. Additionally, SCERT did not prepare an annual training calendar for in-service teachers, nor was a Training Management System developed or training records maintained.

Punjab RTE Rules, 2011 require identification of children needing special training to be provided using age-appropriate curriculum and materials. After the training, which may last from three months to three years, the child is placed in the age-appropriate class with continued support to aid integration. Audit observed that only 71 per cent of identified Out-of-School Children (16,114) received special training and only 74 per cent of them were brought into the mainstream. Moreover, no monitoring/tracking system was in place to ensure whether the mainstreamed children have completed their school education.

Government schools faced a severe staff shortage. Shortfall in Master cadre under different disciplines ranged up to 60 per cent while the Lecturer/PGT cadre had 52 per cent shortfall, with an overall shortage of 32 per cent in Classes 11 and 12. There were also shortages of Vocational Education Teachers in various trades viz. Private Secretary (73 per cent); Automotive (54 per cent); Construction (49 per cent); and Healthcare (22 per cent).

The pupil-teacher ratio (PTR) was severely impacted due to persistent shortfall and non-recruitment of teachers in Government schools despite vacancy. The number of primary schools with adverse PTR increased from 4.77 per cent in 2019-20 to 30.02 per cent in 2022-23. Further, PTR in respect of Special Educators for Children with Special Need ranged between 156:1 and 175:1 in the State, during the period 2018-2023, which was far above the PTR of 10:1 and 15:1, as per the RTE Act.

According to the RTE Act, there should be at least one classroom for every teacher and an office-cum-store-cum-Head teacher's room in a school. However, schools ranging between 23 per cent and 30 per cent during the period 2018-2023 had to accommodate more than one teacher in a class.

The monitoring system mandated to review and check the effective implementation of Continuous and Comprehensive Evaluation was not ensured.

Significant Recommendations

The State Government may ensure:

- (i) *preparation of comprehensive School Development Plan in line with the provisions under RTE Act and Samagra Shiksha Framework;*

- (ii) *deployment of adequate teaching and non-teaching staff in schools for delivery of quality education;*
- (iii) *pupil-teacher ratio as per RTE Act for quality education; and*
- (iv) *strengthening the monitoring of Continuous and Comprehensive Evaluation by ensuring that schools submit students' answer sheets for DIET review through CCE Cell.*

COMPLIANCE AUDIT

Chapter-IV: Basic Amenities for Inmates in Jails

Audit of Jails Department was included in the Comptroller and Auditor General of India's (CAG) Report on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2012, which was discussed in the Public Accounts Committee (PAC) in July 2015. In the current audit, it was noted that some shortcomings highlighted in the previous report still persisted, despite assurance of the management to the PAC. These included: (i) overcrowding in jails; and (ii) health infrastructure and services.

The Jail Administration took six years to adopt framework outlined in the Model Prison Manual, 2016 and notify the Punjab Prison Rules, 2022. Despite recommendations of the Public Accounts Committee, overcrowding in jails persisted. Over 27 per cent physical *peshies* were missed mainly due to non-availability of police escorts leading to extended detention of under trials. Delays in construction of jails and repair of barracks worsened overcrowding and reduced the availability of per capita facilities. Toilet facilities were inadequate in 74 per cent of male and 63 per cent of female barracks leading to unhygienic conditions. Health care facilities also exhibited 72 per cent shortage of hospital beds and 60 per cent shortage of medical staff. This necessitated treatment of 45,497 inmates in Civil Hospitals outside the jail thereby enabling 22 prisoners to escape. While the essential supplements were inconsistently provided, drinking water also did not undergo the prescribed testing in 39 per cent of the test-checked jails. Female inmates were deprived of sanitary pads, essential for their menstrual health and dignity. There was persistent shortage of bedding and clothing for convicts, nine jails lacked mechanised laundry machines, and none had boilers for washing clothes.

Chapter-V: Functioning of Punjab Labour Welfare Board

A significant number of workers remained unaware of the benefits available under the Welfare Schemes due to the Punjab Labour Welfare Board's (Board) inaction in developing audio and video awareness materials, despite adequate budgetary provisions for the same. The Board lacked a mechanism to bring the eligible establishments within its purview and did not have system to issue unique identification numbers to the registered workers. The Board had

not established a mechanism to ensure regular contributions to the Fund by defaulting establishments, nor had it implemented deterrent measures to prevent further defaults. This inaction contributed to an increase in the number of defaulting establishments. Frequent shortfalls in the Board meetings highlighted a lack of commitment and delayed critical decisions on contribution rates, service bye-laws, and Board rules/regulations. The shortage of Labour Welfare Inspectors forced the Board to rely on Labour Department Inspectors, whose inspections were inadequate and ineffective. Insufficient staff delayed the processing of welfare benefit applications and preparing annual accounts. Additionally, the Board was unaware of actual amount of unpaid accumulations, lacked worker-wise records, and did not transfer lapsed unpaid accumulations to the Welfare Fund. Processing of applications exhibited delays, deficiencies, and inconsistencies with significant issues in the digital transition to e-Labour portal, while ambiguous regulations led to denial of benefit to some and exploitation by others. The annual accounts of the Board for the years 2017-18 to 2022-23 were not submitted for audit. Further, the Board had stopped maintaining cash book after February 2019 and had also not prepared the Bank Reconciliation Statement. These lapses raise serious concerns regarding financial accountability and significantly increase the risk of mismanagement and potential fraudulent activities within the Board.

Chapter-VI: Compliance Audit Observations (Departments)

Lapse of Punjab Agricultural University to timely review its contract demand of electricity supply together with category of electricity connection in line with the tariff circular and Electricity Supply Instructions Manual resulted in avoidable extra payment of fixed charges amounting to ₹ 1.21 crore during the period from January 2018 to March 2023.

(Paragraph 6.1, Page 189)

Lapse of Department of Information and Public Relations to provide adequate funds timely to Public Works Department for construction of Press Club building at Amritsar, led to delay of over two years in completion of work. Pursuant to the arbitrator's award in favour of the contractor, the State Government became liable for an avoidable payment of ₹ 1.43 crore, of which ₹ 0.88 crore had already been paid to the contractor.

(Paragraph 6.2, Page 192)

The Department of Water Resources did not recover the due amount of water cess (₹ 207.78 crore) from the occupiers of land who used canal water for irrigation during the period 2014-15 to 2022-23, as per recommendations of the Finance Commissions and provisions under the Northern India Canal and Drainage (Punjab Amendment) Act, 2014. Resultantly, the expenditure of

₹ 184.04 crore on repair, maintenance and modernisation of distributaries, minors and sub-minors had to be met from the State budget.

(Paragraph 6.4, Page 196)

Delay of 38-80 months in payment of enhanced compensation to the landowners by the Water Resources Department in compliance to decision of the Hon'ble High Court inflicted avoidable burden on the State exchequer on account of interest amounting to ₹ 5.67 crore.

(Paragraph 6.5, Page 198)

Chapter-I

General

Chapter-I

General

1.1 Introduction

This Report covers matters arising out of the Performance Audit and Compliance Audit of the Departments of the State Government. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. The findings of audit are expected to enable the Executive to take corrective action and to frame policies and directives that will lead to improved financial management of the organisations, thereby contributing to better governance.

The Report has been organised in six chapters as under:

Chapter-I contains a brief profile of the State Government with the budget profile for the year 2022-23, the authority for audit, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports, individual observations/paragraphs and follow-up action on Audit Reports.

Chapter-II contains Performance Audit Report on ‘Information Systems Audit of e-Procurement’.

Chapter-III contains Performance Audit Report on ‘Quality of School Education in Punjab’.

Chapter-IV contains Subject Specific Compliance Audit Report on ‘Basic Amenities for Inmates in Jails’.

Chapter-V contains Subject Specific Compliance Audit Report on ‘Functioning of Punjab Labour Welfare Board’.

Chapter-VI contains individual observations relating to Compliance Audit of Departments.

1.2 Budget Profile

There are 42 departments¹ and 57 autonomous bodies in the State. The status of budget estimates and actual expenditure incurred by the State Government during 2018-2023 is given in **Table 1.1**.

¹ Social, General and Economic Departments (other than Revenue Departments and Public Sector Undertakings).

Table 1.1: Budget estimates and actual expenditure of the State during 2018-2023

(₹ in crore)

Expenditure	2018-19		2019-20		2020-21		2021-22		2022-23	
	Budget Estimates	Actuals								
Revenue expenditure										
General Services	37,493.10	36,930.51	39,449.00	38,614.35	43,540.25	43,253.01	47,421.79	47,239.77	53,617.47	54,002.90
Social Services	20,097.54	18,320.37	21,878.19	19,483.85	24,982.03	21,674.90	29,329.73	25,334.31	31,046.22	28,849.10
Economic Services	21,185.35	17,888.17	18,754.94	14,551.12	17,532.96	15,445.40	20,944.10	20,203.74	27,801.13	26,996.39
Grants-in-aid and Contributions	3,541.98	2,264.66	6,519.95	3,210.32	6,717.05	5,971.31	4,749.91	3,858.69	4,989.16	3,812.28
Total	82,317.97	75,403.71	86,602.08	75,859.64	92,772.29	86,344.62	1,02,445.53	96,636.51	1,17,453.98	1,13,660.67
Capital expenditure	4,871.57	2,412.24	19,641.30	17,827.73	6,821.68	4,382.32	10,078.80	8,009.98	8,513.20	6,667.21
Loans and Advances disbursed	1,602.64	1,361.05	820.87	783.88	923.63	955.79	1,592.76	1,575.81	1,412.14	1,381.67
Repayment of Public Debt (including Ways and Means Advances)	38,623.32	37,770.93	44,632.68	39,573.90	39,482.08	34,633.53	22,358.95	19,278.55	59,946.00	58,375.71
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*	18,282.51	62,271.76	16,014.61	64,328.24	59,068.32	74,470.97	91,442.87	87,659.49	81,881.10	97,620.01
Closing Cash Balance	--	1,324.83	--	2,125.06	--	9,247.83	--	6,871.64	--	9,009.46
Total	63,380.04	1,05,140.81	81,109.46	2,76,358.09	1,06,295.71	1,23,690.44	1,25,473.38	1,23,395.47	1,51,752.44	1,73,054.06
Grand Total	1,45,698.01	1,80,544.52	1,67,711.54	2,00,498.45	1,99,068.00	2,10,035.06	2,27,918.91	2,20,031.98	2,69,206.42	2,86,714.73

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

* Excludes transactions of investment of cash balances, departmental cash in chests and deposits with Reserve Bank of India.

As against the total budget outlay of ₹ 2,69,206.42 crore, the application of resources was ₹ 2,86,714.73 crore during the year 2022-23. The total expenditure² of the State increased by 53.72 per cent from ₹ 79,177 crore to ₹ 1,21,710 crore during the period 2018-19 to 2022-23. Revenue expenditure of the State increased by 50.74 per cent from ₹ 75,404 crore in 2018-19 to ₹ 1,13,661 crore in 2022-23 and capital expenditure increased by 176.41 per cent from ₹ 2,412 crore in 2018-19 to ₹ 6,667 crore in 2022-23. However, when compared to the previous year, revenue expenditure grew by 17.62 per cent, while capital expenditure declined by 16.76 per cent. Revenue expenditure ranged between 80 and 95 per cent of the total expenditure while capital expenditure ranged between three and eight per cent during 2018-2023 except for the year 2019-20 when it was 19 per cent due to conversion of Ujjwal Discom Assurance Yojana (UDAY) loans amounting to ₹ 15,628 crore into equity capital in Punjab State Power Corporation Limited.

² Total of Revenue Expenditure, Capital Expenditure and Loans & Advances.

During the period from 2018-19 to 2022-23, revenue expenditure increased at an annual average growth rate of 13 *per cent* whereas revenue receipts grew at an annual average rate of 11 *per cent*.

1.3 Authority for Audit

Authority for audit by the Comptroller and Auditor General of India (CAG) is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). The CAG conducts audit of expenditure of State Government Departments under Section 13³ of the CAG's DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section 14⁴ of DPC Act. Section 16 of the CAG's DPC Act authorises CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each State and of each Union Territory having a legislative assembly and to satisfy himself that the rules and procedures are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit and Accounts Department.

1.4 Planning and Conduct of Audit

The audit process commences with a risk assessment of various departments, autonomous bodies, schemes/projects, considering the criticality/complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the scope of audit is decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing audit findings is issued to the head of the office with the request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. 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 to be submitted to the Governor of Punjab under Article 151(2) of the Constitution of India.

³ Audit of (i) all expenditure from the Consolidated Fund of State; (ii) all transactions relating to Contingency Fund and Public Accounts; and (iii) all trading, manufacturing, profit and loss accounts, balance-sheets and other subsidiary accounts.

⁴ Several non-commercial autonomous/semi-autonomous bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, etc., and substantially financed by the Government, are audited under Section 14.

During 2022-23, compliance audit of 2,259 entities (including implementing units) of the State was conducted by the office of the Principal Accountant General (Audit), Punjab. An amount of ₹ 24.48 crore was recovered during 2022-23 by various Departments after being pointed out by Audit through Inspection Reports.

1.5 Lack of Response of Government to Audit

The Principal Accountant General (Audit), Punjab, conducts periodic inspection of the Government Departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IR) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action.

The heads of the offices are required to reply to the audit observations contained in the IRs within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

As of June 2023, 17,844 Inspection Reports containing 64,482 observations (issued up to March 2023) involving money value of ₹ 79,727.63 crore, were outstanding, of which 11,518 IRs containing 33,852 observations involving money value of ₹ 22,016.72 crore pertained to the period prior to April 2018 i.e., more than five years old. The year-wise position of outstanding Inspection Reports/Observations along with their money value is given in **Table 1.2**.

Table 1.2: Outstanding Inspection Reports/Observations

Particulars	Prior to April 2018	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Inspection Reports	11,518	1,366	1,346	783	1,935	896	17,844
Observations	33,852	6,597	7,071	4,541	5,991	6,430	64,482
Money value (₹ in crore)	22,016.72	18,223.98	10,327.74	12,629.01	7,980.97	8,549.21	79,727.63

Source: Office records

The purpose of audit is to check whether prescribed rules, laws and procedures are being adhered to, and to highlight cases of non-compliance, systemic weaknesses and failures. The large number of pending IRs and audit observations pending settlement indicate inadequate response to audit observations. The lack of action on these audit observations weakens accountability and raises the risk of loss of revenue. Increasing pendency of audit observations merits urgent attention of the Government for addressing the issues raised by Audit. The departmental officers did not take action on observations contained in IRs within the prescribed time frame, which may

affect overall accountability. It is recommended that the Government should ensure prompt and proper response to audit observations.

1.5.1 Departmental Audit Committee Meetings

The Government has set up Departmental Audit Committees to monitor and expedite progress of the settlement of the audit observations contained in the Inspection Reports.

As many as 131 audit observations involving money value of ₹ 1.17 crore were settled in 31 Audit Committee meetings held with 59 auditee units (AU) under 11 Departments⁵ during 2022-23.

The Government may ensure holding Audit Committee meetings at regular intervals with all the Departments.

1.6 Response of Departments to Draft Audit Observations

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

The draft audit observations proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/Secretaries of the Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments/Government is invariably indicated at the end of such observations included in the Audit Report.

1.7 Follow-up on Audit Reports

The follow-up on Audit Reports have been found to be inadequate as given below:

1.7.1 Non-Submission of Action Taken Notes

According to the Rules and Procedure for the Public Accounts Committee (PAC), all Administrative Departments are to initiate *suo motu* action on all Compliance Audit Observations and Performance Audits featuring in the Audit

⁵ (i) Rural Development and Panchayats (5 AUs); (ii) Water Supply and Sanitation (8 AUs); (iii) Home Affairs and Justice (1 AU); (iv) Elections (4 AUs); (v) Dairy Development, Fisheries & Animal Husbandry (24 AUs); (vi) Labour (1 AU); (vii) Employment Generation and Training (1 AU); (viii) Higher Education (1 AU); (ix) School Education (1 AU); (x) Social Security and Women & Child Development (1 AU); and (xi) Water Resources (12 AUs).

Reports of the Comptroller and Auditor General of India, regardless of whether these are taken up for examination by the PAC or not. They are also to furnish detailed notes, duly vetted by audit, indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the State Legislature. Despite these provisions, the explanatory notes on audit observations of the Reports were being delayed inordinately.

The status regarding non-receipt of Action Taken Notes (ATN) on the observations included in the Audit Reports of Social, General and Economic Departments up to the period ended 31 March 2024 is given in **Table 1.3**.

Table 1.3: Status regarding non-receipt of ATNs on the paragraphs included in the Audit Reports

CAG Audit Report	Year	Department	Date of presentation of Audit Report in the State Legislature	Due date for receipt of ATNs	ATNs pending as of 31 March 2024
Social, General and Economic Sectors (Non-PSUs)	2016-17	Agriculture and Farmers' Welfare	22.03.2018	21.06.2018	1
		Tourism and Cultural Affairs			1
		Revenue, Rehabilitation and Disaster Management			2
		Housing and Urban Development			1
		Social Justice and Empowerment of Minorities			1
	2017-18	Agriculture and Farmers' Welfare	27.02.2020	26.05.2020	1 [#]
		Health and Family Welfare			1
		Home Affairs and Justice			2
		Industries and Commerce			1 [#]
		Science and Technology			1 [#]
Social, General, Revenue and Economic Sectors (Non-PSUs)	2018-19	Health and Family Welfare	29.06.2022	28.09.2022	1
		Housing and Urban Development			1 ^{&}
		Personnel			1 [@]
		Home Affairs and Justice			1 [@]
		Public Works (B&R)			1
		Revenue, Rehabilitation and Disaster Management			1
		School Education			1 [*]
		Finance			1 [*] 1 ^{&} 1
Social, General and Economic Sectors	2019-20	Public Works (B&R)	29.06.2022	28.09.2022	3
		Social Security and Women & Child Development			1
Compliance Audit	2020-21	Water Supply and Sanitation	07.03.2023	06.06.2023	1
		Agriculture and Farmers' Welfare			1
		Public Works (B&R)			1
		Technical Education and Industrial Training			3
		Water Resources			1

CAG Audit Report	Year	Department	Date of presentation of Audit Report in the State Legislature	Due date for receipt of ATNs	ATNs pending as of 31 March 2024
Performance Audit of 'Direct Benefit Transfer (Cash Transfer)'	Report No. 1 of 2022	Social Security and Women & Child Development	29.06.2022	28.09.2022	28
Performance Audit of 'Outcomes of Higher Education in Punjab'	Report No. 2 of 2022	Higher Education	29.06.2022	28.09.2022	31
Total					88

Source: Office records

One observation of the Audit Report 2017-18 pertains to three Departments.

* One observation of the Audit Report 2018-19 pertains to two Departments.

& One observation of the Audit Report 2018-19 pertains to two Departments.

@ One observation of the Audit Report 2018-19 pertains to two Departments.

PERFORMANCE AUDIT

Chapter-II

Information Systems Audit of e-Procurement

Chapter-II

Performance Audit

GOVERNANCE REFORMS AND PUBLIC GRIEVANCES DEPARTMENT

Information Systems Audit of e-Procurement

2.1 Background

Procurement is one of the important functions in all Government departments, where a large amount of funds is spent towards floating and processing various types of tenders covering Goods, Works and Services across the country.

Electronic Procurement (e-Procurement) is the use of information and communication technology by buyers in conducting their procurement processes with suppliers for acquisition of goods, works and services. A generic e-Procurement software solution, as a part of Mission Mode Projects (MMP) under National e-Governance Plan, called Government e-Procurement System of National Informatics Centre (GePNIC), was developed (July 2007) by the National Informatics Centre (NIC) to cater to the procurement/tendering requirements of Government departments and organisations. The system aims at enhancing transparency in all activities relating to tendering process and non-discrimination amongst bidders. It enables open and fair access to tender documents, clarifications, secure online bid submission and access to status of bid opening events to all from any place on 24x7 basis.

Technology

The GePNIC was developed by NIC using Java/J2EE technology working on Linux Operating System (RHEL 9.x) with PostgreSQL database (Version 12.x) as Open Source Tool. The size of the database including the associate documents storage used for storing of Punjab e-Procurement data was 12 TB as of August 2024. The primary site of the e-Procurement portal of NIC is located at the National Data Centre at Shastri Park, New Delhi and the Disaster Recovery site is at the National Data Centre, Hyderabad.

2.2 Implementation of e-Procurement System in Punjab

In the State of Punjab, GePNIC was initially implemented (July 2010) in Public Works Department (Buildings and Roads) (PWD-B&R), whereas other Departments used a different solution (Tender Wizard¹) for online procurement

¹ Developed by M/s. ITILtd. and implemented by Punjab Information and Communication Technology Corporation Limited (PICTC) in September 2010.

till 15 January 2018. For the implementation of GePNIC across all Departments in the State, the Punjab State e-Governance Society (PSeGS)² was designated (June 2017) as an implementing agency (IA) of the Department of Governance Reforms and Public Grievances (DGRPG), the nodal Department. Eventually, Government of Punjab (GoP) decided (November 2017) its complete switchover with effect from January 2018 after the portal was made live on 14 November 2017. The System was rolled out in 2,111 procurement entities including PSUs/Boards/Corporations across the Departments in the State (November 2022).

2.3 Modules of e-Procurement

In GePNIC, there are four main modules *viz.* –

- Vendor Registration
- e-Tendering
- e-Auction
- Reports

The details along with description of the modules are given in **Appendix 2.1**.

2.4 Objectives of e-Procurement System

The following benefits are envisaged for procuring entities and bidders:

Procuring entities

- Complete transparency
- Standardised procurement process
- System aided evaluation
- Reduces litigation
- Vendor performance portfolio
- Shortens procurement cycle
- Reduces human error
- Dynamic Reports

Bidders

- Simple and user friendly
- Drill down tender details
- Self-enrolment

² The primary objective of the Punjab State e-Governance Society (PSEGS) is to administer the implementation of e-Governance projects for the overall benefit of the citizens and public by setting up the necessary administrative, financial, legal and technical framework, implementation mechanism and resources in the State of Punjab.

- Anonymous bid submission
- Alerts – SMS, email, mobile application
- Re-submission/Withdrawal
- Online bid tracking
- Online payments/refunds

The workflow of e-Procurement system is depicted in **Chart 2.1**.

Chart 2.1: Workflow diagram of e-Procurement system



Source: GePNIC profile

2.5 Audit Objectives

The audit objectives for carrying out the Information Systems Audit of e-Procurement system were to assess:

- whether the e-Procurement system was fully implemented and was being utilised efficiently to achieve its objectives of promoting competition, transparency and accountability;
- whether the business rules were adequately mapped into the system;
- whether data in the system was complete, reliable and the integrity of data was maintained; and
- whether adequate controls were built up into the system.

2.6 Audit Scope and Methodology

In all, 45 Departments/Organisations (2,111 procurement entities) under GoP published 1,85,920 tenders³ through the e-Procurement Portal during the period

³ Threshold value for publishing a tender online was kept as ₹ five lakh and above.

2018-19 to 2022-23; Department-wise detail thereof is given in **Appendix 2.2**. The 'IS Audit of e-Procurement' in Punjab covering five years' period from April 2018 to March 2023 was conducted between August 2023 and June 2024.

The following methodology was adopted for IS Audit:

- Analysis of database using the data dump⁴ in respect of 1.86 lakh tenders published by 2,111 procurement entities, through Computer Assisted Audit Techniques (CAATs);
- Examination of related documents/records in respect of 494 tenders published by 111 procuring entities under 14 selected departments⁵ of GoP (**Appendix 2.3**), stationed in six Districts⁶ to corroborate the results of data analysis;
- Analysis of Application Controls and User Interface;
- Analysis of Security Controls; and
- Examination of records/information relating to GePNIC provided by PSeGS (IA) under DGRPG, GoP.

An entry conference was held (August 2023) with the Director, DGRPG and Nodal Officers of the selected Departments⁷ wherein audit objectives, criteria, and scope of audit were discussed. An exit conference to discuss the audit findings with the Nodal Department was held on 19 November 2024 and replies have been incorporated in this report.

The Information Systems Audit of Implementation of e-Procurement system (GePNIC) in Public Works Department (Buildings & Roads) covering the period July 2010 to December 2016 was included in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017. Compliance made with respect to the recommendations of the Public Accounts Committee was also examined and the status was incorporated under relevant paragraphs.

⁴ Provided by the Department of Governance Reforms and Public Grievances (DGRPG), GoP.

⁵ **Sampling:** (i) 14 Departments and six Districts (including Chandigarh) were selected using Random Sampling method based on number of published tenders; and (ii) 494 tenders (out of 1.51 lakh tenders) were selected using Stratified Random Sampling method, besides 72 related tenders on judgmental basis across 111 procuring entities.

⁶ (i) Fatehgarh Sahib; (ii) Ludhiana; (iii) Patiala; (iv) Rupnagar; (v) SAS Nagar along with (vi) Chandigarh.

⁷ (i) Finance; (ii) Excise and Taxation; (iii) Water resources; (iv) Forests and Wildlife Preservation; and (v) Public Works (B&R).

2.7 Audit Criteria

The audit criteria were derived from the following sources:

- e-Procurement guidelines issued by Standardization Testing and Quality Certification (STQC) Directorate, Department of Information Technology, Government of India (GoI);
- NIC Project Proposal;
- Guidelines issued by Government of India for Compliance to Quality Requirements of e-Procurement System;
- Guidelines issued by Central Vigilance Commission (CVC), Government of India on e-tendering solutions;
- Departmental Orders;
- The Punjab Transparency in Public Procurement Act, 2019;
- The Punjab Transparency in Public Procurement Rules, 2022;
- Punjab Financial Rules;
- Competition Act, 2002;
- Information Technology Act, 2008;
- Disaster Recovery Best Practices issued by Ministry of Electronics and Information Technology (MeiTY), GoI; and
- Software Development and Re-Engineering Guidelines of MeiTY, GoI (Version 2.1).

2.8 Acknowledgement

Audit acknowledges the cooperation extended by the State Government, DGRPG, NIC and the selected Departments/field units in conducting the IS Audit.

Audit Findings

2.9 Portal Implementation and Utilisation

The implementation of a single and unified⁸ e-Procurement Portal in the State was a much-needed control measure. The Nodal Department constituted (September 2017) a Project Management Unit (PMU) to monitor/oversee various activities of implementation of GePNIC project and to overcome bottlenecks/operational issues for timely completion of the tasks/activities in hand.

⁸ Earlier there were two e-Procurement systems being implemented in the State since July 2010 viz. GePNIC (PWD-B&R only) and Tender Wizard (other Departments).

The deficiencies in the implementation and utilisation of the e-Procurement system at the level of procuring entities and user departments are brought out in the succeeding Paragraphs of this Report.

2.9.1 Project Management and Planning

2.9.1.1 Selection of System Integrator

Prior to implementation of NIC e-Procurement System in Punjab, Departments other than PWD (B&R)⁹ were using a different system (Tender Wizard¹⁰) for procurement since July 2010.

The contract with the previous System Integrator¹¹ (SI) concluded in July 2015, however, the system remained operational until the new SI was finalised (January 2018).

The Nodal Department (DGRPG) considered two proposals in July 2016:

- i) NIC's proposal for implementing GePNIC, which was already in use by PWD (B&R) in the State of Punjab; and
- ii) Proposal for selecting a new agency through an open competitive process.

Eventually, after considering the potential drawbacks¹² of selection of new SI through open competition, the Department approved (July 2017) the proposal of NIC for implementation of GePNIC across all Departments of the State, at a project cost of ₹ 5.08 crore¹³ for a period of three years, which was extended for six years' period till July 2026 at an additional cost of ₹ 7.65 crore (excluding manpower¹⁴). Audit noticed that an amount of ₹ 11.34 crore (including charges towards manpower support) had been paid to NIC till 2023-24.

2.9.1.2 Absence of Memorandum of Understanding with NIC

Software Development and Re-Engineering Guidelines of MeitY, GoI provides that the solution architecture is a key differentiator for product like solutions. A well architected solution gives it robustness for reusability (in code, configurations, databases, services, etc.), enhancements and interoperability. Thus, a well-established Service Contract should be adopted as good architecture principle and accordingly a contractual agreement between the

⁹ e-Procurement System developed by NIC was being used in PWD (B&R) since July 2010.

¹⁰ Developed by M/s. ITI Ltd. and implemented by Punjab Information and Communication Technology Corporation Limited (PICTC) in September 2010.

¹¹ M/s. ITI Ltd.

¹² (i) Time-consuming process of 8-9 months; (ii) Difficult to predict any operation risks or software glitches; (iii) Security aspects w.r.t. hosting of software and database; and (iv) Multiplicity of agencies and software across departments as PWD (B&R) would not migrate to new software being satisfied with GePNIC; etc.

¹³ ₹ 3.40 towards GePNIC software/hardware charges with backend and operational support; and ₹ 1.68 crore towards manpower support.

¹⁴ Manpower support was to be provided as per actual requirement and valid empanelment prevalent for the purpose in NICS.

Application Owner (Government Department at Centre/State or any Private Player) and the Application Provider (Government Department or independent entities which host and provide services through e-Gov AppStore) over the period of Application Lifecycle (for example: Product Development + Replication + Hosting + Operation and Maintenance) is essential. The contracts related to licenses, source code, etc., will also be a part of such agreements.

Audit observed (November 2022) that though DGRPG was designated as the Nodal Department for implementation of e-Procurement system in the State of Punjab, no formal agreement or MoU was executed with NIC defining the roles and responsibilities of the stakeholders and NIC, even after lapse of more than six years of accepting the proposal of NIC (July 2017).

Mention was made in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017 (Paragraph 3.12.2.1) regarding non-execution of Agreement or Memorandum of Understanding (MoU) with NIC. The NIC while apprising that e-Procurement system was being implemented in other Departments of the State, assured (October 2017) to execute the requisite MoU in respect of implementation of e-Procurement system. Further, Public Accounts Committee (PAC) while discussing the Paragraph had recommended (December 2022) that the Department should implement all the provisions of IT policy.

Furthermore, it was observed (July 2024) that timeline was not adhered to in respect of the following activities by NIC:

- **Delay in Registration Fee Module:** The incorporation of the Registration Fee Module in the GePNIC portal, due by September 2017, was completed only in March 2020, resulting in a delay of over two years affecting the timely collection and management of registration fees; and
- **Non-Implementation of Multiple Payment Gateways:** Despite a request (February 2022), NIC had not implemented multiple payment gateways as of May 2024. The system continues to rely solely on SBI's payment gateway, despite recurring service issues. The absence of alternative gateways increases the risk of transaction failures due to technical glitches (as discussed in **Paragraph 2.10.3**), compromising procurement reliability.

Thus, the lack of a formal agreement between DGRPG and NIC, despite over six years of inaction, had resulted in absence of accountability and clarity in roles, contributing to critical delays on the part of NIC in modifying the portal and addressing payment gateway issues. Further, despite inconsistent

performance, NIC was paid (July 2017-August 2023) ₹ 11.34 crore up to March 2024 (as discussed in the preceding paragraph) without enforcing any time-bound accountability or withholding any amount for the delayed services.

Despite the assurance given by NIC (October 2017) and recommendation of PAC (December 2022), the Nodal Department was yet (November 2024) to execute the MoU to ensure legal binding, accountability and clarity in roles for avoiding disparity/dispute with the System Integrator.

The Nodal Department replied (November 2024) that the matter regarding MoU would be taken up with NIC.

2.9.1.3 Absence of Functional Directorate of Procurement Policy and Enforcement

As per Section 45 (1) and (3) of the Punjab Transparency in Public Procurement Act, 2019 (PTPP Act), the State Government shall establish a Directorate of Procurement Policy and Enforcement (DPPE) which shall be headed by an officer not below the rank of a Special Secretary to the State Government. The DPPE shall *inter alia* discharge functions viz. (a) to maintain and update the State Public Procurement Portal¹⁵ (SPPP) set up under Section 43; (b) to arrange for training and certification; (c) to recommend to the State Government measures for effective implementation of the provisions of this Act; (d) to provide guidance, consistent with the provisions of this Act and the rules and guidelines made thereunder, to the procuring entities with respect to the matter relating to public procurement; (e) to study different methods of public procurement and prepare and recommend standard bidding documents, pre-qualification documents or bidder registration documents; and (f) to discharge such other functions, as may be assigned to it by the State Government.

Audit observed that GoP had decided (September 2020) to establish DPPE in accordance with the provisions of PTPP Act. However, even though the SPPP was functional from July 2023, the Directorate was not made functional, as the Department was still in the process of creating requisite posts to make it functional (November 2024). In the absence thereof, effective implementation and utilisation of e-Procurement System in line with the provisions of the PTPP Act could not be ensured as is evident from various deficiencies as discussed in the succeeding paragraphs of this Report.

¹⁵ Primary objective of SPPP is to provide a single point access to the information on procurements made across various procuring entities covered under PTPP Act. Each procuring entity shall cause the procurement related information to be published as required under this Act or the rules and guidelines made thereunder on SPPP.

The Nodal Department clarified (November 2024) that this matter would be addressed by the Department of Finance.

2.9.2 Utilisation of e-Procurement Portal

As of March 2023, 45 Departments/Organisations and their procurement entities had utilised the GePNIC portal and a total of 1.86 lakh tenders valued at ₹ 1,15,407 crore were published during 2018-2023. It was, however, noticed that even amongst the procurement entities which had migrated to GePNIC, utilisation of the portal was partial. Despite specific instructions (September 2017) mandating all procuring entities in the State to carry out all procurements through GePNIC portal from January 2018, 16 (out of 45) procuring Departments/Organisations¹⁶ on-boarded to GePNIC portal with delays, between April 2018 and March 2023. Audit reviewed the level and effectiveness in utilisation of GePNIC portal, correlating data analysis with tender records being maintained by the procurement entities and findings thereof are discussed in the succeeding paragraphs.

2.9.2.1 Inadequate Publicity and Language Support for Tenders Published

Section 28(5) of the PTPP Act read with Rule 21(1) and (3) of PTPP Rules, 2022 stipulate that open competitive bidding shall be the default mode of procurement where an attempt is made to attract the widest possible competition in a fair and transparent manner by inviting tenders through advertisement and advertisement of the bidding under this method shall be published by the procuring entity on the State Public Procurement Portal (SPPP), on the Departmental website and through indicative publication in a newspaper, or any other method notified by the State Government from time to time. Further, Rule 33(7) specifies that due publicity shall be given for every auction to attract maximum bidders so as to get the highest value of the public asset to be disposed of.

Audit observed that in 64¹⁷ selected tenders published by three out of 14 test-checked departments, DNIT was published on the portal in a single language i.e. Punjabi only. Data analysis of these 64 sampled tenders revealed

¹⁶ (i) Punjab Agricultural University (15-04-2018); (ii) Department of Employment Generation and Training (27-04-2018); (iii) Department of Personnel (02-05-2018); (iv) Department of Information and Public Relations (01-06-2018); (v) Department of Elections (09-08-2018); (vi) Department of Power (07-09-2018); (vii) ADB Funded Projects (25-02-2019); (viii) Department of Mines and Geology (06-03-2019); (ix) Department of General Administration (28-01-2020); (x) Department of Civil Aviation (11-06-2020); (xi) Punjab Remote Sensing Centre (03-02-2021); (xii) Department of Labour (22-02-2021); (xiii) Punjab Cricket Association (23-08-2021); (xiv) Bhakra Beas Management Board (29-09-2021); (xv) Department of Excise and Taxation (14-02-2022); and (xvi) NICDC Punjab Industrial Corridor Development Corporation Limited (20-03-2023).

¹⁷ Department of Forests and Wildlife Preservation (40); Department of Sports and Youth Services (20); and Department of Agriculture (4).

that the participation of bidders from other States was only nine *per cent*. Publishing of tenders in at least 2-3 different languages (Punjabi, English and Hindi) would have allowed the tender to reach a greater number of potential bidders.

The Department of Forests and Wildlife Preservation assured (May 2024) that the advertisements as well as terms and conditions of DNIT would be published in newspapers and on the portal in three languages. The Department of Sports and Youth Services and Department of Agriculture did not respond to this Audit observation.

The Nodal Department stated (November 2024) that publishing of tenders in newspapers was being handled by the Department of Information and Public Relations. The Department further stated that necessary advisory to the user Departments in this regard had been issued.

2.9.2.2 Manual Intervention in Tendering Process

Mention was made in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017 (Paragraph 3.12.4.1) regarding non-updating the tender status and proceedings of technical and financial committees on the portal. The Department assured (October 2018) that instructions were issued to Tender Inviting Authorities (TIA) for uploading Award of Contract (AoC) on the system and matter was taken up with NIC for generating the minutes by the system.

GePNIC workflow envisages sequential step-by-step progress through different stages of tender, concluding on AoC to the successful bidder. Therefore, achieving AoC stage through online tendering process ensures complete and effective use of GePNIC portal. The stage-wise activities to be carried out during the tendering process are detailed in **Table 2.1**.

Table 2.1: Stage-wise activities to be carried out during tendering process

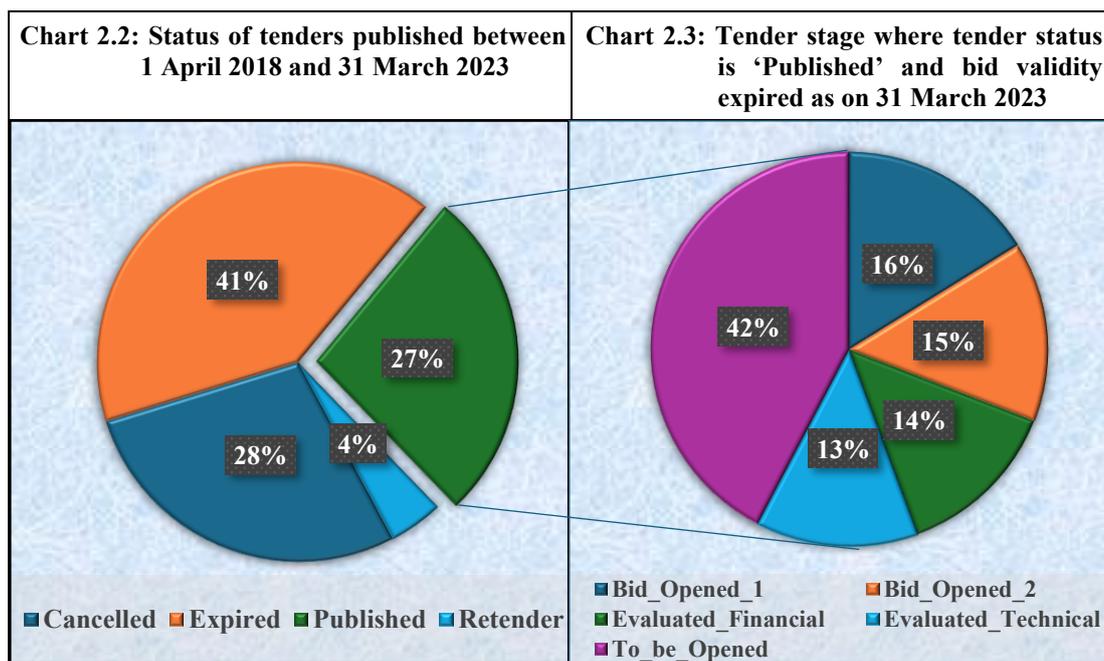
Tender Status*	Stage	Activity to be carried out
Published	To be Opened	No activity is carried out
	Bid opening (Bid Opened 1)	Bids are opened online, and number of bids and payment details are checked
	Technical Evaluation	Bids are checked against the technical criteria specified in the tender document
	Financial bid opening (Bid Opened 2)	Opening of financial bids of technically qualified bidders
	Financial Evaluation	The bill of quantity (BoQ) of each bidder is opened and L1 bidder identified from the system generated comparative chart, where BoQ template is used
Expired	Award of Contract	After identification of L1 bidder, contract value and the date of contract are entered in the system

Source: GePNIC Manuals and Brochure

* Tender Status gets updated as 'Cancelled' when tender has been cancelled; and 'Retender' when tender has been opted for retendering using system feature.

Data analysis revealed (May 2024) that only 0.76 lakh out of 1.86 lakh (41 per cent) of the tenders published on the portal during 2018-2023 were processed up to AoC stage, 28 per cent were cancelled, 27 per cent showing status as 'published' and four per cent were retendered, as depicted in **Chart 2.2**.

Out of 27 per cent (0.50 lakh out of 1.86 lakh) tenders with status as 'Published', 23 per cent (0.43 lakh out of 1.86 lakh) tenders where bid validity had expired, the portal did not reflect their actual status. Rather, it was showing the tenders lying at different stages of processing, as depicted in **Chart 2.3**.



Source: GePNIC database

Examination of physically maintained records in respect of 494 test-checked tenders revealed that:

- The contract had been awarded in 294 tenders, but status thereof was shown as 'Expired' on the portal. Besides, there were six tenders which were awarded offline. Their status had not been updated in the portal as awarded.
- In 30 tenders, the tender stage had not been updated, whereas in 55 tenders, the status had been updated on the portal with delays (ranging between 14 to 2021 days), thereby not only depicting incorrect status of tender on the portal but also leading to pending settlement of ₹ 54.95 crore, as discussed in **Paragraph 2.10.3.3**.

This deficiency in the MIS Report for status of tenders had arisen since the tenders were processed manually till the stage of AoC, without updating the corresponding stages in the portal, as discussed in **Paragraph 2.10.9.2(ii)**.

Although the procuring entities had published the tenders on the e-Procurement portal, the key business processes for bid evaluation, negotiation and award of contract were being carried out manually outside the system. This continued manual processing had resulted in bypassing of application controls for these processes and hence, instances of irregularities in the processes of bid evaluation and award of contract, as discussed in **Paragraph 2.9.3**.

The Nodal Department replied (November 2024) that necessary advisory to the user Departments in this regard had been issued.

Further, the inconsistencies in 28 *per cent* cancelled tenders (0.52 lakh out of 1.86 lakh) are discussed in the succeeding Paragraphs.

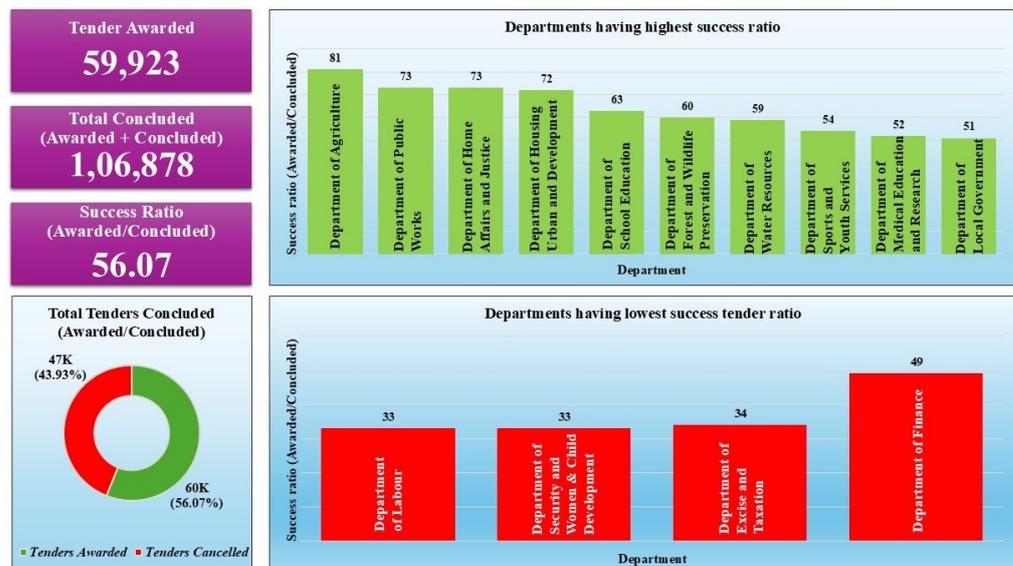
(i) Deficiencies in planning led to cancellation of tenders

Section 25 of PTPP Act stipulates that a procuring entity may, for reasons to be recorded in writing, cancel the process of procurement initiated by it; the procuring entity shall not open any bids or proposals after taking a decision to cancel the procurement and shall return such unopened bids or proposals; and the decision of the procuring entity to cancel the procurement along with the reason to do so shall be immediately communicated to all the bidders who participated in the procurement process. If the bidder whose bid has been accepted as successful fails to sign any written procurement contract as required or fails to provide any required security for the performance of the contract, the procuring entity may cancel the procurement process.

Data analysis of 1,85,920 published tenders revealed that 52,046 tenders (28 *per cent*) were cancelled over five years (2018-2023), thereby showing overall portal success ratio of 59 *per cent*¹⁸. The analysis of portal success ratio (56 *per cent*) in respect of 14 selected departments is depicted in **Chart 2.4**.

¹⁸ Portal success ratio is the ratio between total number of tenders awarded and total number of tenders concluded (tender awarded + tender cancelled) x 100.

Chart 2.4: Portal success ratio of selected departments



Source: GePNIC database

Further examination of records related to 114 selected tenders which were cancelled at various stages of tender processing revealed the following:

Some of the important cases where the tenders were cancelled due to improper planning and inefficiencies are discussed in **Table 2.2**.

Table 2.2: Cancellation of tenders due to improper planning and inefficiencies

Sr. No.	Name of work (Entity)	Date of publishing	Date of cancellation	Reason for cancellation	Reply of department
1.	Construction of Standard Police Station building (Punjab Police Housing Corporation - PPHC)	August 2019	March 2020	Land for the site was not available	PPHC stated (August 2024) that the tenders were called on the assurance of the Police Department to provide requisite land. But due to non-provision of land, the tender was cancelled.
2.	Supply and installation of machinery and equipment (Department of Medical Education and Research - DMER)	November 2022	September 2023	Faculty for operating the machine was not available	DMER stated (December 2023) that in future certification would be sought from the institutions regarding the availability of staff for use of machines.
3.	Lining and relining of water course with underground pipeline/brick lining of Outlet RD (Department of Water Resources)	October 2021	March 2022	Non-availability of requisite funds	The Department stated (April 2024) that sanction was obtained in anticipation of receipt of funds from the Government. Subsequently, the tenders were cancelled due to non-receipt of funds. It was added that proactive measures would be taken in future for smooth and efficient tender process.

Source: Departmental record

Further, it was noticed that 28 tenders pertaining to 9¹⁹ out of 14 test-checked departments were cancelled without quoting any specific reasons²⁰ on the portal as well as the tender records.

During tender processing in the above cases, an amount of ₹ 15.38 lakh on account of earnest money (₹ 14.65 lakh), tender fee (₹ 0.21 lakh) and processing fee (₹ 0.52 lakh) remained blocked with the entity/departments concerned. Of this, an amount of ₹ 14.65 lakh towards earnest money was refunded to the bidders after 5-9 months. Tender and Processing Fees were not refunded to the bidders even though it was a lapse on the part of the departments, as bids were opened before cancellation. Withholding any part of the bidders' money can deter participation and undermine the credibility of the tendering process.

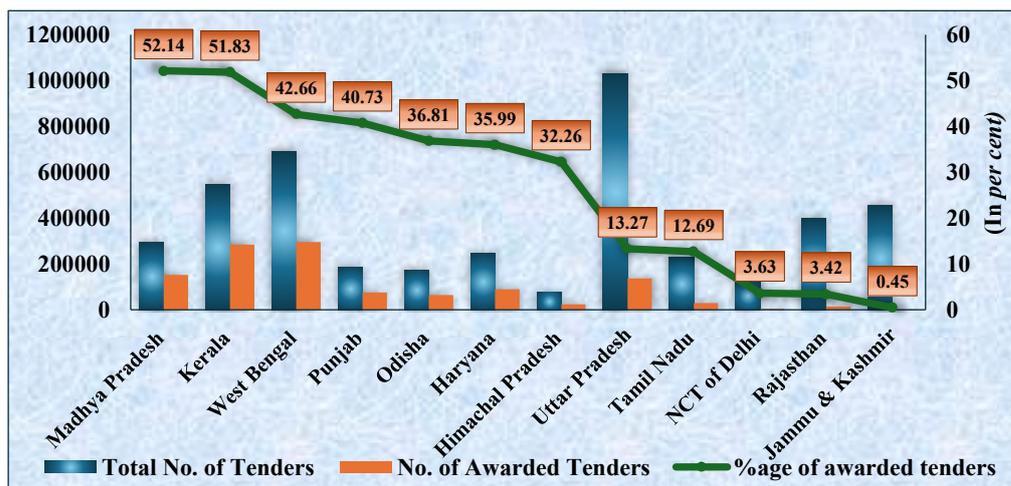
Cancellation of nearly one-fourth of published tenders indicated deficiencies in planning and due diligence in the procurement process, prior to publication of tenders.

The Nodal Department stated (November 2024) that necessary advisory to the user departments in this regard had been issued.

(ii) Status of updating of published tenders in comparison with other State Governments

A comparison of tenders published *vis-à-vis* updation of their AoC status on the portal by GoP and other State Governments who published more than 10,000 tenders in each of the years during 2018-19 to 2022-23 was carried out using the data available in the GePNIC Dashboard²¹. The outcome of the comparison is depicted in **Chart 2.5**.

Chart 2.5: State-wise comparison of tenders published *vis-à-vis* tenders awarded during the period 2018-2023.



Source: Dashboard of GePNIC

¹⁹ (i) Agriculture (1); (ii) Excise and Taxation (2); (iii) Finance (1); (iv) Forests and Wildlife Preservation (1); (v) Home Affairs and Justice (2); (vi) Local Government (6); (vii) Medical Education and Research (3); (viii) Sports and Youth Services (9); and (ix) Water Resources (3).

²⁰ In majority cases, “administrative reasons” were quoted in the corrigendum.

²¹ <https://eprocure.gov.in/eprocdashboard/>

Chart 2.5 shows that out of 12 States, Punjab stood in fourth position as it updated the status as ‘AoC’ only in respect of 41 *per cent* of the tenders published in the Portal though five years had passed since its implementation (January 2018).

This situation had arisen since the portal was utilised as originally intended only up to the stage of bid opening. All subsequent business processes – bid evaluation, negotiation and award of contract had been carried out manually, outside the system.

2.9.2.3 Deficiency in Application Controls to Enforce Uploading of Tender Summary Reports in the Portal

The e-Procurement portal provides for uploading of summary reports capturing required details of each stage of the tender for maintaining transparency in tender processing and for future reference. The next stage in the tender processing can only be achieved on completion of the preceding stage and uploading of the related summary report. Stage-wise details of summary reports required to be uploaded on the portal are given in **Table 2.3**.

Table 2.3 Details of summary reports to be uploaded

Stage	Summary to be uploaded	Details in the summary
Bid opening	Bid opening summary (Optional)	Number of bids and other requisite details, minutes of bid opening, etc.
Technical evaluation	Technical evaluation summary (Mandatory)	List of qualified bidders who will be eligible for opening of financial bids along with reasons of bids accepted/rejected in technical evaluation
Financial bid opening	Financial bid opening summary (Optional)	Overall summary along with minutes of opening of financial bids
Financial evaluation	Financial evaluation summary (Mandatory)	Position of the bidders (L1, L2, etc.) is uploaded
Award of Contract	AoC Summary (Mandatory)	Letter of Acceptance (LoA)/work order is uploaded

Source: GePNIC Manuals & Brochure

Test-checking of 494 tenders and MIS reports showed that summary reports at various stages of tender processing were not uploaded on the e-Procurement portal, as detailed in **Table 2.4**.

Table 2.4: Non-uploading of summary reports on portal

Mandatory stage summary	Total number of tenders passed this stage	Number of tenders (out of column 2) without actual summary reports	Remarks
(1)	(2)	(3)	(4)
Technical evaluation summary	357	66	Instead of technical evaluation summary report, orders related to formation of Tender Evaluation Committee or irrelevant/blank documents were uploaded on the portal
Financial evaluation summary	305	120	Instead of price bid evaluation summary report, irrelevant/ blank documents were uploaded
Award of Contract	294	51	Instead of AoC, irrelevant documents were uploaded

Source: GePNIC database

Audit noticed that during technical/financial bid opening, uploading of opening summary is optional. In case of non-uploading of opening summary, the tender stage did not get updated and kept showing ‘opening in progress’ even after opening/decryption of all bids. In these cases, the bid opening stages (technical/financial) got updated/closed only after completion of technical/financial evaluation stages and after uploading of the required summary report. The detailed analysis is given in **Paragraph 2.10.9.2(ii)**.

It was further noticed that description of link in the portal for uploading technical/financial summary reports had been displayed as ‘Committee Details Upload’, as depicted in **Figure 2.1**.

Figure 2.1: Picture showing ‘Committee Details Upload text’ on GePNIC portal

The screenshot displays the 'BID EVALUATION' section of the GePNIC portal. The left sidebar contains a navigation menu with categories: Master Management, User Management, Tender Management, Bid Opening, Bid Evaluation, and Corrigendum. The main content area shows the 'Technical Evaluation' form for a specific tender. The form includes the following fields and information:

- Organisation Chain: NIC Org||NIC_Dept
- Tender Reference Number: 2015/NIFM/51159/E3ES
- Tender Id: 2015_NIC_36669_1
- Tender Title: Supply of Items to setting computer lab at NIFM
- Packet Description: Technical
- Committee Chairperson Type: Internal External
- Committee Chairperson Name:
- Committee Members:
- Committee Details Upload: (with file upload icons)
- Financial Bid Opening Date: At :00 :00

At the bottom right of the form, there are 'Back' and 'Save' buttons. A note above the upload field states: 'Only pdf files are permitted to upload.'

Source: User Manual of GePNIC

This deficiency in application control was the reason that the users, instead of uploading technical/financial evaluation summary reports, had instead only uploaded orders related to formation of committee/other irrelevant documents. The Nodal Department assured (June 2024) to rectify the discrepancy in subsequent versions of the application.

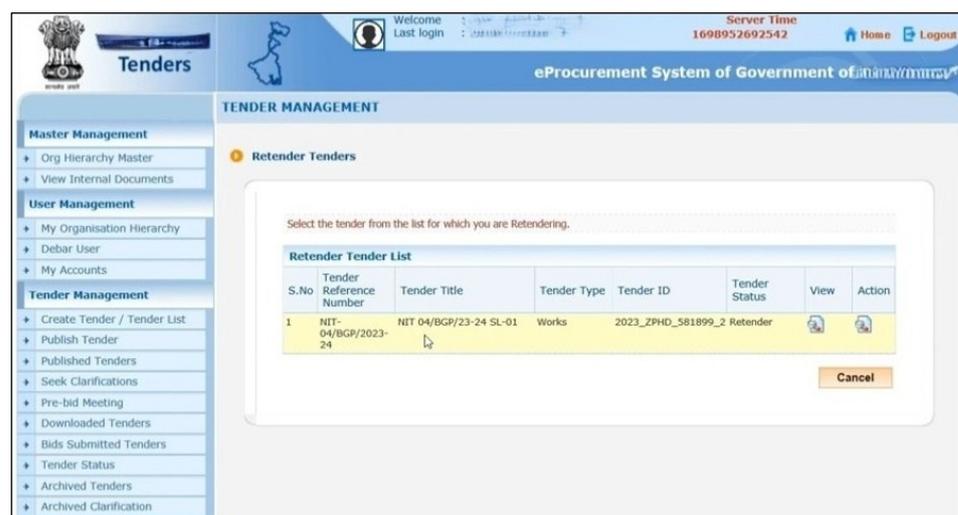
Non-uploading of the evaluation reports rendered the IT system incomplete, impairing transparency and objectivity of the tender processing and propagating dependence on manual records.

The Nodal Department stated (November 2024) that necessary advisory to the user departments in this regard had been issued.

2.9.2.4 Non-utilisation of 'Retender' Functionality

GePNIC portal has the 'Retender' functionality for user Departments, to maintain a trail of related tenders published earlier so that applicable business rules for such re-tenders can be followed, as depicted in **Figure 2.2**.

Figure 2.2: Picture showing 'Retender' feature on GePNIC portal



Source: GePNIC manual

Audit observed that the 'Retender' functionality had been used in respect of 8,128 published tenders during 2018-2023. However, while analysing the tenders on the basis of the tender inviting authority, tender value and tender title data fields, it was observed that out of the total 1,85,920 published tenders during the period, 22,756 tenders were republished multiple times, either by cancelling the previously published tenders or without updating the status. However, 'Retender' functionality was not used in any of these tenders.

Analysis of data for the period 2018-2023 further revealed that an amount of ₹ 59.26 lakh on account of processing fee (₹ 6.65 lakh), tender fee (₹ 4.32 lakh) and earnest money deposit (₹ 48.29 lakh) pertaining to 729 bidders who had participated in 490 such tenders were pending for refund (March 2023).

The Nodal Department had not issued executive instructions to mandate the utilisation of the ‘Retender’ functionality and as a result, the system was not in a position to accurately track the number of times a tender had been republished on the portal. In turn, this meant that the business rules for specifying the applicable time for submission of bids and minimum technical qualifying bid conditions laid down for such re-tenders in the PTPP Rules could not be enforced by the system, as discussed in **Paragraphs 2.10.1.1 and 2.10.1.3**.

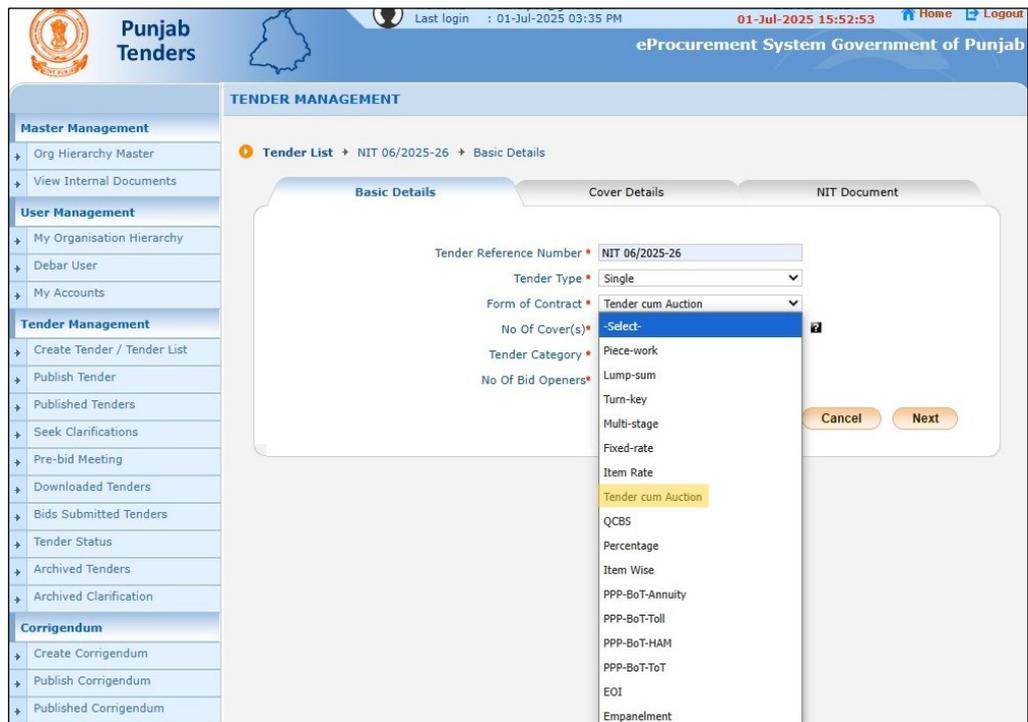
The Nodal Department stated (November 2024) that necessary advisory to the user departments in this regard had been issued and that the user departments would be provided training on the ‘Retender’ functionality.

2.9.2.5 Non-utilisation of ‘Tender-cum-Auction’ feature

Rule 33(6) of PTPP Rules stipulates that disposal of assets shall be done by way of e-auction through e-Procurement portal or any other open auction mode adopted by the State Government.

GePNIC portal had the functionality for ‘Tender-cum-Auction’ (**Figure 2.3**).

Figure 2.3: Picture showing ‘Tender-cum-Auction’ feature in form of contract



Source: GePNIC manual

Data analysis in respect of tenders published on GePNIC portal revealed that the Department of Excise and Taxation had published 691 tenders for auction of liquor vends and the Department of Forests and Wildlife Preservation had published 81 tenders for sale of trees during the period April 2018 to March 2023. However, neither of the two departments utilised the

‘Tender-cum-Auction’ feature. Instead, they opted for the open tender approach for auction purposes, despite the fact that this functionality had been available and previously used by six²² procuring entities since 2019.

The Nodal Department stated (May 2024) that ‘Tender-cum-Auction’ was an optional functionality that could be configured by the user Departments. The Department of Forests and Wildlife Preservation accepted the Audit Observation and stated (May-2024) that NIC had been approached to configure ‘Tender-cum-Auction’ functionality for that Department. The Department of Excise and Taxation did not respond to the Audit Observation.

This indicated that user Departments were not aware of the set of functionalities in the system and hence had processed auctions by utilising the Tender business processes.

The Nodal Department stated (November 2024) that necessary advisory to the user departments in this regard had been issued and that the user departments would be provided training on this functionality. It was further stated that configuration of the ‘Tender-cum-Auction’ functionality by default for all user Departments shall be explored.

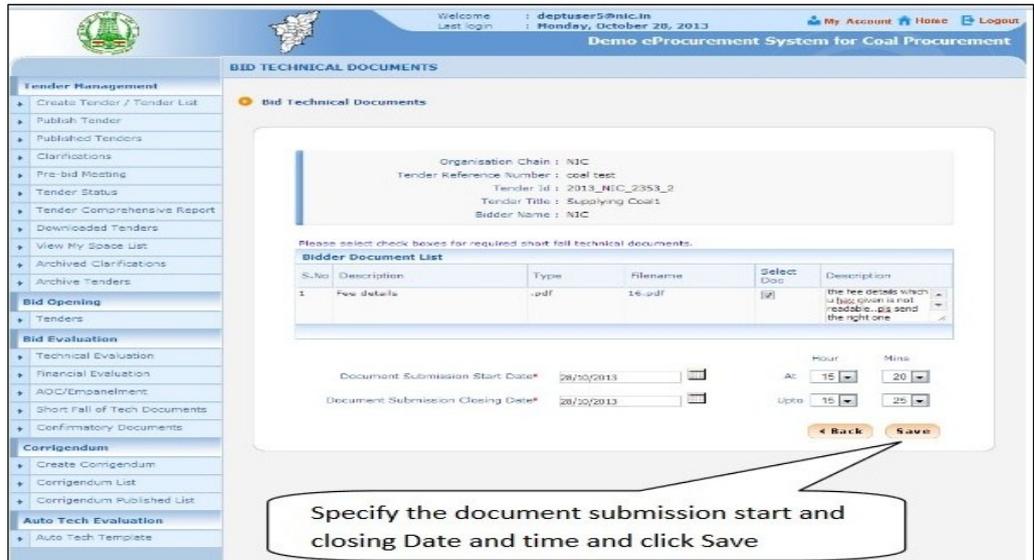
2.9.2.6 Irregular Submission of Documents by Bidders Outside the Portal

Rule 16 (Appendix 4) of PTPP specifies that relevant bidders can simultaneously take part in bid opening online and can see the resultant bids of all bidders. The system automatically generates a technical scrutiny report and commercial scrutiny report in case of techno-commercial bid opening and a price comparative statement in case of price bid opening which can also be seen by participating bidders online. Any document not enclosed by the bidder (referred to as a shortfall document) may be asked for by the procuring entity and submitted by the bidder online, provided it does not vitiate the tendering process.

The functionality for demanding shortfall documents was available in the GePNIC (**Figure 2.4**). The Bid Evaluator (departmental user) can demand the shortfall documents from the specific bidders and only these bidders can upload the documents through portal.

²² (i) Bhakra Beas Management Board (256); (ii) General Administration (5); (iii) Housing and Urban Development (2); (iv) Power (1,143); (v) School Education (2); and (vi) Governance Reforms (12).

Figure 2.4: Picture showing feature for demanding shortfall documents



Source: GePNIC manual

Audit observed that in 36 out of 494 sampled tenders pertaining to six departments²³, shortfall documents had been submitted by bidders outside the GePNIC portal, through email or other means, in contravention of the provisions *ibid*.

This communication with bidders through channels outside the system indicated a major control risk, since it created avoidable scope for selective communication with bidders who had not submitted the full set of documents. In the absence of utilising the functionality within the system, there was no assurance that a level playing field had been maintained during bid evaluation and that all bidders had been provided uniform and fair opportunities to submit the shortfall documents. This resulted in diminished transparency in the trail of documentation for the bid evaluation process, with risks of extension of undue benefit to favored bidders.

The Nodal Department stated (November 2024) that necessary advisory to the user departments in this regard had been issued and that the user departments would be provided training regarding this matter.

2.9.3 Deficiencies in Internal Controls for e-Procurement

Internal controls for business processes include formal policies and practices for risk management, compliance with internal procedures and instructions; external legislation and regulations; periodic and ad-hoc management reports; progress checks; and revision of plans and audits, evaluations, and monitoring.

²³ (i) Agriculture (4); (ii) Finance (3); (iii) Housing and Urban Development (6); (iv) Home affairs and Justice (17); (v) Medical Education and Research (1); and (vi) Public Works (B&R) (5).

Without these internal controls, organisations face the risk of non-compliance with the extant statutory framework.

The deficiencies noticed during e-Procurement are discussed in the following paragraphs:

(i) Non-preparation of Annual Procurement Plan

Section 9 of PTPP Act stipulates that the procuring entity shall prepare an annual procurement plan before/at the beginning of every financial year. A procuring entity shall take into consideration the matter specified in Section 8(2) of the Act while preparing its annual procurement plan in a rational manner and in particular shall avoid emergency procurement, wherever possible; aggregate its requirements, wherever possible, both within the procuring entity and between procuring entities, to obtain value for money and reduce procurement costs; avoid splitting of procurement; and integrate its procurement budget with its expenditure programme.

It was, however, observed that none of the test-checked procurement entities had prepared an annual procurement plan in line with the provisions of the Act *ibid.*

(ii) Non-maintenance of records

Rule 3 of PTPP Rules, 2022 provides that subject to the provisions of Section 6 of PTPP Act, all procuring entities shall, in addition to the records specified in sub-section (1) of the said section, maintain and preserve in safe custody the registers or databases as specified in Form 'A'²⁴ in electronic and physical form as official records.

It was observed that only tender register among the prescribed registers was maintained and even this was done by 61²⁵ out of 111 sampled procuring entities.

(iii) Offline processing of tenders

Rule 16 (Appendix 4) of the PTPP Rules stipulates that the bidders shall submit their techno-commercial bids and price bids online. Bidders will have to upload scanned copies of various documents required for eligibility and all other documents as specified in the notice inviting bid, techno-commercial bid in envelope-I and financial bid in envelope-II.

Audit observed that two departments *viz.* Department of Medical Education and Research; and Department of Social Security and Women & Child Development (DSSWCD) demanded/accepted offline bids in two out of

²⁴ Vendor/Contractor Register; Procurement Register; Procurement Order Guard Register; Procurement Order Progress Register; Stock Register and Asset Register.

²⁵ Ten test-checked entities did not furnish the requisite information/reply.

494 sampled tenders each valuing more than ₹ five lakh, in contravention of the Rules *ibid*.

The DMER stated (October 2023) that only online bids were considered and offline bids rejected. The reply was not satisfactory as out of three offline bids, one bid had been accepted (though not qualified as L1 and two bids were rejected on other grounds *viz.* one for non-submission of EMD and second on technical ground).

The DSSWCD stated (May 2024) that due to lack of time, the Department cancelled the online tenders and subsequently processed the tenders on the basis of offline quotations.

(iv) Irregularities in offline processes for technical and financial bid evaluation

In 122 out of 494 sample tenders, Audit noticed irregularities in the offline processes for technical and financial bid evaluation, based on the conditions of DNIT and provisions under PTPP Act and Rules. The details are below:

- In 10 tenders, no justification was given for rejection of technical bids.
- There was disparity in evaluation in two tenders published (October 2021 and March 2022) by the Department of Agriculture (Punjab Mandi Board, Mohali), as the bid was technically accepted in one case and rejected in another, based on non-submission of similar documents in tendering document.
- In 29 tenders, bidders were technically qualified despite shortfall in documentation uploaded with technical bids (**Appendix 2.4**). No record was available in support of subsequent submission of these shortfall documents from the bidders (online or offline mode). Of these, in one tender published (December 2021) by the Department of Local Government (Municipal Council, Nayagaon), the bid was technically accepted and the tender was awarded even though none of the documents demanded in DNIT was uploaded by the bidder. MC, Nayagaon did not furnish any reply regarding submission of shortfall documents even in offline mode by the bidder.
- In three tenders published (January 2019 – October 2020) by the Department of Agriculture, works were awarded despite non-submission of relevant enlistment document²⁶ by the bidders.

The Punjab Mandi Board, Patiala stated (June 2024) that no contractor having enlistment of building work participated in the tendering process so the work was awarded accordingly. The reply of the Board was not

²⁶ Punjab Mandi Board, Patiala for enlistment document in respect of building work (two tenders); and District Soil Conservation Officer for enlistment document from the Agriculture Department (one tender).

satisfactory as analysis of bidders' documents revealed that other participating bidders had submitted the enlistment for building works. The District Soil Conservation Officer, Patiala did not respond to the Audit observation.

- Section 23 read with Rule 16 of the PTPP Act/Rules prescribes that when the bids are being opened, concerned bidders can simultaneously take part in bid opening online and can see the resultant bids of all bidders. The system automatically generates technical/financial comparative reports which can also be seen by participating bidders online.

In two tenders published (March 2021 and March 2022) by the Department of Labour, one of the bidders had uploaded password-protected technical bids. The bids were technically accepted and the contract was awarded against one tender (May 2021) to the same bidder. However, due to password protected technical bids, the documents were not accessible to other bidders, thereby impairing the objective of the bid opening process. Subsequently, this bidder was blacklisted (September 2023) due to submission of invalid/forged EPFO certificate uploaded along with the respective tender (March 2021), as discussed in **Paragraph 2.9.5(ii)**.

- In one tender published (April 2020) by the Department of Water Resources (Sidhwan Canal Division, Ludhiana), bid was financially accepted even though EMD was not deposited by the bidder.

The Department stated (December 2023) that the work had been completed satisfactorily and there was no loss to the State exchequer. The reply of the Department was not satisfactory since the work should not have been awarded without the bidder first depositing the EMD.

- Out of 91 tenders, system templates for Bill of Quantity (BoQ) (item rate/lump sum/percentage rate) developed by NIC were not used in 34 tenders. In other 57 tenders, incorrect system template was chosen, in the absence of which the auto-generated financial evaluation summary/comparative statement could not be generated and the financial evaluation was done offline. Of these, 27 tenders were published by the Department of Forest for sale of trees, where L1 BoQ instead of H1 template was chosen, thereby leading to generation of L1 BoQ comparative statement. Thus, the Department had to resort to manual calculations for financial evaluation.

The Department replied (May 2024) that correct BoQ template was adopted in the tendering process from February 2023 onwards.

- In one tender for appointment of statutory auditor published (June 2020) by the Department of School Education, the financial evaluation in

respect of eight bidders was done manually instead of through the portal. As per the manual comparative statement prepared by the department, the total audit fee of L1 was ₹4,99,006 whereas L9 stands out to ₹15,35,47,500. However, further negotiations were held with selective four bidders only and the contract was awarded to L9 for ₹ 88,500.

The Department stated (March 2024) that bidders had misinterpreted the BoQ template and hence the committee had to finalise the financial bid evaluation manually. The Department, however, did not provide an explanation (April 2024) for holding negotiations with the selective bidders only.

- In one tender published (July 2019) by the Department of Finance (Directorate of Punjab State Lotteries), BoQ template used for submitting the financial bids was prepared by the Department itself on the plea that NIC template limited the input up to two decimal places whereas they required value up to four decimal places. However, it was observed that one of the bidders had uploaded the financial bid in its own designed BoQ template with two decimal places, which was accepted by the department and the work was awarded to the same bidder.

The Department stated (May 2024) that none of the contents of the financial bid were changed, therefore, the bid was accepted. The reply of the Department was not satisfactory since the NIC template itself could have been used if such flexibility in BoQ template was acceptable.

- In three tenders published (June 2019 – May 2020) by the Department of Medical Education and Research, discrepancy related to imposition of different rates of Goods and Services Tax (GST) on the same product was observed. The BoQ template should have been designed duly incorporating the correct GST rate to avoid quoting different rates for the same item by the bidders. However, all three tenders were awarded ignoring this fact. In one of the tenders, the contract was given to a bidder who quoted 'zero' GST, while others quoted 12 *per cent* and 18 *per cent*, yet the supply order subsequently included GST in addition to the quoted price.

GST laws generally mandate a single GST rate for a specific product or service, ensuring uniformity and fairness in taxation. Imposing multiple GST rates for the same product may potentially lead to non-compliance with GST laws and regulations.

The Department while admitting the audit observation stated (October 2023) that a letter for recovery of GST paid to the bidder had been issued. It was added that GST rate would be checked and verified for uniformity in future.

These above instances of irregularities had arisen due to the manual, offline processing of bid evaluation and award of contract outside the GePNIC, thereby bypassing application controls.

(v) Control deficiencies

Audit reviewed the functionalities in the system, and noticed the following severe control deficiencies:

- i. The system did not have application controls to ensure that bidders could only submit bids as per the pre-defined data formats for the tender. As a result, the bidders could potentially make modifications to the Bill of Quantity/ Work Estimates specified in the tender. There was also the risk that bidders could submit irrelevant information in the uploaded documents, in the absence of data fields having clear validation controls.
- ii. Functionality and application controls to ensure that technical evaluation of bids has to be completed only through system workflow, even if the Bid Evaluation Committee conducts its proceedings in offline mode, had not been implemented.
- iii. Functionality and application controls to ensure that based on specified data fields for each technical bid criteria, the user has to specify qualified/not qualified status at the end of the technical evaluation, had not been implemented.
- iv. Functionality and application controls to ensure that the results of the evaluation of technical bids and results of qualified/not qualified are communicated by the system to all the participating bidders before financial bids are evaluated, had not been implemented.
- v. Functionality and application controls to ensure that financial evaluation of bids has to be completed only through system workflow, even if the Bid Evaluation Committee conducts its proceedings in offline mode, had not been implemented.
- vi. Functionality and application controls to ensure that based on specified data fields for financial bid criteria, the system computes L1, L2, H1, H2, etc., and it is not left to the users to determine, had not been implemented.
- vii. Functionality and application controls to ensure that the results of the evaluation of financial bids (L1, L2, etc. computed by the system along with decision made by the financial bid evaluation committee) are communicated by the system to all the participating bidders before award of contract, had not been implemented.
- viii. Functionality and application controls to ensure that award of contract has to be completed only through system workflow, had not been implemented.

Therefore, significant business processes such as tender evaluation (both technical and financial), negotiation with vendors, and award of contract are still being carried out manually, instead of through the e-Procurement system. As a result, the objective of eliminating human interface for these key processes had not been achieved. The responsibility for ensuring compliance with rules had not shifted from the individual Departmental users to the application, even after the implementation of the e-Procurement system.

The Nodal Department stated (November 2024) that necessary advisory to the user departments in this regard had been issued.

2.9.4 Offline Collection of Earnest Money Deposit

As per Clause 3 “Bid Submission” of the PTPP Rules, Bid Security (EMD) shall be submitted in electronic form online (NEFT/RTGS/Internet Banking or any other mode available on the e-Procurement portal).

Audit observed that four²⁷ of the test-checked departments/procuring entities accepted EMD in 46 tenders through offline mode [Demand Draft (DD), etc.] by modifying DNIT conditions, in contravention of the Rules *ibid*.

The DNIT in respect of six sampled tenders published (July 2022-March 2023) by the Department of Excise and Taxation²⁸ for auction of liquor vends specified, “the DD has to be deposited with concerned Assistant Commissioner (Excise) Range and receipt is to be obtained for uploading in the technical bid cover”. It was, however, noticed that the dates of DDs (receipts issued by the Department were uploaded with the technical bid) preceded the tender publish dates. This discrepancy indicated apparent prior knowledge of these tenders by the bidders, which raises questions on preferential communication with these bidders before publication of tenders.

The Excise Officer (East Range), Ludhiana stated (December 2023) that the bidders could have made these DDs based on earlier published tenders. The DDs were accepted due to their validity in force at the time of submission. The response was not satisfactory as the DDs had been submitted in response to the tenders with dates prior to publication date, indicating the risks of preferential treatment extended to those bidders.

The Nodal Department stated (November 2024) that necessary advisory to the user departments in this regard had been issued.

²⁷ (i) Excise and Taxation (35); (ii) Punjab Infrastructure Development Board (PIDB) (8); (iii) Director, Social Security and Women & Child Development (2); and (iv) Director, Research and Medical Education (1).

²⁸ (i) Additional Commissioner (Excise) Ludhiana (East and West Range) (5); and (ii) Additional Commissioner (Excise), Sangrur Range (1).

2.9.5 Absence of Functionality to Blacklist/Debar Bidders

Section 26 (1 to 10) of the PTPP Act, 2019 prescribes that a procuring entity shall have the power to blacklist a bidder for a specified time from participating in public procurement proceedings and inform, in writing, all procuring entities of such actions. A bidder who has been blacklisted and/or debarred from taking part in public procurement by an international organisation or by Government of India or any other State Government, shall automatically be blacklisted from participating in public procurement in the State for such period as is debarred by that international organisation or Government of India or any other State Government, as the case may be. Further, a procuring entity shall keep and maintain a record of all blacklisted firms in such manner, as may be prescribed. The bidder blacklisted under this section shall not be eligible to bid through a new supplies, contracting or consulting or services firm for the purpose of public procurement during the period of blacklisting. All procuring entities shall not procure from, contract with or engage a bidder who has been blacklisted from participating in public procurement proceedings pursuant to this Act and the procuring entity shall inform the relevant professional bodies, if applicable, upon blacklisting a bidder.

Analysis of GePNIC database and relevant information obtained from the test-checked procuring entities revealed that the details of blacklisted/debarred bidders were not available/updated on the portal as was evident from the list of 10 bidders blacklisted/debarred (May 2017-September 2023) found available on the website of the Department of Public Works (B&R); besides debarring two bidders one each by the Department of Water Resources (February 2022) and the Department of Agriculture (June 2022). The Nodal Department did not furnish any response regarding the integration of GePNIC portal with other State Governments portals for the functionality to blacklist such bidders from participating in public procurement in the State of Punjab (February 2025). The discrepancies regarding blacklisting/debarring of bidders have been elaborated in the succeeding paragraphs.

(i) *Participation of bidders after blacklisting*

Audit observed that the bidders had not made disclosures regarding their blacklisting by the Department(s), as required by the DNIT and the Departments had not verified the status from their other portals, at the time of processing the bids submitted as detailed below:

- Department of Water Resources (DWR) debarred (February 2022) one bidder by simply issuing a letter from participating in public procurement for a period of one year, but made no such changes in GePNIC. Analysis of GePNIC database revealed that the bidder was

able to participate in 10 tenders published (October 2021²⁹-May 2022) by DWR and 38 tenders published (April-December 2022) by other three departments³⁰, of which six tenders were awarded (May-July 2022) to the debarred bidder, which included one tender awarded (May 2022) by DWR, which itself debarred the bidder.

The Department attributed (April 2024) the reasons for not debarring the bidder to lack of awareness/training of staff. The response indicated that the burden of compliance had not shifted from individual users to the system, despite the implementation of the e-Procurement application.

- The Agriculture Department debarred (June 2022) one bidder from participating in public procurement for a period of one year. Analysis of GePNIC database revealed that the bidder was able to participate in 15 tenders published (November 2022-March 2023) by DWR, in which the bidder qualified³¹ the technical evaluation (11 tenders) and financial evaluation (4 tenders) processes.

Due to the absence of integration with other portals on which the details of blacklisted vendors had been maintained, the functionality for debarring such blacklisted vendors (including by any other Department apart from the one publishing the tender) from participating in tenders on GePNIC had not been implemented.

(ii) Delay in blacklisting of bidders

The Department of Labour, on the basis of a complaint received (April 2021) regarding submission of invalid/forged EPFO certificate uploaded along with a tender for supply of manpower published in March 2021 (contract awarded in May 2021), blacklisted (September 2023) the bidder for three years, after a delay of more than two years i.e. after expiry of the concerned contract (31 March 2023). Analysis of data further revealed that during the intervening period, the bidder had participated in 30 other tenders published by eight departments³², which included Department of Labour (two tenders) too. Of these, five contracts (Department of Cooperation) had been awarded to the bidder, thereby enabling the contractor to continue to participate for more than two years. Even after blacklisting the bidders in September 2023, details thereof had not been mapped into the GePNIC portal (September 2024).

The Department stated (September 2024) that the details of blacklisted bidders would be mapped into the portal in future.

²⁹ Bid in respect of one tender published in October 2021 was submitted in March 2022.

³⁰ (i) Local Government (35); (ii) Agriculture (2); and (iii) Housing and Urban Development (1).

³¹ No tender was awarded to the bidder.

³² (i) Agriculture (1); (ii) Animal Husbandry, Dairy Development & Fisheries (1); (iii) Cooperation (20); (iv) Health and Family Welfare (2); (v) Labour (2); (vi) Medical Education and Research (1); (vii) Science, Technology and Environment (2); and (viii) Transport (1).

The Nodal Department stated (November 2024) that necessary advisory to the user Departments in this regard had been issued and that the user departments would be provided training regarding this matter.

2.9.6 Training and Support for e-Procurement Portal

Implementation Guidelines for e-Procurement³³ (July 2011) provide for initial as well as continuous training and handholding support, to the identified department users, as per the needs at a defined minimum level through Facility Management Personnel (FMP). Further, the activities defined to be carried out by the Implementing States included Extensive Trainings for Department User and Bidders to be conducted by FMP teams. NIC in its project proposal (July 2016) had provisioned for imparting department-wise training, both for officials and bidders.

Audit observed that out of 111 sampled procurement entities, training had been imparted to the users of only 32 procurement entities who were currently using the portal. Inadequate training and lack of awareness were one of the reasons attributed by the sampled procurement entities for non-updating the stages of tender processing and partial/improper usage on the Portal, as discussed in **Paragraphs 2.9.2.3, 2.9.2.4, 2.9.2.5 and 2.9.2.6.**

Further, awareness amongst the bidders for switching over to the e-Procurement system was not adequate, as seen from the fact that all the existing bidders (available in the previous system – ‘Tender Wizard’) had not registered themselves on the e-Procurement portal. Training for a few bidders had been imparted on one occasion in the year 2022.

Data analysis of 1.86 lakh tenders published on the portal during the period 2018-2023 revealed that bids had been received in respect of 1.36 lakh tenders only, wherein only one or two bids were received in 48 *per cent* of the tenders (as detailed in **Table 2.5**). The number of bids received against each tender ranged between 1 and 234 bids³⁴.

Table 2.5: Details of number of bids received against each tender

Number of bids received	Number of tenders	Per cent
Single bid	31,697	23
Two bids	34,527	25
Three bids	36,810	27
More than three bids	33,241	25
Total	1,36,275	100

Source: GePNIC database

The Nodal Department stated (June 2024) that during the roll out of GePNIC in Punjab, comprehensive training programs were organised for all the department

³³ Implementation Guidelines for e-Procurement rollout in States as a Mission Mode Project under National e-Governance Plan.

³⁴ In one instance/tender, 2,277 bids were received.

users. It was emphasised that these users would inform vendors participating in their tenders to switch to the new system. For assistance and training, vendors were directed to approach the NIC helpdesk.

The reply of the Nodal Department was not satisfactory since adequate training for bidders had not been imparted at the time of roll out of GePNIC in Punjab and the training had only been imparted once to 207 bidders in the year 2022 out of the total 33,256 bidders registered during the period from 2018-2023.

Training should be conducted at regular intervals for all the departments and bidders, and role-based self-learning modules should be developed to provide ease of access to different categories of users.

The Nodal Department (November 2024) stated that trainings were conducted as per requirements received from the user departments and bidders. The Department agreed to organise more training sessions for the departmental users and bidders.

2.10 Portal Effectiveness

PTPP Act establishes the legal framework for public procurement processes. Its aim is to ensure that public entities deliver intended outcomes efficiently, economically, and with integrity. The Act emphasises transparency, accountability, fair and equitable treatment to bidders, thereby fostering public confidence in good governance and addressed related or incidental matters. The PTPP Rules were framed under the powers conferred by the Section 60 (1) of the PTPP Act for procurement of goods, execution of works and hiring of consultants.

Audit noticed deficiencies in mapping the provisions of the PTPP Act and its associated Rules into the portal, resulting in absence of necessary application controls to enforce the applicable business rules. The observations arising from the tendering process of 494 sampled tenders are detailed in the following paragraphs.

2.10.1 Non-mapping of Business Rules

2.10.1.1 Inadequate Time given for Bid Submission

As per Section 11 of the PTPP Act, each procuring entity must pre-determine a reasonable time frame for completing various stages of the procurement process. This time frame should be clearly specified in the pre-qualification documents, bidder registration documents, or bidding documents, as applicable.

Prior to coming into force the PTPP Rules in 2022, GoP³⁵ had issued instructions (February 2018) containing timelines for submission of bids as detailed in **Table 2.6**.

Table 2.6: Timelines for submission of bids

Tender Value of Works (In ₹)	Recommended Days
5 lakh and above up to 50 lakh	10
50 lakh and above up to 2 crores	15
Above 2 crore	21

Source: Instructions issued by the Chief Engineer, Punjab Roads and Bridges Development Board (PRBDB)

Rule 7, along with Appendices 1 and 2 of the PTPP Rules, specifies the time frames for all procurement activities³⁶ and stages. It also allows procuring entities to shorten the time frame for any stage of the procurement process, except for the bid submission period. The number of days prescribed for submission of bids for single stage (Two envelope) as per Appendix 1 (for Goods) and Appendix 2 (for works and Non-consulting services) of the PTPP Rules³⁷ are detailed in **Table 2.7**.

Table 2.7: Days prescribed for submission of bids

Goods in Open Competitive Bidding		Works and non-consulting services in Open Competitive Bidding	
Tender Value (In ₹)	Time in days recommended for submission of bids	Tender Value (In ₹)	Time in days recommended for submission of bids
Up to one Crore	21	Up to 50 lakh	10 (First Instance)
			7 (Second/Third instance of bidding)
1 Crore and above up to 10 Crore	30	50 Lakh and above up to 2 Crore	15 (First instance)
			14 (Second/Third instance of bidding)
10 Crore and above up to 100 Crore	30	2 Crore and above up to 100 Crore	21 (First/Second/Third instance of bidding)
Above 100 Crore	45	Above 100 Crore	45 (First/Second/Third instance of bidding)

Source: Appendix 1 and Appendix 2 of the Punjab Transparency in Public Procurement Rules, 2022

Mention about the provisions of the notification (July 1996) not mapped in the System, thereby giving inadequate time to contractors for bidding was made in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended

³⁵ Through the Chief Engineer (PRBDB) on the advice of Technical Advisor to Chief Minister of Punjab vide memo no. 10738-48 dated 21.02.2018.

³⁶ Except Consulting services.

³⁷ Came into effect from 7 January 2022.

31 March 2017 (Paragraph 3.12.3.1). Despite assurance (October 2018) of PWD (B&R) to the Public Accounts Committee that NIC would update the required functionality in the next version, the same irregularities were again noticed, as detailed in the succeeding paragraphs.

Audit analysis of GePNIC database revealed that neither the timelines prescribed by the GoP nor the timelines laid down in PTPP Rules were mapped in the system, as detailed in **Table 2.8**. However, to ascertain the days allowed in 1,85,920 tenders published during 2018-2023, Audit benchmarked the days prescribed for bidding by PWD in tenders published on or before 7 January 2022 and days prescribed in PTPP Rules for tenders published after 7 January 2022. The results of audit analysis are detailed in **Table 2.8**.

Table 2.8: Tenders allowing less than prescribed days for submission of bids

	Tenders published	Tenders with less than prescribed days		Range of shortfall (in days)
		Overall (In per cent)	Test-checked	
Prior to PTPP Rules	1,56,415	48,604 (31%)	148	1 to 18
After PTPP Rules	29,505	12,162 (41%)	89	1 to 44
Total	1,85,920	60,766 (33%)		

Source: GePNIC database

As is evident from the table above, in about one third of the tenders, time allowed for submission of bids was less than the days prescribed by GoP/PTPP Rules. The percentage of tenders published with lesser time allowed for submission of bids increased from 31 per cent to 41 per cent in the later period and the time allowed was lesser by up to 44 days. Some instances have been mentioned below:

(i) Audit noticed that 12 of the test-checked tenders valued at ₹ 420 crore (having reserve price between ₹ 22.29 crore and ₹ 58.90 crore) for sale of retail liquor licenses were published by four Excise & Taxation Officers³⁸ (ETOs). Though these tenders were published in June 2022 and March 2023 i.e. after coming the PTPP Rules in force, less than a single³⁹ day was provided for submission of bids, against the prescribed period of 21 days.

The ETOs did not respond to the Audit observation (February 2025).

(ii) Audit noticed that five tenders valued at ₹ 181.93 crore (having reserve price between ₹ 22.29 crore and ₹ 56.88 crore) for sale of retail liquor licenses published (June 2022 and March 2023) by ETOs of Jalandhar and Patiala, multiple corrigenda were issued to extend the bid submission time ranging from 15 minutes to 180 minutes.

³⁸ ETOs at Ferozepur, Jalandhar, Ludhiana and Patiala.

³⁹ Bid submission time ranged between 45 minutes to 9 hours 40 minutes.

Thus, due to non-mapping of timelines prescribed in the instructions issued by the GoP and PTPP Rules, the system was incapable of streamlining the tendering process, especially the bid submission period.

The Nodal Department admitted (May 2024) the facts and assured to take up the matter with NIC for configuring the bid submission period conforming to PTPP Rules. During the Exit Conference (November 2024), the Nodal Department further stated that necessary advisory to user Departments in this regard has been issued. It was also stated that the matter regarding necessary changes in the portal including the provision to upload the necessary approval in case of a short tender period will be taken up with NIC.

2.10.1.2 Time Taken for Processing of Tenders

Reduction in tender processing time is also one of the main objectives of the e-Procurement system. The date on which related documents are uploaded to the system is recorded as the date of the activity in the e-Procurement System. However, for the Award of Contract update, a separate field for the contract date is also required to be input by the user.

(A) Of the 1.86 lakh tenders published during 2018-2023, the details of processing of 0.50 lakh tenders (27 per cent) were not found updated on the GePNIC portal. In the absence of details of proceedings after publishing of tenders, Audit could not analyse the actual time taken in processing these 0.50 lakh tenders. GePNIC portal showed 0.52 lakh tenders as cancelled and 0.08 lakh as re-tendered. Audit of the remaining 0.76 lakh tenders where AoC was issued, disclosed that in 0.25 lakh tenders (33 per cent), determined on the basis of contract date, date of issue of AoC was after the bid validity period by up to 18 months in 94 per cent tenders as detailed in **Table 2.9**.

Table 2.9: Number of months in processing of tenders beyond bid validity

Sr. No.	Delay in months	Number of tenders
1.	Up to 3 months	14,593
2.	3 to 6 months	4,319
3.	6 to 9 months	2,354
4.	9 to 12 months	1,289
5.	12 to 15 months	865
6.	15 to 18 months	608
7.	Above 18 months	1,437
Total		25,465

Source: GePNIC database

The delays ranging from one day to 1,631 days in the issue of AoC beyond the bid validity across 25,465 tenders, suggested that the GePNIC portal did not have application controls to ensure that AoC date was within the bid validity period. Since the Award of Contract (AoC) was issued manually and the date of upload of AoC on the portal may not be the same as actual date of contract,

the system was not in a position to facilitate effective monitoring of the status of the tenders by senior authorities.

Audit noticed that in three of the test-checked tenders published by Greater Ludhiana Area Development Authority (GLADA) (2) and Department of School Education (1), AoC was issued after expiration of bid validity, as detailed in **Table 2.10**. Two tenders had to be cancelled since the bidders refused to accept the AoC as the bid validity period had expired. Out of these two cancelled tenders, one tender was republished twice⁴⁰ by GLADA and AoC was issued at rates one *per cent* below the DNIT rate as against 17.99 *per cent* below the DNIT rates offered by the previous bidder who had refused to accept the AoC since the bid validity period had expired.

Table 2.10: Cases of awarding of contract after expiration of bid validity

Particulars	Greater Ludhiana Area Development Authority	DG, School Education
Number of tenders in which AoC issued after bid validity	2	1
Number of tenders in which AoC not accepted	1	1
Bid validity	11 September 2018	29 March 2022
AoC issued on	28 September 2018	7 October 2022

Source: GePNIC database

The Nodal Department stated (October 2023) that the GePNIC was a workflow-based software. After Technical & Financial evaluation, the user department issues AoC offline and uploads it later. A check for bid validity in GePNIC may result in an incomplete workflow as it will restrict the user department to issue AoC after the bid validity, whereas it is the user department's discretion to award the contract after the bid validity period. The Department of School Education replied (May 2024) that the bid validity for this tender was fixed from opening of commercial bid. It further stated that due care would be taken in future in this regard. The tender was not canceled as no option for cancelling the tender was available after AoC stage.

(B) PTPP Rules (Appendix 2 and 3) prescribe time frame for procurement activities in open competitive bidding process for works and non-consulting/consulting services.

Audit analysis of 29,722 tenders published during 2022-2023 revealed that there had been delays in processing the tenders at each stage as exhibited in **Table 2.11**.

⁴⁰ Republished on 05-04-2022 (No bid received) and then again on 18-04-2022 (5 bids).

Table 2.11: Delays in processing of tenders before and after PTPP Rules

Tender Stage	Number of tenders		
	Reaching this stage	Where delay was observed (per cent)	Range of Delay (in days)
Technical Opening	14,567	11,546 (79.26)	1 to 353
Technical Evaluation	14,851	4,116 (27.72)	1 to 340
Financial Opening	13,594	4,596 (33.80)	1 to 379
Financial Evaluation	10,089	4,949 (49.05)	1 to 377
Issue of Award of Contract	8,764	4,322 (49.43)	1 to 367

Source: GePNIC database

As is evident from the table above, the processing of a significant number of tenders was delayed at different stages of the tendering process and the number of tenders that suffered delays ranged between 28 per cent and 79 per cent. The delay in days was up to 379 days.

Audit observed that despite coming the PTPP Rules into existence, out of the 40 test-checked tenders published by the Excise Department in June 2022 and March 2023, in 12 tenders (30 per cent) valued at ₹ 420 crore the entire tendering process from publishing of the tenders on the portal to issue of AoCs was completed in a single day.

Audit further observed that GePNIC had no provision to flag stage-wise delay except for at the stage of issue of AoC. This deficiency is substantiated from the fact that activities critical to tendering process were being done manually outside the system as has been discussed in **Paragraph 2.9.3**.

The Nodal Department stated (June 2024) that GePNIC is a generic software. While the PTPP Rules provide a standard framework, individual departments may have their own procurement policies and procedures, which could lead to potential misalignment. It was added that it was the responsibility of the Tender Inviting Authorities to ensure compliance with rules. The Nodal Department stated (November 2024) to have issued necessary advisory to the user departments.

The response of the Nodal Department was not satisfactory as it only indicated that the application was being utilised only for workflow processing without the requisite application controls to enforce key business rules. This in turn meant that the burden of compliance had not shifted from individual users to the system, even after the implementation of the GePNIC application and hence, the full benefits of implementation had not yet been realised.

2.10.1.3 Opening of the Tender Despite Inadequate Number of Bids

According to Rule 21 (6) to (9) of the PTPP Rules, the number of bidders qualifying in the technical evaluation must be at least two. If this condition is

not met during the first bidding, the process must be cancelled, financial bids should not be opened, and fresh bids may be invited with the same or modified criteria as may be decided by the procuring entity. This process may be repeated to have at least two qualifying bidders. If, after the third bidding, the condition is still not met, the competent authority may choose to proceed with a single bid, provided that the reason for this decision is documented in writing.

Audit of test-checked tenders revealed that the relevant instructions were not mapped in GePNIC. It was also noticed that the system lacked the mechanism to track the number of times a particular tender was re-published, and therefore it was not in a position to facilitate compliance with the requirement of having a minimum of two qualifying bidders.

Since the system did not have the provision to identify republished tenders, Audit identified such tenders based on tender publish date and across three levels *viz.* **Level 1:** procuring entity, **Level 2:** tender title and **Level 3:** tender value. The data analysis disclosed the following discrepancies:

(A) Of the 45 departments/organisations, 23 procuring entities received a single bid in 965 tenders published after implementation of PTPP Rules, as detailed in **Appendix 2.5**. Instead of republishing these tenders due to lack of minimum of two qualifying bidders, these departments irregularly opened the single bid in the first instance. Audit further observed that 20 procuring entities processed 559 of these tenders without attempting republishing of tender and had issued AoC to the single bidder.

Prior to implementation of the PTPP Rules in January 2022, departments followed their own set of instructions issued in this regard.

(B) Similarly, 26 of the test-checked tenders published by three departments⁴¹ were processed despite receiving single bid in the first instance without attempting republishing of tender and issued the AoC in all these tenders.

(C) Prior to the PTPP Rules coming into existence on 7 January 2022, the tendering process in the Department of Local Government was being governed by the instructions notified on 2 August 2018 which prescribed the condition of receipt of minimum three valid technical bids to open the financial bids in the first attempt.

During 2018-2023, the Department of Local Government published 1,12,152 tenders. Analysis of these tenders disclosed that technical bids in 5,331 tenders were opened by the Department between 2 August 2018 and 7 January 2022 despite there being fewer than three technical bids. Of these, financial bids were also opened in 4,784 tenders and AoC was issued in 3,410 tenders in violation of the notification *ibid*.

⁴¹ Department of Excise (22); Department of Home Affairs and Justice-Punjab Police Housing Corporation (3); and Department of Local Government-Municipal Council, Sirhind (1).

- (D) PWD prescribed⁴² (February 2018) that technical bid of tenders where single bid was received in the first instance shall not be opened. Even in cases where a single bid qualifies the technical evaluation, the financial bid shall not be opened in the first instance.

The matter of 'Opening of single bid in first instance' had been previously reported in Paragraph 3.12.3.2 of the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017. PWD (B&R) had then assured (October 2018) the PAC that instructions regarding non-opening of single bid in first instance have been issued in February 2018. However, Audit noticed that tenders with single bids were still being irregularly opened and processed for issue of award.

Analysis of data related to the 9,516 tenders published by the PWD (B&R) revealed that though 1,130 tenders had been published in the first instance and had received a single bid in response, the Department had irregularly proceeded with evaluation of the single technical and financial bid and issued AoC in 383 tenders.

Similarly, in 424 tenders financial bid was opened even though only a single bid had qualified the technical evaluation in these tenders. The Department, in contravention of the instructions, issued AoC in 397 tenders.

The Nodal Department accepted (October 2023) that there were no application controls implemented in the e-Procurement portal to restrict the award of contract to a single bidder in the first instance. The Nodal Department further stated that the decision to award a contract to a single bidder had been taken by the concerned departments. The Nodal Department stated (November 2024) that necessary advisory to the user departments had been issued.

The response of the Nodal Department was not satisfactory as the instructions for the user Departments already existed. Accordingly, it was the GePNIC that needed to be integrated with existing business rules to realise full benefits.

2.10.2 Non-mapping of Validation Controls in Enrolment Process of Users

To utilise GePNIC, both the Departmental Users and the bidders were required to register themselves on GePNIC in their respective roles. During the online registration through the e-Procurement Portal, the bidder is required to input mandatory information related to email ID, mobile number, registration number, PAN, GSTIN etc. Use of Digital Signatures was mandatory for bidders

⁴² By Chief Engineer, Punjab Roads and Bridges Development Board in consultation with the Advisor (Technical) to the Honorable Chief Minister of Punjab.

during submission of bids online and for the Departmental users to process bids-opening, evaluation and issue of AoC.

GePNIC stores data of registered users in a table titled ‘gep_user’. Analysis of data in “gep_user” revealed that during the period from 2018-2023, there were 37,958 registered users - 4,702 Departmental users and 33,256 bidders. Discrepancies noticed in mandatory fields are discussed in the following paragraphs:

(a) Date of verification not captured in user table

Audit observed that no process was established for verifying bidders' credentials used for registration on the e-Procurement portal. The user table “gep_user,” which includes a field “verified date”, was found to be blank, in the absence of which the actual verification date of registered users could not be ascertained.

Similarly, in the field “verified by” of the same table, the NIC admin⁴³ was listed as the verifier instead of the Nodal Department or the Tender Inviting Authority (TIA), which could have conducted the credential verification based on the documentation submitted by the bidder for registration. Due to the absence of proper verification, the following deficiencies were identified:

(i) Common credentials used by multiple users for registration

Data analysis of table “gep_user”, by Audit indicated that the same email ID/mobile number/PAN was used by more than one user for registration on GePNIC, as detailed in **Table 2.12**.

Table 2.12: Common credentials used by multiple users for registration

Credential used	Departmental users registered	Number of credentials used	Users with common credentials		Bidders registered	Number of credentials used	Users with common credentials	
			Min	Max			Min	Max
Email ID	1,432	397	2	14	4,411	1,418	2	214
Mobile Number	1,697	692	2	9	7,877	3,262	2	83
PAN	NA	NA	NA	NA	7,994	3,473	2	135

Source: GePNIC database

Audit analysis revealed that up to 214 bidders were registered by using a common email ID, 83 bidders had the same mobile number, and 135 bidders had used an identical PAN Number. This indicated a major deficiency in application controls to uniquely identify users and perform de-duplication by verification of users. This deficiency undermined the objective of ensuring maintenance of fairness and transparency in the procurement process.

⁴³ Verified by superadmin@nic.in in case of 1,250 bidders and sysadmin@nic.in in case of 10,773 bidders.

In a fair and competitive bidding environment, each bidder was expected to independently submit their bids. Submission of bids with bidders sharing the same mobile number/email ID/PAN was indicative of a material risk of collusion and lack of confidentiality of bids, which may severely undermine the objectives and efficacy of price discovery through open market competition for public procurement.

Audit noticed that the e-Procurement system did not have any functionality to generate system alerts/MIS Reports during the bid evaluation process for the Tender Inviting Authority/Head of the Department highlighting such common mobile number/email ID/PAN had been used by multiple bidders for bid submission. This was a crucial application control, but was absent in the system.

Audit also noticed that 37 mobile numbers and 16 email IDs were found to be common between the Department users and the registered bidders.

(ii) Invalid values stored as registration number

For registration, bidders have been categorised as ‘Tenderer’ and ‘Corporate’. The GePNIC has a mandatory field to input registration number by all bidders seeking registration.

Registration number field was made mandatory for all bidders, without specific requirements based on the bidder type. For corporate bidders, the Corporate Identification Number (CIN) was required, while for other classes of bidders, the relevant registration numbers specific to their category were to be mandated. Audit noticed that the GePNIC lacked validation checks, allowing users to input invalid values in place of a valid registration number and that these users had still been permitted by the system to register as bidders.

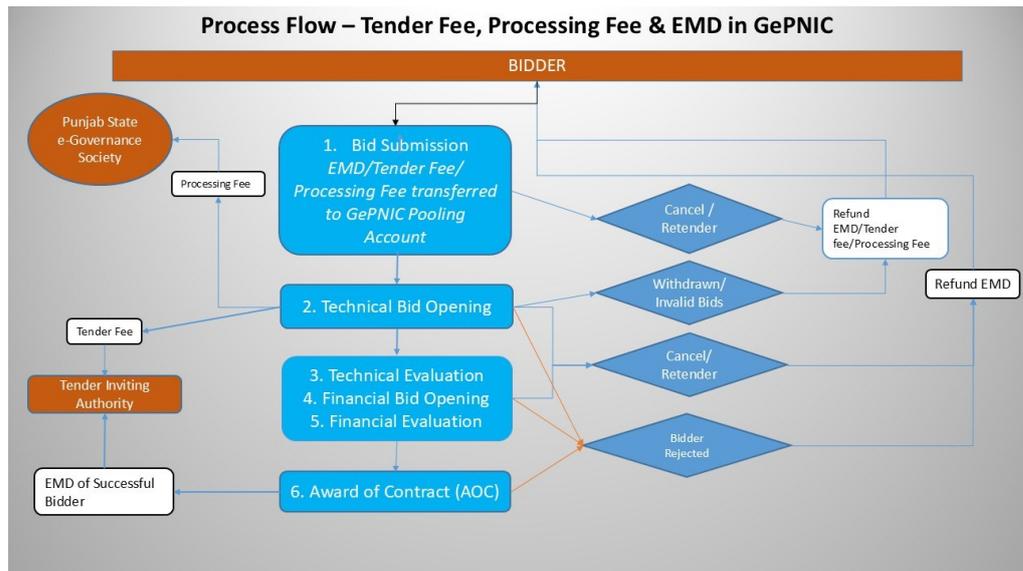
The system should ensure that all bidders are appropriately identified and their details are consistent with regulatory requirements, thereby improving the accuracy and efficiency of the registration process.

(iii) Non-validation of GSTIN

The bidders having a GSTIN (Goods and Services Tax Identification Number)⁴⁴ were required to fill this unique 15-digit alphanumeric identifier in user profile (**Figure 2.5**).

⁴⁴ GSTIN is granted to firms in India that are registered under the Goods and Services Tax (GST) regime.

Figure 2.6: Process flow for bid fees in GePNIC



Source: Departmental records

- a) **Tender fee:** The tender fee is collected from bidders at the time of bid submission as per the amount fixed by the Tender Inviting Authority (TIA). In case of cancellation of tender or retendering before any stage is completed on the portal, tender fee is refunded to the bidder. However, after the first bid opening stage, it is transferred to TIA.
- b) **Processing Fee:** The processing fee is charged by the Nodal Department⁴⁷ at the time of submission of bid. The processing fee is refunded to the bidder if the tender is cancelled or retendered before any stage is completed on the portal. However, after the first bid opening stage, it is transferred to Punjab State e-Governance Society (PSeGS).
- c) **Earnest Money Deposit (EMD):** Earnest money is collected from bidders upon submission of each bid as fixed by the TIA. The EMD is refunded to the bidder upon rejection of the bid at any stage and the EMD of the successful bidder is transferred to the Tender Inviting Authority upon completion of the Award of Contract stage on the portal.

2.10.3.1 Integration of Pooling Account with GePNIC

To manage transactions related to tender fees, processing fees and earnest money deposits (EMD) through GePNIC, the pooling account of the State Bank of India (SBI), previously used by the Public Works Department (PWD), was initially mapped with GePNIC. Subsequently, in November 2017, upon pan-Punjab implementation of GePNIC another current account of the Punjab State e-Governance Society (PSeGS) was integrated, which was replaced with saving pooling account of SBI in November 2018.

⁴⁷ Department of Governance Reforms and Public Grievances (DGRPG).

The Nodal Department did not provide details regarding the bank accounts prior to November 2018. As a result, Audit was unable to derive assurance that the outstanding balances from these earlier pooling accounts had been properly accounted for. However, despite seeking specific information about the pooling accounts mapped with GePNIC since its inception, the Nodal Department did not disclose information about the accounts mapped with GePNIC prior to 13 November 2018.

The Nodal Department stated (November 2024) that the matter would be reviewed after discussion with the General Manager (Finance), Punjab State e-Governance Society (PSeGS).

2.10.3.2 Un-reconciled Differences between GePNIC and Pooling Account

Rule 2.2 (v) of the Punjab Financial Rules Volume-I prescribes that the receipts paid into Bank and payments made from Bank needs to be regularly reconciled with the office records.

The GePNIC was officially implemented pan-Punjab on 13 November 2017. Since inception (August 2015), GePNIC processed receipts of ₹ 4,130 crore and payments of ₹ 3,773.73 crore up to 31 March 2023 on account of EMD, Tender Fee and Processing Fee. As such there should have been a closing bank balance of ₹ 356.27 crore but as per statement⁴⁸, the bank account had a closing balance of ₹ 184.72 crore (including interest of ₹ 13.92 crore) plus a Fixed Deposit of ₹ 49.84 crore. As such, ₹ 220.64 crore in bank including FD was short by ₹ 135.64 crore, as detailed in **Table 2.13**.

Table 2.13: Comparison of transactions initiated through GePNIC with bank statement

(Amount in ₹)

Accounts as per GePNIC as on 31 March 2023			
Sr. No.	Particulars	Receipt	Payments
1.	Earnest Money Deposit	39,63,71,57,201	36,10,68,18,293
2.	Tender Fee	77,66,12,144	75,80,30,946
3.	Processing Fee	88,62,99,676	87,24,89,470
	Total	41,30,00,69,021	37,73,73,38,709
4.	Excess of Receipts over Payments		3,56,27,30,312
5.	Actual Bank Balance as per Bank Statement		1,84,72,27,610
6.	Subtract Interest Earned (<i>as not captured in GePNIC</i>)		13,92,39,845
7.	Net closing Bank Balance (5-6)		1,70,79,87,765
8.	Add Balance of FD		49,83,62,614
9.	Total Bank Balance (7+8)		2,20,63,50,379
	Difference to be reconciled (4-9)		1,35,63,79,933

Source: GePNIC database

⁴⁸ The bank statement of the previous pooling account(s) for the period 13 November 2017 to 12 November 2018 was not provided to audit.

Therefore, the difference of ₹ 135.64 crore between the balance reported in GePNIC and the bank statement required reconciliation.

Audit analysis of the bank statements revealed 8,93,834 debit transactions, of which 8,93,810 transactions were system-initiated - identified with branch code '99922'. The remaining 24 transactions amounting to ₹ 154.35 crore were initiated outside GePNIC with different branch code '3246 of SBI, Sector 7, Chandigarh'. The Nodal Department did not provide any additional information/justification for initiation of manual transactions (August 2024). Audit identified a transaction of ₹139.49 crore made on 14 November 2020 for the creation of a fixed deposit. Of this, ₹89.65 crore was transferred to the Pooling Account by partially liquidating the FD on 22 October 2020 thereby leaving ₹ 49.84 crore invested in the Fixed Deposit.

The Nodal Department accepted (May 2024) that no reconciliation had been carried out with the bank. However, it further stated that the bank balance and accounting books balance were the same at the end of the financial year. The reply of the Nodal Department was not satisfactory as transactions carried out on GePNIC were required to be reconciled with the bank statements, where there was a difference of ₹ 135.64 crore.

The prolonged absence of periodic reconciliation had resulted in avoidable risks associated with error and/or deliberate financial mismanagement.

The Nodal Department assured (November 2024) that the matter would be reviewed after discussion with the General Manager (Finance), PSeGS and that engagement of a third party Auditor or a CA firm would be explored to carry out a complete reconciliation.

2.10.3.3 Refund of Tender Fee, Processing Fee and the Earnest Money Deposit

Tender fee and processing fee submitted by the bidders along with submission of bid is refunded in case of cancellation of tender or retendering before any stage is completed on the portal. However, EMD submitted by the bidders along with its bid is refunded to unsuccessful bidders (a) upon rejection of the bid at any stage; (b) upon issue of AoC to successful bidder; and (c) to successful bidder upon furnishing the required performance security after signing the contract.

Audit analysis of 1,85,920 tenders published during 2018-2023 disclosed that the tender status as on 31 March 2023 was as detailed in **Table 2.14**.

Table 2.14: Status of tenders as per GePNIC

Status as per GePNIC	Number of tenders	Stage of tender		
Expired	75,726	Completed all stages		
Published	50,020	Under process		
		Status of published tenders as per GePNIC	Number of Tenders	State of tender
		To_be_Opened	21,725	No stage updated.
		Bid_Opened_1	7,328	Technical bid opened
		Evaluated_Technical	6,911	Tech Evaluation completed
		Bid_Opened_2	7,658	Financial bid opened
		Evaluated_Financial	6,398	Fin Evaluation Completed
		Grand Total	50,020	
Cancelled	52,046	Cancelled at any stage		
Retender	8,128	Retendered		
Total	1,85,920			

Source: GePNIC database

As a result of non-processing/updating of tender stages on the portal, refunds of tender fees, processing fees and earnest money deposits totalling ₹ 54.95 crore were pending for settlement as on 31 March 2023, as discussed in the subsequent paragraphs:

(i) Blockage of tender fee, processing fee and earnest money deposit in tenders which were not processed

Audit analysis of the data related to 21,725 ‘to be opened ‘ tenders revealed that as of 31 March 2023, 3,479 bids submitted for 1,924 tenders had exceeded their validity period but neither were the tenders processed even for the initial stage nor were the tender fees, processing fees/EMD amounting to ₹ 4.98 crore⁴⁹ refunded. These 3,479 bids also include 153 such bids (amounting to ₹ 31.83 lakh) which were not submitted before the last date for bid submission and were tagged as ‘invalid’ for participation in the tendering process by GePNIC.

The GePNIC is configured to trigger refunds of tender fees and processing fees from the pooling account only upon cancellation or retendering before completion of the first bid-opening stage. Since no such stage was performed and GePNIC did not have any other provision, refunds in these cases were not

⁴⁹ Tender Fee: ₹ 24.85 lakh; Processing Fee: ₹ 42.83 lakh; and EMD: ₹ 430.48 lakh.

initiated. As a result, ₹ 4.98 crore submitted by bidders remained unsettled. The age-wise analysis of amount pending for settlement is given in **Table 2.15**.

Table 2.15: Age-wise amount pending for settlement

(Amount in ₹)

Year	Number of Tenders (%age)	Tender Fee	Processing Fee	EMD Fee	Grand Total	Change over previous Year (%)
2018-19	547 (28)	5,23,932	9,41,959	43,00,728	57,66,619	
2019-20	290 (15)	2,98,425	4,89,442	27,78,160	35,66,027	-38% ▼
2020-21	337 (18)	2,71,561	7,18,956	37,65,112	47,55,629	33% ▲
2021-22	481 (25)	5,55,591	12,77,325	1,27,02,361	1,45,35,277	206% ▲
2022-23	269 (14)	8,35,116	8,55,673	1,95,01,797	2,11,92,586	46% ▲
Grand Total	1,924 (100)	24,84,625	42,83,355	4,30,48,158	4,98,16,138	

Source: GePNIC database

As is evident from the table above, in 61 *per cent* of the tenders published more than two years ago i.e. during 2018-2021, refunds of tender fees, processing fees and earnest money deposits (EMD) were pending for settlement as on 31 March 2023.

(ii) Blockage of earnest money deposit

The GePNIC triggers refund of EMD upon rejection of bid at any stage from technical opening to the issue of AoC to the successful bidder.

Audit analysis of the GePNIC data showed that as on 31 March 2023, EMD amounting to ₹ 49.97 crore deposited along with 11,818 bids submitted by the bidders against 7,618 tenders was yet to be refunded. All these bids were shown as opened and validity of all these bids had expired, but neither were these bids rejected nor were processed till issue of AoC. Since the validity of these bids had expired and AoC was not issued, EMD amounting to ₹ 49.97 crore should have been refunded to the bidders.

The age-wise analysis of amount pending for settlement is given in **Table 2.16**.

Table 2.16: Showing age-wise amount of EMD pending for settlement

(Amount in ₹)

Financial Year	Number of Tenders (per cent)	EMD Fee (In ₹)	Change from previous Year (per cent)
2018-19	903 (12)	3,54,07,287	
2019-20	803 (11)	3,79,43,593	7% ▲
2020-21	1,372 (18)	6,06,14,719	60% ▲
2021-22	3,311 (43)	19,16,81,566	216% ▲
2022-23	1,229 (16)	17,40,44,615	-9% ▼
Grand Total	7,618 (100)	49,96,91,780	

Source: GePNIC database

As is evident from the table above, in 41 *per cent* of the tenders published during 2018-2021, refunds of earnest money deposits (EMD) were pending for over two years as on 31 March 2023.

The Nodal Department stated (November 2023) that the system initiates settlement/refund after completion of AoC. The reply was not satisfactory as GePNIC initiated refund/settlement from the first opening of bids stage onwards. Regarding issuing instructions to TIAs for updating tender status on the portal promptly to initiate automated settlements/refunds, the Nodal Department merely stated that this point pertained to TIAs. The reply was not satisfactory as it only highlighted that key application controls to enforce the business rules had not been implemented and that the burden of compliance had not shifted from individual users to the system even after its implementation. However, the Nodal Department further stated (November 2024) that necessary instructions in this regard would be issued.

2.10.3.4 Deficiencies in Processing of Refunds/Settlement

The GePNIC maintains data of refunds to bidders and settlements with TIAs in a table named as '*bid fee refund settlement*' having a column '*updated by*', which remains blank when the GePNIC system updates the table by fetching the transaction data from the SBI pooling account. However, in case of manual intervention, GePNIC captures the ID of the user updating the table in this column.

(i) *Delay in processing of refunds*

Audit analysis of data maintained in '*bid fee refund settlement table*' as on 31 March 2023 showed that out of 10,68,675 transactions of refund/settlement initiated by GePNIC, 10,38,232 transactions pertained to the tenders published during 2018-2023. Of these, 5921 transactions either failed or were blank, thereby leaving 10,32,311 transactions wherein refunds/settlements of tender fees, processing fees and EMD were successful. Despite initiation of refund by GePNIC there were delays of up to 1050 days in actual credit of the amount in the bidder/TIA account. The age-wise detail of delays in days in crediting refunds is exhibited in **Table 2.17**.

Table 2.17: Age-wise detail of delays in crediting refund

Range of days taken to remit amount	Number of transactions
Up to 7 Days	10,08,742
8 to 30 Days	20,616
31 to 180 Days	1,644
181 to 365 Days	753
366 to 730 Days	480
More than 731 Days	76
Total	10,32,311

Source: GePNIC database

Instance of the system lapse leading to abnormal delay in settlement of refund has been given below:

On 22 February 2020, PUNGRAIN – a State Public Sector Enterprise of the Department of Food Civil Supplies and Consumer Affairs, published a tender for the supply of LDPE black polythene covers, requiring bidders to deposit an Earnest Money Deposit (EMD) of ₹20 lakhs each. The Award of Contracts was issued to six bidders on 31 March 2020, and the system initiated the settlement of a total EMD amount of ₹1.2 crore on the same day.

However, these transactions failed, and the GePNIC portal lacked the functionality to generate MIS Reports on the updated status of these failures, which in turn resulted in lack of actionable information for the Nodal Department and the Tender Inviting Authority (TIA). The issue first came to notice of the TIA who then took up the matter with the GePNIC helpdesk on 23 January 2023. In response, the SBI confirmed on 31 January 2023 that the transactions had failed. The settlement was ultimately completed on 15 February 2023 after several reminders.

This case underscores the system's deficiencies in tracking transaction statuses, as it provided no updates for three years until the issues were manually noticed and addressed by the TIA.

The Nodal Department replied (September 2024) that there was no specific notification triggered solely for the refund/settlement process. The refund was processed in conjunction with the relevant tender event, and the bidder was notified accordingly.

The reply was not satisfactory as it was essential to implement an MIS Report and notification system for refunds/settlements as a control to monitor the status of transactions.

(ii) Automated updating of refund/settlement status

Audit of data maintained in 'bid fee refund settlement table' as on 31 March 2023 revealed that out of 10,68,675 transactions of refunds/settlements initiated by GePNIC, 1,28,550 transactions (12 per cent) were updated by the application admin user IDs, which indicated deficiencies within the GePNIC in auto updating the table. The continued reliance on manual interventions resulted in avoidable risks of errors and further delays.

Audit further observed that MIS reports to reconcile the amount of tender fee, processing fee and EMD fee pending for settlement and refund had not been implemented in GePNIC.

The Nodal Department reiterated (May 2024) that refund and settlement status received from bank were end-of-day scheduled activities. In case of

unprecedented failure or non-availability of the data at the scheduled timings, application administrator⁵⁰ manually pulled the data using the service provided by the bank. The Department assured (November 2024) that the matter would be taken up with NIC.

The reply of Department was not satisfactory as such unprecedented failures or non-availability of the data which led to high number of transaction failures (12 per cent) requiring external interventions had not been addressed with the bank and/or NIC to implement potential improvements in the data delivery service or explore alternative services that can offer more consistent uptime, reducing the dependence on and frequency of manual interventions.

2.10.3.5 Absence of Tracking Mechanism for Failed/NULL Transactions

The ‘*bid fee refund settlement*’ table stores the success or failure of each transaction, representing amounts transferred to the TIA or PSeGS (Settlement)—and refunds issued to the bidders. The related issues noticed are discussed below:

(i) Records with remit status as “failure”

Audit analysis of data revealed that in 709 tenders 1,766 refunds/settlements amounting to ₹ 4.13 crore had the ‘*remitstatus*’ as ‘*Failure*’, which was categorised into eight distinct error messages generated by the system as summarised in **Table 2.18**.

Table 2.18: Failed transactions categorized under different error messages

(Amount in ₹)

Sr. No.	Error Message	Transac-tions	%age to total	Amount	%age to total
1.	Account held. Please contact your Branch	725	41	10,71,602	3
2.	Invalid receiver IFSC code	584	33	4,38,100	1
3.	Account closed. Please contact your Branch	260	15	2,44,08,140	59
4.	Clear Balance Funds not available	104	6	70,82,120	17
5.	Insufficient funds	69	4	65,40,045	16
6.	Failure. Sorry unable to process your request	13	1	16,60,485	4
7.	No such account	10	1	42,670	0
8.	Record not found	1	0	70,000	0
Total		1,766	100	4,13,13,162	100

Source: GePNIC Database

As can be seen from **Table 2.18**,

- 59 per cent of the amount involved in 260 refunds/transfers failed due to the reason that the recipient accounts were closed by the time refund was initiated.

⁵⁰ The role has been assigned to NIC and these transactions were updated by five user IDs of NIC.

- Ten per cent of the transactions (173⁵¹) involving 33 per cent of the failed amount was due to insufficient funds in the pooling account. Audit noticed that a fixed deposit of ₹ 139.49 crore was created on 14 September 2020 from the pooling account leaving a balance of ₹ 10.01 crore. This balance reduced to as low as ₹287 on 20 October 2020, when all these 173 transactions amounting to ₹ 1.36 crore failed.

Audit further noted that GePNIC lacked the functionality of MIS Reports/tracking mechanism for monitoring and following up in case of failed transactions. As a result, Audit was unable to derive assurance that these failed transactions had actually been successfully completed subsequently. No response was furnished (February 2025) regarding the reasons for the maintenance of low balance in the GePNIC pooling account.

Before creation of the fixed deposit from the pooling account, the Nodal Department should have ensured sufficient liquidity of funds to discharge its primary function of facilitating smooth operations from the pooling account.

(ii) **Records with remit status as “NULL”**

Similarly, further analysis of the ‘bid fee refund settlement’ table for the period 2018-2023 disclosed that in respect of 4,155 transactions amounting to ₹ 61.76 crore relating to 1,920 tenders, the ‘remitstatus’ column instead of indicating success or failure of each transaction, indicated NULL, as detailed in **Table 2.19**.

Table 2.19: Transactions having NULL in ‘remitstatus’ column

(Amount in ₹)			
Type of Fee	Settlement/Refund	Number of records/ transactions	Amount
EMD Fee	Settlement	30	10,79,060
EMD Fee	Refund	2,306	61,20,59,784
Tender Fee	Settlement	366	8,20,040
Tender Fee	Refund	574	13,47,162
Processing Fee	Settlement	169	4,24,318
Processing Fee	Refund	710	18,74,887
Total		4,155	61,76,05,251

Source: GePNIC Database

As indicated in **Table 2.19**, ₹ 61.20 crore which works out to be 99 per cent of the amount involved in the NULL status transactions related to the EMD, which was due for refund to bidders. Additionally, the system did not maintain the final remit status for these NULL transactions. As a result, Audit was unable to derive assurance that these transactions had actually been completed subsequently. As the owner of the pooling account, integrated with GePNIC, it was the

⁵¹ Both the messages at S.No.4 & 5 (104+69) relates to insufficient funds.

responsibility of the Nodal Department to ensure that refunds are properly processed and remitted to end users.

The Nodal Department assured (November 2024) that the matter would be taken up with NIC and SBI. The Nodal Department further stated that refunds related to 173 transactions (amounting to ₹ 1.35 crore) on account of failure due to low balance of funds had been settled. However, documentary evidence regarding successful settlement of these 173 transactions was not furnished to Audit (February 2025).

2.10.3.6 Absence of Functionality for Post-bid Corrigenda for Tender Fees

To maintain transparency and fairness in the tendering process, all bidders should be provided with equal opportunity to meet any revised requirements introduced through a corrigendum.

Audit analysis of GePNIC data indicated the absence of functionality to revise the tender fees and Earnest Money Deposits (EMD) through publication of a corrigendum, after some bids had already been received based on the originally published fees/EMD. Tenders where bids were evaluated with varying fees/EMDs due to revisions introduced through post bid corrigenda are enumerated in **Table 2.20**.

Table 2.20: Details showing impact of fee corrigendum in tenders

Sr. No.	Number of Tenders	Number of bids received			Changes made	Stage up to which tenders were processed			
		Total	Before corrigendum	After corrigendum		TBO	TO	TE	AoC
1.	3	5	3	2	Increased fee	1	-	2	-
2.	6	18	12	6	Decreased fee	1	-	-	5
3.	3	15	4	11	EMD required	1	-	1	1
4.	8	47	13	34	EMD reduced	1	1	-	6
	20	85	32	53		4	1	3	12

TBO-To be opened; TO-Technical Bid Opened; TE: Technically Evaluated and AoC-Award of Contract issued

As is evident from **Table 2.20**, in 20 tenders, 32 bids were received before the corrigenda were published and 53 bids were received after the corrigenda were published. Of these, only four tenders were not opened. However, of the remaining 16 tenders which were processed, AoC had been issued in 12 tenders.

GePNIC did not have the functionality to enable the bidders to submit the increased fee subsequent to the publication of the corrigenda and also did not have functionality for refund of fees in case of reduction through the corrigenda.

The Nodal Department acknowledged (October 2023) the anomaly caused by the publication of post bid corrigenda and intimated that currently, the system did not permit the TIA to publish a corrigendum even if one bidder had already paid the originally published fees amount.

However, the Nodal Department assured (November 2024) that the matter would be taken up with NIC to implement functionality to enable bidders to submit increased fees and to enable processing of refunds, based on the nature of the post bid corrigenda.

2.10.4 Lack of Functionality for Fixing EMD Exemption

In tenders with multiple items, bidders can choose to quote for specific items only, and the Earnest Money Deposit (EMD) is required to be deposited only for the items they bid on. Additionally, the Department of Co-operatives notified an exemption from EMD⁵² for Labour and Construction (L&C) Societies in November 2019.

Some of the instances of omissions are detailed below:

(i) Test-check of the tenders revealed that 27 tenders were published by the Department of Forest and Wildlife Preservation, wherein multiple lots of trees were put on sale. The EMD amount was fixed for each lot separately.

Audit observed that in the tenders where the TIA had allowed exemption, GePNIC lacked the functionality to limit the extent of exemption and to identify categories or individual bidders that were eligible for exemption. Consequently, bidders were calculating the Earnest Money Deposit (EMD) based on their own assessments, instead of the amount being auto-computed by the system. Audit further noticed that a bidder had submitted bid for four lots requiring EMD of ₹ 13,36,207, but GePNIC had permitted the submission of the bid with EMD amounting to ₹ 4,13,000 only. As such, the TIA had to manually restrict the bidder to compete for only one lot of trees, which required EMD of ₹ 4,12,265.

The Department of Forest and Wildlife Preservation admitted the facts and stated that submission of bids for each lot had previously been accepted only after manual verification of EMD submitted by bidders and assured implantation of this functionality for future tenders, with application controls to enforce submission of EMD as per system computed formats and amounts.

(ii) In another Tender published by Department of Water Resources⁵³, Labour & Construction Cooperative (L&C) Societies were also eligible to participate as bidders. The TIA allowed an exemption of 75 per cent of the EMD for the bidders who were L&C Societies

Audit noticed that the application had accepted a bid from one L&C Society with 100 per cent exemption of EMD. This irregularity had occurred because there were no application controls to enforce the exemption of 75 per cent of EMD in case of bidders which were L&C Societies. The absence of this application control had a material impact on the processing of this tender. Had

⁵² 100 per cent exemption for tender with value upto ₹ 6.50 lakh; 75 per cent exemption for tender with value more than ₹ 6.50 upto ₹ 13.00 lakh; and 50 per cent exemption for tender with value higher than ₹ 13.00 lakh.

⁵³ Sidhwan Canal Division, Ludhiana.

the system not accepted the submission of this invalid bid with 100 *per cent* exemption, the tender would have been required to be retendered/ cancelled as it would have resulted in a single valid bid in response to the published tender.

The Department of Water Resources replied (December 2023) that the work was completed satisfactorily and there was no loss to the exchequer. The reply was not satisfactory as it did not address the fact of missing application controls to enforce the applicable business rules in the system.

The Nodal Department agreed (November 2024) and assured that matter regarding listing of exemptions as per rules in the portal would be taken up with NIC. Audit observed that this lacunae of exemption of EMD had resulted in violation of the PTPP Rules, as discussed in **Paragraph 2.9.4**.

2.10.5 Single Source Procurement and Proprietary Article Certificate

Section 30 (1) of the Punjab Transparency in Public Procurement Act, 2019 prescribed that a procuring entity may opt for single-source procurement under two conditions: (a) when the subject matter is available only from a specific bidder who holds exclusive rights, leaving no reasonable alternatives, or (b) in situations of sudden unforeseen events that create an urgent need, making other procurement methods impractical.

As per Rule 23(2) of Punjab Transparency in Public Procurement Rules 2022, the procuring entity shall obtain a Proprietary Article Certificate (PAC) from the Original Equipment Manufacturer (OEM) or manufacturer having proprietary rights, duly approved by an authority having power to issue such certificate.

Audit analysis of GePNIC database revealed that out of 1,85,920 tenders published during 2018-2023, in 150 tenders where the TIA chose tender type as “Single” for effecting single source procurement, GePNIC had allowed multiple bids to be submitted, which ranged from two to 45 bids. The system was also not compliant with PTPP Rules *ibid* to allow uploading of the Propriety Article Certificate (PAC) obtained from the OEM or manufacturer.

Figure 2.7: Showing options for type of tender

Source: GePNIC manuals

The Nodal Department admitted the above facts and stated (October 2023) that single tender had not been configured as a limited tender type in the system prior to March 2022 and therefore it had been functioning as an open tender until that timeline. The Nodal Department also stated the functionality to upload the PAC was available in the system but that formats for PAC had not been mapped for different products or categories and assured to carry out such mapping.

The reply was not satisfactory as in five of the tenders having type as 'single' published even after April 2022, multiple bids were found to have been submitted. Further, the system lacked the application control to make the uploading of PAC mandatory whenever the 'Single' tender type was selected by the TIA, regardless of the format of the PAC.

The Nodal Department stated (November 2024), that possibility of introducing the application control for mandatory uploading PAC for single tenders would be taken up with NIC.

2.10.6 Bill of Quantity related Discrepancies

GePNIC outlines a sequential processing of tenders, consisting of six stages: i) Tender Opening, ii) Technical Bid Opening, iii) Technical Evaluation, iv) Financial Bid Opening, v) Financial Evaluation, and vi) Award of Contract (AoC). Each stage is interconnected, meaning that all processes must be followed in order without skipping any steps. Additionally, the platform allows for the publication of tender documents and the Bill of Quantities (BoQ) template. Bidders were required to upload the necessary documents and submit their rates using the prescribed BoQ template. GePNIC was required to enforce business rules through implementation of application controls during the

submission of bids. During the Financial Evaluation, the BoQ for each bidder was to be reviewed, to identify the lowest bidder (L1) through a system-generated comparative chart using common BoQ formats.

Audit analysis of the data for the period 2018-2023 revealed:

(a) GePNIC had allowed successful submission of 64 bids against 53 tenders in which the BoQ of 21 bidders in 13 tenders could not be decrypted and there were mismatches in BoQ formats in 43 bidders of 40 tenders.

Despite the non-decryption of bids, 13 tenders with such 21 non-decrypted bids had been irregularly processed, as detailed in **Table 2.21**.

Table 2.21: Instances of processing of tenders without decryption of bids

Sr. No.	Work Item ID	Accepted-AOC ⁵⁴	Accepted-Finance	Accepted-Technical	Rejected-AOC	Rejected-Finance	Total
1.	48203	-	-	-	-	4	4
2.	54886	1	-	-	-	-	1
3.	55054	-	4	-	-	-	4
4.	57061	1	-	-	-	-	1
5.	73048	1	-	-	1	-	2
6.	73226	-	1	-	-	-	1
7.	73768	1	-	-	1	-	2
8.	74535	1	-	-	-	-	1
9.	74541	-	1	-	-	-	1
10.	74548	-	1	-	-	-	1
11.	74577	-	1	-	-	-	1
12.	88578	1	-	-	-	-	1
13.	187356	-	-	1	-	-	1
Total		6	8	1	2	4	21

Source: GePNIC Database

The processing of tenders with non-decrypted financial bids were only feasible by accepting/replacing these financial bids outside of GePNIC, and this occurred only after discovering the non-decryption of bids during the financial bid opening stage. Accepting bids to replace bids which could not be decrypted after revealing the competitive bids of other bidders whose bids could be decrypted created avoidable risks related to maintenance of confidentiality and fairness in the tender processing.

The Nodal Department in consultation with NIC stated (October 2023) that even in the manual system if one bidder submits a defective bid, the bid processing is not halted. The reply was not satisfactory since these bids with issues in encryption or mismatches in BoQ formats should not have been permitted by the system to be submitted at all.

⁵⁴ Accepted AOC-Tender awarded, Accepted finance-financial bid opened, Accepted technical-Technical bid opened, Rejected AOC-Financial bid rejected at AOC stage, Rejected finance-Financial bid rejected at financial opening stage.

(b) Audit further noticed that GePNIC was using an older version of Microsoft Excel (Excel 97-2003) for the financial bids (macro-enabled files) posing potential security risks as the bidder processes the file offline in their own environment before uploading it into the application system. This resulted in the threat of malware attacks and the risks associated with loss of confidentiality and integrity of data during the bidding process, as these MS Excel documents might not be covered by the latest security patches.

With regard to use of older version of Microsoft excel, the Nodal Department assured to explore the possibility of using the latest version in future versions of GePNIC.

(c) GePNIC was required to provide seven different BoQ templates⁵⁵, each with validation checks, for the TIA to select and modify according to tender requirements. Bidders were expected to then download these templates along with the tender documents, fill-in their bid prices, and submit them.

However, Audit noticed that 64 bids across 53 tenders were invalid, indicating that the validation checks or controls implemented were not adequate in preventing invalid submissions by the bidders, which could then result in vitiation of the tender process.

The Nodal Department reiterated (October 2023) that offline BoQ version was provided for flexibility of the user and further stated that these templates had sufficient inbuilt checks and validations and BoQ was protected. The reply was not satisfactory as there were instances of failure in decryption of bids and mismatches in BoQ formats, both indicated that bidders could modify the templates themselves.

The Nodal Department stated (November 2024), that the matter of introducing web based forms for submission of financial bids would be taken up with NIC.

2.10.7 Irregularities in Capturing of Financial Evaluated Value

As per the instructions issued by PRBDB (February 2018); (i) The financial bids should be opened, and the tender summary report should be system generated with the financial quote drawn from the bids submitted by the bidders; (ii) No manual entry should be made; and (iii) The Tender Processing Committee (TPC) recommendations regarding financial bids should be immediately uploaded on the e-Procurement Portal. The delay, if any, would be duly recorded by the TIA in the Minutes (to be uploaded on the e-Procurement Portal).

⁵⁵ (i) V3_BOQ_Percentage_Template.xls; (ii) V3_BOQ_ItemWise_Template.xls; (iii) V3_BOQ_ItemWise_Openfor_H1.xls; (iv) V3_BOQ_ItemRate_Template.xls; (v) V3_BOQ_ItemWise_Template_Formbased.xls; (vi) V3_BOQ_Multicurrency_Template.xls; and (vii) V3_BOQ_Mixed_Template.xls.

Inconsistency in values of bill of quantity and tender summary report was pointed out in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017 as Paragraph 3.12.4.2. The Department of Public Works intimated the PAC (December 2022) that NIC had been requested to update the tender summary report format and add new features. However, Audit noticed that necessary compliance had still not been achieved.

Audit analysis of GePNIC database revealed that where standard BoQ templates were used, after preparation of system generated BoQ comparative chart, a summary exhibiting the consolidated value of the bids was being filled by the TIA manually into GePNIC and reflected in the Tender Summary sheet under “*Financial Evaluation Bid List*”. Audit noticed that:

- The consolidated bid value which was ideally required to be system generated, was allowed to be filled manually by the TIA. The lack of application controls to ensure correct system computation had resulted in discrepancies in 4,631 out of 1,85,920 tenders, with the consolidated bid values not filled by the TIA and hence found to be blank in “*Financial Evaluation Bid List*” on GePNIC. Application controls to auto-compute the consolidated bid value or to enforce mandatory data entry by the TIA had not been implemented.
- In 41,839 tenders, consolidated bid value of bids filled in case of 1,08,675 bids did not match the actual bid value quoted by the bidders.
- In 5,242 tenders⁵⁶, the BoQ comparative chart itself had not been generated by the system, as in these cases the BoQ template used was not among the seven standard templates available in GePNIC. The system permitted the TIAs to upload self-designed BoQs by selecting “Additional Documents”. This functionality had resulted in TIAs designing BoQs which could not be compared by the system itself, and hence the TIAs had manually prepared comparative charts for processing such tenders.

The Nodal Department replied (February 2024) that the system had functionality to enable the evaluator to enter the actual quoted value by each bidder. The reply was not satisfactory since the system should have auto populated/auto computed the consolidated bid value at the time of bid evaluation, based on the values entered by the bidders instead of permitting the evaluators to perform data entry. This lack of application controls had resulted in the avoidable risk of errors/deliberate non-compliance in order to extend undue favours to selected bidders. Audit found mismatches in bid values submitted by bidders and those entered by evaluators in 1,08,675 bids during 2018-2023.

⁵⁶ 614 financially evaluated and 4,628 at AOC Stage.

NIC reiterated (May 2024) that GePNIC could generate BoQ comparative chart only from the system's predefined BoQ templates.

The absence of application controls to generate comparative charts in case of user-defined templates was a major control deficiency, as it necessitated manual interventions and created scope for errors/deliberate non-compliance.

The Nodal Department stated (November 2024) that the matter of introducing web-based templates/forms for financial bids would be taken up with NIC.

2.10.8 Deficiencies in Access Management for Users of GePNIC

As per Clause 3.1.1.2 of the Password Policy of National Informatics Centre (NIC), "All user-level passwords (e.g., email, web, desktop computer, etc.) shall be changed periodically (at least once every three months)". In GePNIC, after registering, users can login using the User ID, Password, and the Digital Signature Certificate (DSC). Passwords are encrypted in the database.

Audit analysis of GePNIC data revealed that:

- Despite having not changed the password, every three months, GePNIC was allowing users to successfully access the Portal. The details of users who had not updated their passwords within the prescribed timelines as per the above password policy are shown in **Table 2.22**.

Table 2.22: Number of users who successfully accessed the portal with unchanged password beyond prescribed days

Sr. No.	Type of user	Users with same password over 90 days
1.	Total Users	1,557
2.	Government users	367
3.	Corporate/tenderers	1,190

Source: GePNIC Database

The Nodal Department while admitting (September 2024) the lapse in implementation of password management policy, intimated that it would now be implemented.

- Audit noticed that 367 Government users had been granted access to Management Information System Reports in GePNIC. By virtue of this access, these users could view opened bids of any tender published by their respective entity simultaneously with the tender evaluation committee (TEC). Such irregular access resulted in violation of the business rules designed to maintain confidentiality, transparency and accountability throughout the tendering process.
- GePNIC also allowed access of MIS Reports to non-DSC users. The Nodal Department stated (September 2024) that mostly higher authorities were non-DSC users and OTP was being used as second level

of authentication to allow them access. This assertion was however not correct, since 18 non-DSC users were neither holding positions⁵⁷ with authority, nor did the GePNIC require any OTP, to access the MIS Reports.

These lapses pose a significant challenge to the maintenance of confidentiality of bids and compliance with formal delegation of powers for the tender process, as per the provisions of the PTPP Act, 2019.

The Nodal Department stated (November 2024) that OTP authentication had been introduced for accessing MIS reports as a secondary level of authentication. It was further stated that the matter regarding restricting the access of bids to evaluation committee members only would be taken up with NIC.

2.10.9 Inadequate Application Controls in the System

To ensure data integrity, suitable application controls are to be incorporated in the system, viz., input controls, processing controls, output controls, etc. Audit checked whether the application software had the required controls to validate data and prevent errors in the database.

2.10.9.1 Input Controls

(A) Value of ‘earnest money deposits’ entered as ‘zero’

Earnest money deposits (EMDs) are required with tenders as a form of security to ensure seriousness of bidders about their bids and to cover any potential losses incurred by the buyer if the winning bidder fails to fulfill their obligations. Central Vigilance Commission (CVC)⁵⁸ had also stressed upon having sufficient amount of EMD to safeguard the organization’s interest in high-rate tenders running into several crores of rupees.

The GePNIC, however, had no provision to ensure that tenders with EMD as ‘zero’ were not accepted. In 2,705 tenders published during 2018-2023, EMD value as ‘zero’ was accepted as depicted in **Table 2.23**.

Table 2.23: Showing number of accepted tenders having EMD value as ‘zero’

Tender Value (In ₹)	Number of Tenders			
	Goods	Services	Works	Total
Upto One Crore	723	371	1,571	2,665
One to 50 Crores	13	9	15	37
50 Crores and above	-	1	2	3

Source: GePNIC database

⁵⁷ These non-DSC users were Senior Assistant, Draftsman, Accountant, Clerk and Junior Engineers.

⁵⁸ Office Memorandum-8/2/04 on Common irregularities in the award of contracts.

(B) Tenders with ‘zero’ value

(i) The GePNIC has a mandatory tab to capture estimated value of the tender. However, GePNIC provides the TIA with an option to display the tender value in the public domain, as shown in **Figure 2.8**. When TIA chooses ‘No’, the value of the tender will not be visible in the public domain, but it remains stored in GePNIC database. These values are used to display year-wise number of tenders and total value of tenders published on an e-Procurement dashboard.

Figure 2.8: Provision in Portal for display of Tender value in Public Domain

The screenshot displays the 'Work/Item Details' form in the GePNIC portal. The form is divided into several sections: 'Work/Item Details', 'Fee Details', 'Critical Dates', 'Bid Openers', and 'Work/Item Documents'. The 'Tender Value' field is highlighted with a green box, and the 'Show Specifications in Public Domain' checkbox is checked. The form includes various input fields for title, description, category, and other details, along with radio buttons for 'Yes' and 'No' options.

Source: e-Procurement portal user manual

Audit analysis of the GePNIC data revealed that 10,960 tenders with tender value as “zero” were published during 2018-2023. This not only resulted in incorrect depiction of the total value of tenders published through GePNIC at e-Procurement dashboard but also led to the following discrepancies:

1. Bidders had to pay ₹2,360 as processing fee for tender with value ‘zero’ whereas it was ₹590 for tenders valuing between ₹ One and ₹ 5 lakh.
2. Time allowed for submission of bid is also determined with the value of tender. Based on contract value (as tender value was ‘zero’) in 2,942 tenders, insufficient time was allowed to submit bids than permissible, as per applicable instructions/rules as depicted in **Table 2.24**.

Table 2.24: Tenders having insufficient time for bid submission

Particulars	Number of Tenders given less time to submit bids		
	Goods	Services	Works
Before PTPP Rules, 2022	721	767	667
After PTPP Rules, 2022	554	168	65
Total	1,275	935	732

Source: GePNIC Database

The Nodal Department stated (November 2024) that the matter of implementing these application controls would be taken up with NIC.

2.10.9.2 Processing/Validation Controls

(i) Discrepancies in decryption dates for the same packet of a tender

Section 23 read with Rule 16 (Appendix-4) of the PTPP Act/Rules prescribes that when the bids are being opened, relevant bidders can simultaneously take part in bid opening online and can see the resultant bids of all bidders. The system automatically generates technical/financial comparative reports which can also be seen by participating bidders online.

For further processing, the bid-openers are required to download the bids at the date and time already prescribed in the tender. After evaluation, the shortlisted firms are informed through system generated emails and SMS.

The departmental user (bid-opener) needs a valid email ID as the login ID with valid password and Digital Signature Certificate (DSC) for opening the technical and financial bids. The tender to be opened is selected by entering the Tender ID. On clicking 'Decrypt' button, the packet name, bid IDs are displayed as a list. After clicking the 'Proceed' button, a message is displayed viz., 'Decryption completed successfully' along with decryption status in the list. Snapshots of the decryption process are depicted in **Figure 2.9**.

Figure 2.9: Portal webpages of the decryption process



Source: GePNIC manuals

Audit analysis of GePNIC data revealed that in 2,365 tenders, various bids, submitted for same tender (packet ID), were decrypted on different dates. Bids decrypted for two tenders have been illustrated in Table 2.25 and Table 2.26.

Table 2.25: Showing different dates of decryption for the same tender

Work item ID	Bid ID	Packet ID	Decrypted date	Decrypted time	Decrypted by
195076	437308	179891	25-11-2022	13:46:27	40451
195076	437181	179891	30-11-2022	19:02:25	40451
195076	437253	179891	05-12-2022	10:36:31	40451
195076	437270	179891	07-12-2022	11:29:02	40638
195076	437368	179891	07-12-2022	11:29:20	40638
195076	437375	179891	07-12-2022	11:29:34	40638
195076	437181	179890	07-12-2022	22:17:29	40638
195076	437253	179890	07-12-2022	22:19:37	40638
195076	437308	179890	07-12-2022	22:22:56	40638
195076	437368	179890	07-12-2022	22:24:13	40638
195076	437375	179890	07-12-2022	22:25:00	40638
195076	437270	179890	07-12-2022	22:26:10	40638

Source: GePNIC database

Table 2.26: Showing different dates of decryption for the same tender

Work item ID	Bid ID	Packet ID	Decrypted date	Decrypted time	Decrypted by
50792	113655	59333	12-06-2019	11:12:53	13382
50792	114134	59333	15-08-2019	09:02:22	13383
50792	114119	59333	01-01-2021	14:42:13	13383
50792	114175	59333	27-04-2021	20:51:44	13383

Source: GePNIC database

The above tables indicated that instead of opening all bids simultaneously on the date and time given in the tender document, bids received for the same tender were opened with a difference of one to 685 days. Although the packet ID 179890 (financial bid) was opened on the date specified in the tender document, it was opened at 22:17 hours instead of the scheduled time of 12:00 hours. Non-adhering to scheduled time denied the bidders the opportunity to witness the bid opening process. Audit further observed that GePNIC did not have the functionality to alert the bidders at the time of decryption of their bid.

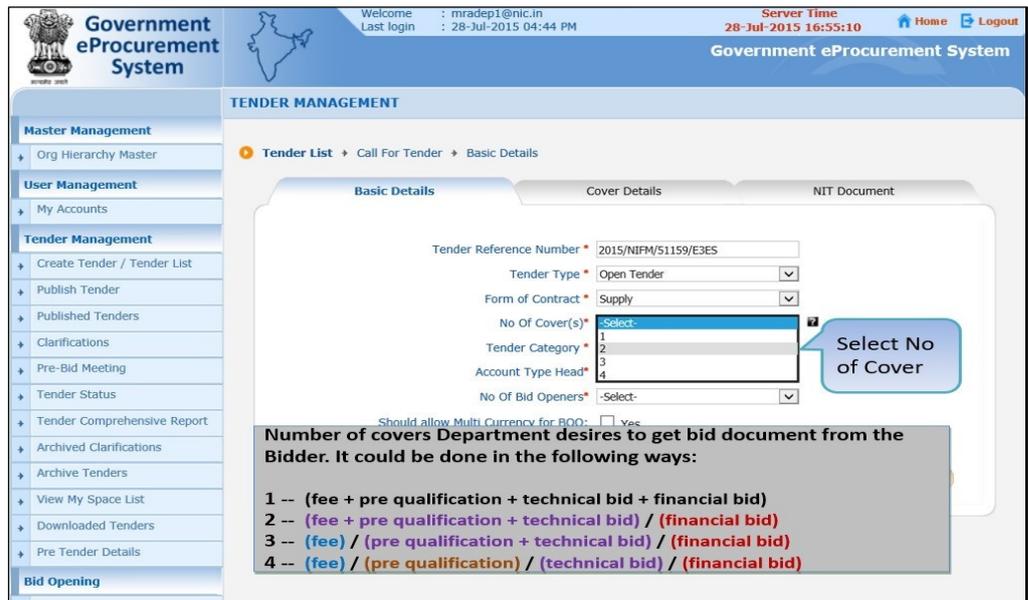
The Nodal Department stated (September 2024) that implementation of bid decryption alert to the bidders would be ensured in the future versions of GePNIC and stated (February 2024) that limiting the tender decryption to the same day creates operational difficulty as there may be large number of bids - say 100. As a result, bids may need to be decrypted on different dates, leading to the bid opening process extending over multiple days. Therefore, check of opening and decrypting on the same day was not enforced. The reply was not satisfactory as according to the PTPP Rules, all the participating tenders, must be opened by the TIA at the time and venue specified in the NIT so that the bidders or their authorised representatives can witness the opening process. Allowing department users to decrypt bid documents on different dates was therefore irregular and created avoidable risks associated with maintenance of transparency and fairness in the tender processing.

The Nodal Department stated (November 2024) that the implementation of a batch process for decryption of bids would be taken up with NIC.

(ii) Non-updating of tender status by the system

In the e-Procurement database, the table associated with tender details includes a column labeled ‘*packetsnum*’, which records values from '1' to '4' to indicate single, two, three, or four cover tenders, corresponding to the number of envelope system adopted for tendering (**Figure 2.10**). The decryption date, work details, tender status, and tender stage are documented in two separate database tables.

Figure 2.10: Shows the number of covers available for bidding

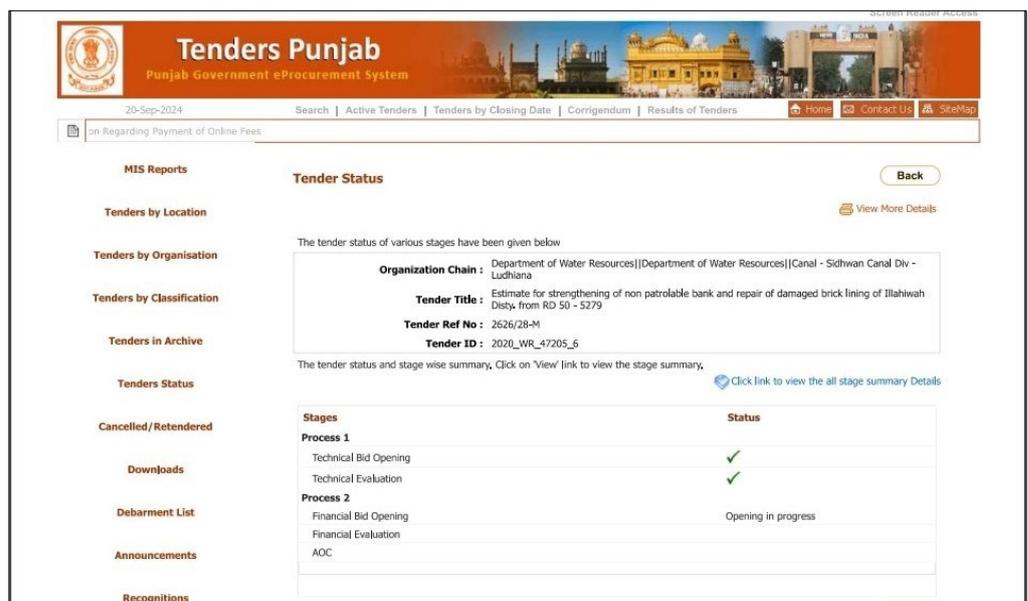


Source: GePNIC Manual

Analysis of the related tables revealed the following:

(a) In 2,740 tenders as depicted in Table 2.27, though the bids were decrypted, the tender status was stored in the database table as 'To be Opened'. Despite the bids being opened on different dates, the front end of the GePNIC exhibited incorrect status as 'Opening in Progress' to the participating bidders, as shown in the Figures 2.11, 2.12 & 2.13.

Figure 2.11: Tender Status page



Source: e-Procurement Portal

Table 2.27: Tender status shown as ‘To be opened’ even after decryption of bids

Number of Packets/ Covers	Number of Packets Decrypted	Number of Tenders
1	1	899
2	1	1,566
3	1	54
3	2	218
4	2	1
4	3	2
Total		2,740

Source: GePNIC database

(b) A tender was published (December 2021) for purchase of machinery by the Department of Medical Education and Research. As per MIS report and e-Procurement Portal, the tender was technically evaluated. But analysis of data revealed that the financial bids of the bidders were also decrypted on 14 February 2022. Further scrutiny of tender files revealed that the financial evaluation process was initiated by downloading BoQ comparison chart of the tender without updating the tender status on the portal, as depicted in **Figures 2.12 & 2.13**.

Figure 2.12: TECHNICAL BID OPENING PAGE	Figure 2.13: FINANCIAL BID OPENING PAGE
<p>TECHNICAL BID OPENING PAGE</p>	<p>FINANCIAL BID OPENING PAGE</p>
<p>Source: GePNIC manual</p> <p>In above Technical Bid Opening page link to “Bid Document Zip” was available for downloading but even upon downloading the bids, the status on front end was not updated rather was exhibiting as “Opening in Progress”.</p>	<p>Source: GePNIC demo</p> <p>In above Financial Bid Opening page link to “View BoQ Chart” was available for download but even upon downloading the comparative chart, the status on front end was not updated, and was instead exhibiting as “Opening in Progress”.</p>

(c) A tender was published (August 2018) for annual rate contract for maintenance of water supply and sewerage lines by the Department of Local

Government⁵⁹. During review of tender records, it was observed that except tender details and corrigendum details no other information was available on the e-Procurement portal, and MIS and the tender stage was displayed 'To be Opened/opening in progress'. However, from the printouts in the record file it came to notice that the tender had been awarded in September 2018. All the stages were updated (November 2023) after being pointed out by Audit.

The NIC replied (February 2024) that during technical/financial opening stage, the decrypted bids were required to be admitted/not admitted by the departmental user. After this step, summary was to be uploaded and thereafter the stage would get updated. The tender status during decryption was 'opening in progress'.

Reply was not satisfactory since the above discrepancies had arisen due to manual processing of tenders at the evaluation and AoC stages outside the system. As a result, the system was unable to monitor and track the real time status of the tenders and hence, the MIS Reports had been rendered incomplete and unreliable.

2.10.10 Gaps in System Generated Row ID Numbers

To manage data effectively, GePNIC was designed to automatically assign a unique sequential number as a primary key field each time a new record is inserted.

The issue of gaps in system generated numbers was pointed out in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017 vide Paragraph 3.12.4.5. The PAC expressed its dissatisfaction (December 2022) on action taken by the department to resolve this issue. Audit analysis still revealed multiple gaps in these auto-generated sequential numbers, which were used as primary key fields in several important tables, as illustrated in **Table 2.28**.

Table 2.28: Showing gaps in auto-generated sequential numbers

Sr. No.	Table name	Table Description	Row Count	Number of Missing Items	Number of Gaps
1.	gep_tender_basic_details	Facilitates the creation and maintenance of tender basic details like tender reference number, tender type, resubmission allowed, etc.	100,081	509	271
2.	gep_tender_work_items	Facilitates the creation and maintenance of work item details like tender title, work description, tender value, etc.	203,246	4,393	3,469
3.	gep_bids	Facilitates the creation and maintenance of submitted bid details like bid id, bid place date time, IP address, etc.	465,273	238	28

⁵⁹ Municipal Corporation, Ludhiana.

Sr. No.	Table name	Table Description	Row Count	Number of Missing Items	Number of Gaps
4.	gep_user	Facilitates the creation of user data such as login id, password, user type, DSC status, etc.	50,575	173	15
5.	gep_orgchain_master	Facilitates the creation and maintenance of master template of organisation chain	2,121	217	51
6.	gep_bid_bank_tran_details	Facilitates the creation and maintenance of online bid fee payment transaction details	4,07,832	227	18
7.	gep_key_stores	Facilitates the creation and maintenance of encrypted bid opener keys	33,88,785	44,660	10,000
8.	gep_bid_decrypted	Facilitates the creation and maintenance of decrypted key status against bid packets	6,83,112	6,091	2,838
9.	gep_user_certificates	Facilitates the creation and maintenance of DSC information	69,946	659	210

Source: GePNIC database

The NIC replied (May 2024) that GePNIC utilises a database sequence as the generator for the primary key and that the sequence increments even when a transaction fails or is rolled back. The reply was not satisfactory as there was no log being maintained by the system regarding the missing numbers along with timestamps and description of events of transaction failed.

This lack of traceability undermines the integrity of the data management process and complicates efforts to identify and resolve issues related to missing records.

The Nodal Department stated (November 2024) that the matter would be taken up with NIC.

2.10.11 Deficiencies Noticed in use of Digital Signature Certificate

In GePNIC, Digital Signature Certificate (DSC) is mandatory for the bidders for submission of bids online and for the Departmental users to process bids which includes opening, evaluation and issue of AoC. The DSC mapped in the GePNIC with the user login ID requires a password for its operation. The user requires an email ID to register in GePNIC, which serves as their login ID. Once a DSC is mapped with a user login ID, it cannot be reassigned to another account and can only be deactivated.

The deficiencies with regard to use of Digital Signature Certificate were mentioned in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017 as Paragraph 3.12.2.3 titled “Segregation of duties and User Access”. Though the PAC recommended (December 2022) that all the provisions of the IT Policy should be implemented by the Department, audit analysis of GePNIC data related to 2018-2023 revealed that:

- The system did not validate the name of the DSC holder against the name registered by the user in GePNIC. This absence of a critical validation check had resulted in 212 mismatches between the names on the DSC and its users registered in GePNIC. In one of the test-checked tenders⁶⁰, DSC issued to an employee who had never been posted in that office was used in 60 tenders as bid opener.
- Seven DSCs with different names were linked to single user ID.
- The GePNIC had no check to disallow the DSC users to update names in the user profile, which was found to even change the historical data in the GePNIC portal, as all prior tenders associated with the previous username were replaced with the updated username.

The Nodal Department stated (May 2024) that validating the name in DSC with the user's name in GePNIC would cause practical difficulties, as users entered their names manually during registration, which may not match with the name in DSC. It was further stated that enrolment processes for GePNIC and DSC were not interconnected, and the user may submit different ID proofs.

The response was not satisfactory as the authenticity and non-repudiation features of the Digital Signature Certificate (DSC) were being compromised, in the absence of controls to restrict its use solely to the authorised holder. Moreover, GePNIC's inability to disallow change of username in profile created the avoidable risks of modification of historical data. Even if a username change was necessary, it was essential that the historical data remains unchanged, for the purpose of ensuring accountability.

The Nodal Department stated (November 2024), that the matter of DSC validation and updating of profile name would be taken up with NIC.

2.10.12 Segregation of Duties

Segregation of duties and proper user access is essential in an IT system to ensure that transactions are properly authorised, recorded and that assets are safeguarded. Segregation of duties occurs when one person provides a check on the activities of another. It is also used to prevent one person from carrying out an activity from start to finish without the involvement of another person.

Each user organisation of GePNIC has a Nodal Officer/ Sub-Nodal Officer who are authorised to assign roles to the users within the user organisation for various procurement activities to be performed using GePNIC. The roles defined in GePNIC system are detailed in **Table 2.29**.

⁶⁰ Published by the Department of Local Government (Municipal Council, Kurali).

Table 2.29: Roles defined in GePNIC system

Role	Description
Procurement Officer Admin (Tender Creator)	Responsible for filling up and uploading the details of a tender enquiry/corrigenda
Procurement Officer Publisher	Responsible for publishing the tender enquiry/corrigenda created by the Tender Creator
Procurement Officer Opener	Authorised to decrypt and download the bids received from the bidders in response to a tender document
Procurement Officer Evaluator	Authorised to upload the results of the various stages of bid evaluation/award of contract
Tender Acceptance Authority	Takes the final decision on the acceptance/rejection of tenders, based on the evaluation results and organisational policies

Source: Information from Nodal Department.

A Paragraph 3.12.2.3 titled “Segregation of duties and User Access” was included in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017. Though the PAC recommended (December 2022) that all the provisions of the IT Policy should be implemented by the Department, Audit analysis of GePNIC user tables⁶¹ revealed that as on 31 March 2023:

- a) A total of 3,142 users were found to have been assigned four distinct roles i.e. Procurement Officer Admin, Procurement Officer Opener, Procurement Officer Evaluator and Procurement Officer Publisher with each role being assigned to a single user across 43 departments (**Appendix 2.6**). Of these 1,987 users across 42 Departments performed all the roles of bid creator, bid publisher, technical bid opener and financial bid opener in 39,461 tenders (**Appendix 2.7**).
- b) GePNIC was not capturing the date of role creation/deletion in the time/date stamp column of the master table “gep_user_role_map”.
- c) The key roles in tender processing were found to have been assigned to 2,989 officials with designations like Clerk, Cashier, Storekeeper, Steno, Computer Operator, Accountant, Junior Assistant, Assistant and Senior Assistant, which indicated non-compliance of the access rights in the system with the formal delegation of powers in the organisations. Out of these, 386 were even assigned the role of Tender Accepting Authority (**Appendix 2.8**) and 1,503 users had published the AoC (Award of Contract).
- d) Of these officials, 471 even published the Tender revocations, implying improper delegation of rights for publication of such an important corrigendum.

⁶¹ Related tables capturing various activities of users in the database.

- e) The “Designation” field of GePNIC database neither had a pre-defined list of values nor did it have valid and authorised designations stored as master data. This deficiency had resulted in data entry of random values by users.

Assigning multiple roles to individual users led to lack of effective rechecking mechanisms. Since the role of creator and publisher was assigned to the same user, a tender published by the Department of School Education had to be cancelled twice for the same reason that the BoQ document was uploaded in a non-editable format.

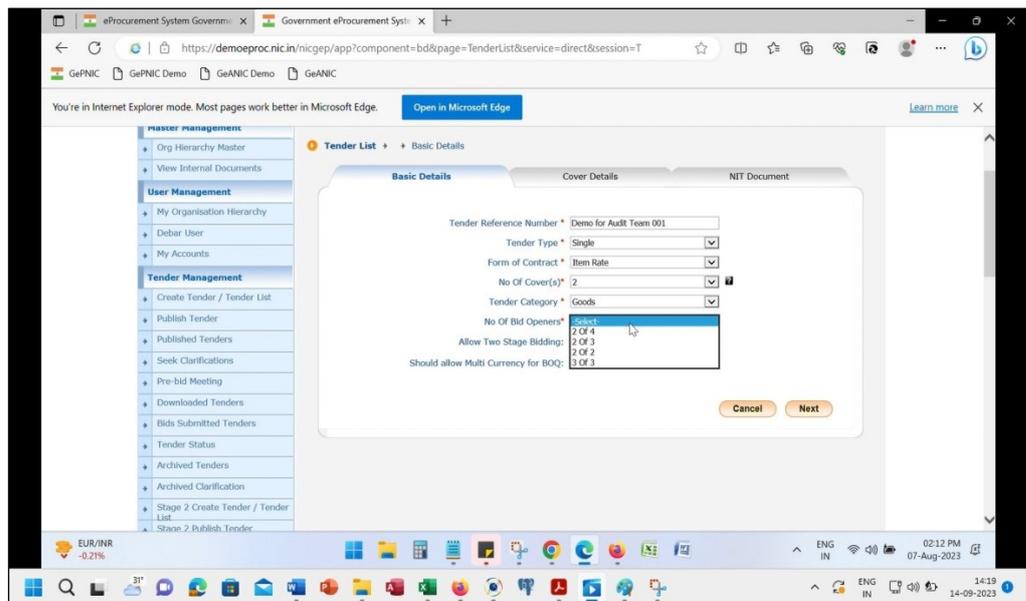
The Nodal Department attributed (August 2023) the lapses in adherence to the formal delegation of powers to the designated Nodal Officer(s) of the user Departments and further stated that it was the primary responsibility of the Nodal Officers to ensure that the appropriate roles were assigned to all user IDs they had created. This delegation of roles was pivotal for maintaining the smooth functioning and efficient operation of the GePNIC portal. The Department of School Education admitted (May 2024) that the tender was created and published from a single ID and attributed the lapse to lack of information/training and further assured to keep it in mind in future.

Reply was not satisfactory as it only indicated that the business rules had not been mapped into GePNIC through implementation of appropriate application controls to enforce the business rules. In the absence of clearly documented segregation of duties in the system, it was challenging to enforce accountability, track responsibilities, and ensure that critical controls (such as approval processes, data access and transaction processing) are functioning as intended.

2.10.13 Selection of Bid Openers

According to the General Guidelines for e-Procurement under the CPPP portal (June 2019), at least four bid openers should be configured for each tender to prevent issues during the tender opening process. The NIC recommends using the 'two of four' option, allowing any two of the four configured officials to open bids. The GePNIC offers four options for selecting the number of bid openers: 'two of two', 'two of three', 'three of three' and 'two of four', as exhibited in **Figure 2.14**.

Figure 2.14: Showing option for selecting the number of bid openers



Source-Demo of e-Procurement

Mention was made in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017 {Para 3.12.2.3 (Bullet-3)} wherein it was pointed out that despite clear instructions, the department was selecting ‘two of two’ bid openers. Though the PAC recommended (December 2022) that all the provisions of the IT Policy should be implemented by the Department, Audit analysis of GePNIC data revealed that despite clear guidelines, in 34 out of 45 departments, 91,828 tenders⁶² were still published by choosing the ‘two of two’ option. In the test check tenders, it was found that a tender published by the Department of Social Security and Women & Child Development had to be cancelled as one of the two bid openers superannuated prior to opening of tender. Of 91,828 tenders, 5,658 tenders were published by the Department of Public Works choosing the ‘two of two’ option, whereas PRBDB had specifically directed (February 2018) to choose ‘two of three/four’ option to circumvent delays.

The Nodal Department stated (March 2024) that the TIAs were being insisted while imparting trainings to choose the ‘two of four’ option and further stated that since July 2021 the ‘two of two’ option has been made unavailable from the options in GePNIC. The reply was not correct, as Audit found that ‘two of two’ option was still chosen for a tender⁶³ published in June 2022. The absence of proper version control or lack of an automated versioning system might have led to the issue where newer system updates were not properly integrated with older tender documents.

⁶² Out of these 5,658 tenders were published by the Department of Public Works (B&R).

⁶³ Tender was created on 6 July 2021 and published on 28 June 2022.

2.11 Data Integrity and System Controls

The e-Procurement portal facilitates Tender Inviting Authorities (TIA) to publish tender documents and Bill of Quantities (BoQ) templates. Bidders are required to upload technical documents and submit financial bids using the BoQ template prescribed by TIA. The tender evaluation process includes manual document verification and system generated/manual price comparison.

According to the Punjab Transparency in Public Procurement (PTPP) Act, 2019, a 'Bid' refers to a formal offer from a 'bidder', who can be any individual or entity participating in the procurement process. The Act also prescribed code of integrity to prevent collusion, bid rigging and anti-competitive behavior, which can undermine transparency and fairness. As per section 3(3) of the Competition Act, 2002, 'Bid rigging' defines agreements among bidders engaged in identical or similar production/trading that reduce competition, while as per section 2(c) 'Cartel' consists of groups, who by agreement amongst themselves, attempt to control prices or production.

Against 1.86 lakh tenders published during the period from 2018 -2023, bids in 1.36 lakh tenders were found valid by the e-Procurement portal. Out of these 1.36 lakh tenders, in 0.66 lakh (48 *per cent*) tenders only, one or two bids were received indicating limited bidder participation. Audit findings related to limited bidder participation have been discussed in **Paragraph 2.9.6** of this report. In addition to analysis of GePNIC data, Audit also test-checked 494 tenders in the selected 14 departments across six districts including Chandigarh.

2.11.1 Absence of Controls to Restrict Bidders Having Common Credentials to Compete for the Same Tender

Section 7 of the Punjab Transparency in Public Procurement Act, 2019 establishes a code of integrity for procuring entities and bidders, prohibiting collusion, bid rigging, and anti-competitive behaviour to ensure transparency and fairness in the procurement process.

Rule 21(6) of the PTPP Rules, 2022 mandates that in the procurement of works and services, at least two bidders who qualify in the technical evaluation must not be related, have a controlling interest, or share a common financial interest.

Clause 4(10) of Schedule 1, Part A of the PTPP Rules outlines "Instructions to Bidders" regarding conflicts of interest, specifying that a bidder may be considered to have a conflict of interest if:

- a. They have controlling partner(s) in common; or
- b. They receive or have received any direct or indirect subsidy/financial stake from any of them; or
- c. They have same legal representative/agent for purposes of this bid; or

- d. They have relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the bid of another bidder; or
- e. Bidder participates in more than one bid in the bidding process.
- f. Bidder or any of its affiliates participated as a consultant in the preparation of the design or technical specifications of the contract that is the subject of the bid.
- g. In case of a holding company having more than one independently manufacturing units or more than one unit having common businesses ownership/management, only one unit shall quote. Similar restrictions would apply to closely related sister companies. Bidders must proactively declare such sister/common business/management units in same/similar line of business.

Further, Clause 5.1 of the Standard Bidding Document of the Punjab Government's Public Works Department stipulates that each bidder may submit only one bid for a project, with multiple submissions leading to disqualification of all proposals from that bidder.

Audit analysed the GePNIC data using four criteria *viz.* (i) duplicate IP, (ii) duplicate email, (iii) duplicate PAN, and (iv) duplicate mobile number among the bidders registered on the portal to determine if different bidders with the same PAN, email, or mobile number had submitted bids for the same tenders. Besides, the records relating to 494 selected tenders were also test-checked on the above criteria. As a result, audit observed various pairs of bidders having common PAN, mobile number, or email ID who participated as competitors in the same tender multiple times. This indicated that the system lacked inbuilt controls to restrict registration of bidder using same credentials.

The examination of GePNIC data and subsequent review of records pertaining to 494 tenders identified five patterns of potentially irregular bidding practices. These instances included situations in which bidders engaged as competitors in the same tender: i) utilising common credentials; ii) possessing direct relationships; iii) having shared business partners; iv) registering under two distinct User IDs; v) submitting bids from the computing device of the procuring entity; and vi) submitting multiple bids from a singular IP address, as elaborated in the subsequent paragraphs.

Audit analysis of GePNIC data revealed that 8,222 pairs of bidders were identified having common credentials *viz.* PAN, mobile number or email ID. These bidders had also participated in 9,320 tenders during 2018-2023 as summarised in **Table 2.30**.

Table 2.30: Summary of pairs of bidders competing in same tender

Criteria	Number of pairs of bidders	Number of participated tenders
PAN	255	224
Mobile number	2,155	4,452
Alternate email	5,812	4,644
Total	8,222	9,320

Source: GePNIC Database

2.11.1.1 Participation of Bidders with Common PAN in Same Tender

As is evident from **Table 2.30**, 255 pairs of bidders participated as competitors of each other in 224 tenders across departments. Of these 255 bidders' pairs, 19 pairs were found in six of the 14 test-checked departments. While reconfirming the duplicity of PAN from the documents submitted by the bidders, the relationship between bidders in 11 pairs could not be substantiated, however, the remaining eight pairs of bidders had a clear relation between them and both were found to have participated in the same tender as competitors, as detailed below in **Table 2.31**.

Table 2.31: Detail of pair of bidders participating in same tender

Sr. No.	User ID	PAN	Work Item	Identified as	Criteria for identification
1.	29798	AACxxxx99B	199155	Same Person	As per Aadhaar of one and undertaking of other, both the firms were registered under same name and father's name.
	47688	AACxxxx99B			
2.	4623	AAJxxxx15A	17724	Brothers	As per PAN and Labour Registration. Certificate, father's name of both users was same.
	4646	AAJxxxx15A			
3.	17494	AANxxxx48C	81639	Same Person	As per GSTIN, both the firms were registered by same person.
	24812	AANxxxx48C			
4.	5910	ACZxxxx78G	18411	Same Person	Same PAN was provided by both the bidders.
	10389	ACZxxxx78G			
5.	26754	AGAXxxx86F	85246	Same Person	Same Aadhaar was submitted by both the bidders.
	26903	AGAXxxx86F			
6.	6551	AJIxxxx95N	86932	Same Person	As per PAN & Aadhaar, both the firms were registered by the same person.
	18678	AJIxxxx95N			
7.	39358	BDFxxxx47M	137021	Father & son	As per PAN and Aadhaar, one firm was registered by father and other by his son.
	39365	BDFxxxx47M			
8.	18821	CQMxxxx94M	150605	Same Person	As per GSTIN & PAN, both the firms were registered by the same person.
	41045	CQMxxxx94M			

Source: GePNIC MIS

- a) These eight pairs participated as competitors in 61 tenders (122 bids) in four of the test-checked departments⁶⁴. Further analysis disclosed that 121 bids qualified the technical evaluation and 33 bids could manage to secure the Award of Contract also.
- b) Audit further noted that one of these eight pairs (SN 8), in collaboration with

⁶⁴ Local Government, Forest and Wildlife Preservation, Agriculture and Water Resources.

another bidder, who was his brother, participated as competitors in 51 tenders published by the Local Government. This trio managed to secure Award of Contract in as many as 50 tenders to either of the three competing bidders i.e., 29 to pair of bidders and 21 to third bidder.

- c) Audit noticed that an item-wise tender⁶⁵ was published (January 2020) by Punjab State Forest Development Corporation (PSFDC) for sale of tree lots. For this tender, eight bids were received. Of these, two bids were submitted by one bidder using two different user IDs but having common PAN. Against both these bids Award of Contract (AoC) of one tree-lot each was found to have been issued (January 2020).

The PSFDC denied (May 2024) to have any control over bidders' registration on GePNIC. However, acknowledging the discrepancy, they assured to take up the issue with NIC.

2.11.1.2 Participation of Bidders having Common Mobile Number, Alternative Email ID and IP Address

Two bidders (ID:7137 and ID:14674) were registered with the same mobile number and email ID. Audit noticed that both of these bidders participated as competitors in six tenders published by the Punjab State Forest Development Corporation (PSFDC). Of these six tenders, in five tenders, 10 bids (one by each bidder in each tender) were found to have been submitted from the same IP address on the same day. In all these five tenders, one of these two bidders received AoC.

The PSFDC denied (May 2024) to have any control over bidders' registration on GePNIC and stated that the lots were awarded to the bidders with highest bid. While acknowledging the discrepancy, it assured to take up the issue with NIC.

2.11.1.3 Participation of Bidders having Family/Direct Relations

Among the 494 tenders test-checked, in 18 tenders⁶⁶, bidders having family relations participated as competitors in the same tender. Audit further examined the participation of these bidders across all tenders published from 2018-2023. The results are illustrated below:

- Two bidders were found to be related as husband and wife, and both of them participated as competitors in 15 tenders published by the PSFDC. Contracts were awarded to either of them in 12 tenders. Both these

⁶⁵ Tender for sale of green, DD and CM Trees.

⁶⁶ Six in Punjab State Forest Development Corporation and 12 in the Department of Home Affairs and Justice.

bidders were registered with the same mobile number and submitted bids for 12 tenders from the same IP address.

- Two related bidders, who were husband and wife, participated in 121 tenders published by the Department of Home Affairs and Justice. Contracts were awarded to either bidder in 47 of those tenders. In nine tenders only this pair participated as competitors to each other as in these tenders only two bids were received. Out of these nine tenders, contracts were awarded to either of them in six tenders. The remaining three tenders were cancelled without even opening the bids.

2.11.1.4 Participation in Same Tender by Companies having Common Partner

An individual and a partnership firm with this individual as one of the partners were registered as two different users on GePNIC using a common mobile number. Audit noticed that both these bidders participated as competitors in 30 tenders published by the Department of Local Government (MC Patiala), and a contract was awarded to the bidder who participated as individual on four tenders.

2.11.1.5 Suspected Collusion based on IP Address

An IP address (Internet Protocol address) is a unique identifier assigned to each device connected to a network that uses the Internet Protocol for communication. Every device on the internet has a distinct IP address, which can be classified as either static or dynamic. A static IP address is permanently assigned by an Internet Service Provider (ISP) for the exclusive use of a subscriber, while a dynamic IP address is temporarily assigned by a network and may change over time.

The GePNIC records the IP address of the computer used to submit a bid. When multiple bids for the same tender originate from the same IP address, it suggests that the same computer may have been used for those submissions, which could indicate potential collusion among bidders. The risk of collusion is significant if bids are submitted from the IP addresses associated with the procuring entity. The following paragraphs will elaborate on these issues:

(i) Bidding using computer system of the procuring entity

The State Government has established the Punjab State Wide Area Network (PAWAN) to serve as an intra-government communication network. Users can leverage this network for Internet and Intranet connectivity in their offices, subject to availability of PAWAN connectivity in their respective locations.

(a) The Department of Forests and Wildlife Preservation (Department) had a leased internet connection from an internet service provider (ISP) with Static IP address ranging from ‘117.239.5.128 to 117.239.5.143’. Data analysis showed that four bids from two bidders in four tenders published by Department of Forest and Wildlife Preservation were submitted from the IP address ‘117.239.5.129’, which falls within the range of IP address assigned to Department. Out of four bids, one was accepted for AoC. The details of these bids are exhibited in Table 2.32.

Table 2.32: Details of bids uploaded using Department’s IP address

Sr. No	Work Item ID	Tenderer ID	Bid ID	Bid Date Time	IP Address	Bid Status
1.	31220	15308	75536	05-11-2018 17:12:16	117.239.5.129	Rejected Fee/ PreQual/ Technical
2.	177929	43493	402794	16-03-2022 15:53:25	117.239.5.129	Accepted AOC
3.	181807	43493	409134	27-04-2022 12:55:53	117.239.5.129	Rejected Finance
4.	183212	43493	414108	23-05-2022 12:17:35	117.239.5.129	Rejected Finance

Source: e-Procurement Portal data

Audit further noticed that Government users of the Department registered with GePNIC had also logged in from the same IP address on the same dates thereby strengthening the fact that though this IP address belonged to the department only yet it was used by the bidder to submit bids.

The Department of Forest and Wildlife Preservation assured (May 2024) that network logs, if stored, would be assessed to ascertain the user and the machines used on these dates and audit would be informed accordingly.

(b) Audit noticed that PAWAN utilised 11 public IP pools, which were subsequently divided into various subnetworks based on specific requirements. Analysis of GePNIC data revealed that 152 bids were submitted for tenders published by 22 Tender Inviting Authorities (TIA) using PAWAN IP addresses.

The submission of bids from the procuring entity's computer systems suggests a possibility of collusion between the TIAs and the bidders and raises concerns regarding confidentiality and secrecy, potentially leading to unfair competition.

The Nodal Department agreed (June 2024) to have no control over submission of bids using Government users’ computer systems.

Submission of bids from the Department’s own IP address is indicative of the material risk of collusion between the Departmental personnel and the bidders, and results in lack of assurance that the confidentiality of all the bids submitted had actually been maintained during the entirety of the bid submission process. Since the application front end for submission of bids would have to be opened within the Departmental premises to submit the bids, there is a material risk that

the confidentiality of the bids would not be maintained and bid details of one bidder could potentially be informed to a competing bidder, thereby extending an undue benefit and vitiating the e-Procurement process.

(ii) Bids for same tender received from common IP address

Audit analysis of GePNIC data further revealed that out of 1.36 lakh tenders, against which valid bids were received, two to 74 bids were found to have been submitted from the same IP address for the same tender in 0.41 lakh tenders (30 per cent).

Of the test-checked tenders, in 138 tenders, two or more bids were found to have been submitted from the same IP address by bidders competing for the same tender, as detailed in **Appendix 2.9**. In a tender published by the Punjab State Forest Development Corporation (PSFDC) seven bids were submitted using same IP address, indicating possible collusion among bidders as detailed in **Table 2.33**.

Table:2.33: Details of bids submitted in a tender from common IP address

Work Item ID	Bid ID	Date of Bid	Time of Bid	IP address	Bid Status
183212	414032	22-05-2022	20:13:28	103.223.10.209	Accepted-AOC
183212	414033	22-05-2022	20:46:06	103.223.10.209	Accepted-AOC
183212	414034	22-05-2022	20:58:03	103.223.10.209	Rejected-Finance
183212	414174	23-05-2022	15:06:57	103.223.10.209	Accepted-AOC
183212	414028	23-05-2022	16:05:31	103.223.10.209	Accepted-AOC
183212	414210	23-05-2022	16:25:15	103.223.10.209	Accepted-AOC
183212	414089	23-05-2022	16:30:31	103.223.10.209	Accepted-AOC

Source: GePNIC Database

The PSFDC agreed (May 2024) that IP addresses captured with the bids were not being considered so far. However, an assurance was given to take up the issue with NIC for restricting 2nd bid for the same tender from the same IP address and consider IP addresses for future tenders.

In a fair and competitive bidding environment, all bidders are expected to independently submit their bids. Submission of bids with bidders sharing the same IP address is indicative of a material risk of collusion and lack of confidentiality of bids, which may severely undermine the objectives and efficacy of price discovery through open market competition for public procurement.

2.11.1.6 Non-utilisation of Cartel Bidding Report

Despite highlighting the issue of bidders using common email IDs and mobile numbers in Paragraph 3.12.4.4 of the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017, and the PWD's assurance in

October 2018 to the Public Accounts Committee about getting the stricter validation checks implemented through NIC to prevent users with common credentials from bidding on the same tender, GePNIC continued to permit such bidders to compete for the same tender.

Audit noticed that though, GePNIC features a ‘Cartel Bidding Report’ in its Management Information System (MIS), which generates a list of suspected cartel bidders based on criteria like duplicate IP addresses, alternate emails and PAN/TAN numbers, none of the test-checked TIAs were granted access to MIS.

The Nodal Department stated (May 2024) that access to the Cartel Bidding Report had been enabled in GePNIC portal. The Nodal Department further clarified (June 2024) that it was the responsibility of the TIA to take initiatives against collusive behavior and added that the TIA had the authority to debar such bidders, if necessary. The Department further stated (November 2024) that necessary advisory would be issued to the user Departments and the matter would also be taken up with NIC.

The reply was not satisfactory as the access to Cartel Bidding Report was only provided to TIAs in May 2024 after many years of implementation of GePNIC, and the training for its effective use was also inadequate, as discussed in **Paragraph 2.9.6.**

2.11.2 Deficiencies in Tracing the Tendering Records

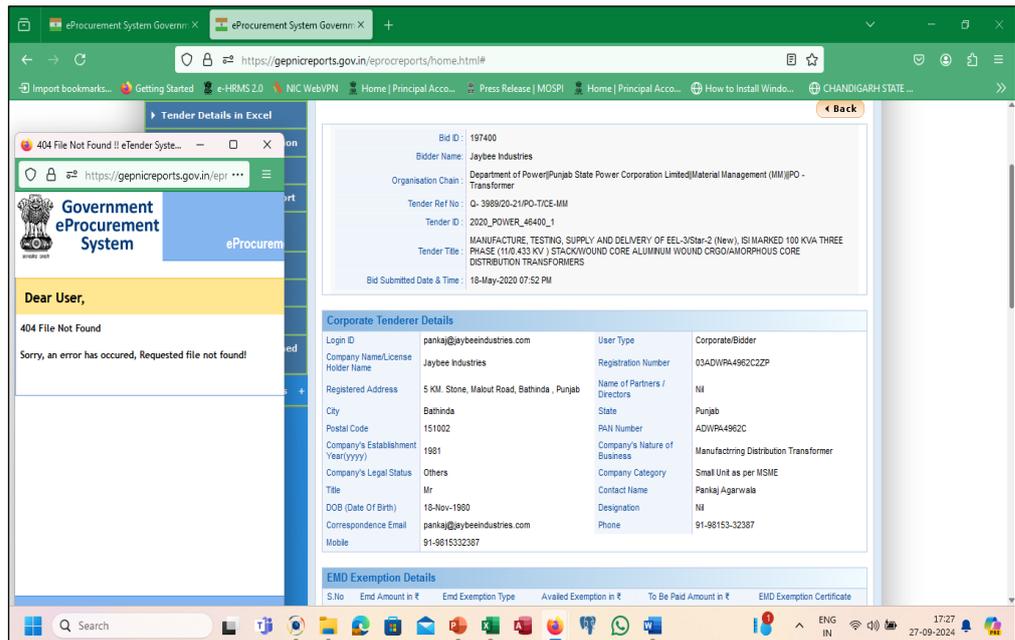
Section 6 of the PTPP Act 2019 requires procuring entities to keep records of their procurement activities, including details of participating bidders. Additionally, Section 6(2) specifies that all documents, notifications, decisions, and other information related to procurement, including appeals under Section 49, must be recorded in a way that is clear and easily accessible for future reference.

2.11.2.1 Retrieving of Bid Documents

Audit analysis disclosed that though the GePNIC was able to retrieve documents submitted by bidders through ‘Tender Discursive Report’ in MIS, in 15 of the test-checked tenders, bidder documents could not be downloaded due to technical errors, despite multiple attempts and using different browsers.

The Nodal Department replied (May 2024) that the issue had been rectified in the GePNIC application. Audit, however, noticed (September 2024) the same error while attempting to download bidding documents in other than those 15 tenders, as shown in **Figure 2.15.**

Figure 2.15: Figure showing error while downloading bidder documents from Tender Discursive Report in MIS



Source: GePNIC MIS

As such, despite rectification, the possibility of having this error in other than the test-checked tenders cannot be ruled out.

The Nodal Department agreed (November 2024) that clarification would be taken from NIC on the matter.

2.11.2.2 Tracing of Tender Revocation

In GePNIC, corrigendum of tender revocation was used to move the tender to a previous stage, even after issue of AoC, the tenders could be revoked to previous stages.

(i) Frequent use of tender revocation feature of GePNIC

Audit of GePNIC data disclosed that revocation of tenders was not occasional as 680 corrigendum to revoke 649 tenders were found to have been issued. The stages of these tenders as on 31 March 2023 have been depicted in **Table 2.34**.

Table 2.34: Details of revoked tenders

Tender Status as on 31 March 2023	Tender stage	Count of tenders
Published	Bid_Opened_2	28
	Evaluated_Financial	62
	Evaluated_Technical	64
	To_be_Opened	5
Expired	AOC	368
Cancelled	Bid_Opened_1	18
	Bid_Opened_2	11
	Evaluated_Financial	11
	Evaluated_Technical	19
	To_be_Opened	53

Tender Status as on 31 March 2023	Tender stage	Count of tenders
Retender	Bid_Opened_1	2
	Bid_Opened_2	3
	Evaluated_Technical	1
	To_be_Opened	4
	Total	649

Source: GePNIC database

Audit also noticed that critical tracking details related to the tender processing and the specific stages from which these tenders were revoked were missing from both the Portal and the database.

(ii) Revocation of tenders without adequate justification

GePNIC included an inbuilt table called ‘GeP_tender_reason’ which contained pre-defined statements for users to select appropriate reasons for the revocation of tenders.

Audit analysis of 649 tenders revoked to previous stages revealed that three tenders were revoked three times and 25 tenders were revoked twice (Table 2.35). However, reasons for these revocations were not provided in any case, as GePNIC did not mandate the inclusion of reasons, whether by selecting from predefined statements or otherwise. This indicated the material risk that tenders were being reverted to earlier stages without sufficient justification.

Table 2.35: Detail of tenders which were revoked multiple times

Work Item ID	Description of Revocation	Reasons
19981	Revoked to Financial Opening thrice within 3 hours	Instead of choosing reason from the pre-defined table, a document stating “administrative reasons” was uploaded thrice.
100519	Revoked to Financial Opening then Technical Opening and then again to Technical Opening within 5 days	No justification uploaded for revocation.
54256	Revoked to Technical Opening, then Financial Opening, and then again to Technical Opening within 3 days	Nothing was mentioned for 1 st revocation. However, for 2 nd and 3 rd revocation, instead of choosing reason from the pre-defined table, reasons ‘due to misunderstanding’ were uploaded twice.

Source: GePNIC database & MIS Reports

Similarly, among the test-checked tenders, seven tenders were revoked only to rectify the errors committed by the committee during technical evaluation, as detailed in Table 2.36.

Table 2.36: Detail of tenders which were revoked to rectify the errors

Work Item ID	TIA	Description given for revocation	Reasons for revocation
26064	Director General School Education	Tender revocation	Two bids rejected technically were accepted upon representation.
60325	Director General School Education	Tender revocation	Two bids rejected technically were accepted upon representation.
90230	Directorate of Research and Medical Education	Technical revocation	Four bids for an item were accepted technically, but that item was not procured due to representation by other bidders.
116947	Directorate of Research and Medical Education	Technical revocation of tender	Technical evaluation changed after representation.
142202	Directorate of Research and Medical Education	Tender revocation	Technical evaluation changed after representation.
119029	Electrical Division No.1 (PWD) Patiala	Due to technical error, tender is hereby revoked	Revoked on the grounds of technical error, which were not explained.
182073	Provincial Division No.2 (PWD) Patiala	Due to error in technical evaluation, the tender is hereby revoke for correction	Two bids technically accepted. Tender revoked as one did not fulfil bid capacity criteria. Later cancelled the tender.

Source: MIS Reports & Departmental Records

(iii) Revocations led to non-refund of tender fee and processing fee

GePNIC, upon opening of technical bids, automatically triggers remittance of tender fee to the TIA and processing fee to the Punjab State e-Governance Society (PSeGS). In case of cancellation of the tender without opening of bids, the tender fee and the processing fee is refunded to the bidders, who deposited it along with the submission of their bids.

Audit noticed that in 56 tenders after attaining the ‘technical bid opening’ stage, the tender fee and the processing fee deposited by the bidders along with their bids was remitted to the TIA and the PSeGS, respectively. After remittance of fees, these tenders were revoked to the “*To_be_opened*” stage and subsequently these tenders were either cancelled or retendered. In these cases, since the tender fee and the processing fee had already been remitted to the TIAs and the PSeGS, GePNIC could not process refund to the bidders. Thus, the revocation of tenders resulted in inconsistencies in the refund and settlement of bid fees.

Data analysis also revealed 71 bids (pertaining to 39 revoked tenders) which were successful (Accepted-AOC stage) but EMD fee amounting to ₹ 0.84 crore was refunded to these successful bidders instead of being remitted to TIA. This anomaly arose as these bids could have been initially rejected but subsequently accepted after revocation of tender.

These inconsistencies highlight that the feature in GePNIC for revoking tenders was being used casually without adequate justification and considering the consequences. This approach resulted in instances where the tender and

processing fees were not refunded to the bidders, and the EMD was refunded incorrectly instead of remitting to the TIA's account.

The Nodal Department stated (November 2024) that necessary advisory to user departments had been issued in this regard.

2.11.3 Non-updation of Hierarchy despite Abolishing the Post

The Department of Local Government abolished (May 2021) the post of Regional Deputy Director (RDD) for Urban Local Bodies in six districts⁶⁷. Similarly, the post of Additional Deputy Commissioner (Urban Development) (ADC) was abolished (September 2022) in all districts except for six districts⁶⁸.

Audit analysis of the GePNIC database revealed that 659 registered users associated with these abolished posts (RDD: 642 and ADC:17) remained active as TIA in GePNIC as of March 2023. Not only that, these users also created or published 12,338 tenders using the user IDs of these abolished posts, as depicted in **Table 2.37**. This situation was attributed to a lack of training or insufficient training provided to departmental users.

Table 2.37: Detail of tender published using IDs of abolished posts

Name of the abolished post	No. of tenders published
Regional Deputy Director - Amritsar	1,856
Regional Deputy Director - Bathinda	538
Regional Deputy Director - Ferozepur	1,182
Regional Deputy Director - Jalandhar	1,560
Regional Deputy Director - Ludhiana	3,255
Regional Deputy Director - Patiala	3,947
Grand Total	12,338

Source: GePNIC Database

The Nodal Department stated (September 2023) that the authority to block or unblock user IDs lay with the Nodal Officer of each department. This situation could have been avoided had sufficient training been provided to departmental users. Of the test-checked 17 TIAs of Department of Local Government, 11 TIAs reported that no training was imparted to them.

The Nodal Department stated (November 2024) that necessary advisory would be issued in this regard.

2.11.4 Standardisation Testing and Quality Certification

Standardisation Testing and Quality Certification (STQC)⁶⁹ provides quality assurance services in Electronics and Information Technology, focusing on

⁶⁷ (i) Amritsar; (ii) Bathinda; (iii) Ferozepur; (iv) Jalandhar; (v) Ludhiana; and (vi) Patiala.

⁶⁸ (i) Amritsar; (ii) Bathinda; (iii) Jalandhar; (iv) Ludhiana; (v) Patiala; and (vi) SAS Nagar.

⁶⁹ STQC Directorate, which is a part of the Ministry of Electronics and Information Technology (MeitY), Government of India.

enhancing website security, accessibility, service commitment, and compliance with the Guidelines for Indian Government Websites (GIGW - 2018). The STQC certification is valid for three years, contingent on satisfactory surveillance audits conducted at the end of the first and second years. These surveillance audits assess the e-Procurement System (EPS), application and network security, client feedback, and the status of the ISO 27001 certificate. Guidelines for Compliance with Quality Requirements in e-Procurement are designed to ensure the quality and security of e-Procurement applications and systems. These guidelines aim to instil confidence among stakeholders by ensuring that the system is secure, transparent, auditable, and compliant with government procurement procedures for e-Procurement solution providers and application developers.

The GePNIC application was issued STQC in December 2020 for version 1.09.08 for three years ended in December 2023, with the condition that any major changes would necessitate re-certification.

Audit noticed that the prerequisite surveillance audit assessment required at the end of the first year to maintain the STQC validity, was not conducted by NIC. As a result, the GePNIC portal had been operating without a valid certificate since December 2021. Further, though the GePNIC had undergone 12 revisions from version 1.09.08 to the current version 1.09.20 released in January 2024, the STQC had not been revalidated.

NIC did not respond (February 2024) on the subject matters regarding 'Surveillance Assessment' at the end of first and second year, issuance of statement of 'Continuity of Certificate' for STQC and Data Storage Security Audit.

The Nodal Department stated (November 2024) that STQC had been done and a certificate was available on the portal. However, the matter regarding 'Surveillance Assessment' would be taken up with NIC. The reply was not satisfactory as the prerequisite surveillance audit assessment at the end of the first year of STQC required to maintain the validity was not conducted.

2.11.5 Business Continuity, System Reliability and Change Management

The effectiveness of Business Continuity Planning (BCP) and Disaster Recovery Plans (DRP) and assigning clear roles and responsibilities between the owner and the service provider are essential for a robust BCP. Relying solely on outsourced services can introduce risks associated with data security, data loss, unauthorised access, and continuity challenges due to the potential loss of business knowledge or inadequate performance from the service provider.

Audit had already pointed out the issues regarding BCP, DRP and IT Security in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended

31 March 2017 vide Paragraph 3.12.2.2. PAC recommended (December 2022) that the Department of Public Works (B&R) in addition to the NIC should also oversee the BCP, DRP and IT Security Policy. But audit found that despite recommendation of the PAC, the Department still did not have any BCP/DRP and change management policy, as discussed in the succeeding paragraphs.

2.11.5.1 Non-implementation of Business Continuity Plan and Disaster Recovery Plan

Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) ensures that an organisation can recover its processes after disruptions, such as natural disasters. The Ministry of Electronics and Information Technology (MeiTY) outlines best practices, including regular assessments and reviews of replicated resources to align with business priorities. According to Section 6 (1) to (3) of the PTPP Act, 2019, organisations must retain procurement records after the expiry of procurement process for a specified time for auditing/RTI purposes.

Audit noticed that the NIC had its BCP and DRP. However, the Nodal Department, in the absence of its own BCP and DRP, was fully dependent on NIC. It had neither identified or documented its own key assets such as hardware, software, personnel, etc. nor it had any archival policy for retention of legacy data. Thus, it lacked a comprehensive BCP and DRP.

The Nodal Department stated (February 2024) that policy document of NIC would be made available with the State coordinator NIC for audit examination. However, neither the Nodal Department was in possession of BCP of the NIC, nor was it provided to Audit (September 2024) for review. The NIC on behalf of the Nodal Department stated (June 2024) that NIC was providing Managed Services for e-Procurement for all the State Governments on a dedicated cloud and further stated that the hardware replacement was being done through pooling funds. The reply was not satisfactory as the Nodal Department had not executed any service level agreement (SLA) with NIC to integrate the BCP and DRP. Further, the Nodal Department did not maintain its own contingency plans to address scenarios where the service provider's BCP/DRP measures might be insufficient or fail to meet the Department's requirements.

2.11.5.2 Non-execution of Service Level Agreements for Business Continuity

Key service level agreements (SLAs) address i) Recovery Point Objective (RPO) - the maximum allowable time between recovery points; and ii) Recovery Time Objective (RTO) - the maximum amount of time a business process may be disrupted after the disaster. Scheduled downtime and maintenance are normally factored in while designing the service level

agreements which also cover the Service Providers capability to avoid loss of data in case of any disaster or failures.

Audit noticed that in the absence of the SLA, the service provider had no commitment for the restoration of services within the agreed downtime. The Nodal Department could also not provide any tool independent of the SLA to monitor the downtime, RPO and the RTO.

The Nodal Department stated (May 2024) that details of downtime were available in the “MIS hourly report”. However, this response did not adequately address the issue, as the absence of the SLA means that the service provider (NIC) was not obligated to restore services within a specified timeframe. Consequently, this lack of accountability could lead to prolonged disruptions and negatively impact business continuity.

2.11.5.3 Ineffective System Malfunction Procedure

The ‘System Malfunction Procedure’ prepared by NIC (August 2012) claimed that the e-Procurement solution was designed to handle system malfunctions effectively. However, failures can occur due to various issues, including internet failure and natural calamities.

Audit noticed that due to system malfunction, the NIC had to extend date for submission of bids in as many as 2,896 tenders on its own i.e. without any request from the TIA. As a result of these forced date extensions at the NIC end, the two tenders bid opening time preceded bid submission closing time, as shown in **Table 2.38**.

Table 2.38: Tenders wherein time of bid opening preceded bid submission time

Sr. No.	Work item ID	Bid submission closing date & time	Bid opening date & time
1.	58957	2019-06-27 17:00:00	2019-06-27 11:00:00
2.	70551	2019-11-22 17:00:00	2019-11-22 11:00:00

Source: GePNIC database

The Nodal Department stated (October 2023) that System Malfunction procedure was being carried out for a variety of reasons for planned and unplanned activities (Network Outages). It had also been used for planned activities such as Server up gradations, Security patch updates, Server or Database migrations, etc. When such incidents are planned, announcements are floated in advance and intimated to the users. However, the Department assured to implement the system malfunction procedure in future to have a better business continuity process.

2.11.5.4 Absence of Change Management Policy

In IT organisations, the change management process is essential for managing and controlling changes to assets, including software, hardware and related documentation. Change controls are necessary to ensure that all modifications to system configurations are authorised, tested, documented and monitored. This approach helps maintain system stability and supports ongoing business operations as intended, while also providing a comprehensive trail/record of changes made.

Audit observed that the Nodal Department lacked a Change Management Policy to maintain a documented record of changes to GePNIC, despite 12 versions being rolled out since December 2020. There was also no clear authority designated for authorising and executing these changes.

The Nodal Department stated (May 2024) that GePNIC was a generic software. The requirements and enhancements requested by various stakeholders were discussed for compliance with rules and regulations, analysed for technical viability, and subsequently incorporated into future versions. The reply was not satisfactory as there should be a formal change management policy to govern all changes made to the application. The policy should outline procedures for requesting, evaluating, approving, testing and deploying changes, ensuring that all modifications are carefully controlled.

The Nodal Department stated (November 2024), that the respective policies would be taken from the NIC.

2.11.6 Non-availability of Digital Time Stamp in the Tender Documents

The STQC Guidelines state that the CVC mandates that tender documents posted on e-tendering/e-Procurement websites must be digitally signed by an officer from the tendering organisation. Government of Punjab mandated (February 2018) that documents downloaded from the e-Procurement Portal should include date-time stamping and IP details to restrict unauthorised alterations in the downloaded documents. The PTPP Rules, 2022 also directed the procuring entities to maintain and preserve records in both electronic and physical forms.

The issue of non-recording of digital signature stamp on any of the corrigendum/addendum and other documents uploaded by the Department and the bidders was pointed out in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2017 vide Paragraph 3.12.4.5. The PAC also expressed its dissatisfaction (December 2022) with the replies of the Department.

Audit noticed that in the test-checked tenders neither the bidder documents downloaded from the MIS discursive report of GePNIC nor the DNIT and BOQ templates contained any embedded digital signatures, thereby undermining the sanctity of the tender documents, as shown in the **Table 2.39**.

Table 2.39: Tenders without embedded digital signature on DNIT and BOQ

Sr. No.	Tender Reference Number	Work item ID
1.	2018_DSE_14093_1	16438
2.	2019_DMER_33887_1	59486
3.	2020_DLG_50098_19	96683
4.	2021_DHA_64373_1	129313
5.	2022_DOA_83528_1	179780

Source: e-Procurement portal

The absence of digital signatures means the downloaded documents lack legal sanctity. Thus, assurance regarding the integrity of all bid-related documentation by embedding digital signatures was crucial especially when there was the precedence of manually evaluating the tender outside the system.

The Nodal Department stated (October 2023) that NIT documents uploaded in PDF format had inline signing (embedded signatures), while documents submitted by bidders had detached signatures. This reply was not satisfactory as documents downloaded from GePNIC were mandatorily required to include date-time stamping and IP details.

The Department stated (November 2024) that the matter had been taken up with NIC.

2.11.7 Irregular Disallowing of Viewing DNIT after ‘Document Sale End Date’

Section 43 (2) of the PTPP Act, 2019 mandates procuring entities to publish procurement-related information on publicly accessible procurement portal, including the amendments.

Audit noticed that the tender documents (DNIT), outlining the scope and details of tender were available on GePNIC for public viewing and downloading for a limited period only - from the ‘Document Download/Sale Start Date’ to the ‘Document Download/Sale End Date’. Whereas Tender Summary Reports containing details on various stages, including tender Opening, Evaluation Summary, BoQ comparative charts, and AoC were available for viewing at any time. This limitation in viewing the DNIT beyond ‘Document Download/Sale End Date’ undermined the portal’s objective of transparency.

The Nodal Department stated (October 2023) that all States followed a policy restricting document access to the designated time frame, with later access

requiring users to log in and set tenders as favourites. This reply was not satisfactory as there was a clear need for an online repository to store all tender documents – both past and present – ensuring they were accessible to the public at any time. The Department, however, assured (November 2024) that the matter would be taken up with NIC.

2.11.8 Absence of Internal Audit Module

An effective internal audit function is crucial for helping organisations fulfill their governance responsibilities of achieving its objectives through ethical and effective governance. Similarly, an internal audit module is vital for ensuring transparency, accountability, and control within an e-Procurement system. It aids organisations in meeting regulatory requirements, managing risks, improving processes, detecting irregularities, evaluating service provider's performance, ensuring data integrity, and facilitating continuous monitoring.

Audit found that the GePNIC portal did not have an internal audit module. The Nodal Department assured (May 2024) to consider proposal for implementing such a module and stated (November 2024) that the matter would be taken up with NIC.

2.11.9 Helpdesk Management

Providing a helpdesk is a critical component of best practices for e-solutions. Reports of the helpdesk are reviewed by the management, compared to resolution requests to identify critical issues, which facilitates the management to take informed purchasing decisions and periodic evaluations.

Audit observed that in accordance with the NIC project proposal (July 2016), a helpdesk was established, and their relevant contact numbers and email addresses were displayed on the homepage of GePNIC. However, the helpdesk neither maintained records of complaints nor was a structured complaint monitoring or ticket management system put in place, which limited the ability to track, analyse and address recurring or critical issues thus affecting timely decision making and potential system improvements.

Implementing a Ticket Management System⁷⁰, similar to that used for the Integrated Financial Management System (IFMS) in the State, could address this gap by assigning the requests to the solution provider for resolution and allowing the Nodal Department to supervise. This would help the Nodal department to assess risks for future system corrections.

⁷⁰ The Ticket Management System (TMS) in the IFMS serves as a unified platform for interaction among DDOs, DTOs, HODs, Treasury and Accounts, Budget Branch and the NIC Team. Users can submit their concerns through 31 different types of tickets/issues covering all modules, including e-Budget, e-Treasury and e-Receipt.

The Nodal Department stated (November 2024) that the matter would be taken up with NIC for introducing a ticket management system

2.12 Conclusion

Audit noticed several issues with the implementation of the e-Procurement system in Punjab. The lack of a service-level agreement with NIC for the development and maintenance of GePNIC resulted in unclear roles and responsibilities, causing delays in modifying the portal and addressing payment gateway issues. Further, the Directorate of Procurement Policy and Enforcement (DPPE) was not made functional as required by PTPP Act, hindering the effective use of the GePNIC system.

There were system design issues in areas such as tender evaluation (both technical and financial), vendor negotiations and contract awards, which were still done manually, impairing the objective of reducing human intervention in the process. Further, due to the lack of integration with other portals maintaining records of blacklisted vendors, GePNIC had not implemented the functionality to prevent such vendors (including those blacklisted by Departments other than the one issuing the tender) from participating in tenders.

Departmental users and bidders were not adequately trained or made aware of the e-Procurement system. Key business rules, such as minimum period for submission of bids, controls to prevent contract awards to single bidders, monitoring procurement timeframes, EMD exemptions, etc. were not fully incorporated into the system. There were no validation controls during user enrolment.

The absence of periodic reconciliation led to a ₹ 135.64 crore discrepancy between GePNIC transactions and the pooling bank account, posing financial risks. Non-ensuring sufficient liquidity of funds before creation of the fixed deposit from the pooling account, impacted refunds for 173 transactions worth ₹ 1.36 crore. As on 31 March 2023, earnest money deposits, tender fees and processing fees amounting to ₹ 54.95 crore remained unsettled, for tenders published during 2018-2023, of which 61 *per cent* of the tenders were published more than two years ago. GePNIC lacked a tracking system to monitor and follow up on failed transactions.

Audit noticed several other severe system design deficiencies, including issues with bid decryption failures and mismatches in BoQ formats, indicating that bidders could modify templates. There were also concerns about irregular access to Management Information System (MIS) reports, creation of multiple user identities without ensuring unique PAN, email ID and mobile numbers, and the ability for departmental users to decrypt bid documents on different dates. Furthermore, the system allowed user-defined templates, which prevented automatic population of BoQ comparative charts, leading to unnecessary risks from manual intervention.

Further, the above deficiencies raise serious concern about confidentiality of data and integrity of e-procurement system. Lack of validation in mapping of Digital Signature Certificate (DSC), non-availability of digital signature in all documents, missing trail of records during revocation of tenders, etc. affected the security, integrity and reliability of the system. The lack of logs for failed transactions, which act as primary keys in critical tables, was a control deficiency which resulted in absence of a trail of accountability for users of the system. Non-repudiation features of the DSC were compromised due to a lack of controls restricting its use exclusively to the authorised holder. Besides, the system's inability to prevent username changes in user profiles created unnecessary risks of modifications to historical data.

The Nodal Department did not have its own Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) and was fully dependent on NIC. It had neither identified nor documented its own key assets such as hardware, software, personnel, etc. nor it had any archival policy for retention of legacy data. Further, the absence of an internal audit module and a complaint monitoring system hindered effective management decisions and improvements.

2.13 Recommendations

Keeping in view the audit observations, the State Government may ensure that:

- (i) a Memorandum of Understanding (MoU) and Service Level Agreement (SLA) with NIC is established that clearly defines the roles and responsibilities of all stakeholders, stage-wise timelines (with provisions for extensions if necessary), project costs and other essential clauses to ensure smooth development of the e-Procurement system;*
- (ii) DPPE is made functional and tasked with actively overseeing the implementation and utilisation of the GePNIC to ensure compliance and enhance operational efficiency;*
- (iii) tender stages are automatically updated on the portal after completion of each stage, besides implementing strong application controls within the system to enforce bidder eligibility criteria, ensuring that key business processes such as tender evaluation, negotiation and contract awards are fully automated, reducing the need for manual intervention;*
- (iv) SOP for blacklisting bidders is developed, and integrate GePNIC with other systems/relevant portals to maintain and share updated records of blacklisted vendors;*
- (v) various stakeholders are adequately trained to utilise the portal fully, ensuring optimal use of the e-Procurement system;*

- (vi) *business rules are enforced within GePNIC by mapping prescribed timelines, flagging delays at each stage, preventing single-bidder contract awards and ensuring that contracts are awarded within the bid validity period;*
- (vii) *a system for regular reconciliation between GePNIC and banking transactions is established, ensuring sufficient liquidity to avoid failed refund transactions;*
- (viii) *requisite controls for capturing item-specific EMD are implemented and exemptions granted, if any, are recorded accurately, besides prioritising settlement of pending fees and implementing controls to track failed transactions;*
- (ix) *in case of decryption errors, the procuring unit must evaluate the impact on fairness, competitiveness and regulatory compliance;*
- (x) *regular audit of user accounts is conducted to identify duplicates or anomalies in registration data, and implement measures to prevent bidders from registering multiple times;*
- (xi) *standardised and flexible templates are introduced within the GePNIC platform to streamline the evaluation process, besides reducing manual intervention and improving the accuracy of BoQ comparative analysis;*
- (xii) *access to bid information is restricted, ensuring that departmental users cannot view opened bids at the same time as the tender evaluation committee, thereby preserving the integrity of the evaluation process;*
- (xiii) *adequate functionality is available in the system to trace status and stages that bids and tenders have gone through before revocation. Proper justification and authority should be required for tender revocations, besides integrating digital signatures into all tender documents to ensure authenticity;*
- (xiv) *comprehensive audit logs for every insertion is maintained or updated to the sequential number field, including timestamps and user details, ensuring transparency and accountability;*
- (xv) *necessary controls are introduced to validate the DSC holder's name against the user profile name;*
- (xvi) *profile name updates are restricted to prevent modification of historical data; and to prevent assigning the same role to multiple users within the same procuring entity;*

- (xvii) comprehensive Business Continuity and Disaster Recovery plans are established, for regular review and updates to reflect changes in technology, infrastructure, personnel, and business processes; and*
- (xviii) an internal audit module together with a complaint monitoring system is introduced to improve service quality and enable continuous system improvements.*

The matter was referred (June 2024) to the State Government, their reply was awaited (January 2025).

Chapter-III

**Quality of School Education
in Punjab**

Chapter-III

Performance Audit

SCHOOL EDUCATION DEPARTMENT

Quality of School Education in Punjab

3.1 Introduction

Education plays a critical role in fostering social, economic and political transformation, acting as a pivotal tool for building an equitable society. Prior to 1976, education was solely the responsibility of the States. The Constitutional Amendment of 1976 included it in the Concurrent List, allowing both the Central and State Governments to legislate and formulate policies on education. This commitment was further reinforced by the National Policy on Education, introduced in 1986 and revised in 1992 and 2020, which gave utmost priority to create a progressive and inclusive education system and ensuring Universalisation of Elementary Education (UEE)¹.

According to Census of India, 2011, the literacy rate in Punjab was 75.80 *per cent* which surpassed the national average of 72.09 *per cent*. The male literacy rate stood at 80.04 *per cent* slightly below the national average of 80.80 *per cent*, while the female literacy rate in Punjab was 70.70 *per cent*, higher than the national average of 64.60 *per cent*.

The Right of Children to Free and Compulsory Education (RTE) Act, 2009, became operative with effect from 1 April 2010. The RTE Act provides for free and compulsory education to all children in the age group of 6-14 years in a neighborhood school till completion of elementary education. Free education means no child, shall be liable to pay any kind of fee or charges or expenses which may prevent him or her from pursuing and completing the elementary education. Compulsory education casts an obligation on the Government and local authorities to provide and ensure admission, attendance and completion of elementary education to every child in the age group of six to fourteen years. In Punjab, the RTE Act has been implemented since October 2011.

The Government of India launched (March 2018) the Samagra Shiksha, an integrated and comprehensive flagship program extending from pre-school to class XII for the period from April 2018 to March 2020 with subsuming all

¹ The thrust in elementary education emphasises (i) universal enrolment and universal retention of children upto 14 years of age; and (ii) a substantial improvement in the quality of education.

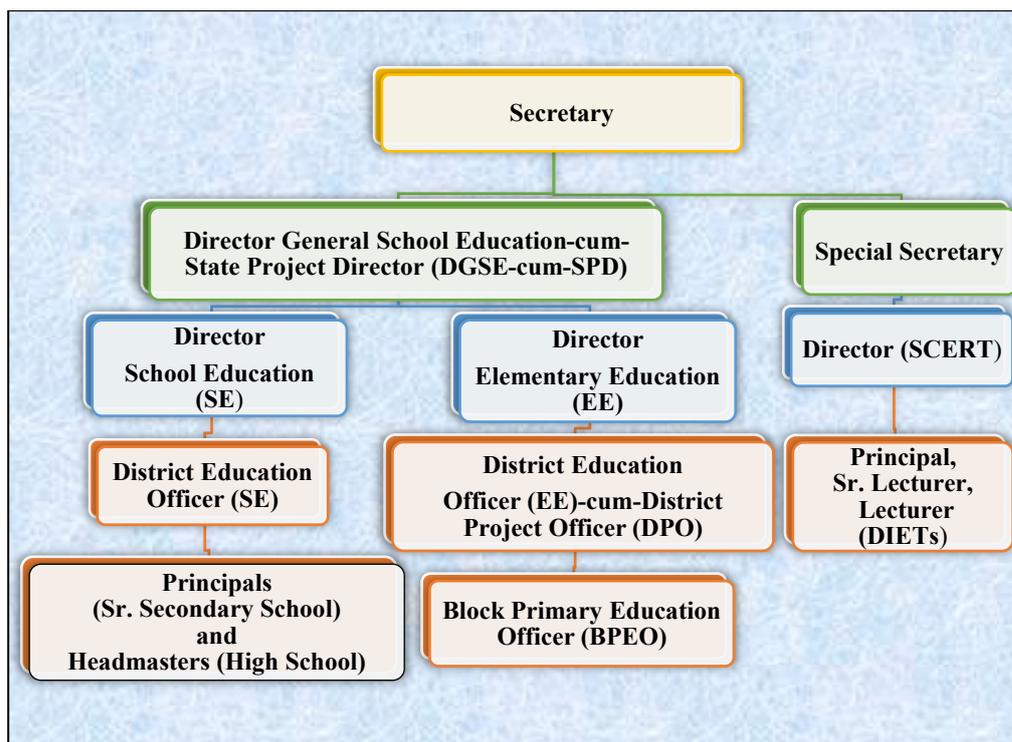
three² diverse schemes. The aim of Samagra Shiksha was to ensure access to quality education for all children, fostering an inclusive and equitable classroom environment that addressed diverse backgrounds, multilingual needs and varying academic abilities.

3.2 Organisational Structure

Department of School Education is headed by the Administrative Secretary and the responsibility to implement RTE Act/Rules was entrusted to Director General School Education-cum-State Project Director, at the State level. Whereas at district level, the RTE Act/Rules were being implemented by District Education Officer (DEO) designated as District Project Officer (DPO), at block level by Block Primary Education Officer (BPEO) and at School level by School Management Committee (SMC). SMC also monitors the working of the school, utilisation of grants and prepares a School Development Plan (SDP).

The organisational structure of the Department is given in **Chart 3.1**.

Chart 3.1: Organisational Structure of the Department of School Education, Punjab



Source: Annual Report (2021-22) of Samagra Shiksha, Punjab

² Sarva Shiksha Abhiyan (since 2000-01), Rashtriya Madhyamik Shiksha Abhiyan (since 2009-10) and Centrally Sponsored Scheme on Teacher Education (1987) are three major flagship school education development programmes launched by GoI and were implemented in partnership with the State Government.

3.3 Category-wise Number of Schools, Enrolment and Availability of Teachers

The category-wise number of schools, enrolment of students and number of teachers available in the State during the academic year 2022-23, based on the Unified District Information on School Education Plus³ (UDISE+) data, are exhibited in Table 3.1.

Table 3.1: Category-wise number of schools, enrolment of students and number of teachers available during the academic year 2022-23

Management Structure		Government Schools	In per cent	Government Aided Schools	In per cent	Other schools ⁴	In per cent
No. of Schools	Primary (Upto 5th)	12,817	67.07	48	11.35	650	8.06
	Middle (Upto 8th)	2,535	13.26	36	8.51	2,060	25.56
	High (Upto 10th)	1,698	8.89	73	17.26	2,324	28.84
	Sr. Secondary (Upto 12th)	2,060	10.78	266	62.88	3,025	37.54
	Total (A)	19,110	100	423	100.00	8,059	100.00
Enrolment	Primary (Upto 5th)	13,48,046	48.22	6,691	3.73	70,566	2.40
	Middle (Upto 8th)	1,38,181	4.94	5,269	2.93	2,82,553	9.61
	High (Upto 10th)	3,00,279	10.74	16,960	9.44	6,75,366	22.97
	Sr. Secondary (Upto 12th)	10,09,149	36.10	1,50,696	83.90	19,11,467	65.02
	Total (B)	27,95,655	100.00	1,79,616	100.00	29,39,952	100.00
No. of Teachers	Primary (Upto 5th)	49,115	40.99	164	3.59	4,118	2.96
	Middle (Upto 8th)	8,903	7.42	157	3.44	17,368	12.46
	High (Upto 10th)	17,087	14.26	427	9.35	32,702	23.48
	Sr. Secondary (Upto 12th)	44,728	37.33	3,818	83.62	85,113	61.10
	Total (C)	1,19,833	100.00	4,566	100.00	1,39,301	100.00

Source: UDISE+ data

3.4 Audit Objectives

The Performance Audit was conducted to assess:

- whether universal access to school education was available to all children as per RTE Act; and
- whether quality of education was ensured at all learning levels.

3.5 Audit Scope and Methodology

The Performance Audit, covering the period from 2018-19 to 2022-23, evaluated the effectiveness of school education in Punjab and the enforcement of the RTE Act, 2009. Audit focused on key areas such as quality education to students, pupil-teacher ratio, human resources, etc. under RTE Act.

³ UDISE+ is one of the largest Management Information Systems initiated by Department of School Education and Literacy, Ministry of Education to collect school details about factors related to a school and its resources from all recognised schools imparting formal education from Pre-primary to Class XII.

⁴ Other schools: Private Unaided (Recognised), Local body, Other Government managed schools, Partially Government Aided Schools, Schools of Social Welfare Department, Kendriya Vidyalaya, Jawahar Navodaya Vidyalaya, Sainik School and Madrasa (Recognised).

To cover these aspects, records of various entities, including the Office of the Director General of School Education (DGSE), State Council of Educational Research and Training (SCERT), Director School Education (Elementary) and Punjab Education Development Board (PEDB), Adarsh Schools and Meritorious Schools were examined during the course of audit.

(a) Selection of districts, blocks and schools

Six⁵ out of 23 districts were selected using a stratified random sampling method based on the total enrolment of students in Government Schools. Furthermore, 18 BPEOs (three from each district) and total 120 schools (17 Government Schools and 3 Government Aided Schools from each district) across various levels⁶ were selected for audit under the chosen BPEOs.

(b) Selection of months

Five months, one from each year of the audit period (as detailed below), were selected on judgmental basis to scrutinise the grants received and utilised under various schemes.

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Month (Quarter)	February 2019 (4 th quarter)	May 2019 (1 st quarter)	August 2020 (2 nd quarter)	November 2021 (3 rd quarter)	February 2023 (4 th quarter)

(c) Beneficiary survey

To gather valuable insights, a beneficiary survey was conducted using a judgmental sampling method. The survey included 10 students from Primary/Middle Schools and 20 students from High/Senior Secondary/Adarsh/Meritorious Schools. This approach ensured a comprehensive assessment of the program’s effectiveness.

Audit also incorporated the perspectives of teachers (up to 10 per school, based on availability) and members of SMCs through a survey questionnaire. Their inputs provided valuable insights into the program’s contribution to improving education quality, facilitating a well-rounded evaluation of its impact.

An entry conference was held (September 2023) with the Secretary, Department of School Education wherein the audit objectives, criteria, scope and methodology were discussed. Upon completion of audit, an exit conference was held (December 2024) with the Secretary, Department of School Education to discuss the audit findings. The replies of the State Government/Department received during exit conference and subsequently in January 2025, have been suitably incorporated in the report.

⁵ (i) Amritsar; (ii) Barnala; (iii) Ferozepur; (iv) Jalandhar; (v) Sri Muktsar Sahib; and (vi) Patiala.

⁶ Senior Secondary, High, Middle and Primary, preferably with pre-primary.

3.6 Audit Criteria

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

- Right of Children to Free and Compulsory Education Act, 2009 and rules framed thereunder;
- Framework for Implementation of Samagra Shiksha issued by GoI;
- Annual Work Plan and Budget (AWP&B);
- Instructions, orders and policy guidelines issued by GoI and GoP.

Audit Findings

3.7 Quality Education

Quality education is a comprehensive term that includes learners, teachers, teaching learning process, learning environment, curriculum, pedagogy, learning outcomes, assessment, etc.

Various inconsistencies in quality education noticed during the performance audit have been discussed in succeeding paragraphs.

3.7.1 Planning

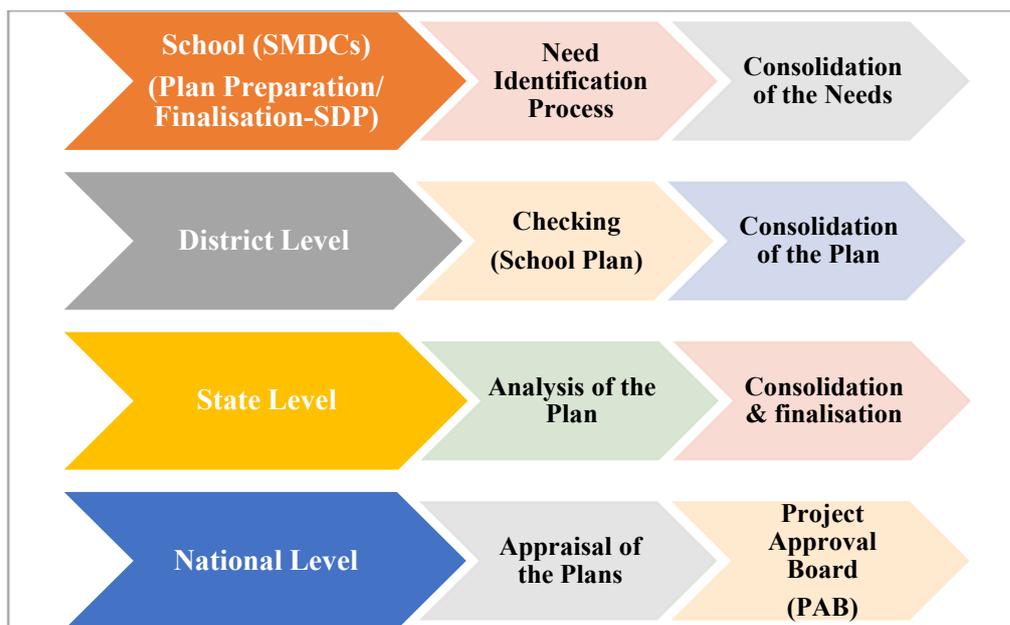
Planning may be termed as a continuous process that helps an organisation to reach a particular goal or objective in the shortest and the best possible way. Plans are not static. They look at progress of the previous years and adapt to change themselves to the current situation. Planning, therefore, helps to achieve better results within the limited resources. As per Framework for Implementation of Samagra Shiksha, basic plan is to be generated at the school level through micro planning process where School Management Committees (SMC)/School Management and Development Committees (SMDC), Panchayati Raj Institution members and other stakeholders are involved.

The inconsistencies noticed in the planning process in school education during performance audit are discussed in the succeeding paragraphs.

3.7.1.1 Non-preparation of School Development Plan

Section 22(1) of RTE Act and Paragraph 10.7.10 of Framework for Implementation of Samagra Shiksha provide that every SMC shall prepare a School Development Plan (SDP). Further, Punjab RTE Rules, 2011 stipulate that SMCs shall prepare an School Development Plan (SDP) at least three months before the end of the financial year. The SDP shall encompass a 'Two Year Plan' comprising two annual sub-plans. The decentralised planning process is given in **Chart 3.2**.

Chart 3.2: Decentralised planning process



Source: Samagra Shiksha Framework for Implementation

During test-check of records of the selected schools of six test-checked districts, it was noticed (November 2023 - May 2024) that none of the Government Schools had prepared School Development Plans during 2018-19 to 2022-23 in line with the guidelines/provisions *ibid*. Rather, the District and State level authorities were preparing and consolidating/finalising the Annual Work Plan and Budget (AWP&B) based on the component-wise data/requirement uploaded by the respective schools on UDISE+ portal of GoI, which, in turn, would have affected prioritisation in requirement of the schools.

In the exit conference, the Department stated (December 2024) that the matter would be taken up in the next Project Approval Board (PAB) meeting to make requisite changes in the UDISE+ portal for allowing schools to submit their specific/prioritised requirements.

3.7.2 State Council of Educational Research and Training

The State Council of Educational Research and Training (SCERT), notified in September 2012, is designated as the academic authority under the Model Rules of Right to Education Act, 2009 (RTE Act). SCERT is responsible for preparing framework for school education and curriculum development, designing textbooks, teaching-learning materials and digital content for students and teachers, laying down evaluation procedures and monitoring the learning outcomes of students across all schools based on the Punjab Curriculum Framework 2013 (PCF 2013). Additionally, SCERT was tasked with creating guidelines for implementing Continuous and Comprehensive Evaluation (CCE).

Further, Paragraph 6.1.3 (4) of Framework for Implementation of Samagra Shiksha provides that SCERT is the nodal agency responsible for developing an Annual Training Calendar for both in-service⁷ and pre-service⁸ teachers, in collaboration with District Institutes of Education and Training (DIET) and to ensure that training programs are aligned with quality standards and is effectively monitored through a Training Management System (TMS). SCERT is required to conduct ongoing professional development for faculty and teachers through workshops, seminars, and research collaborations. SCERT is also mandated to support research projects that focus on improving educational outcomes. Faculty members of SCERT must engage in research independently or collaboratively and present their findings at seminars and conferences.

3.7.2.1 Non-fulfilment of Mandatory Duties/Responsibilities by SCERT

Audit observed (April 2024) that SCERT did not undertake curriculum development, age-appropriate syllabus design, or the creation of learning materials aligned with PCF 2013 between 2018-19 and 2022-23, despite its mandate. While SCERT claimed involvement in the textbook revision process, no documentary evidence supported this assertion, as textbook printing and revisions were carried out by the Punjab School Education Board (PSEB). Additionally, SCERT did not establish a system for assessing and evaluating student learning achievements.

The Department attributed (January 2025) the reasons for failing to perform its mandatory duties to shortage of staff.

Thus, non-fulfilment of its core duties by SCERT would affect the quality of education, student learning outcomes, teacher training, and overall educational development in Punjab.

3.7.2.2 Shortage of Staff at SCERT and DIETs

The Ministry of Human Resource Development (MHRD), Government of India (GoI) issued (April 2018) guidelines for strengthening of SCERTs and proposed an organisational structure across India as per the size of population in different States. The Framework for Implementation of Samagra Shiksha specifies implementation of Model-I⁹ organisational structure for the restructuring and strengthening of SCERT/DIETs.

The proposed structure for SCERT included 45 academic and 21 non-academic posts, covering Pre-school, Primary, Upper Primary, Secondary, and Senior Secondary education levels. It comprised five major divisions, each with

⁷ In-Service Training: Training of teachers who are working in the Education Department.

⁸ Pre-Service Training: Teacher preparation through courses like Diploma in Elementary Education.

⁹ **For SCERTs**, Model-I is for those States which have population above one crore; and **For DIETs**, Model-I is for those States which have high percentage of enrolment in DIETs and very few Private Institutions running Diploma in Elementary Education courses.

designated departments and faculty positions. Similarly, the proposed DIET structure included 25 academic and 24 non-academic posts per DIET.

Additionally, the guidelines mandated that qualifications for all academic posts must align with National Council for Teacher Education (NCTE) norms in both SCERTs/DIETs. States were given flexibility in adopting the recommended academic posts based on their specific needs, provided they obtained prior approval from MHRD.

Audit observed (November 2023) that the organisational structure prescribed by MHRD was not implemented in Punjab. Instead, in June 2021, GoP notified a revised organisational structure for SCERT and DIETs with fewer sanctioned academic and non-academic posts. This revision was made without obtaining prior approval from MHRD, as detailed in **Appendix 3.1** and **Table 3.2**.

Table 3.2: Position of academic and non-academic posts for SCERT as of March 2023

Post	Posts as per MHRD	Sanctioned by GoP	Person-in-Position (PIP) as on 31.03.2023	Shortage w.r.t. GoP (In per cent)
Academic	45	36	10	72.22
Non-academic	21	6	6	Nil

Source: Framework for Implementation of Samagra Shiksha and Departmental data

Table 3.2 shows that as of March 2023, as against 45 academic posts and 21 non-academic posts for SCERT as per the organisational structure prescribed by MHRD (GoI), GoP notified (April 2021) a different structure of 36 academic posts and 6 non-academic posts. Even as per the criteria of GoP, there was a shortage of 72 per cent in academic posts.

Furthermore, as per MHRD guidelines, 550 academic posts (25 per DIET for 22 DIETs) and 528 non-academic posts (24 per DIET for 22 DIETs) were to be sanctioned for DIETs. However, the Government of Punjab, through the notification *ibid*, sanctioned 324 academic and 44 non-academic posts, as detailed in **Appendix 3.2** and **Table 3.3**.

Table 3.3: Position of academic and non-academic staff in DIETs as of March 2023

Post	Posts as per MHRD	Sanctioned by GoP	Person in Position (PIP) as on 31.03.2023	Shortage w.r.t. GoP (In per cent)
Academic	550	324 ¹⁰	39 ¹¹	87.96
Non-Academic	528	44	17	61.36

Source: Framework for implementation of Samagra Shiksha and Departmental data

¹⁰ 22 Principals, 132 Lecturers, 148 Mentors and 22 Assistant Mentors.

¹¹ Principals and others.

Table 3.3 shows that as of March 2023, there was shortage of 88 *per cent* for academic posts and 61 *per cent* for non-academic posts as per GoP criteria.

The acute shortage of staff as well as non-implementation of the MHRD guidelines especially for the academic staff adversely affected the working of SCERT/DIETs in line with the Framework for Implementation of Samagra Shiksha, as discussed in the report.

The SCERT stated (January 2025) that proposal for restructuring of SCERT and DIETs as per Organisational Framework of Samagra Shiksha was under active consideration of the State Government.

3.7.2.3 Constitution of Various Committees by SCERT

With a view to strengthening and restructuring of SCERT, various committees were to be restructured/reconstituted¹² by the State Education Department; position thereof was as under:

- The Programme Advisory Committee mandated to oversee all programmes and activities of SCERT, promote innovation and coordination between DIETs, etc. had not been formed during the period covered under audit.
- As per guidelines, Research Committee was to be constituted to guide, review and approve institute's research programmes and activities, promotion of innovative research, coordination among institutions for collaborative research projects and to provide support to DIETs for conducting research. It was, however, noticed that though a Research Advisory Committee¹³ had been formed (December 2024), the requisite Educational Research and Innovation Committee, as required under the guidelines *ibid*, was not constituted during the period covered under audit.

Furthermore, as against the requirement of holding two meetings by the Research Advisory Committee every year, only one meeting each in the years 2018-19 and 2021-22 was held during five years' period from 2018-19 to 2022-23.

Non-constitution and ineffective functioning of requisite committees despite availability of funds¹⁴ with SCERT resulted in lack of strategic direction and oversight, as well as a concomitant impact on innovation and collaboration among educational institutions.

¹² As per Paragraph 6.1.4 (16) of Framework for Implementation of Samagra Shiksha.

¹³ The Committee's designated nomenclature is 'Research Committee'. However, the SCERT constituted it under the name 'Research Advisory Committee' comprised of 13 members.

¹⁴ Against the availability of ₹ 95.00 lakh for PAC, funds amounting to ₹ 89.38 lakh remained unutilised with SCERT during 2018-2023. Similarly, against the availability of ₹ 54.00 lakh for RAC, funds amounting to ₹ 53.68 lakh remained unutilised with SCERT during 2018-2023.

The SCERT attributed (April 2024) the reasons for non-constitution of requisite committees to staff shortages, impact of COVID-19 pandemic, etc. Subsequently, the Department intimated (January 2025) that the Programme Advisory Committee had been constituted.

3.7.3 Retention Rates

As per Section 3(1) of the RTE Act, every child in the age group of six to fourteen years shall have right to free and compulsory education in a neighborhood school till completion of elementary education. Further, according to Section 8(f) and Section 9(e) of the RTE Act, appropriate Government and local authorities are required to ensure that every child is not only admitted to but also completes elementary education. This mandate stresses the importance of consistent monitoring of attendance and completion of education.

Analysis (September 2023) of retention rates in different categories of schools as depicted in the Departmental appraisal/annual reports and requisite information obtained from the Department for the years 2018-19 to 2022-23 is detailed in **Table 3.4**.

Table 3.4: Retention rates in different categories of schools during the period 2018-2023

Year	Primary	Elementary	Secondary	Higher Secondary
2018-19	89.19	81.31	77.11	105.84
2019-20	91.21	94.84	85.72	91.13
2020-21	97.95	97.18	89.91	69.06
2021-22	101.55	86.86	77.69	63.81
2022-23	101.07	86.19	78.02	66.24

Source: Departmental data

Note: The calculation was done based on overall enrolment, irrespective of fresh enrolments in grade five during the corresponding year. It is computed using the formula:

$(\text{Overall Enrolment in Grade 5 in year } t+4 / \text{Overall Enrolment in Grade 1 in year } t) \times 100.$

Table 3.4 shows that while there have been improvements in retention rates at certain educational levels, inconsistencies persisted. At the elementary and secondary levels, rates fluctuated between 81 per cent and 97 per cent, and 77 per cent and 90 per cent respectively. Notably, there has been a significant decline at the higher secondary level, with retention rates decreasing from 106 per cent in 2018-19 to 66 per cent in 2022-23. This decline underscores the need for comprehensive strategies to enhance student retention across all levels of education. Further, the Department lacked the mechanism to analyse the reasons for decline in retention rates.

The Department attributed (January 2025) the lack of educational research on critical issues viz. enrolment, retention, achievement, gender parity, proficiency, dropouts, etc. to shortage of expert staff.

Thus, lack of research impedes the development of effective strategies to address declining retention rates, which are likely to lead to increased dropout rates, particularly at the secondary and higher secondary levels. Consequently, students face diminished educational opportunities, limited access to higher education, and adverse effects on their future employability prospects.

3.7.4 Teachers Training

3.7.4.1 Non-preparation of In-service Annual Training Calendar

Paragraph 6.5.3 of Framework for Implementation of Samagra Shiksha provides for preparation of a unified annual in-service teacher training calendar by SCERT for elementary as well as secondary teachers training to ensure delivery of quality training programmes. Further, Paragraph 6.1.4(7) of the guidelines *ibid* provides that every district is required to have a Training Management System (TMS) and maintain a Professional Development Record for teachers. This is necessary to consolidate and track various professional development activities at the Cluster, Block, District and State levels, all aimed at enhancing teacher training.

Audit observed (April 2024) that though various trainings were being imparted to the teachers, SCERT did not prepare the requisite annual training calendar for in-service teachers during the period 2018-19 to 2022-23. It was further noticed that neither TMS was developed nor were training records maintained at SCERT/DIETs.

The Department stated (January 2025) that annual training calendar was prepared based on approved funds under PAB and assured that records thereof would be maintained for now onwards. It was added that despite non-implementation of TMS, quality of teacher training was not compromised, as in-service teachers training was being conducted at State, district and block levels effectively.

The reply of Department was not in line with the Scheme guidelines *ibid*. The lack of documented training calendar undermines the systematic planning and coordination of teacher training programs across the State. Further, in the absence of a functional TMS and proper maintenance of professional development records, it is challenging to monitor, evaluate and improve the effectiveness of these training programs.

Thus, inability to implement the essential tools *ibid* despite availability of funds¹⁵ compromises the effectiveness of teacher training programs, leads to

¹⁵ Funds amounting to ₹ 16.07 crore (of ₹ 54.45 crore) was spent under the component 'In-service Teachers Training' during 2018-2023, thereby leaving an unspent amount of ₹ 38.38 crore with the Department.

inefficient resource utilisation, and diminishes the SCERT's capacity to support and develop educators, ultimately impacting the quality of education in the State.

3.7.4.2 Non-imparting of Pre-service Training by DIETs

As per Paragraph 6.2.3 of the Framework for Implementation of Samagra Shiksha, DIET is designated as the nodal institution at the district level for conducting both pre-service and in-service teachers training up to Senior Secondary level.

Audit observed (December 2024) that three¹⁶ DIETs (out of 17 DIETs¹⁷) did not impart pre-service training (Diploma in Elementary Education) to the aspired candidates during the period covered under audit.

The Department stated (January 2025) that recognition to conduct pre-service training in DIETs Moga and SBS Nagar was revoked by NCTE in the year 2007 due to lack of staff. The test-checked DIET, Ferozepur attributed the reasons for non-imparting of pre-service training to non-receipt of candidates' nominations from SCERT. Audit, however, confirmed from SCERT that they had sent list of nominated candidates to DIET Ferozepur.

Thus, inability of the DIETs to conduct pre-service training programs leads to a shortage of adequately trained teachers, thereby compromising the quality of education in the district. This deficiency particularly affects the foundational teaching capabilities of new educators, as they miss out on essential training designed to prepare them for effective classroom instruction.

3.7.5 Shortage of Information and Communication Technology (ICT) Faculty and Non-functional Labs under ICT Scheme

The Punjab ICT Education Society (PICTES) under Department of School Education was to administer compulsory computer education by providing course contents for the students of the Government Schools across the State.

The status of availability of ICT Labs and faculties in Government Schools with classes 6th to 12th during 2018-2023 is given in **Table 3.5**.

¹⁶ (i) Moga (2018-2023); (ii) SBS Nagar (2018-2023); and (iii) Ferozepur (2018-2021).

¹⁷ Pre-service training was not being imparted in five newly built DIETs at Barnala, Fazilka, Tarn Taran, Pathankot and SAS Nagar, as requisite recognition to start pre-service training was awaited from NCTE.

Table 3.5: Status of ICT Labs and faculties in Government Schools during 2018-2023

Year	No. of Government Schools (6 th - 12 th classes)	No. of schools having ICT Lab (percentage)	No. of schools with functional ICT Labs (percentage)	No. of schools with non-functional ICT Labs	No. of ICT faculty
2018-19	6,271	5,507 (87.82)	4,226 (76.74)	1,281	6,775
2019-20	6,304	5,211 (82.66)	5,211 (100.00)	0	6,774
2020-21	6,301	6,209 (98.54)	6,209 (100.00)	0	6,599
2021-22	6,291	6,090 (96.80)	5,839 (95.88)	251	6,505
2022-23	6,293	6,102 (96.96)	5,798 (95.02)	304	6,540

Source: UDISE+ and departmental data

Audit observed (November 2023) from the data available on UDISE+ that ICT Labs were available in Government Schools (6th-12th classes) ranging from 83 per cent to 99 per cent during 2018-2023. During the year 2022-23, in 304 schools (out of 6,102 schools), ICT Labs were not functional.

Audit analysis of data available on UDISE+ portal revealed that during the year 2022-23, ICT faculty was not available in 533 schools despite availability of ICT labs in these schools. This affected 91,640 students enrolled in Classes 6th – 12th in these schools during 2022-23, as detailed in **Appendix 3.3**.

The absence of ICT faculty in 533 high and senior secondary schools, despite the availability of ICT Labs, leads to an inequitable distribution of resources. Students, particularly in districts with higher numbers of schools lacking faculty (e.g., Ferozpur and Moga), are deprived of compulsory computer education, putting them at a disadvantage compared to their peers in schools with better faculty deployment. Thus, declining number of functional ICT Labs (2021-2023) and the unavailability of ICT faculty in many schools are likely to negatively affect student learning outcomes.

During physical inspection of ICT Labs in selected schools, Audit observed that:

- 253¹⁸ desktops were non-functional in 28¹⁹ out of 69²⁰ test-checked schools; and
- In four²¹ schools, all 39 desktops were non-functional.

¹⁸ Amritsar (80), Barnala (9), Ferozpur (18), Jalandhar (78), Sri Muktsar Sahib (40) and Patiala (28).

¹⁹ Amritsar (8), Barnala (3), Ferozpur (2), Jalandhar (8), Sri Muktsar Sahib (4) and Patiala (3).

²⁰ Amritsar (11), Barnala (11), Jalandhar (12), Ferozpur (11), Sri Muktsar Sahib (13) and Patiala (11).

²¹ Amritsar (3): GHS Dug Dogra, GHS Shaura, GMS Bhalaipur; and Patiala (1): GMS Salemur Jatan.

The Department stated (January 2025) that hardware of non-functional labs outlived its life and become obsolete, hence were not repairable. The process of budget provisioning required for replacement of obsolete hardware had been initiated. It was added that the Society had started deploying requisite ICT faculty in Government High and Sr. Secondary Schools.

3.7.6 Shortfall in Imparting Training to Out-of-School Children

Rule 3 of Punjab RTE Rules, 2011 prescribes that SMC or the Local Authority shall identify children requiring special training and organise such training based on specially designed curriculum and age specific learning material. After completion of training, the child shall be included in the age specific class and receive special attention to enable him to successfully integrate with the rest of the class. The duration of training shall be for a minimum period of three months and a maximum period not exceeding three years.

Details of funds allocated to DEOs for imparting special training to Out-of-School Children (OoSC), number of OoSC²² identified, trained and brought into mainstream are given in **Table 3.6**.

Table 3.6: Details of training to OoSC and expenditure incurred thereagainst during 2018-2023

Year	No. of OoSC identified	Details of funds allocation		No. of OoSC to whom training was imparted	No. of OoSC brought into mainstream (In per cent)	Expenditure on trainings imparted (₹ in lakh)
		No. of OoSC	Funds allocated (₹ in lakh)			
2018-19	3,588	1,992	19.92	1,992	1,529 (77)	14.06
2019-20	4,145	3,855	134.93	3,855	2,428 (63)	87.97
2020-21	2,593	2,593	90.75	2,593	1,879 (72)	73.47
2021-22	3,807	1,641	73.85	1,641	1,277 (78)	54.19
2022-23	1,981	1,295	58.28	1,295	1,267 (98)	56.58
Total	16,114	11,376	377.73	11,376	8,380 (74)	286.27

Source: Information provided by DGSE, Punjab

Table 3.6 shows that out of 16,114 OoSC identified by the Department, 11,376 OoSC (71 per cent) were imparted special training, of which only 8,380 OoSC (74 per cent) were brought into mainstream, despite unutilised funds of ₹ 0.91 crore with the Department during 2018-2023.

In the six selected districts, out of 5,272 OoSC identified by the Department, 4,153 OoSC (78.77 per cent) could be imparted special training despite unutilised funds of ₹ 0.14 crore (out of ₹ 1.35 crore) for the purpose with these districts. Of these, 4,119 OoSC (99 per cent) were brought into mainstream during 2018-2023.

There was no monitoring of OoSC at State as well as District level to check whether

²² As per Section 4(1) of RTE Act 2009, where a child above six years of age has not been admitted in any school or though admitted, could not complete his or her elementary education, then he or she shall be admitted in a class appropriate to his or her age.

these OoSC continued their education till completion of school education once mainstreamed into age-appropriate classes, despite the availability of funds. Thus, the Department lacked a mechanism to monitor the progress of mainstreamed OoSC and ensure their retention and completion of school education.

The Department stated (December 2024 and January 2025) that trained OoSC did not enroll in the mainstream due to personal reasons and attributed fund underutilisation to their mid-course dropout. It was added that to address the gap of mainstreaming, the Department was in the process of developing a robust monitoring mechanism which may provide real-time updates on the progress and retention of children.

3.7.7 Establishment and Operation of Adarsh Schools

Punjab Education Development Board (PEDB) was established (1998) with a view to improve the quality of education in the State of Punjab and for improving infrastructural facilities and amenities in the schools including establishment of Adarsh School directly or through Public Private Partnership mode. The Board was also tasked with preparing an annual budget during the first week of February. Government of Punjab also framed (2012) guidelines for establishment of Adarsh School (Pre-Nursery to 12th class) in each Community Development Block apart from improving infrastructure and quality of education in existing Adarsh Schools.

Audit observed the following:

(i) PEDB was initially tasked with establishing 118 Adarsh Schools in the State under the Public-Private Partnership (PPP) mode. However, only 26 schools were set up by 2014. As of March 2023, there were 24 Adarsh Schools being operated by PEDB under PPP mode. As many as 13 schools were being managed by five private partners and 11 schools were being run under a stop-gap arrangement by the concerned District Education Officer (Secondary Education) or Sub-Divisional Magistrate (SDM). Audit further observed that no new Adarsh schools were opened by the Board under PPP Mode since 2014. Also, funds of ₹ 6.40 crore in 2018-19 and ₹ 1.60 crore in 2020-21 remained unutilised which were released by State Government for the development works of Adarsh Schools.

The Department stated (January 2025) that Adarsh Schools were to be established in addition to already running Government Schools in State. Although Government floated Expression of Interest (2009) for 108 sites identified in the State, yet schools were functional only on 24 sites. In the absence of willing Private Partners, the Board was not able to run Adarsh Schools in all sites identified. As regard to non-utilisation of funds, it was stated (January 2025) that Bills amounting to ₹ 6.40 crore were not cleared by Treasury and ₹ 1.60 crore were not allotted in the revised budget. It was further stated that there was no proposal for opening any new Adarsh School under PPP

Mode. The reply of the Department was not satisfactory, as the Board did not take adequate measures to engage Private Partners as no Expression of Interest was floated after 2009, which reflected poor management and lack of intent in achieving the intended goal of establishing 118 Adarsh Schools in Punjab State. Further, reasons for non-clearance of bills by treasury and non-provision of funds were not furnished to Audit.

(ii) Neither any Board meeting was held during the financial years 2018-19 to 2022-23, despite a total allocation and utilisation of ₹ 384.78 crore for various PEDB activities nor were the annual income and expenditure statements prepared as envisaged in the Memorandum of PEDB.

The Department stated (January 2025) that PEDB was being allocated budget for PEDB activities through a State Scheme. Budget proposal was submitted to Planning Department through Finance Department (FD), Punjab and final budget was allotted by FD after discussions in various meetings. PEDB was in the process of inviting tenders for statutory audit of PEDB and Adarsh Schools. Income and Expenditure Statement for respective years would also be prepared by the statutory auditor.

(iii) In one²³ of the two test-checked Adarsh Schools, Audit observed that there were no teachers for Physics, Chemistry and Biology in the school during the period 2019-20 and 2022-23 despite having 31 students enrolled in 2019-20 and 48 students in 2022-23.

On being enquired as to how the students were imparted education during these years, the Principal stated (February 2025) that teachers of TGT and Science Laboratory Assistant having M.Sc. Chemistry degree imparted the education to these students. Thus, education provided by non-qualified teachers did not meet the criteria of guidelines for establishing an Adarsh School, which aims to deliver high-quality, comprehensive education in alignment with national standards.

Thus, inability to establish the targeted number of Adarsh Schools and non-utilisation of allocated funds for the development works of Adarsh Schools reflects ineffective project execution, undermining the Government's vision of providing quality education in underdeveloped areas. Further, absence of essential teaching staff for critical subjects (Physics, Chemistry and Biology) as seen in Adarsh School, Kaleke (Barnala District) significantly impacts the quality of education.

3.7.8 Society for Promotion of Quality Education for Poor and Meritorious Students of Punjab

The Society for Promotion of Quality Education for Poor and Meritorious Students of Punjab (Meritorious Society) was established (2013) with the aim

²³ Adarsh School, Kaleke in District Barnala.

of setting up Senior Secondary Schools across the State to provide quality education to exclusively poor meritorious students of Punjab. The Society is responsible for maintaining proper accounts and relevant records including an annual statement of accounts, which should contain all details regarding the Society's financial activities throughout the year. The funds of the Society come from various sources, including the Central and State Governments, fees, grants-in-aid, donations and other sources.

(i) Examination of records of the Meritorious Society showed that:

- The Society did not prepare the Administrative Report during the period of audit i.e. 2018-19 to 2022-23.
- No meeting of the Executive Committee was convened after June 2015.
- Financial Statements for the year 2020-21 to 2022-23 were not prepared.
- The Society only offers education in Commerce and Science streams in all 10 meritorious schools, depriving students interested in Arts from pursuing their preferred course of study.

The Society stated (January 2025) that the Administrative Report of the Society was prepared in the given format and sent to the Co-ordination Branch to be part of the Department's Administrative Report. The statutory audit of 10 Meritorious Schools and the Meritorious Society from 2020-21 to 2022-23 was ongoing which was likely to be completed. The decision for offering education in different streams was taken at the Government's level. As the primary focus of establishing Meritorious Schools in the State was to provide support to poor and meritorious students of Punjab to prepare them for competitive exams JEE/NEET/CLAT/CMA/CA/etc., these were largely based on commerce and science streams of studies. The Society, however, did not provide any documentary evidence in support of its reply.

(ii) Examination of records in four test-checked Meritorious Schools showed that:

- Despite the stipulations in the Society's Memorandum of Association, no vocational training was provided by all the four test-checked Meritorious Schools.

The Society stated (January 2025) that presently, there was no provision for imparting vocational education to students of Meritorious Schools. The main foci of Meritorious Schools were on providing quality education to the students and preparing them for competitive exams such as JEE/NEET/CA/etc. Vocational education was available in many of the nearby schools. The reply of the Society was not consistent with the Society's Memorandum of Association.

- In Patiala, SMC was constituted in December 2020, six years after the school's establishment. The SMC did not prepare SDP for 2021-22 or

2022-23. As a result, Audit could not assess whether school-level needs were communicated to the higher authorities.

The Society stated (January 2025) that the matter would be looked into and necessary action would be taken for preparation of SDP.

- No uniform grant was provided by Meritorious School, Jalandhar to 1,111 students enrolled during 2018-2022 (except 2020-21) due to non-receipt of funds from the Society. No reply was furnished by the Society (January 2025).

3.8 Human Resources Management

Section 25 of RTE Act stipulates that within three years from the date of commencement of this Act, appropriate Government and the local authority shall notify the sanctioned strength and ensure that Pupil-Teacher Ratio (PTR) as specified in the Schedule is maintained in each school. Government of Punjab notified (August 2018) rationalisation policy for optimising resource distribution by reallocation of staff for efficiency and providing quality education.

Though the State notified (August 2018) the rationalisation policy for deployment of teachers, cases of irregular/non-deployment of teachers were noticed during audit, as discussed in the succeeding paragraphs.

3.8.1 Shortage of Teaching Staff in Schools

The status of sanctioned posts of teachers *vis-à-vis* persons-in-position (PIP) in Government Schools as of March 2023 is depicted in **Table 3.7**.

Table 3.7: Sanctioned posts of teachers *vis-à-vis* PIP as of March 2023

Sr. No	Name of post	Sanctioned Strength	Person-in-Position	Vacant	Vacant (Percentage)
Primary Cadre (1st to 5th class)					
1.	Head Teacher	7,736	6,850	886	11.45
2.	Elementary Teacher	32,511	30,973	1,538	4.73
Total		40,247	37,823	2,424	6.02
Master Cadre/TGT (6th to 10th class)					
1.	Mathematics Teacher	8,620	8,442	178	2.06
2.	Science Teacher	10,873	10,654	219	2.01
3.	Social Studies Teacher	9,791	8,439	1,352	13.81
4.	English Teacher	6,258	6,177	81	1.29
5.	Punjabi Teacher	8,502	6,383	2,119	24.92
6.	Hindi Teacher	7,685	6,098	1,587	20.65
7.	Sanskrit Teacher	58	40	18	31.03
8.	Urdu Teacher	14	14	0	-
9.	Home Science Teacher	78	75	3	3.85

Sr. No	Name of post	Sanctioned Strength	Person-in-Position	Vacant	Vacant (Percentage)
10.	Music Teacher	55	50	5	9.09
11.	Agriculture Teacher	107	74	33	30.84
12.	Fine Arts Teacher	5	2	3	60.00
13.	Physical Education Teacher/DPE	3,825	1,547	2,278	59.56
Total		55,871	47,995	7,876	14.10
Lecturer/PGT (11th to 12th class)					
1.	English	2,371	1,493	878	37.03
2.	Mathematics	908	714	194	21.37
3.	Punjabi	2,373	1,527	846	35.65
4.	Hindi	155	106	49	31.61
5.	Sanskrit	1	1	-	-
6.	Home Science	27	13	14	51.85
7.	Music	26	17	9	34.62
8.	Biology	692	449	243	35.12
9.	Chemistry	666	547	119	17.87
10.	Commerce	1,095	778	317	28.95
11.	Economics	1,015	777	238	23.45
12.	Fine Art	18	9	9	50.00
13.	Geography	251	201	50	19.92
14.	History	1,300	812	488	37.54
15.	Physical Education	719	480	239	33.24
16.	Physics	793	542	251	31.65
17.	Political Science	1,447	998	449	31.03
18.	Sociology	47	37	10	21.28
Total		13,904	9,501	4,403	31.67

Source: Departmental data

TGT: Trained Graduate Teacher; and PGT: Post Graduate Teacher

Audit noticed that as of March 2023, there was an acute shortage of teaching staff in schools of the State. **Table 3.7** shows that:

- Shortfall in Master cadre under different disciplines was up to 60 per cent whereas shortfall under Lecturer/PGT cadre was up to 52 per cent.
- There was an overall shortage of 32 per cent of Lecturers/PGTs for Classes 11th & 12th.

In December 2021, Director (Secondary Education) requested the Education Recruitment Board, Punjab to recruit 250 Arts and Crafts teachers and various lecturer posts. Though the Board notified (January 2022) a public notice on its

website for recruitment of arts and craft teachers and various lecturers²⁴, the recruitment could not be made even after the lapse of 36 months (January 2025).

The Department stated (January 2025) that 34 teachers had been recruited in the year 2023-24 under primary cadre and the process of filling up the vacant posts through promotion was also going-on. It was added that recruitment of 8,358 teachers²⁵ was under consideration with the Department to fill the vacant posts in Government Schools of Punjab State.

Thus, shortfall in teaching staff and delays in recruitment resulted in insufficient number of teachers which would ultimately impact the quality of education in the Government Schools.

3.8.2 Shortage of Non-teaching Staff in Schools

The position of non-teaching staff in respect of Government High School (GHS) and Government Sr. Secondary School (GSSS) as of March 2023 is detailed in **Table 3.8**.

Table 3.8: Position of non-teaching staff in GHSs and GSSSs as of March 2023

Sr. No	No. of Schools	Name of the Post	Sanctioned Strength	Person-in-Position	Vacant	Vacant (In per cent)
1.	3,758	Sr. Lab Assistant/ Lab Assistant (SLA/LA)	2,307	1,487	820	35.54
2.		Clerk	3,969	1,782	2,187	55.10
3.		Librarian	1,742	818	924	53.04
4.		Watchmen/ Peon	12,886	2,418	10,468	81.24
5.		Accountant	Nil	42	-	-

Source: Departmental data

Table 3.8 shows that shortfall in various posts of non-teaching staff in GHSs and GSSSs ranged between 35 per cent and 81 per cent as of March 2023. Audit observed that:

- In 278 schools, more than one SLA/LA was deployed while no LA/SLA was deployed in 2,754 schools.
- One SLA/LA was deployed in middle school viz. GMS Rasulpur (Taran Tarn) where no science lab was available.
- Staff sanctioned for Secondary and Sr. Secondary School was deployed in primary schools i.e., two clerks and three accountants were deployed in two primary schools²⁶.

²⁴ Economics (18), Commerce (43), Mathematics (68), History (142) and Political Science (72).

²⁵ 2,364 for schools in border areas; and 5,994 for schools with adverse Pupil-Teacher Ratio (PTR).

²⁶ One Clerk and three Accountants were posted in GPS Qilla Tek Singh, district Gurdaspur; and one Clerk was posted in GPS Kherpur Hassanpur, district Patiala.

Audit observed in 52 test-checked schools that:

- No post of SLA/LA was sanctioned in 33 schools even though science labs were available in 26 out of 33 schools. In the remaining 19 schools, 27 SLAs/LAs were posted against the sanctioned posts of 37 SLAs/LAs, thereby leaving vacancy of 10 posts (27 per cent).
- Posts of Clerks were sanctioned in 46 schools only, wherein against 47 sanctioned posts, only 34 posts were filled, leaving vacancy of 13 Clerks (28 per cent).
- Post of Librarian was sanctioned in 21 schools only, wherein against the 30 sanctioned posts, only 19 posts were filled, leaving vacancy of 11 Librarians (37 per cent).

The Department stated (January 2025) that where non-teaching staff was required, posts had already been sanctioned according to number of students and requirement. It was added that shortage of SLAs/LAs was being met through promotion from Class-IV staff and from cases received for compassionate appointment.

3.8.3 Shortage of Vocational Education Teachers

National Skill Qualification Framework (NSQF) notified (December 2013) by Government of India provides for aligning vocationalisation of School Education with NQSF. This framework follows an outcomes-based approach, and each level is defined in terms of competencies levels that need to be achieved.

The position of vocational teachers under NSQF as of March 2023 is given in **Table 3.9**.

Table 3.9: Details of trade-wise position of Vocational Education Teachers (VET) under NSQF as of March 2023

Sr. No.	Name of trade	Minimum requirement of VET*	PIP	Shortage/ Excess (-)	Percentage Shortage
1.	Agriculture	109	108	1	0.92
2.	Apparel	112	112	-	-
3.	Automotive	41	19	22	53.66
4.	Beauty & Wellness	368	353	15	4.08
5.	Construction	82	42	40	48.78
6.	Healthcare	352	275	77	21.88
7.	IT/ITES	292	315	-23	-
8.	Physical Education	33	29	4	12.12
9.	Plumbing	75	74	1	1.33
10.	Power	8	8	-	-

Sr. No.	Name of trade	Minimum requirement of VET*	PIP	Shortage/ Excess (-)	Percentage Shortage
11.	Private Secretary	314	86	228	72.61
12.	Retail	157	314	-157	-
13.	Tourism & Hospitality	51	51	-	-

Source: Departmental data

* Worked out taking into account one VET required in each school having respective trades.

Table 3.9 shows acute shortages of VETs in various trades viz. Private Secretary (73 per cent); Automotive (54 per cent); Construction (49 per cent); and Healthcare (22 per cent). The substantial shortage of VETs would impact the quality of the vocational education, ultimately affecting both the workforce and industries that rely on skilled professionals.

The Department stated (February 2025) that gap between trainers-in-position and active schools would be minimised in future.

3.8.4 Pupil-Teacher Ratio in Schools

(i) Adverse PTR in primary schools

As per Schedule (U/S 19 and U/S 25/Part-II) of the RTE Act, norms for pupil-teacher ratio (PTR) for primary as well as upper primary schools have been fixed as under:

Class Level	No. of Students	Required number of teachers
Primary (I to V)	Up to 60 students	Two teachers
	61-90 students	Three teachers
	91-120 students	Four teachers
	121-200	Five teachers
	Above 150 students	Five plus one Head Teacher
	Above 200 students	PTR shall not exceed forty
Upper Primary (VI to VIII)	Per 35 students	One teacher
		One teacher each for Science and Mathematics, Social Studies and Language
	In schools where enrolment of students is above 100	One full time Head Teacher
		Part time instructor for Art Education, Health and Physical Education, and Work Education

Number of schools with adverse PTR at both the primary and upper primary levels as well as availability of surplus teachers in the school system over five academic years from 2018-19 to 2022-23 are detailed in **Table 3.10**.

Table 3.10: Schools with adverse PTR and surplus teachers

Year	Primary					Upper Primary				
	Total number of schools	Total primary schools with adverse PTR	Percent-age of schools with adverse PTR	Surplus teachers	Schools with surplus teachers	Total number of schools	Total No. of upper primary schools with adverse PTR	Percent-age of schools with adverse PTR	Surplus teachers	Schools with surplus teachers
2018-19	12,958	1,732	13.37	3,860	2,947	2,662	130	4.88	3,511	1,765
2019-20	12,935	617	4.77	7,460	4,860	2,658	20	0.75	3,149	1,765
2020-21	12,891	898	6.97	7,391	4,705	2,653	45	1.70	2,564	1,572
2021-22	12,817	3,612	28.18	7,764	4,574	2,500	525	21.00	1,912	1,299
2022-23	12,817	3,848	30.02	228	211	2,534	118	4.66	85	83

Source: Punjab Appraisal Reports and Departmental data

Table 3.10 shows a fluctuating trend in adverse PTR, with a significant rise in Primary Schools from 7 per cent in 2020-21 to 30 per cent in 2022-23, and in Upper Primary Schools from 2 per cent in 2020-21 to 21 per cent in 2021-22. Despite the availability of surplus teachers, their distribution remained inefficient which resulted in continued instances of adverse PTR across the Schools.

Audit noticed that in 2020-21, the Department committed to GoI during discussion of minutes of meeting of PAB that to ensure availability of required number of teachers at elementary level (up to primary level), State would undertake a rationalisation exercise to adjust 7,371 surplus teachers as of March 2019. Audit further observed that during 2022-23, while discussing minutes of meeting of PAB, GoI again stressed that the State needed to analyse the school specific PTR in the process of rationalisation. However, Audit observed following irregularities in deployment of staff during the period 2018-2023, as discussed below:

- Even after implementation of rationalisation policy (August 2018), the number of schools with adverse PTR increased from 4.77 per cent during 2019-20 to 30.02 per cent in 2022-23.
- As of March 2023, no primary teacher was posted in 10 schools despite having students enrolled there ranging between 24 and 517 students (**Appendix 3.4**).

Thus, continued rise in adverse PTR at the primary level highlights the need for urgent intervention to ensure compliance with the norms under RTE Act and maintain educational quality.

The Department stated (January 2025) that teacher transfer policy was implemented every year and teachers were posted as per the number of students (i.e., PTR). Due to changing nature of PTR in each academic year, the vacancy position of teachers in school changed, hence, the Department shifted the

surplus posts to needy schools considering the existing PTR. It was added that recruitment of 5,994 teachers was also under process, in which only schools with adverse PTR would be given preference.

(ii) Shortage of Special Educators

As per Schedule (U/S 19 and U/S 25/Part-II) of the RTE Act, as amended in September 2022, norms for PTR for primary as well as upper primary schools for the pupils/students with disabilities enrolled were fixed as under:

Class level	Required number of Special Educators
Primary (I to V)	One teacher for every ten pupils with disabilities enrolled (1:10)
Upper Primary (VI to VIII)	One teacher for every fifteen pupils with disabilities enrolled (1:15)

Status of Children with Special Need (CWSN) students enrolled *vis-à-vis* Special Educators deployed in the State as well as in the selected districts during 2018-2023 is given in **Table 3.11**.

Table 3.11: Status of CWSN students enrolled *vis-à-vis* Special Educators deployed in the State as well as in the selected districts during 2018-2023

Year		2018-19	2019-20	2020-21	2021-22	2022-23
State/ Districts	No. of CWSN	64542	60800	60553	61668	55932
	No. of Special Educators (Ratio)	369 (175:1)	365 (167:1)	365 (166:1)	365 (169:1)	359 (156:1)
Amritsar	No. of CWSN	3730	4089	3981	4188	3712
	No. of Special Educators (Ratio)	27 (138:1)	27 (151:1)	26 (153:1)	25 (168:1)	24 (155:1)
Barnala	No. of CWSN	841	866	948	1057	1072
	No. of Special Educators (Ratio)	6 (140:1)	6 (144:1)	6 (158:1)	6 (176:1)	6 (179:1)
Ferozepur	No. of CWSN	3351	3355	3319	3228	2863
	No. of Special Educators (Ratio)	19 (176:1)	19 (176:1)	19 (174:1)	19 (170:1)	19 (151:1)
Jalandhar	No. of CWSN	3796	3900	3810	3821	3368
	No. of Special Educators (Ratio)	23 (165:1)	23 (170:1)	23 (166:1)	21 (182:1)	20 (168:1)
Sri Muktsar Sahib	No. of CWSN	2125	2333	2427	2295	2296
	No. of Special Educators (Ratio)	11 (193:1)	11 (212:1)	11 (221:1)	11 (209:1)	12 (191:1)
Patiala	No. of CWSN	4592	4201	4043	4376	4110
	No. of Special Educators (Ratio)	24 (191:1)	24 (175:1)	24 (168:1)	24 (182:1)	24 (171:1)

Source: Information supplied by DGSE and test-checked districts

Table 3.11 shows that PTR in respect of Special Educators ranged between 156:1 and 175:1 in the State, and in the selected districts, it ranged between

138:1 and 221:1 during the period 2018-2023, which was far above the PTR of 10:1 and 15:1, as per provisions *ibid* under RTE Act.

The Department did not furnish (January 2025) any specific reply regarding steps being taken to meet the shortfall of Special Educators.

Thus, acute shortage of Special Educators within the State would prevent them from offering the necessary individualised attention to CWSNs. This lack of support would prevent students with disabilities from keeping pace with their peers, further widening the learning gap.

3.8.5 Teacher-Classroom Ratio

In terms of Section 19 and Schedule to the RTE Act, there should be at least one classroom for every teacher and an office-cum-store-cum-Head teacher's room in a school.

The position of teacher-classroom ratio as per the data available on UDISE+ portal of GoI during the period from 2018-19 to 2022-23 is depicted in **Table 3.12**.

Table 3.12: Teacher-Classroom Ratio during 2018-2023

Year	Total number of Primary/Upper Primary Schools	No. of schools having teachers in excess of classrooms	Percentage
2018-19	14,167	3,721	26.27
2019-20	15,481	4,638	29.96
2020-21	15,470	4,361	28.19
2021-22	15,322	3,479	22.71
2022-23	15,352	4,029	26.24

Source: UDISE+ data

Table 3.12 shows that schools ranging between 23 per cent and 30 per cent during the period 2018-2023 had to accommodate more than one teacher in a class which warranted addition of classrooms in the existing schools to comply with the norms prescribed under the Act.

The Department stated (January 2025) that efforts were being made to address the shortage of classrooms in Government Schools. During 2023-24 and 2024-25, approximately 4,500 new classrooms had been constructed and 500 classrooms had been renovated/furnished under various schemes²⁷.

The fact remains that excess of teachers over classrooms results in the likelihood of sharing of classrooms by multiple teachers, leading to overcrowded learning environments. This not only violates the prescribed norms but may also hamper the quality of education.

²⁷ NABARD, SAMAGRA, EDS-56 and EDS-80.

3.9 Implementation of Continuous and Comprehensive Evaluation

Section 29(2)(h) of the RTE Act mandates that academic authorities, while laying down curriculum and evaluation procedures, shall consider the Continuous and Comprehensive Evaluation (CCE) of a child's understanding and their ability to apply knowledge.

Paragraph 5.5.2.7 of the Framework for Implementation of Samagra Shiksha stresses that CCE should be used as a strategy for assessment and to enhance a child's learning. Continuous evaluation provides ongoing feedback based on the child's participation in classroom activities, while comprehensive evaluation takes a holistic view of the child, beyond just academic subjects. CCE includes both formative assessments (such as classwork, homework, oral tests, quizzes, and projects) and summative assessments (in form of tests or exams).

The CCE framework under RTE Act applies to elementary education (Class I-VIII). However, GoP applied the CCE up to XII class.

3.9.1 Non-monitoring of CCE Assessment

The Director General of School Education (DGSE) issued (August 2015) instructions on the mechanism of monitoring of the evaluation of students under CCE conducted by teachers for Class I-VIII.

For ensuring quality assessment, the answer sheets of students from different performance levels²⁸ along with question papers shall be sent to the heads of the District Institute of Education and Trainings (DIET) for review.

Audit of records of test-checked DIETs²⁹ of six districts revealed that though the said instructions were issued to all concerned authorities for its compliance, no school was sending the answer sheets of the students to the concerned DIETs for their review to check the effective implementation of CCE resulting into non-monitoring of CCE evaluation process, as outlined in these instructions by the concerned DIETs.

The matter of non-monitoring of CCE assessment by DIETs (the district level implementing agency of SCERT) was taken up with the DGSE/SCERT (November 2024). In reply, the DGSE stated (January 2025) that instructions to constitute a committee for CCE assessments at school level were being issued annually and a dedicated CCE cell had been established at SCERT for ensuring implementation of CCE.

²⁸ Answer sheets of the two students each from top, bottom and middle position of any one subject of any one class.

²⁹ DIETs at Nabha in Patiala, Verka in Amritsar, Rampur Lallian in Jalandhar, Sri Muktsar and Ferozepur.

Though the designated CCE cell was established in December 2024, the action taken by DGSE was not addressing the root cause of non-furnishing the answer sheets of students by the schools for review by the respective DIETs.

Thus, the monitoring system mandated to review and check the effective implementation of CCE was yet to be ensured.

3.10 Conclusion

The planning process in the School Education Department was inadequate. During 2018-19 to 2022-23, no Government school prepared a School Development Plan in line with the provisions under RTE Act, Samagra Shiksha Framework and Punjab RTE Rules 2011.

SCERT could not fulfil its mandate for curriculum development, age-appropriate syllabus design and learning material creation under PCF 2013. As of March 2023, there was a shortage of academic and non-academic staff in SCERT and DIETs as per organisational structure prescribed by MHRD, GOI. Additionally, SCERT did not prepare an annual training calendar for in-service teachers, nor was a Training Management System developed or training records maintained.

Only 71 *per cent* of identified Out-of-School Children (OoSC) received special training, and only 74 *per cent* of them were brought into the mainstream. Moreover, no monitoring/tracking system was in place to ensure whether the mainstreamed children have completed their school education.

Government schools faced a severe staff shortage. Shortfall in Master cadre under different disciplines ranged up to 60 *per cent* while the Lecturer/PGT cadre had 52 *per cent* shortfall, with an overall shortage of 32 *per cent* in Classes 11 and 12.

The pupil-teacher ratio was severely impacted due to persistent shortfall and non-recruitment of teachers in Government schools despite vacancy.

The monitoring system mandated to review and check the effective implementation of CCE was not ensured.

3.11 Recommendations

In light of the audit findings, the State Government may ensure:

- (i) *preparation of comprehensive School Development Plan in line with the provisions under RTE Act and Samagra Shiksha Framework;*
- (ii) *provision of requisite staff in SCERT and DIETs as per organisational structure prescribed by MHRD, GoI to enable these institutes to effectively fulfil their mandated responsibilities and enhance the quality of school education;*

- (iii) deployment of adequate teaching and non-teaching staff in schools for delivery of quality education;*
- (iv) pupil-teacher ratio as per RTE Act for quality education; and*
- (v) strengthening the monitoring of Continuous and Comprehensive Evaluation by ensuring that schools submit students' answer sheets for DIET review through CCE Cell.*

The matter was referred (November 2024) to the State Government; their reply was awaited (January 2025).

COMPLIANCE AUDIT

Chapter-IV

**Basic Amenities for Inmates
in Jails**

Chapter-IV

JAILS DEPARTMENT

Basic Amenities for Inmates in Jails

4.1 Introduction

Prisons, as an integral part of the criminal justice system, serve not only as place of confinement for convicts and individuals awaiting trials but also as correctional institutions dedicated to reducing the likelihood of reoffending, promoting rehabilitation, and supporting reintegration into society. Guided by the motto of Custody, Care and Correction, the Jail Administration in Punjab is mandated, among others, for ensuring that the jails are compatible with human dignity in all aspects such as accommodation, hygiene, sanitation, food, clothing and medical facilities.

In February 2016, expressing disappointment at the apparent lack of tangible improvements in prisons, the Hon'ble Supreme Court of India underscored the imperative of ensuring a life of dignity for all individuals as mandated by Article 21 of the Constitution. The Hon'ble Supreme Court in its pronouncement¹ emphasised that prisoners, being human beings, are entitled to be treated with dignity and addressed concerns such as their accommodation, health, hygiene, food, clothing, rehabilitation, etc. The Subject Specific Compliance Audit (SSCA) was conducted to assess the extent of compliance to the Hon'ble Supreme Court's directives.

There are 26 jails of various categories in the State which include ten Central Jails, seven District Jails², two Women Jails at Bathinda and Ludhiana, one Borstal Jail at Ludhiana, one Open Air Jail at Nabha (Patiala) and five Sub Jails, as detailed in **Appendix 4.1**. The geographical distribution of jails across the State is shown on the following map:

¹ Writ petition (Civil) No. 406/2013 in the Hon'ble Supreme court of India.

² Including DJ Nabha, being upgraded to Maximum Security Jail, Nabha.



A Chief Controlling Officer (CCO) based audit of Jails Department included in the Comptroller and Auditor General of India's (CAG) Report on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2012 was last discussed in the Public Accounts Committee (PAC) in July 2015. The recommendations of the PAC have suitably been taken into account while conducting this audit.

Another audit paragraph 'Security mechanism in jails' included in the CAG's Report on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2018 is yet to be discussed in the PAC.

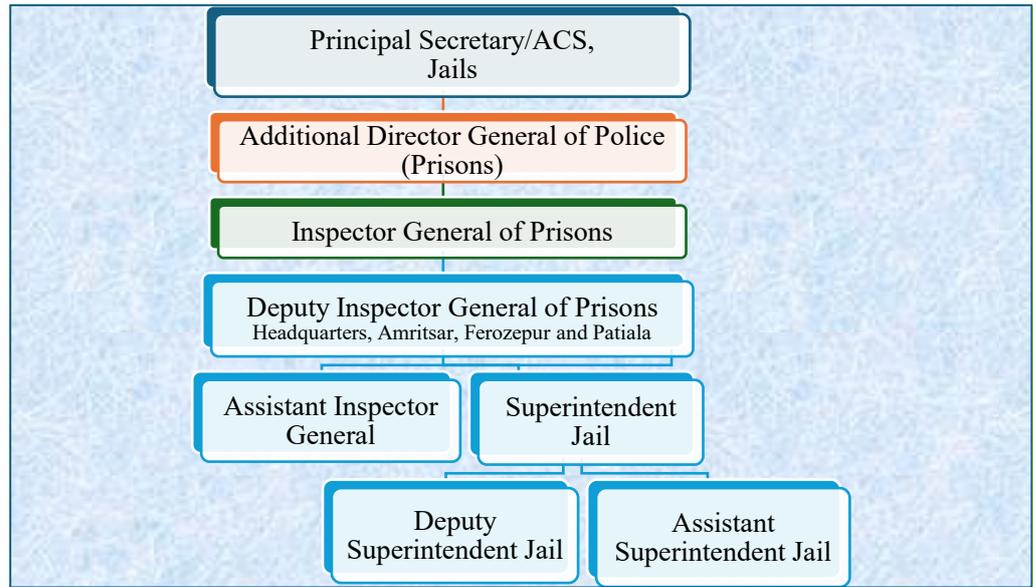
4.2 Organisational Structure

The Principal Secretary/Additional Chief Secretary (Jails) to Government of Punjab, Department of Jails³ is the administrative head at State Government level. The Additional Director General of Police (ADGP Prisons) is the head of Department of Jails responsible for administration and control of prisons in the State, who is assisted by Inspector General of Prisons (IGP) at Headquarters, and Deputy Inspectors General of Prisons (DIGP) at Circles (Amritsar, Ferozpur and Patiala). The jails are managed by Superintendents assisted by Deputy Superintendents/Assistant Superintendents.

The Organisational structure of the Jail Administration is exhibited in **Chart 4.1**.

³ The word "Jail Administration" is being used for Department of jails.

Chart 4.1: Organisational Set-up of Jail Administration



4.3 Audit Objectives

The objective of conducting the Subject Specific Compliance Audit (SSCA) was to assess whether the living conditions of the prisoners were compatible with human dignity in all aspects such as accommodation, hygiene, sanitation, medical facilities, food, clothing, etc., as defined in the Punjab Jail Manual (PJM), 1996, Model Prison Manual (MPM), 2016, Punjab Prison Rules (PPR), 2022 and directions of the Hon'ble Supreme Court.

4.4 Scope of Audit, Methodology and Audit Criteria

The SSCA was conducted (April-August 2023) by test-checking the records pertaining to the period 2020-21 to 2022-23 in the office of the ADGP (Prisons), the Superintendent/Deputy Superintendent of selected⁴ 10 Central Jails (CJ), four District Jails (DJ), one Women Jail (WJ) Ludhiana, Open Air Jail (OAJ) Nabha and Borstal Jail Ludhiana and one Sub Jail (SJ) Pathankot (**Appendix 4.1**).

An entry conference was held on 28 June 2023 with the Jail Administration, wherein audit objectives, scope, criteria, audit sample were discussed and exit conference was held on 12 March 2024 to discuss the audit findings.

The audit criteria were mainly derived from the following sources:

- Punjab Jail Manual, 1996;

⁴ In addition to 10 CJs planned for Annual Audit Plan 2023-24, WJ Ludhiana and SJ Pathankot were selected to make the sample representative in each homogenous category of jails and OAJ Nabha being heterogenous unit was also selected.

- Model Prison Manual, 2016;
- Punjab Prisons (Attendance in Court) Rules, 1969;
- Punjab Prison Rules, 2022;
- Directions of the Hon'ble Supreme Court of India; and
- Notifications and instructions issued by the Central and State Government from time to time.

Audit Findings

4.5 Legal Framework

4.5.1 Abnormal Delay in Framing Punjab Prison Rules

The Jail Administration in Punjab was primarily governed by the Punjab Jail Manual (PJM), 1996. In 2003, the Government of India introduced the Model Prison Manual (MPM) on the directives of the Hon'ble Supreme Court of India, to standardise prison practices across the country. This was updated in 2016 to promote uniformity in laws and enhance the effective management of prisons, encouraging its adaptation by States/UTs to local conditions. Guided by the MPM 2016 and considering the specific needs and condition of the State, the Government of Punjab (GoP) notified the Punjab Prison Rules, 2022 (PPR 2022) in June 2022, thereby superseding the Punjab Jail Manual, 1996 and all prior government instructions and notifications.

Audit noticed that the Jail Administration took an abnormally long time of six years in utilising the framework outlined in the MPM 2016 to notify the Punjab Prison Rules, 2022. In the meantime, in addition to PJM, administration of jails was being intermittently governed by MPM 2016 with the following inconsistencies in its implementation:

In March 2019, the Jail Administration reported that both the MPMs of 2003 and 2016 were comprehensively implemented without differentiation across functional areas of Jail Administration. Subsequently, in November 2023, Punjab Prison Rules, were informed to have been developed based on the provisions contained in the MPM 2016. However, in May 2024, the Jail Administration revised its position, stating that MPM 2016 was adopted only for security mechanisms.

Thus, delayed implementation of MPM 2016 through PPR, resulted not only in compromising with the uniformity in laws and improved prison management practices but the inmates were also deprived of the reformative measures concerning their health, hygiene, food, clothing, and rehabilitation introduced on the directives of the Hon'ble Supreme Court of India in 2016 to improve living conditions and uplift the human dignity of the prisoners.

The Jail Administration stated (August 2024) that the provisions of MPM 2016 were adopted in PPR 2022 with the delay of six years and the State was not bound by these provisions prior to PPR 2022. The reply of the Jail Administration was not satisfactory, as the delay in adoption of MPM 2016 could in no way be considered as a valid excuse to absolve the State of its responsibility to implement prison reforms and providing the prisoners their rights as envisaged in Article 21 of the Constitution of India in view of clear directives of the Hon'ble Supreme Court of India.

4.6 Accommodation Facilities

4.6.1 Overcrowding in Jails

Para 903 of Punjab Jail Manual (PJM), 1996 requires that when population of a jail approaches the maximum number for which there is accommodation, the Inspector General and Superintendent of Police shall be informed with a view to having some of the convicts transferred or arrangements made for their temporary shelter outside, as the case may be. Rule 15.01 and Rule 15.03 of the Punjab Prison Rules (PPR), 2022, authorises the Director General (Prison) to transfer prisoners, including the under trials under prompt intimation to the court concerned.

The overall authorised capacity of all 26 jails and occupancy of male and female inmates during 2020-2023 is indicated in **Table 4.1**.

Table 4.1: Occupancy of inmates during 2020-2023

Year	Male Inmates			Female Inmates		
	Capacity	Occupancy	Vacancy (-) / Excess (+) over capacity	Capacity	Occupancy	Vacancy(-) / Excess (+) over capacity
2020-21	21,790	20,476	-1,314	1,408	1,240	-168
2021-22	23,638	24,101	463	1,878	1,285	-593
2022-23	23,658	28,481	4,823	2,166	1,488	-678

Source: Departmental data

As is evident from **Table 4.1**, despite Jail Administration took corrective measures to increase the authorised capacity of jails from 23,198⁵ in 2020-21 to 25,824⁶ in 2022-23, the capacity of jails proved insufficient, as 4,145⁷ inmates were housed in the jails in excess of the authorised capacity. Audit of jail-wise occupancy *vis-à-vis* authorised capacity revealed the following:

4.6.1.1 Mismatch of Occupancy among Male Inmates

Audit analysis of the authorised capacity *vis-à-vis* male convicts as on 31 March 2021, 31 March 2022 and 31 March 2023 was carried out to ascertain

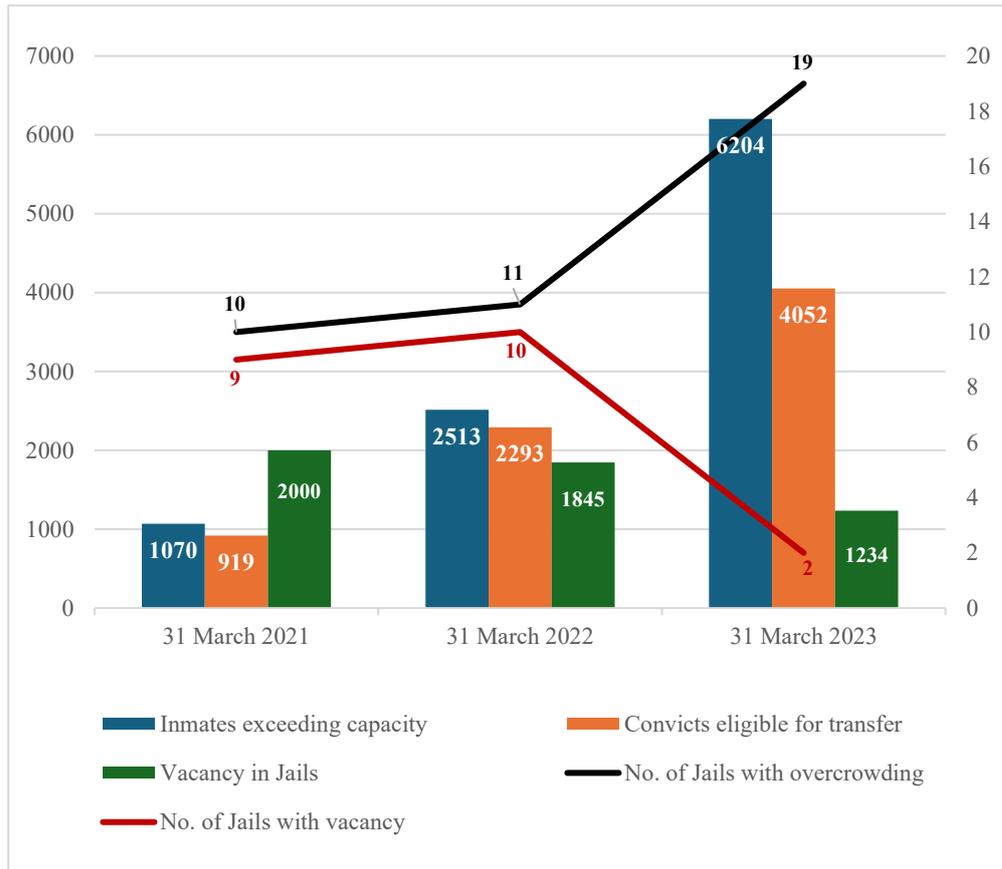
⁵ Total of male inmates (21,790) and female inmates (1,408) capacity for the year 2020-21.

⁶ Total of male inmates (23,658) and female inmates (2,166) capacity for the year 2022-23.

⁷ Total excess occupancy of male inmates (4,823) and female inmates (-678) for the year 2022-23.

as to how many male convicts from the overcrowded jails could have been accommodated against vacancy in other jails. This analysis was carried out by excluding the special jails where it was not possible to transfer male convicts. The status of male inmates exceeding the authorised capacity as on 31 March 2021, 31 March 2022 and 31 March 2023 is exhibited in **Chart 4.2** and the Jail-wise details are given in **Appendix 4.2**.

Chart 4.2: Mismatch of occupancy of male inmates in jails



As is evident from **Chart 4.2**, the issue of overcrowding worsened during 2020-21 to 2022-23. Male inmates housed in 22 jails (excluding two Women Jail, one Open Air Jail, One Borstal Jail) disclosed the trend of overcrowding as given in **Table 4.2**.

Table 4.2: Details of overcrowding (Male inmates)

Year	Male inmates in excess of authorised capacity	Total No. of convicts eligible for transfer to other jails	Space available in other jails	Percentage of inmates who could have been accommodated by relocating
31 March 2021	1,070	919	2,000	100
31 March 2022	2,513	2,293	1,845	80
31 March 2023	6,204	4,052	1,234	30

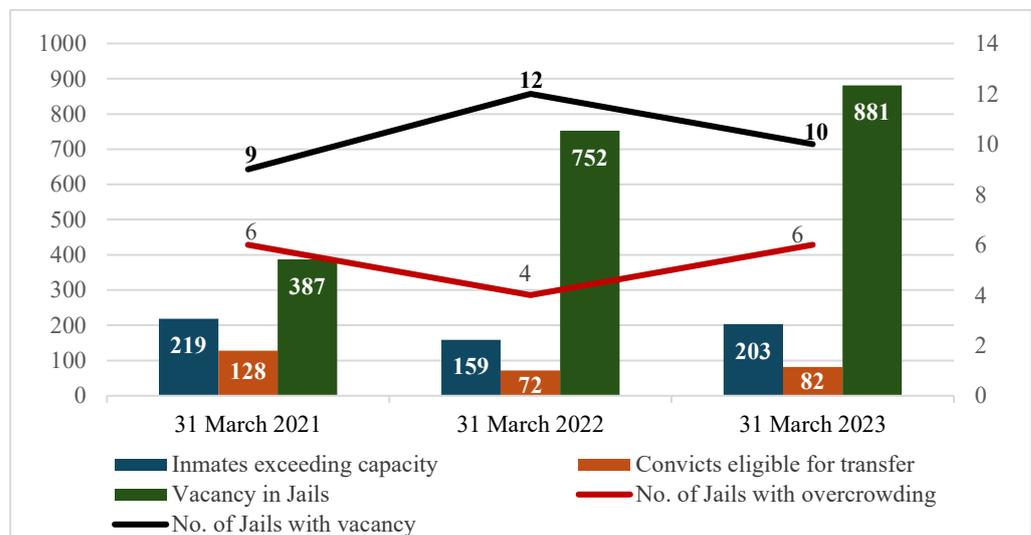
Source: Departmental data

As shown above, despite having vacancy in some jails and eligible convicts in the overcrowded jails, the Jail Administration did not relocate eligible convicts ranging between 1,234 and 2,000 to ease the overcrowding to that extent.

4.6.1.2 Mismatch of Occupancy among Female Inmates

Similarly, an analysis of authorised capacity and the female inmates housed in 24 jails (excluding the OAJ Nabha and the BJ Ludhiana) was carried out and the status of female inmates exceeding the authorised capacity as on 31 March 2021, 31 March 2022 and 31 March 2023 is exhibited in **Chart 4.3** and the Jail-wise details are given in **Appendix 4.2**.

Chart 4.3: Mismatch of occupancy of female inmates in jails



As can be seen from **Chart 4.3**, housing of female inmates more than the authorised capacity ranged from 159 to 219 inmates. Year-wise trend of overcrowding of female inmates is given in **Table 4.3**.

Table 4.3: Details of overcrowding (Female inmates)

Year	Female inmates in excess of authorised capacity	Total No. of female convicts eligible for transfer to other jails	Space available in other jails	Percentage of female inmates who could have been accommodated by relocating
31 March 2021	219	149	128	86
31 March 2022	159	94	72	77
31 March 2023	203	89	82	92

Source: Departmental data

The Public Accounts Committee (PAC), while discussing the issue of overcrowding as pointed out in Para 5.1.8.2 of CAG's Audit Report for the period ended 31 March 2012, instructed (July 2015) the Jail Administration to address overcrowding by determining jail population based on the jail area and

its capacity. However, the Jail Administration, despite the instructions of PAC and lapse of over nine years, did not manage occupancy of convicts within jails despite having vacancies. Nor did it make any additional arrangements to address the issue of overcrowding in jails.

The Government replied (March 2024) that construction of additional barracks in existing six jails⁸, construction of New High Security jail at Ludhiana and construction of New District Jail at Mohali were under process and this would increase the authorised capacity. Further, the Government intimated that weekly review of the Jail population was being assessed by State Level Committee headed by IG Prisons and on the basis such reviews, from January 2021 to December 2023, 17,916 inmates had been transferred from overcrowded jails to less crowded jails. The Government further apprised that Rule 15.02 of PPR 2022 mandates that “All adult male prisoners except lifers, as far as practicable, may be allowed to stay in the district/central prisons nearest to their home district” in respect of convict inmates.

The Government’s reply was not in conformity with the actual situation on the ground, as 6,204 male inmates and 203 female inmates were still housed in jails in excess of authorised capacity despite having vacancies in other jails and only 5,017 inmates (806 during 2021-22 and 4,211 during 2022-23), out of total 17,916 inmates, were transferred to ease overcrowding. The reply is also silent about the number of inmates identified that necessitated custody nearest to their home districts.

Although the Jail Administration made efforts to manage inmate distribution, the issue of overcrowding continued to persist across both male and female jails, thereby compromising the dignified housing of the prisoners despite being pointed out by Audit in 2012 and instructed by PAC in 2015.

4.6.2 Factors Contributing to Overcrowding in Jails

The problem of overcrowding is a major deterrent in making basic facilities available to the inmates. Audit of records of the test-checked jails disclosed that among others, prolonged custody of under trial prisoners due to missed court hearings (*Peshies*) and delay in construction/renovation of new jails had notably contributed to the increase in overcrowding year after year, thereby worsening the already inadequate availability of facilities for jail inmates in Punjab, as has been discussed in the following paragraphs:

⁸ (i) CJ Ludhiana; (ii) New DJ Nabha; (iii) DJ Mansa; (iv) BJ Ludhiana; (v) DJ Sangrur; and (vi) DJ Ropar.

4.6.2.1 Prolonged Custody of Under Trial Prisoners

As per Note (iii) below Para 4 of the PJM, the State shall endeavour to evolve proper mechanism to ensure that no Under Trial prisoner is unnecessarily detained. Rule 12 of Punjab Prisoners (Attendance in Courts) Act, 1955 and the Rules made there under in 1969 state that when the orders of a competent court for the production of an Under Trial Prisoner (UTP) to give evidence or answer charges are received by the Superintendent of Prisons, the police will escort the Under Trial Prisoner to court.

The Jail Superintendent shall send a copy of court's order to the Superintendent of Police in whose jurisdiction such a person is situated for providing police escorts. The court hearings are conducted offline through physical *peshies* and online through video conferencing (VC).

Audit observed that in 17 test-checked jails⁹, during 2020-2023, out of the due 5,57,412 physical *peshies* (**Appendix 4.3**), 3,86,874 *peshies* (69 per cent) were held. Of the physically missed 1,70,538 *peshies*, 21,341 were held through VC on the same day, 455 could not be held due to dual *peshies* of the same UTPs on the same day, 35 *peshies* could not be held due to hospitalisation of the UTPs and 433 *peshies* could not be held due to other reasons; thereby leaving 1,48,274 *peshies* (27 per cent) non-conducted due to non-receipt of police escorts from the Police Department.

On being pointed out, the Jail Administration intimated that the Police Department was regularly being requested to provide police escorts for transporting the UTPs for *peshies*. But insufficient police escorts prevented UTPs from attending the *peshies*. The Senior Superintendents of Police consistently attributed it to shortage of staff required to provide sufficient escorts. This situation prolonged the trial process, consequently contributing to over-crowding in the jails.

4.6.2.2 Delay in Upgradation of Jail

The Public Works Department declared DJ Nabha unsafe for housing inmates in August 2016, but it took over four and a half years, until March 2021 for the Jail Administration to decide about its upgradation due to dilapidated conditions of the jail and rechristened it as Maximum Security Jail (MSJ) Nabha.

Audit noticed¹⁰ that delays on several occasions further prolonged the process of upgradation of DJ Nabha to MSJ Nabha:

⁹ Except for OAJ Nabha and CJ Patiala for 2020-21 and 2021-22.

¹⁰ Audit of DJ Nabha was conducted in CJ Sri Goindwal Sahib due to its shifting in December 2021.

- Although the Punjab Police Housing Corporation (PPHC) submitted an estimate of ₹ 25 crore in August 2021, the Jail Administration released ₹ 5 crore (20 *per cent*) in November 2021 but took five months to finalise drawings (January 2022) needed to start construction.
- Administrative approval for demolishing dilapidated barracks, requested by PPHC in April 2022, was only granted in July 2022.
- In November 2022, the Jail Administration considered constructing a new jail but reverted to its original plan of upgrading the existing DJ Nabha in January 2023. The State Government provided revised approval in May 2023, and construction began after 11 more months in June 2023 at a cost of ₹ 19.92 crore.

This delay caused inmates to endure poor conditions for five years and four months (August 2016 to December 2021) until these inmates were transferred to another jail (CJ Goindwal Sahib¹¹) having vacancy.

The Government, instead of providing a timeline for completion, reiterated (March 2024) the causes of the delay. Notably, against the consumption of 73 *per cent* of the time (June 2023-May 2024 against stipulated completion in September 2024) by May 2024, only 36 *per cent* of the work had been completed.

The delay in completing MSJ Nabha prevented the anticipated relief from already concerning overcrowding to the extent of envisaged capacity of 462 inmates.

4.6.3 Impact of Overcrowding on Basic Amenities in Jails

Overcrowding in jails significantly reduces the availability of per capita basic amenities for inmates such as living space, sanitation facilities, health care, etc. Addressing overcrowding is crucial to ensure inmates' access to the necessary amenities and to maintain humane conditions within jail premises.

4.6.3.1 Detention of Inmates in Unliveable Barracks

As per Para 42 and Para 48 of the Punjab Jail Manual, 1996, Session Judges are required to visit the jails located at their headquarters once a month who shall examine the cooked food; inspect the barracks, cells, wards, work sheds and other buildings of the jail generally.

a) The need for urgent repair of four barracks of DJ Mansa was first brought to the notice of the Jail Administration by the Jail Superintendent, Mansa in June 2018, when a repair estimate was prepared by PPHC. The

¹¹ CJ Sri Goindwal Sahib was completed and made functional in December 2021.

urgency of repair was also acknowledged by the District and Session Judge (D&SJ) Mansa during monthly inspection of August 2019.

Audit noticed that the Superintendent, DJ Mansa repeatedly requested (June 2018 - April 2023) the Jail Administration to address the urgent repair of barracks which included (i) dampness in the roofs caused by leakage from damaged overhead water tanks, (ii) sunken floor and (iii) accumulation of sewage on the floor due to malfunctioning of sewerage. However, the Administrative Approval to the estimates prepared in June 2018 was accorded as late as in August 2023 i.e. after a delay of five years and two months.

Upon finalisation of tenders, despite the directives of the ADGP issued in September 2023 to urgently allot the work to the successful bidder, the PPHC took another five months and allotted the work in February 2024 for execution. The work, against the scheduled completion in June 2024, was completed and handed over to Jail Authorities in August 2024.

Thus, the Jail Administration abnormally prolonged the repairs of barracks which forced the inmates to endure unliveable conditions of the barracks for five years and eight months, from June 2018 to February 2024¹²; till 162 inmates from these barracks were relocated to other already overcrowded barracks of the same jails. As a result of relocation, a total of 629 inmates were accommodated in three barracks designed for 332 inmates only, thereby causing overcrowding to reach 90 per cent.

The Government attributed (March 2024) the delay to non-availability of funds in 2020-2021 and non-receipt of estimates during 2021-22 from PPHC. The estimates were submitted by the PPHC in October 2022, against which Administrative Approval was received in August 2023. The reply of the Government was not convincing, as the estimate was initially prepared in June 2018 and the Superintendent DJ Mansa repeatedly reported about the unliveable conditions of barracks to the Jail Administration between June 2018 and April 2023.

b) Similarly, the D&SJ Patiala reported (March 2021) severe deterioration of roof of barracks of Open Air Jail (OAJ) Nabha and recommended urgent remedial measures to minimise the summer heat effects to improve the living conditions of inmates. However, despite lapse of two and a half years, the Jail Administration had not taken any remedial action except for asking the PPHC to prepare the estimates in October 2023 that too after being pointed out by Audit in August 2023.

The Government replied (March 2024) that Rough Cost Estimates for repair of roofs were awaited from PPHC. The reply contradicted the actual situation on

¹² The barracks were required to be handed over for execution of work in February 2024.

the ground as the PPHC had already dismissed (February 2024) the feasibility of repairing these barracks.

Further, the ADGP (Jails) during his visit (April 2024) to the OAJ, recommended replacing the existing three old and delapidated barracks, already declared irreparable by the PPHC, with four new barracks having total capacity for accommodating 100 inmates. As such, despite the passage of three years and one-month, as of April 2024, the Jail Administration was yet to take steps to alleviate the suffering of the inmates. This forced the inmates to endure unliveable conditions, particularly during the summer heat.

Prioritising the repairs of unliveable barracks is essential not only to prevent living conditions from further deterioration, but also to ensure humane conditions for jail inmates.

4.7 Sanitation Facilities

4.7.1 Insufficient Toilet Facilities

Para 2.10.1 of the MPM 2016, provides for one unit of toilet for six prisoners during daytime and one unit for 10 prisoners in each barrack used for sleeping. Rule 28.03 of the PPR 2022 also provides for sufficient flush type latrines attached to barracks so that prisoners can complete their latrines or bathing parade within half an hour.

Audit analysis of the availability of toilets *vis-à-vis* male inmates' population in barracks of 17 test-checked jails¹³ revealed an increasing trend in the percentage of barracks with insufficient toilet facilities over the three years, as detailed in **Table 4.4** and **Appendix 4.4**.

Table 4.4: Details of availability of toilets to male inmates

As on 31 March of the year	Total barracks having male inmates	Barracks with insufficient number of toilets during day (>6 inmates per toilet seat as on 31 March) (percentage)	Barracks with insufficient number of toilets used for sleeping during night (>10 inmates per toilet seat as on 31 March) (percentage)
2021	552	394 (71)	277 (50)
2022	599	452 (75)	343 (57)
2023	637	469 (74)	383 (60)

Source: Departmental data

As is evident from **Table 4.4**, the percentage of barracks with insufficient daytime toilet facilities increased from 71 *per cent* to 74 *per cent*. The insufficiency of toilets used at night also rose from 50 *per cent* of barracks to 60 *per cent* from 2021 to 2023.

¹³ Except for CJ Goindwal Sahib in 2020-21 and WJ Ludhiana in 2021-22 and 2022-23.

Similar trend was seen in the percentage of barracks with insufficient toilet seats for female inmates during three years across the test-checked jails having female inmates, as detailed in **Table 4.5**.

Table 4.5: Details of availability of toilets to female inmates

As on 31 March of the year	Total barracks having female inmates	Test-checked Jails having female inmates	Barracks with insufficient number of toilets during day (>6 inmates per toilet seat as on 31 March) (percentage)	Barracks with insufficient number of toilets used for sleeping during night (>10 inmates per toilet seat as on 31 March) (percentage)
2021	36	11	24 (67)	12 (33)
2022	38	12	23 (61)	14 (37)
2023	30	10	19 (63)	16 (53)

Source: Departmental data

As on 31 March 2021, WJ Ludhiana was converted to special jail during COVID pandemic.

As on 31 March 2023, DJ Sri Muktsar Sahib and CJ Bathinda had no female inmate.

Table 4.4 and Table 4.5 show that during daytime, barracks with inadequacy of toilet seats ranged between 61 and 75 *per cent* whereas it was between 33 and 60 *per cent* at night. As the trend suggests, it is likely to worsen with overcrowding.

Thus, lack of corrective action underscored the inadequacy of the Jail Administration to provide essential toilet facilities in these barracks.

The Government acknowledged (March 2024) that overcrowding in jails puts extra burden on the existing facilities and stated that such issues were being resolved by transferring inmates on a regular basis and enhancing the capacity of existing jails as well as construction of new jails. The reply was not satisfactory, as the existing toilet facilities as of March 2023 were inadequate in 74 *per cent* of male and 63 *per cent* of female barracks leading to unhygienic conditions.

4.8 Medical Facilities

Access to adequate health care is a basic and fundamental right which should not be denied to a person despite his/her confinement inside a prison. Para 7.01 of MPM 2016 also recognises medical administration as one of the most important concerns of prison management. It held the Medical Officer of a prison responsible for giving careful attention not only to the treatment of sick prisoners but also to every matter connected with health of the prisoners and overall hygiene of the prison.

4.8.1 Shortage of Hospital Beds

According to Paragraph 7.03 of MPM 2016, Central and District Jails be provided with hospital accommodation on the scale of five *per cent* of the

authorised capacity of the jail. Further, Rule 29.01 of PPR 2022 states that Central and District prisons shall provide hospital accommodation for indoor patients as far as practicable for at least five *per cent* of average daily inmate population. The prison hospital may be a part of the State Health Services and shall be under the supervisory control of the respective Civil Surgeon.

Audit observed that:

(a) Jail Administration took six years after the directives of the Government of India (GoI) to adopt MPM, 2016 to frame PPR, which came into existence in June 2022. In the meantime, inadequate health care facilities, which included shortage of beds, remained unaddressed and necessitated referral of significant inmates to hospitals outside the jail premises for treatment.

(b) Audit analysis of requirement versus availability of hospital beds in 17¹⁴ out of 18 test-checked jails revealed substantial shortage in availability of hospital beds as per MPM 2016 which ranged from 2 to 129 and percentage of shortage of beds ranged from 50 to 100 *per cent*. As compared to norms given in PPR 2022, shortage of beds ranged from 1 to 158 and percentage of shortage ranged from 26 to 100 *per cent*. The Jail-wise details are given in **Table 4.6**.

Table 4.6: Shortage of beds in jail hospitals with reference to the Authorised Capacity (AC) and the Average Daily Inmates (ADI)

Sr. No.	Name of Jail	Authorised capacity (AC) as on 31 March		Beds required (5% of AC)		Average daily inmates (ADI)	Beds required (5% of ADI)	Beds available	Shortage of beds w.r.t		Percentage shortage w.r.t	
		2021	2023	2021	2023				AC	ADI	AC	ADI
1.	CJ Amritsar	2,266	2,266	113	113	3,759	188	30	83	158	74	84
2.	CJ Bathinda	2,100	2,100	105	105	1,711	86	20	85	66	81	77
3.	CJ Faridkot	2,072	2,092	104	105	1,358	68	50	55	18	52	26
4.	CJ Ferozepur	1,236	1,236	62	62	1,686	84	30	32	54	51	64
5.	CJ Gurdaspur	950	950	48	48	987	49	12	36	37	75	76
6.	CJ Hoshiarpur	723	723	36	36	1,116	56	6	30	50	83	89
7.	CJ Kapurthala	2,990	2,990	150	150	3,533	177	30	120	147	80	83
8.	CJ Ludhiana	3,200	3,200	160	160	4,157	208	50	110	158	69	76
9.	CJ Patiala	1,801	1,801	90	90	2,400	120	40	50	80	56	67
10.	CJ Sri Goindwal Sahib	0	2,780	0	139	1,668	83	10	129	73	93	88
11.	DJ Barnala	435	435	22	22	582	29	0	22	29	100	100
12.	DJ Mansa	443	443	22	22	722	36	10	12	26	55	72
13.	DJ Sangrur	650	650	33	33	1,068	53	12	21	41	63	78
14.	DJ Sri Muktsar Sahib	875	875	44	44	1,043	52	16	28	36	63	69
15.	WJ Ludhiana	320	320	16	16	234	12	1	15	11	94	91
16.	OAJ Nabha	75	75	4	4	59	3	2	2	1	50	32
17.	BJ Ludhiana	500	500	25	25	314	16	10	15	6	60	36
Total		20,636	23,436	1,034	1,174	26,397	1,320	329	845	991	72	75

Source: Departmental data

¹⁴ Excluding SJ Pathankot not being a Central/District Prison.

4.8.2 Shortage of Medical Staff

Health care facilities in jails are crucial not only for addressing the immediate health needs of inmates but also for fulfilling the legal obligations as prescribed in MPM 2016 and PPR 2022. Rule 29.01(3,4 and 5) of PPR 2022 provides for the strength of medical staff in Jails based on inmates population as detailed in **Table 4.7**.

Table 4.7: Norms prescribed for medical staff as per PPR 2022

Sr. No.	Officers	Upto 500 inmates	500-1000 inmates	1000-1800 inmates	Above 1800 inmates
1.	Medical Officer (In charge)	1	1	1	1
2.	Medical Officers	1	2	4	6
3.	Pharmacy Officers	1	2	4	5
4.	Staff Nurses (Male/Female)	1	3	4	5
5.	Medical Lab Technicians	1	1	2	2

Source: Departmental data

The PPR further provides for deployment of a permanent Psychiatrist and Dentist in prisons with population exceeding 1,500 as far as practicable, and for other prisons these specialists may visit from the District Hospital. Further, special prisons for women must have at least one permanent gynaecologist and in prisons having women's barracks, gynaecologist may be deputed on visit basis from the district hospital. The status of actual posting of medical staff in jails as on 31 March 2023 is given in **Table 4.8** and **Appendix 4.5**.

Table 4.8: Comparison of men-in-position with the sanctioned strength and the requirement

Name of Post	Requirement	Comparison of Sanctioned Strength (SS) with requirement			Comparison of Men in Position (MIP) with requirement as per PPR		
	As per PPR 2022	SS	Shortfall in SS	Percentage Shortfall	MIP	Shortfall in MIP	Percentage Shortfall
Medical Officer (In-charge)	82	42	40	49	39	43	52
Pharmacy Officer	60	46	14	23	43	17	28
Staff Nurse	62	16	46	74	10	52	84
Medical Lab Technician	29	4	25	86	7	22	76
Psychiatrist	8	2	6	75	1	7	88
Dentist	8	2	6	75	1	7	88
Gynaecologist	1	1	0	0	0	1	100
Total	250	113	137	55	101	149	60

Source: Departmental records

From **Table 4.8**, it can be observed that actual posting of medical staff in jails as on 31 March 2023 was short by 28 per cent to 100 per cent vis-à-vis PPR norms.

The Public Accounts Committee (PAC) while discussing the shortage of health care infrastructure and staff in all the jails, as pointed out in Paragraph 5.1.10.4 of CAG's Audit Report for the period ended 31 March 2012, had also directed (September 2014) the Jail Administration to assess and convey the requirement of staff and health infrastructure to Finance Department within one month as the prisoners being human beings were also entitled for appropriate health services. However, despite assurance given to the PAC, the shortage of medical staff in all positions remained evident.

4.8.3 Impact of Shortage of Health Care Infrastructure

Audit noticed that due to shortage of medical staff and lack of health care infrastructure in jail hospitals:

- 45,497 inmates¹⁵ including 1,901 women inmates were referred to other Government/Civil hospitals outside the jail premises for treatment during 2020-2023 (Appendix 4.6).
- Out of 45,497 inmates referred to other hospitals by the Medical Officer, 12,387 (27 per cent) inmates referred solely due to inadequate health care facilities in the jail hospitals could not be transferred to Civil hospitals outside the jail because the Police Department could not provide escorts to the ailing prisoners. As a result, these inmates were deprived of the required health care facilities.
- During this period twenty-two prisoners (eight in 2021, 13 in 2022 and one in 2023) managed to escape during treatment at hospitals outside the jail premises.

The Government stated (March 2024) that all jails in Punjab are equipped with the necessary medical infrastructure. The process to equip WJ Bathinda and CJ Sri Goindwal Sahib was underway. Additionally, CJ Hoshiarpur and Gurdaspur would receive the required health care infrastructure upon completion of their hospital buildings. Regarding the remaining jails, it was assured to provide health care infrastructure in accordance with PPR 2022 in due course of time.

The reply was not convincing, as initially the Jail Administration took abnormally long time in adopting MPM 2016 which delayed setting of reformative norms by six years. Even after notifying PPR 2022, no improvement in health care infrastructure was visible across the test-checked

¹⁵

Total referred	2020-21	2021-22	2022-23	Total
Male Inmates	11,796	15,549	16,251	43,596
Female Inmates	Converted to COVID Jail	898	1,003	1,901
Total	11,796	16,447	17,254	45,497

jails. Most of the jail hospitals continue to lack health care facilities, necessitating referral of a significant number of inmates to hospitals outside the jail premises for medical treatment as shown in **Appendix 4.6**.

4.8.4 Deprivation of Health Care due to Non-Construction of Hospitals

In May 2015, SJ Barnala was declared District Jail (DJ) and in November 2015, the DJs at Hoshiarpur and Gurdaspur were declared Central Jails (CJ).

Audit noticed that despite significant delays of over eight years, the inmates at DJ Barnala, CJ Hoshiarpur and CJ Gurdaspur were yet to be provided with upgraded health care facilities, as detailed in the subsequent paragraphs:

(a) Absence of hospital at DJ Barnala

The DJ Barnala had an occupancy of 603 jail inmates as on 31 March 2023. Considering this, a 30 bedded hospital was required but only a dispensary without even a single bed was operational. The Jail Superintendent consistently raised (2020-2024) concerns with the Jail Administration regarding construction of an equipped hospital. The District and Session Judge (D&SJ), considering the prevailing health conditions of the jail inmates also reported the necessity of a hospital inside the jail premises during monthly inspections of February and March 2024. However, the Jail Administration intimated that the cost estimates from Punjab Police Housing Corporation were awaited (August 2024).

(b) Delayed commencement of hospitals at Central Jail Hoshiarpur and Central Jail Gurdaspur

The Jail Administration, after two years of declaring DJs at Hoshiarpur and Gurdaspur as CJs, decided in November 2017 to upgrade the hospital facilities as well. Financial sanction of ₹ 5.00 crore (₹ 2.47 crore for hospital at CJ Hoshiarpur and ₹ 2.53 crore for hospital at CJ Gurdaspur) was granted by the Government in September 2021.

- (i) For the construction of hospital at CJ, Hoshiarpur, the ADGP transferred ₹ 49.37 lakh (20 per cent) to PPHC in November 2021 but the commencement was delayed as the drawings and designs were approved as late as in March 2022. The work of construction of hospital building could finally be allotted in November 2022 at a cost of ₹ 2.85 crore, for completion within a year.

After allotment, in January 2023, the Jail Superintendent reported that the proposed hospital site would encroach upon space designated for sports, cultural activities, and the weekly parade of inmates. The site was relocated to the garden area, and construction commenced in June 2023

i.e., seven and a half years after declaring the DJ as CJ, which was still under progress (November 2024).

- (ii) Similarly, for the construction of hospital at CJ Gurdaspur, the ADGP transferred ₹50.63 lakh (20 *per cent*) to PPHC in November 2021. After receiving the funds, PPHC conveyed (December 2021) that due to existing septic tank and sewer arrangements at the proposed site, the construction of hospital building was not feasible. Alternatively, demolition of existing store was decided (February 2022) for construction of hospital. It took the Jail Administration six months to request (August 2022) the Public Works Department (PWD) to issue NOC for demolition of store, which was issued in February 2023. The work of construction of hospital building was finally allotted in January 2024 and the work was under progress (November 2024).

Thus, administrative delays regarding the site, design, drawings and seeking NOC of PWD, deprived 2,685 inmates¹⁶ housed in these Jails of the upgraded facilities for over eight years, despite having funds.

The Jail Administration replied (November 2024) that 60 *per cent* construction of hospital at CJ Hoshiarpur and 25 *per cent* of CJ Gurdaspur has been completed. The reply confirms non-construction of hospitals.

4.9 Prisoner's Food/Diet

4.9.1 Non-Providing of Biscuits to Jail Inmates

As per Para 812 of the PJM 1996, the Inspector-General, with the previous sanction of the State Government, shall fix the scale of prison diet to be provided to each class of prisoners. The State Government, while revising the scale of diet for inmates in January 2014, prescribed 50 grams of biscuits containing 235 calories daily by replacing 60 grams each of black chana and jaggery from the inmates' diet.

Ludhiana Baking School (LBS) situated in CJ Ludhiana having an average capacity of producing seven quintals of biscuits per day was supplying biscuits to all its sister jails¹⁷.

Audit observed that during 2020-2023, against average daily production capacity of seven quintals, LBS could produce and supply around five quintals of biscuits. Whereas the daily average demand of biscuits remained between 9.48 quintals and 14.78 quintals leading to a short supply of 47 to 71 *per cent*, as detailed in **Table 4.9**.

¹⁶ Average daily inmates in DJ Barnala (582), Hoshiarpur (1,116) and Gurdaspur (987) during 2022-23.

¹⁷ "Sister Jails" are the jails of Punjab consuming biscuits produced by LBS Ludhiana.

Table 4.9: Requirements of jails vis-à-vis production of biscuits by LBS*(In quintals)*

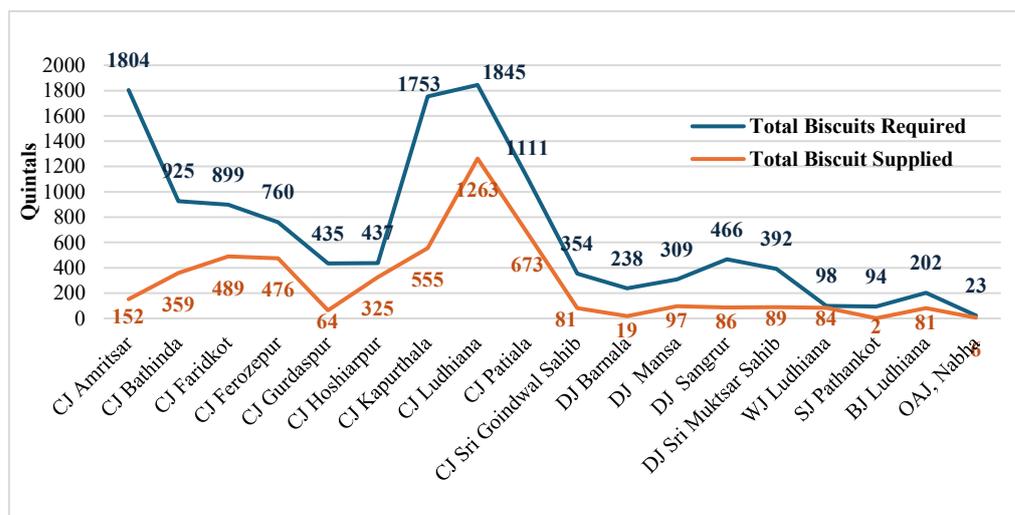
Year	Annual				Average daily			Shortage against capacity
	Demand	Production	Gap	Percentage gap	Demand	Production	Capacity	
2020-21	3,461	1,840	1,621	47	9.48	5.04	7.00	1.96
2021-22	4,531	2,088	2,443	54	12.42	5.72	7.00	1.28
2022-23	5,395	1,564	3,831	71	14.78	4.28	7.00	2.72
Total	13,388	5,492	7,896	59	12.23	5.02	7.00	1.98

Source: Departmental records

As is evident from **Table 4.9**, the gap between demand and production increased considerably from 1,621 quintals in 2020-21 to 3,831 quintals in 2022-23. Despite this, the Jail Administration did not resort to meet the shortage by entering into a rate contract, as was recommended by Government while revising the diet scale for inmates in January 2014.

The State Government attributed (March 2024) short production of about two quintals daily to delay in payment of bills by sister jails, which in turn was due to time of four to six months taken by the ADGP in sanctioning funds. These delayed payments caused shortage of working capital with LBS that impacted the procurement of sufficient raw materials thereby creating a vicious cycle that ultimately led to short production. Shortage in average daily production against the capacity increased from 1.96 to 2.72 quintals during 2020-2023.

Similar gap of 60 per cent was seen between requirement of biscuits in the test-checked jails and supplies made by LBS during 2020-2023, as shown in **Chart 4.4**.

Chart 4.4: Details of requirement and supply of biscuits during 2020-2023

The overall gap of 60 per cent between requirement and supply was unevenly distributed among the test-checked jails, ranging from 14 per cent to

98 per cent (**Appendix 4.7**). WJ Ludhiana was least affected, with a 14 per cent shortage only, as against the demand of 98 quintals, 84 quintals were supplied. In contrast, SJ Pathankot faced the most severe shortage at 98 per cent while CJ Amritsar received only 8 per cent of their required supply, falling short by 1,652 quintals.

The Jail Administration, without ensuring its capacity to supply biscuits, discontinued providing 60 grams each of black chana and jaggery to the jail inmates. Consequently, a significant portion of jail inmates, ranging between 47 and 71 per cent did not receive the prescribed daily supplement of 50 grams of biscuits containing 235 calories during 2020-2023.

Despite assurance given by the Jail Administration (September 2014) to PAC nine years ago to scale up the production of biscuits, it was still not supplying the required quantity of biscuits to meet the caloric needs of jail inmates. It had not (i) upgraded the production capacity of LBS (March 2024), (ii) addressed the issue of delayed payments by sister jails to LBS or (iii) resorted to earlier or some other measures to compensate the loss of daily calorie intake of Jail inmates.

The Government assured (March 2024) expansion of the capacity of LBS by utilising the grant of ₹ one crore likely to be released shortly. The reply was not convincing, as the assurance given to the PAC almost a decade ago in September 2014 for scaling up of production was still awaiting its implementation.

4.9.2 Diet of Inmates Lacked Vitamins C and D Supplements

As per Para 825 of PJM 1996, one or the other antiscorbutic (Lime Juice: 30 gms; Amchur: 5 gms or seedless Tamarind: 3.5 gms) shall be issued daily between 1 April and 31 October in the jail dietary to all prisoners, in addition to the condiments. However, in line with the recommendations of the Indian Council for Medical Research (ICMR), Rule 26.03 of PPR had provisions of Vitamin C and D along with its sources as part of diet of jail inmates, as tabulated in **Table 4.10**.

Table 4.10: Detail of prescribed daily diet as per PPR 2022

Nutrients	Requirement per prisoner (as per PPR 2022)	Sources
Vitamin C	50 mg	Tamarind, amla, amchur, guava, all citrus fruits, eggs, lime, orange, etc.
Vitamin D	400 IU	Fish, liver oils, milk

Source: Departmental data

Audit observed that antiscorbutic, Vitamin C and D were seldom provided to the inmates of test-checked 18 jails during 2020-2023, as detailed in **Table 4.11**.

Table 4.11: Status of diet in test-checked jails between 1 April 2020 and 31 October 2022

Sr. No	Name of the Jail	1 April 2020 to 1 June 2022	2 June 2022 to 31 October 2022	
		Antiscorbutic	Vitamin C	Vitamin D
1.	CJ Amritsar	Yes*	Yes*	No
2.	CJ Bathinda	Yes*	No	No
3.	CJ Faridkot	No	Yes*	Yes**
4.	CJ Ferozepur	No	No	Yes**
5.	CJ Gurdaspur	No	Yes**	Yes**
6.	CJ Hoshiarpur	No	Yes**	Yes**
7.	CJ Kapurthala	Yes	Yes	Yes
8.	CJ Ludhiana	Yes*	Yes*	No
9.	CJ Patiala	No	Yes**	Yes**
10.	CJ Sri Goindwal Sahib	No	Yes*	No
11.	DJ Barnala	Yes*	No	No
12.	DJ Mansa	No	No	No
13.	DJ Sangrur	No	Yes	Yes
14.	DJ Sri Muktsar Sahib	Yes*	No	No
15.	SJ Pathankot	No	No	No
16.	WJ Ludhiana	No	No	Yes**
17.	OAJ Nabha	No	No	Yes**
18.	BJ Ludhiana	Yes**	Yes**	Yes

Source: Departmental data

Yes	Provided to all prisoners
Yes*	Provided to prisoners engaged in rigorous imprisonment
Yes**	Provided on the advice of the Medical Officer
No	Not Provided

As is evident from **Table 4.11**:

- **Antiscorbutic** were provided only by CJ Kapurthala to all of its inmates. CJs at Amritsar, Bathinda, Ludhiana, DJs at Barnala and Sri Muktsar Sahib provided antiscorbutic to only those inmates who were put on rigorous labour. However, BJ Ludhiana provided it on the advice of the Medical Officer only.
- **Vitamin C** was provided only by CJ Kapurthala and DJ Sangrur to all of their prisoners. The CJ at Amritsar, Faridkot, Ludhiana and Sri Goindwal Sahib, provided Vitamin C to the inmates those were put on rigorous labour. Eight jails did not provide Vitamin C to any of their inmate.
- **Vitamin D** was provided by only three jails viz. CJ Kapurthala, DJ Sangrur and BJ Ludhiana to all the jail inmates. However, CJs at Faridkot, Ferozepur, Gurdaspur, Hoshiarpur, Patiala, Women Jail Ludhiana and OAJ Nabha provided Vitamin D to only those inmates who were prescribed it by the Medical Officer.

Thus, the jail inmates were deprived of the prescribed antiscorbutic and the Vitamins.

The Jail Superintendents assured (between May 2023 and August 2023) to take up matter with the higher authorities, whereas the Government stated (March 2024) that a five-member Committee¹⁸ was constituted (March 2024) for revising the diet scale on the recommendations of ICMR. The reply of the Government was not addressing the short provisioning of prescribed vitamins to all prisoners. The revision in the diet scale and its implementation would be awaited.

4.9.3 Supply of Drinking Water without Prescribed Testing

Paragraph 914 of the Punjab Jail Manual, 1996 prescribed qualitative analysis of water from all jail wells/tubewells by the Chemical Examiner, Punjab on or about 5th of January each year. According to Rule 28.09 of the PPR 2022, samples of water used for domestic purposes in every prison must be submitted twice a year to the appropriate authority for both chemical and bacteriological examination to prevent any health hazard.

The status of testing of water being supplied to the jail inmates housed in 18 test-checked jails during 2020-2023 was as shown in **Table 4.12**.

Table 4.12: Status of testing of water supplied to the jail inmates

Sr. No.	Name of the Jail	Status of testing of water		
		2020-21	2021-22	2022-23
1.	CJ Amritsar	Yes	Yes	Yes
2.	CJ Bathinda	Yes	Yes	Yes
3.	CJ Faridkot	No	No	Yes
4.	CJ Ferozepur	No	No	No
5.	CJ Gurdaspur	No	No	Yes
6.	CJ Hoshiarpur	No	No	No
7.	CJ Kapurthala	No	Yes	No
8.	CJ Ludhiana	No	No	Yes
9.	CJ Patiala	No	No	No
10.	CJ Shri Goindwal Sahib	No	No	Yes
11.	DJ Barnala	No	No	Yes
12.	DJ Mansa	No	No	No
13.	DJ Sangrur	No	No	No
14.	DJ Sri Muktsar Sahib	No	Yes	Yes
15.	SJ Pathankot	No	No	Yes
16.	WJ Ludhiana	No	No	Yes
17.	OAJ Nabha	No	No	No
18.	BJ Ludhiana	No	No	Yes

Source: Departmental data

Yes	Water tested twice annually	No	Water not tested
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¹⁸ (i) Deputy Inspector General of Prisons; (ii) Additional Superintendent Central Jail, Kapurthala; (iii) Superintendent Central Jail, Amritsar; (iv) Medical Officer Central Jail, Patiala; and (v) Dietician from Director Health Services.

As is evident from **Table 4.12**, with the implementation of PPR in June 2022, compliance with regard to the testing of water increased from 11 *per cent* jails to 61 *per cent* jails as the frequency of water testing was increased from once to twice a year. Had the Jail Administration adopted MPM 2016 having the same provisions to frame its own rules without abnormal delay of over six years, the compliance to rules for ensuring supply of safe drinking water would have improved much earlier.

The non-serious approach of the Jail Administration of supplying water to jail inmates without conducting mandatory testing not only violates prescribed rules, but also exposed the jail inmates to health hazard of waterborne diseases.

A total of 1,154 cases of waterborne diseases, including, Cholera, Typhoid, Diarrhoea and Dysentery, were detected in the test-checked 18 jails during the period from 2020-21 to 2022-23 (**Appendix 4.8**) which emphasised the critical need for regular testing of water by the Jail Administration to ensure the availability of drinking water that is safe for jail inmates.

The PAC while discussing the paragraph 5.1.10.7 of the CAG's Audit Report for the period ended 31 March 2012, instructed (September 2014) the Jail Administration to form committees of jail officers or concerned beneficiaries to ensure regular testing of drinking water and installation of RO systems in every jail. Despite, PAC's instructions and the provision of water testing stipulated in PPR 2022, 39 *per cent* of the jails were yet to conduct regular water testing in compliance to rules for ensuring supply of safe drinking water to jail inmates.

The Jail Administration assured (August 2024) that the necessary directions had been issued to the Jail Superintendent.

4.10 Clothing and Bedding Facilities

4.10.1 Non-Providing of Clothing Facilities to Convicts

The Punjab Government notified (October 2015) the clothing scale for convicts based on gender, season and religion. It stipulates that upon admission to jails:

- (a) All male convicts will receive two cotton *pajama kurtas* and two under-wears. Additionally, they will be provided with two cotton caps or *pugrees* (5 meters for Sikhs only), two cotton sheets, two *durries*, two towels, a woollen muffler, a woollen sweater/woollen jacket and one *razai* or three blankets.
- (b) Female convicts will be given two cotton *salwar kurtas* (ladies suit) with *dupatta*, two woollen shawls, two woollen cardigans, two sets of ladies

under garments, two cotton sheets, two *durries*, two towels, one comb and one *razai* with a blanket or four blankets.

The Jail-wise status of provisioning of different items of bedding and clothing at the time of admission to the inmates in 18 test-checked jails was as under:

- DJ Sri Muktsar Sahib and OAJ Nabha did not provide even a single item of bedding and clothing to any category of jail inmates during any of the three years period between 2020-21 and 2022-23.
- CJ Bathinda, CJ Fardikot, CJ Gurdaspur, CJ Hoshiarpur, CJ Kapurthala, DJ Mansa and DJ Sangrur did not provide any women specific items to its female inmates housed during 2020-2023.
- Woollen Sweater/Jacket to male inmates were also not provided by 10¹⁹ out of the 17 test-checked jails.
- The cotton sheets were not provided by CJ Faridkot, DJ Sri Muktsar Sahib, OAJ Nabha and BJ Ludhiana whereas CJ Hoshiarpur, CJ Sri Goindwal Sahib, DJ Barnala and WJ Ludhiana provided these sheets intermittently during 2020-2023.
- *Durries* were not provided by CJ Ludhiana, DJ Barnala, DJ Sri Muktsar Sahib, SJ Pathankot and OAJ Nabha whereas CJ Faridkot, CJ Hoshiarpur, CJ Sri Goindwal Sahib, WJ Ludhiana and BJ Ludhiana provided the *durries* intermittently during 2020-23.
- The CJ Amritsar provided only the Salwar Kurta and CJ Ferozepur provided Salwar Kurta and the woollen shawl to its female inmates during all the three years. However, CJ Patiala and WJ Ludhiana provided Salwar Kurta for the initial two years and did not provide it during 2022-23.

As is evident from the above, the Jail Administration did not fulfil the prescribed scale of clothing and bedding provisions for convicts thereby compromising the rights and welfare of the inmates housed in the Jails.

The Government replied (March 2024) that the requisite raw material to manufacture clothes was last supplied to jails in the year 2020-21. E-tender for procurement of raw material for production of clothes and other items to be manufactured in the jail factories could not be finalised due to pending election process and non-receipt of approval from the Election Commissioner in 2021-22. No tender was floated at Headquarter level during 2022-23 but Jail Superintendents were directed to procure raw material as per their requirement in the Jail factories.

¹⁹ CJs: (i) Amritsar; (ii) Faridkot (iii) Patiala, (iv) Sri Goindwal Sahib; DJs (v) Barnala; (vi) Mansa; (vii) Sangrur; (viii) Sri Muktsar Sahib Sub-jail: (ix) Pathankot; (x) Open Air jail.

The reply of the Government was not satisfactory, as even during 2020-21 position of supply of clothing and bedding to the jail inmates was very poor and reply in respect of 2021-22 and 2022-23 did not indicate viable solutions to ensure providing the basic facility of bedding and clothing to the convicts at the time of their admission to the jail.

Thus, basic necessities of minimum prescribed bedding and clothing, essential for maintaining hygiene, providing reasonable comfort from extreme weather conditions, and human dignity were denied to many of the convicts.

4.10.2 Non-Providing of Sanitary Pads to Women Inmates

The Government of Punjab, while notifying (October 2015) the clothing scale, prescribed 5-10 sanitary pads monthly as per recommendations of the Medical Officer for each woman up to the age of 50 years.

Audit noticed that in 12 out of 18 test-checked jails wherein women inmates ranging between 839 and 1,271 were housed, a minimum of five sanitary pads per eligible woman inmate were not provided during 2020-2023 except for in DJ Mansa, as exhibited in **Table 4.13** and **Appendix 4.9**.

Table 4.13: Average number of sanitary pads provided per month to eligible women inmates

Sr. No.	Name of Jail	2020-21	2021-22	2022-23
1.	CJ Amritsar	4.82	2.3	3.37
2.	CJ Bathinda	0.09	0.75	0
3.	CJ Faridkot	3.33	3.46	3.43
4.	CJ Ferozepur	0.68	0.25	0.68
5.	CJ Gurdaspur	0	0	0
6.	CJ Hoshiarpur	2.56	2.56	2.56
7.	CJ Kapurthala	0.57	0.55	1.17
8.	CJ Patiala	2.76	4.06	4.51
9.	DJ Mansa	5.42	6.6	5.27
10.	DJ Sangrur	0.59	0.56	0.51
11.	DJ Sri Muktsar Sahib	0	0	0
12.	WJ Ludhiana	0.89	1.86	2.45

Source: Departmental data

Satisfactory position	Unsatisfactory position
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Table 4.13 shows that average supply of sanitary pads per eligible woman inmate were far below the norm in 11 out of 12 test-checked jails. Audit noticed that due to short supply of sanitary pads, female inmates in CJ Amritsar, CJ Faridkot and WJ Ludhiana had to purchase sanitary pads from the jail canteens.

The Government replied (March 2024) that the sanitary pads to the eligible women inmates were being provided on the recommendation of Medical

Officer, instead of providing the number of sanitary pads as provided in the notification. The demand was also supplemented through the pads supplied by different NGOs and additional requirement was being met by purchase from the jail canteen.

The reply of the Government was not satisfactory, as none of the jails maintained any record to substantiate that sanitary pads were being provided on the recommendation of Medical Officers, number of sanitary pads issued per inmate, sanitary pads received in donations, etc. However, short supply of sanitary pads indicated that female inmates across test-checked jails in Punjab (except for DJ Mansa) did not receive even the minimum prescribed sanitary pads during 2020-2023, thereby compromising menstrual hygiene.

4.10.3 Non-Providing of Mechanised Laundry and Boilers

Para 6.58 of MPM 2016 and Rule 27.24 to 27.27 of PPR 2022 prescribe that Prisoners' clothing and bedding shall be systematically washed and boiled every three months, but hospital clothing be cleaned more frequently. The Central and District prisons were to have their own boiler and mechanised laundry for boiling and washing blankets and clothing of newly admitted prisoners and hospital patients.

Audit noticed that mechanised laundry washing machines were not available in nine²⁰ out of 18 test-checked jails. Audit further observed that none of the 18 test-checked jails was provided with the boiler machine (**Appendix 4.10**).

The Government, while acknowledging (March 2024) the audit observation stated that it had provided 17 vertical washing machines in seven jails. It was further stated that as per PPR 2022, matter for providing of boiler in the jails was under consideration. The reply was not satisfactory as nine out of 18 test-checked jails were still to get washing machines and no test-checked jail was provided with boilers even after 21 months of implementation of PPR in June 2022.

4.11 Conclusion

The Jail Administration took six years to adopt framework outlined in the Model Prison Manual, 2016 and notify the Punjab Prison Rules, 2022. Despite recommendations of the Public Accounts Committee, overcrowding in jails persisted. Over 27 per cent physical *peshies* were missed mainly due to non-availability of police escorts leading to extended detention of under trials. Delays in construction of jails and repair of barracks worsened overcrowding and reduced the availability of per capita facilities. Toilet facilities were inadequate in 74 per cent of male and 63 per cent of female barracks leading to

²⁰ CJs: (i) Faridkot; (ii) Gurdaspur; DJs (iii) Mansa; (iv) Sangrur; (v) Sri Muktsar Sahib; Sub-jail: (vi) Pathankot; Women jail: (vii) Ludhiana. Open Air jail: (viii) Nabha; Borstal jail: (ix) Ludhiana.

unhygienic conditions. Health care facilities also exhibited 72 *per cent* shortage of hospital beds and 60 *per cent* shortage of medical staff. This necessitated treatment of 45,497 inmates in Civil Hospitals outside the jail thereby enabling 22 prisoners to escape. While the essential supplements were inconsistently provided, drinking water also did not undergo the prescribed testing in 39 *per cent* of the test-checked jails. Female inmates were deprived of sanitary pads, essential for their menstrual health and dignity. There was persistent shortage of bedding and clothing for convicts, nine jails lacked mechanised laundry machines, and none had boilers for washing clothes.

4.12 Recommendations

For improving prison conditions and management practices, the Jail Administration may:

- *establish a mechanism for promptly adopting improved prison management practices as per PPR, 2022 to enhance the human dignity of prisoners;*
- *prioritise addressing the core issue of overcrowding among jail inmates;*
- *maintain close coordination with the judiciary and Police Department to ensure deployment of police escorts for conducting all scheduled court appearances (peshies) or explore the option of peshies through Video Conferencing;*
- *strengthen the framework for repair, maintenance, and construction of jail infrastructure;*
- *provide adequate toilet facilities and healthcare infrastructure, including sufficient medical staff, to ensure in-house treatment for all ailing prisoners; and*
- *ensure the provision of essential supplements, conduct mandatory testing of drinking water, and improve facilities for bedding and clothing.*

Chapter-V

Functioning of Punjab Labour Welfare Board

Chapter-V

LABOUR DEPARTMENT

Functioning of Punjab Labour Welfare Board

5.1 Introduction

The Government of Punjab (GoP) enacted the Punjab Labour Welfare Fund Act (the Act) in July 1965 with the aim to provide for a Labour Welfare Fund dedicated to finance the activities for the welfare of labour. The provisions¹ of the Act are applicable to (i) a factory; (ii) a motor omnibus service; or (iii) any establishment² which had been employing on any working day during the preceding twelve months more than twenty persons.

The Government of Punjab, as mandated under Section 4 of the Act, constituted³ Punjab Labour Welfare Board (Board) for administering the Labour Welfare Fund and for performing such other functions as are assigned to it under the Act; and notified (April 1966) Punjab Labour Welfare Fund Rules, 1966 (PLWF Rules) in exercise of the powers conferred under Section 27 of the Act.

The Board, under Section 3(2) of the Act, is entrusted with the administration of the Fund. The Fund includes (i) all fines realized from the employees; (ii) unpaid accumulations transferred to the Fund⁴; (iii) grants & subsidies to the Board; (iv) any funds transferred; and (v) contributions received from both, the employees and the employers⁵.

As per Section 10 (1) of the Act, the Fund shall vest in, and be held and applied by, the Board as trustees and utilized by the Board to defray the cost of carrying out measures, which may be specified by the State Government from time to time to promote the welfare of the labour and of their dependents in the area of education, community necessities, sports, recreation, subsidiary occupations for women and unemployed persons, administrative expenses, salaries and allowances and such other objects as would, in the opinion of the State Government improve the standard of living and ameliorate the social conditions of labour. Furthermore, Sections 12 and 27(2)(f) of the Act, in conjunction with

¹ Specified under Section 2(4) of the Act.

² Any establishment, including a society registered under the Societies Registration Act, 1860, and charitable or other trust, which carries on any business or trade, or any work connected therewith or ancillary thereto and has been employing on any working day during the preceding twelve months more than twenty persons.

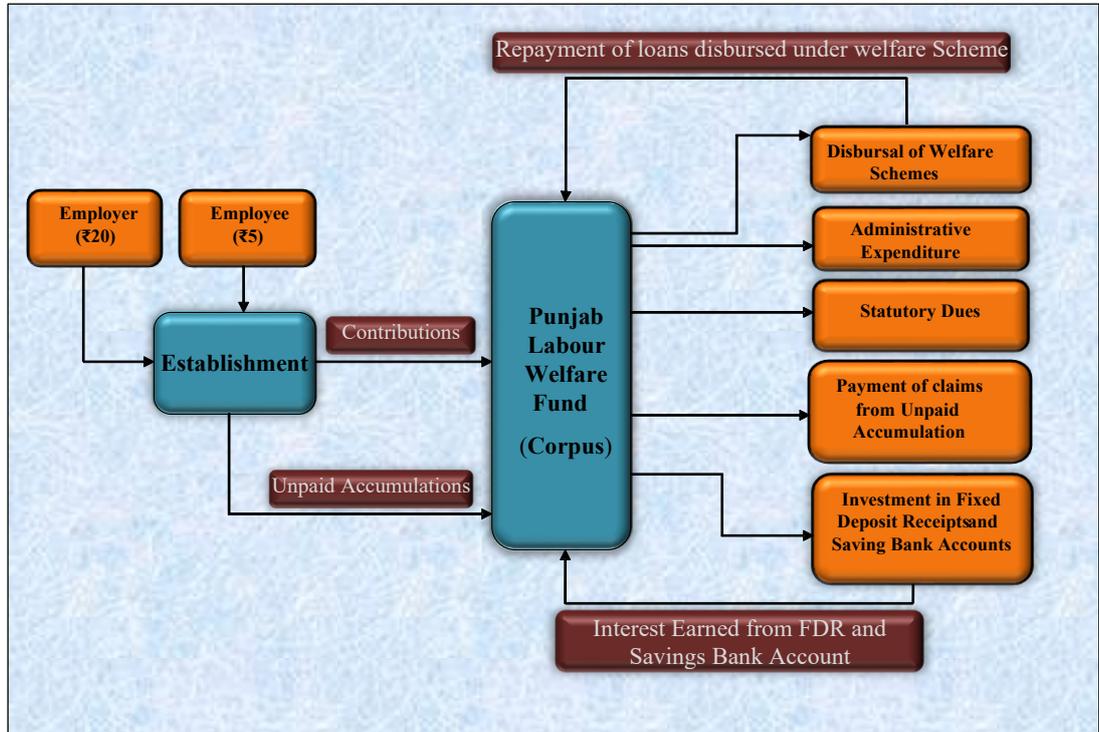
³ The date of constitution of Board was not available, however, the first Board meeting was held in December 1973.

⁴ Section 9 (9) of the Act provides that the unpaid accumulations remaining unclaimed for over four years from the date of first notice, be deemed to be transferred to and become part of the Fund.

⁵ Added to the Fund by inserting sub Section (g) under Section 3(2) in the Act. Moreover, section 9-A was inserted (amended December 2014), stipulating that every employee shall contribute five rupees *per* month, and every employer shall contribute twenty rupees *per* month for each such employee to the Fund. The responsibility for depositing these contributions was assigned to the employer.

Rule 18 of the PLWF Rules, mandate that any portion of the Fund not immediately required for the purposes of the Act shall be invested by the Board in fixed deposits or a Savings Bank Account and the interest earned thereon becomes part of the Fund.

A fund flow chart is exhibited below:

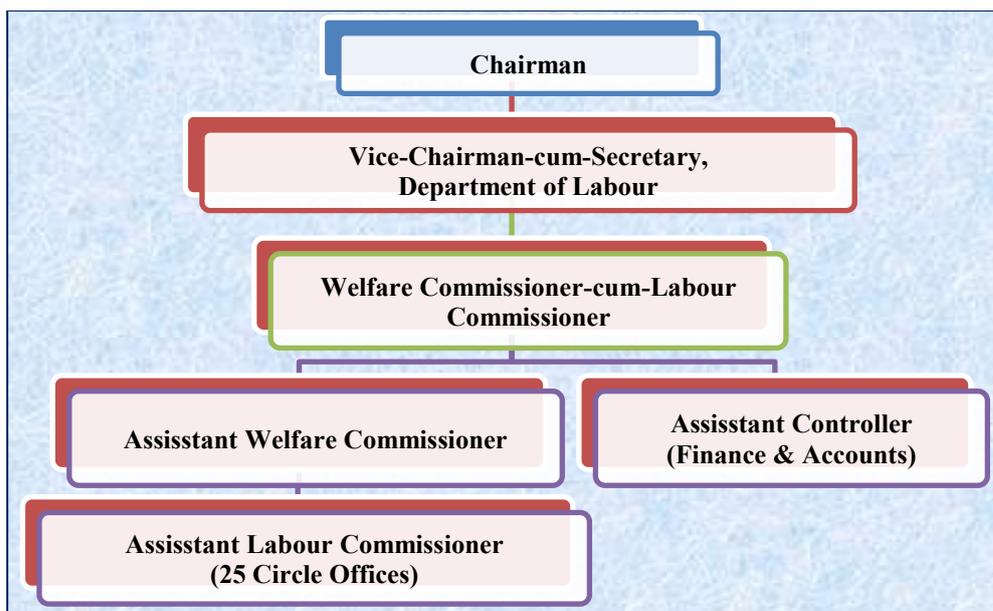


Source: Departmental records

5.2 Organisational Structure

Section 4 of the Act, read with Rule 8 of the PLWF Rules stipulates that the Board shall consist of eighteen members, out of which, six shall be representatives of employers, six of employees and six independent members appointed by the Government. In addition, the Chairman is appointed through a formal notification and the Principal Secretary to the Government of Punjab, Department of Labour (Department) acts as the Vice-Chairman of the Board. As per Section 7 of the Act, the term of office of a member of the Board shall be three years commencing on the date on which his nomination is notified in the official Gazette.

The organisation structure of the Board is as follows:



Source: Departmental records

To oversee the management and operations, the Board has 25 circles spread across Punjab and each circle office is headed by an Assistant Labour Commissioner (ALC) who is assisted by a Labour Inspector. Both were regular staff of the Department of Labour, Government of Punjab, but were performing additional duties in the Board. The Board has appointed Computer Operators to carry out the work of the Board at circle offices.

An entry conference was held on 6 July 2023 with the Board, wherein audit objectives, scope, criteria, audit sample were discussed and an exit conference was held on 16 February 2024 wherein audit findings were discussed.

5.3 Audit Objectives

Audit objective was to assess whether:

- analysis of the beneficiary base was done to evaluate and realize the contributions and steps were taken by the Board to expand the beneficiary base;
- implementation of Welfare Schemes was carried out in accordance with their specific guidelines within a reasonable timeframe, and with a focus on ensuring ease of application for beneficiaries;
- funds were utilized in accordance with the provisions of the Punjab Labour Welfare Fund Act 1965, Punjab Labor Welfare Fund Rules 1966 and Punjab Financial Rules; and
- effective monitoring and internal controls were implemented.

5.4 Audit Scope and Methodology

Audit was conducted between May 2023 and September 2023 by test checking the records for the period from April 2020 to March 2023 of the Welfare Commissioner of the Board and of seven⁶ circle offices selected out of 25 circle offices by Stratified Random Sampling with Proportional Allocation through IDEA⁷. In addition, a beneficiary survey was conducted by selecting 350 beneficiaries from 35 establishments⁸ at the rate of five establishments⁹ from each circle and, 10 beneficiaries from each establishment on judgmental basis.

5.5 Audit Criteria

The audit criteria were mainly derived from the following sources:

- Provisions of the Punjab Labour Welfare Act 1965 and Punjab Labour Welfare Fund Rules 1966;
- Punjab Financial Rules;
- Terms and conditions of the various Welfare Schemes;
- Agenda and minutes of meetings of the Board; and
- Instructions/guidelines of the State/Central Government and Circulars.

Audit Findings

Audit observed governance deficiencies within the Board, particularly in managing the beneficiary base and the Welfare Fund, assessing and collecting unpaid accumulations, overseeing employees' and employers' contributions, implementing Welfare Schemes, establishing monitoring mechanisms, and digitizing operational functions, as detailed in the subsequent paragraphs.

5.6 Lack of Awareness

Information, Education and Communication (IEC) activities are crucial for successful implementation of the Labour Welfare Schemes, which includes, *inter alia*, raising awareness, to ensure that information reaches all eligible beneficiaries, educates them about their entitlements so that all can have equal access to Welfare Schemes. The Board in its 53rd meeting discussed (June 2020) that various schemes were being run by the Board but due to lack of publicity, the workers were not fully aware of these schemes. Thereafter, the Board decided to conduct IEC activities and the Assistant Welfare Commissioner (AWC) of the Board was entrusted with the responsibility of preparing a

⁶ (i) Ferozpur; (ii) Hoshiarpur; (iii) Jalandhar-3; (iv) Ludhiana-4; (v) Moga; (vi) Patiala; and (vii) Sangrur.

⁷ Interactive Data Extraction and Analysis Software

⁸ The term 'establishments' refers to entities as defined under Section 2(4) of the Act.

⁹ Four contributing establishments and one defaulter establishment.

detailed road map to carry out the publicity activities in circle offices of the Board with the help of an agency empaneled by the Department of Information and Public Relations (DIPR).

5.6.1 Non-conducting of IEC Activities

Audit observed (September 2023) that despite passing the resolution and having an approved budget of ₹ 7.00 lakh¹⁰ during 2020-2023, the Board did not incur any expenditure on IEC activities due to non-finalisation of the detailed road-map by AWC.

During beneficiary survey of 350 workers conducted in 35 establishments registered with the Board, the shortcomings noticed in the awareness of Welfare Schemes among establishments and workers were as under:

- As many as 36 *per cent* of the workers (126 workers) and 11 *per cent* of the establishments (three of the 28 contributing establishments) were not aware of the Welfare Schemes of the Board;
- 45 *per cent* of workers (158 workers) came to know about the Welfare Schemes through their establishments or any other sources; and
- Only 19 *per cent* of the workers (66 workers) came to know about the Welfare Schemes through the Board.

The Board replied (February 2024 and November 2024) that pamphlets exhibiting information on Welfare Schemes in Hindi and Punjabi languages had been circulated to the factories and circle offices through e-mails. The ALCs of all circles were instructed (February 2023) to organize seminars aimed at enhancing outreach and awareness. Accordingly, the field offices conducted (September 2024) seminars and informational pamphlets were distributed to the establishments for displaying at prominent locations. The Board further stated that the development and implementation of audio/video materials was delayed due to COVID-19. However, it assured that this issue will be addressed in the upcoming Board meeting for appropriate action.

The Government reiterated (September 2024) that direction to display details of the Welfare Schemes at prominent places had been issued and the Department was also arranging seminars in circles to create awareness among the workers. The progress was being monitored weekly.

The reply of the Board was not satisfactory as a significant number of workers remained unaware of Welfare Scheme benefits due to inaction on the part of the Board for not developing any audio/video material in consultation with DIPR for about four years and despite having budget provisions.

¹⁰ 2020-21: ₹ 3.00 lakh, 2021-22: ₹ 2.00 lakh and 2022-23: ₹ 2.00 lakh.

5.6.2 Disparity in Distribution of Welfare Benefits Relative to Contributions and Number of Workers

During 2022-23, in the test-checked circle offices, benefits under the Welfare Schemes were extended to 1636 applicants (0.23 per cent of 7.16 lakh contributing workers) working in 83 establishments. The circle-wise receipt of contributions and distribution of benefits is exhibited in **Table 5.1**.

Table 5.1: Receipt of contribution and distribution of benefits under welfare schemes during 2022-23

(Amount in ₹)

Name of Circle	Benefits distributed			Distribution of benefits (in per cent)	Contributions received			Receipt of contributions (in per cent)
	Establi- shments	Workers	Amount		Establi- shments	Workers*	Amount	
Hoshiarpur	12	562	1,05,58,000	28.43	243	30,724	46,87,600	16.42
Patiala	13	145	48,77,000	13.13	425	30,222	47,45,775	16.63
Sangrur	26	823	1,53,26,172	41.26	395	39,738	61,26,600	21.47
Ludhiana-4	17	75	43,03,000	11.59	889	64,411	1,02,44,775	35.90
Moga	7	13	8,44,000	2.27	125	8,521	13,44,900	4.71
Jalandhar-3	7	16	9,33,000	2.51	98	7,746	11,97,900	4.20
Ferozepur	1	2	3,00,000	0.81	32	1,101	1,91,775	0.67
Total	83	1,636	3,71,41,172	100.00	2,207	1,82,463	2,85,39,325	100.00

Source: Departmental data

* Minimum contribution paid during the year has been considered to work out the number of workers.

Audit analysis of the beneficiaries who received the benefits of welfare schemes during 2022-23 in the test-checked circle offices disclosed inconsistencies between contribution received and benefits availed under Welfare Schemes both circle-wise and establishment-wise, as detailed under:

- Of 1636 beneficiaries, 1,385 (84.66 per cent) were from two circles only i.e., Sangrur (50.31 per cent) and Hoshiarpur (34.35 per cent). Audit noticed concentration of benefits in two circles only (Sangrur and Hoshiarpur), which constituted 69.69 per cent of the total benefits to 45.78 per cent establishments (38 out of 83 establishments). On the other hand, the remaining 30.31 per cent of the benefits were availed by the remaining 45 establishments (54.22 per cent) as detailed in the table above.
- Despite registration of majority of establishments/ workers with Ludhiana-4 circle office and contributing 35.90 per cent of the total contribution to the Fund, the financial assistance of 11.59 per cent was extended to only 4.58 per cent of the beneficiaries.
- Contrary to this, the establishments registered with Sangrur circle office despite contributing only 21.47 per cent to the Fund, availed the highest i.e., 41.26 per cent of the total financial assistance under various Welfare Schemes.

Audit further observed that out of the 83 establishments, 62.80 *per cent* (₹ 2.33 crore) of the total benefits distributed under various Welfare Schemes, among test-checked circle offices, were availed by the workers of 10 establishments only.

The Government replied (September 2024) that the Board had been continuously making efforts to increase IEC activities to create awareness amongst the workers so that the benefits could be given to maximum number of workers. Further, with regard to uneven percolation of benefits of Welfare Schemes across circles, Government attributed (September 2024) this disparity to higher number of employees in Sangrur and Hoshiarpur circles. The reply was not satisfactory as Ludhiana-4 circle had a significantly higher number of workers and contribution than Sangrur and Hoshiarpur circles.

However, with regard to percolation of benefits to top 10 establishments, the Government again attributed it to more employees in those establishments. Whereas, factually there were only 9.31 *per cent* workers in these 10 establishments who contributed only 8.94 *per cent* of the contribution but availed 62.80 *per cent* of the benefits.

Thus, the analysis *ibid*, clearly highlights lopsided IEC activities conducted by the Board which not only resulted in an uneven awareness of Welfare Schemes as indicated by the accessibility and concentration of benefits within limited circles, but also showed a skewed distribution within those circles to limited establishments.

5.7 Deficient Control over Contribution and Registration of Establishments

(i) Lack of effective monitoring mechanisms for contributions to the Welfare Fund

Under Section 9-A of the Act, the eligible establishments¹¹ are required to contribute¹² to the Fund. Employers are required to pay both, their own contributions and their employees' contributions by October 15 for the April-September period and by April 15 for the October-March period annually. Defaults occur when registered establishments miss these deadlines, affecting compliance and the Fund's financial health.

As per the information provided by the Government, there was no provision for the formal registration of establishments with the Board. However, the contributing and the defaulting establishments in the Board's data-sets were categorized as registered.

¹¹ Defined in Section 2(4) of the Punjab Labour Welfare Fund Act, 1965.

¹² Government of Punjab revised (December 2014) the rate of contribution as "five rupees" for employees and "twenty rupees" for employers per employee per month.

As of 31 March 2023, the Board had 15,707 registered establishments (excluding 140 duplicate establishments¹³), comprising 8,004 contributing and 7,843 defaulting establishments. The details thereof are exhibited in **Table 5.2(a)**.

Table 5.2(a): Details of registered establishments of the Punjab Labour Welfare Board during 2020-2023

Year	Contributing Establishments	Defaulting Establishments	Duplicate Establishments	Establishments excluding duplicate
1	2	3	4	5 (2+3-4)
2020-21	8,891	7,209	16	16,084
2021-22	8,876	7,336	70	16,142
2022-23	8,004	7,843	140	15,707

Source: Departmental data

As can be seen from **Table 5.2(a)**, contributing establishments constantly decreased and conversely defaulting establishments exhibited an increasing trend during 2021-2023.

Further, the year-wise status of establishments that discontinued contributing to the Fund during the succeeding year are detailed in **Table 5.2(b)**.

Table 5.2(b): Details of establishments discontinued contribution and added during 2021-2023

Year	Contributing establishments from previous year	Establishments discontinued contribution during the year	Establishments added to contribute during the year	Net contributing establishments during the year
2021-22	8,891	1,624	1,609	8,876
2022-23	8,876	2,189	1,317	8,004

Source: Departmental data

Throughout these years, the number of defaulting establishments consistently exceeded the number of new contributing establishments.

The Act or PLWF Rules did not have provisions deterrent to prevent establishments from defaulting. As such, the Board lacked the authority to enforce regular contributions to the Fund and could not effectively control establishments to prevent default.

The Board stated (February 2024) that instructions had been issued (between October 2023 and February 2024) to circle offices to pursue defaulting establishments, and assured the implementation of a digital mechanism to monitor defaulting and eligible establishments for contribution to the Fund. Strengthening the Board’s response, the Government intimated (September 2024) that a dashboard had been developed and would be utilised for effective

¹³ ‘Duplicate establishments’ refer to such establishments that appear in both the datasets provided by the Board i.e., of contributing establishments and the defaulting establishments during a year.

monitoring and appropriate action. It was also highlighted that the operations of many establishments were severely impacted by the COVID-19 pandemic, resulting in delays in depositing Fund contributions. Moreover, the report of the Committee consisting of three members i.e., Deputy Director of Factories, Assistant Welfare Commissioner and Legal Assistant appointed (January 2023) to amend Act/Rules also suggested (May 2023) some deterrent provisions to stop establishments from defaulting. The Board also assured (November 2024) to bring out a policy for taking deterrent measures.

Even though a list of defaulting establishments was being generated through the dashboard developed by the Board, the mechanism to ensure regular contributions to the Fund by the defaulting establishments was yet to be put in place (as of November 2024). Further, the deterrent measures to stop establishments from defaulting as suggested by the Committee were yet to be implemented (June 2025).

(ii) *Lack of oversight on registration of Establishments*

As per the Section 2 (4) of the Act, all establishments i.e., (i) a factory; (ii) a motor omnibus service; or (iii) any establishment, including a society registered under the Societies Registration Act, 1860, and charitable or other trust, which carries on any business or trade or any work connected therewith or ancillary thereto and has been employing on any working day during the preceding twelve months, more than twenty persons, comes under the purview of the Board and contributes to the Fund.

For establishments with 20 or more employees, registration with Employees' Provident Funds Organisation (EPFO) was a legal requirement under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Considering the similar eligibility criteria for an establishment to come under the purview of the Board, 5,649 establishments¹⁴ covered by EPFO in five districts¹⁵ (September 2023) as of 31 March 2023, were compared with the 8,234 establishments contributing/defaulting across the same five districts in PLWF. Audit analysis of both the equalised datasets showed only 504 common establishments (nine *per cent*). Consequently, 5,145 eligible establishments in these five districts remained outside the Board's purview.

This is indicative of the fact that the Board had no mechanism to bring the eligible establishments within the purview of the Board. Addressing this issue is crucial for the Board to expand its coverage and ensure that more workers

¹⁴ To clean and equalize the data, the establishments registered at Chandigarh and closed establishments were excluded to arrive at 5,649 establishments.

¹⁵ The districts *viz.* i) Fatehgarh Sahib; ii) Ludhiana; iii) Patiala; iv) Rupnagar; and v) SAS Nagar falling under Chandigarh Region of the EPFO were considered for analysis.

can benefit from its Welfare Schemes. Further, the Board also did not have a system to issue unique identification numbers to the workers.

The Board, while admitting the audit observation, stated (February 2024) that circle offices have been instructed to consider the establishments registered with the EPFO to broaden the beneficiary base and proposed to generate unique identification number of each applicant in the portal. The Government while asserting (September 2024) that registration was a continuous process and the Board continuously strives to broaden the base to maximize benefit of welfare schemes to more workers, intimated that the Department of Labour was issuing notices after obtaining list from EPFO.

The Government further intimated (September 2024) that the Aadhar Number of the workers of registered establishments were treated as the Unique Identification Number (UIN). However, audit noticed that, only the Aadhar number of beneficiaries of welfare schemes was verified through the e-Labour portal, and the Aadhar details of every contributing worker remained uncaptured in the dashboard. Consequently, the introduction of individual worker identification through UIN was yet to be effectively implemented.

However, final action regarding covering all the establishments was still awaited (November 2024).

5.8 Governance and Accountability

Governance and accountability are foundational pillars of effective administration, essential for the efficient delivery of public services and achieving collective societal objectives.

5.8.1 Shortfall in Conducting Meetings and Abnormal Delay in Reconstitution of Dissolved Board

(i) Rule 10 of the PLWF Rules provides that the Board shall meet at least once every quarter and as often as may be necessary to transact its business. As per Section 7 (1) of the Act, the term of office of a member of the Board shall be three years commencing from the date on which member's nomination is notified in the official Gazette.

Audit noticed (July 2023) that the Board conducted only two meetings¹⁶ against the prescribed at least 11 meetings between 1 April 2020 to 31 March 2023 as the Board was dissolved on completion of three years' term in December 2022. This led to a shortfall of nine meetings (82 *per cent*).

The Board stated (February 2024) that the meetings for the period 2020 to 2022 were conducted as per convenience of the Chairman and members and prevailing of COVID scenario. The Board further assured that once the Board

¹⁶ 53rd meeting on 10 June 2020 and 54th meeting on 30 November 2022.

is formed, it would make every effort to hold Board meetings in accordance with the PLWF rules.

The reply of the Board was not satisfactory, as the Board did not comply with the PLWF Rules which were essential for proper governance. Though during this period COVID pandemic restricted physical meetings, online meetings were also not resorted to. Even in the immediate previous period of three years i.e., April 2017 to March 2020, when there were no COVID restrictions, the Board followed the same trend and convened only two meetings¹⁷ against the requirement of 12 meetings.

The Government stated (September 2024) that the Board was reconstituted in March 2024. However, due to the Code of Conduct for the Lok Sabha elections in effect from 16 March 2024 to 6 June 2024, no meetings could be held. It was added that the absence of Board meetings had not impacted the operations adversely, as the Welfare Commissioner, Punjab was authorised to approve the schemes and disburse the funds.

(ii) Audit further observed that the process for reconstitution of the Board was initiated in June 2022 i.e., six months prior to completion of the existing Board tenure but it took 21 months¹⁸ till March 2024 for reconstitution of the Board. No Board meeting was convened as the Board so constituted lacked the prescribed 18 members for want of appointment of six representative members of employers. As such, due to non-existence of the complete Board and non-convening of meeting, the agenda items as detailed below remained unaddressed for longer than necessary. These included items which were discussed in the Board's last meeting of 30 November 2022 and were pending finalisation:

- Revision of maps of Model Welfare Centre, SAS Nagar (MWC) for approval of GMADA to recover pending rent from the occupiers (BOCW Board and Department of Labour) of this MWC constructed by PLWB using its own funds.
- Formation of Committee of Officers from the Department of Labour for revision in provisions of the Act/Rules and for restructuring of staff¹⁹ along with revision in service bye-laws with a timeline of three months to submit its report.

The Government, while agreeing to the pending issues, assured (September 2024) that Action Taken Report on these agenda items would be placed in the next Board meeting to address the issues mentioned, *ibid*.

¹⁷ 51st meeting on 2 July 2018 and 52nd meeting on 26 February 2019.

¹⁸ The Department asked the Board to resubmit the nominations for each nominee in March 2023 and Board resubmitted it in August 2023.

¹⁹ A three-member Committee was constituted on 18 January 2023 for restructuring of the staff and revision of service byelaws with a timeline of three months to submit its report, which was reconstituted on 26 May 2023 but report of the Committee was still awaited (August 2024).

The trend of not convening even a single meeting in a quarter reflects lack of commitment by the Board to ensure effective governance through regular business transactions. The absence of regular meetings impacted the Board's performance and accountability, as detailed in the succeeding paragraphs.

5.8.2 Infructuous Inspections and Significant Shortage of Inspections

Section 15 of the Act, read with Rule 19 of PLWF Rules, provides that the Labour Welfare Inspector may enter at any premises for carrying out the purposes of this Act *viz.* to inspect records in connection with the sums payable into the Fund and shall have the power to require any employer to produce any document required for his inspection. Further, the Labour Inspectors were also entrusted with the responsibility of verifying the credentials of applications under Welfare Schemes and inspecting compliance with the Act at registered establishments.

Audit observed (June 2024) that though there was only one sanctioned post of Labour Welfare Inspector in the Board, yet it remained vacant during the period covered under audit (2020-23). It was further observed that Labour Inspectors of the Department of Labour, while working for PLWB in addition to their own duties in the Department had conducted 2,099 inspections²⁰, of which 1,053 inspections conducted in 2022-23 was the highest number of inspections among three years covered under audit. Given the current capacity and inspection rate, the Board would require approximately 15 years to complete a single inspection cycle for all 15,707 registered establishments, thereby defeating the very purpose of inspections.

Scrutiny of the Inspection Reports submitted by the Labour Inspectors showed that nothing about the name of the establishment inspected, sums payable into the Fund, default by the establishment in paying contribution, unpaid accumulation not deposited by the establishment, the documents inspected to verify the compliance of Punjab Labour Welfare Fund Act, 1965 was mentioned. Only the figures of amounts received at the beginning of the month, during the month and its total were shown in the Inspection Report, which, on their own, did not provide any useful information to the Board. Audit further noticed that contents of Inspection Reports were never discussed in any Board meeting.

The Government assured (September 2024) to get the inspections conducted timely through e-Labour portal using a revised proforma and reviewed by both – the Department of Labour and the Director of Factories, Punjab. Further, the Board added (November 2024) that the new proforma had been finalised and inspections were being carried out in new proforma.

²⁰ 250 inspections in 2020-21, 796 in 2021-22 and 1,053 in 2022-23.

Audit observed that the new proforma captures only the details of the contribution deposited along with the corresponding date. However, details of workers and unpaid accumulations remained unreported. Further, the reasonable time-frame in which all the establishments would be inspected was also not intimated to Audit.

5.9 Human Resources

(i) Shortage of Staff

Section 17 of the Act empowers the Board to appoint the necessary clerical and executive staff financed from the Fund to carry out and supervise the activities.

Audit noticed (August 2023) that against the sanctioned strength of 52²¹ officers/officials in the Board, the men in position as of September 2024 were only 38, thereby having a shortage of 14 officers/officials (27 per cent). The post-wise sanctioned strength and the men in position (September 2024) has been shown in **Table 5.3**.

Table 5.3: Men-in-position viz-a-viz shortage of staff in the Board

Posts	Source of staff	Sanctioned posts	Men-in-position
Assistant Welfare Commissioner	Additional charge to the officers from Department of Labour	1	1
Assistant Controller (F&A)		1	1
Accountant-cum-cashier		1	1
Superintendent		1	1
Labour Welfare Inspector	Regular staff of the Board	1	0
Senior Assistant		4	0
Stenographer		1	0
Junior Assistant/Clerks		10	4
Account Assistant	Outsourced staff of the Board	1	0
Assistant		1	1
Computer Operators		30	29
Total		52	38

Source: Departmental data

As is evident from **Table 5.3**, all the key posts at Head Office, such as Assistant Welfare Commissioner, Assistant Controller (Finance & Accounts), Accountant-cum-Cashier, Superintendent were held by the regular staff of Department of Labour on an additional charge basis. Besides the post of Labour Welfare Inspector was vacant.

In the absence of sanctioned posts of Assistant Labour Commissioner and Labour Welfare Inspector in the circle offices, these were manned by the officers of the Department of Labour on an additional charge basis. These

²¹ Excluding posts of Daftri-cum-machineman (1); Driver (1); Mali-cum-chowkidar (1); and Peon (3).

officers were conducting primary scrutiny of applications received under Welfare Schemes run by the Board, in addition to performing their regular functions mandated by the Department of Labour.

The Board stated (February 2024) that the matter for recruitment of 53 Inspectors in the Department had already been taken up with the Subordinate Service Selection Board and an advertisement in this regard had been issued. It was added (August 2024) that the Board had resolved in April 1974, not to recruit its independent staff due to paucity of funds. Rather it had been decided to incentivise the Labour Inspectors of the Department of Labour already notified to work as Inspector under PLWF Act.

Audit is of the view that the Board's decision made 50 years ago may no longer be fully aligned with the current context, especially considering the unspent balance of ₹ 94.71 crore as of 31 March 2023. Moreover, the Board had itself felt the need and constituted a Committee in January 2023 for restructuring of its staff.

The Government stated (September 2024) that 72 per cent strength of the Board including outsourced staff is normal for the Government Departments. But at the same time, it assured to consider appointment of regular staff after receipt of report of the Committee appointed for updating the service bye-laws.

This shortage of regular staff coupled with non-availability of Labour Inspectors led to delay/non-processing of applications for extending the benefits of welfare schemes to eligible workers, as discussed in **Paragraph 5.11.1**.

Further, the shortage also resulted in non-finalisation of annual accounts and non-maintenance of Board's cashbook with ancillary records on a day-to-day basis as discussed in **Paragraph 5.13 and 5.14**.

(ii) Non-restructuring of the staff and revision of service byelaws

The Board recognised (November 2022) that over time, the role and requirements of the Board have evolved, necessitating changes in its structure. Maintaining operations and infrastructure in today's digital age requires specialized skills from the commerce and information technology sectors.

Accordingly, a three-member Committee of the officers of Department of Labour was constituted in January 2023 for restructuring of the staff and revision of service bye-laws with a timeline of three months to submit its report. There was no Board in existence to monitor the progress of the Committee. As such, without submission of any report by the Committee, it was reconstituted on 26 May 2023. However, despite the passage of 22 months since the formation of the initial Committee, its report was still awaited (November 2024). It was also observed that despite requirement of specialized skills, the Board

had not conducted any training nor developed any programs with a view to build required capacity of the existing staff.

The Government assured (September 2024) that upon receiving the Committee's report, necessary steps would be taken to implement the recommendations of the Committee and recruitment of permanent staff in the Board.

The significant shortage of staff in important posts coupled with absence of capacity building programs hampered the Board's ability to discharge its duties efficiently which adversely affected the Board's performance.

5.10 Management of Unpaid Accumulations

The Board, under Section 3(2) of the Act, is entrusted with the administration of the Fund. Rule 4 of the PLWF Rules mandates the Welfare Commissioner to issue notice to employers, to pay portion of fines realized from the employees or unpaid accumulations²² that have not been paid. The employer must comply with this notice within 14 days of its receipt. Every employer, as mandated under Rule 22 of PLWF Rules, must maintain: (a) a register of wages in Form-A; and (b) a consolidated register of unclaimed wages/fines in Form-B. Employers are required to send an extract from the register in Form-B for the previous year to the Welfare Commissioner by 31st January each year.

As required under Section 9(3) of the Act, after receipt of unpaid accumulations, the Board shall invite employees' claims by:

- a) posting a notice at the establishment;
- b) publishing in the Official Gazette and in two widely circulated newspapers in State's regional languages; and
- c) repeat the publishing in June and December every year for three years from the date of receipt of unpaid accumulations.

As per Section 9(5) of the Act, if a claim by the workers for any payment due to them is received whether in answer to the notice or otherwise within a period of four years from the date of first publication of the notice in respect of such claim,

- a) where the amount of claim so received is equal to the amount deposited by the Management with the Board, the amount of the claim shall be paid by the Board to the employee concerned; and
- b) in any other case, the Board shall transfer such claim to the Authority appointed under section 15 of the payment of Wages Act, 1936, having jurisdiction in the area in which the establishment is or has been situated

²² "Unpaid Accumulations" means all payments due to the employees but not made to them within a period of the commencement of this Act, including the wages, bonus and gratuity legally payable.

and the Authority shall proceed to adjudicate upon and decide, such claim.

If no claim is made within the specified time or if a claim is refused and upheld on appeal, such unpaid accumulations are transferred to the State as *bona vacantia* as stipulated in Section 9 (9) of the Act and become part of the Fund.

Audit noticed (June 2024) that:

- The Board had no system in place to ensure the submission of Form-B by the establishments. Even the Labour Inspectors had not mentioned anything about Form-B in their Inspection reports as discussed in **Paragraph 5.8.2**. Moreover, between 2020 and 2023, none of the 15,707 establishments submitted Form-B. In the absence of Form-B, the Board could not determine the amount of unpaid accumulations lying with the establishments. However, it had received ₹ 1.11 crore²³ through offline/online mode. Of this, ₹ 81.78 lakh was received via cheques (offline), but no worker-wise details were provided. While contributing via online mode, the establishments attached lists of workers showing unpaid accumulations aggregating to ₹ 145.95 lakh. Detailed analysis disclosed that by eliminating duplicate entries from the list of the workers, actual unpaid accumulations worked out to ₹ 62.45 lakh only, of which only ₹ 28.96 lakh was deposited in the Boards' account by the establishments, thereby leaving a balance of ₹ 33.49 lakh un-deposited. Further, the Board had not reconciled the online receipts of unpaid accumulations with the Bank, as discussed in **Paragraph 5.14**.
- The Board did not even maintain (September 2023) establishment-wise and worker-wise ledgers of unpaid accumulations received, which necessitated the Board to rely on external sources i.e., on the establishments' self-certification and the data with National Informatics Centre (NIC) while processing the claims; thus, increasing the risk of undetected incorrect payments.
- Since no ledgers were maintained, the Board, was also not in a position to circulate notices to invite claims of unpaid accumulations as required under Section 9 (3) of the Punjab Labour Welfare Fund Act, 1965. This lack of action resulted in very low receipt of claims of only 0.29 *per cent* (₹ 32,560) of the total receipts from workers.
- The Board was not even aware of the fact that unpaid accumulations not claimed within four years from the first notice will become part of the Welfare Fund. As a result, according to the trial balance for 2019-20, ₹ 1.83 crore of unpaid accumulations remained un-transferred to the Welfare Fund.

²³ Offline mode through cheques: ₹ 81.78 lakh (₹ 48.25 lakh in 2020-21, ₹ 6.16 lakh in 2021-22 and ₹ 27.37 lakh in 2022-23); and Online through portal: ₹ 28.96 lakh (₹ 2.54 lakh in 2020-21, ₹ 20.84 lakh in 2021-22, and ₹ 5.58 lakh in 2022-23).

The Board acknowledged (September 2023) its lack of knowledge about Form-B, while the Government confirmed (September 2024) the creation of a dashboard on the e-Labour portal and assured compliance with the Act/Rules, including maintaining of ledgers. Regarding claims, the Board promised (November 2024) to publish newspaper advertisements and the Government assured refunding of unclaimed accumulations after verifying deposit of unclaimed accumulations with the bank statements. Both the Government and the Board agreed to transfer unclaimed amounts to the Welfare Fund after reconciliation.

The reply did not address the issue of non-receipt of requisite Form-B required to determine the actual amounts of unpaid accumulations lying with the establishments. Non-circulation of unpaid accumulations through advertisement deprived the workers of claiming their unpaid dues. The non-transfer of lapsed/unclaimed 'unpaid accumulations' to the Fund resulted in understatement of the Board's income and an overstatement of its liabilities.

5.11 Implementation of Welfare Schemes

Section 10 of the Act provided that the moneys in the Labour Welfare Fund shall be utilized by the Board to defray the cost of carrying out measures, which may be specified by the State Government from time to time to promote the welfare of labour and of their dependents. In this effort, the Board was implementing 10 schemes for the welfare of the workers of the registered establishments offering financial benefits ranging from ₹ 800 to ₹ 2.00 lakh to be met from the Welfare Fund.

To avail benefits of the Welfare Schemes, the applications of workers are forwarded by the concerned registered establishments to the Board. Applications are scrutinised by the Labour Inspector and the Assistant Labour Commissioner at circle office and by Assistant Welfare Commissioner at HQs level. Upon meeting all the requirements of the schemes and approval of the Labour Welfare Commissioner, the amount admissible under the Welfare Scheme is transferred into the bank account of beneficiary.

Prior to digitization in August 2019 and receiving applications online, applications for availing benefits under the Welfare Schemes were received offline by the Board.

Audit noticed (June 2024) that during 2020-23, against 21,479 applications²⁴, benefit of welfare schemes valuing ₹ 26.69 crore were extended to 10,238²⁵ eligible beneficiaries.

²⁴ 5,039 offline applications, 317 pending online applications (as of 1 April 2020) and 16,123 new online applications.

²⁵ 5,039 offline applications and 5,199 online applications.

Of these 10,238 applications, 5,039 applications were received through offline mode (prior to April 2020) and 5,199 applications were received online through e-Labour portal. Of this, benefits amounting to ₹ 10.20 crore were provided to 4,417 beneficiaries in the test-checked circle offices. The details thereof are shown in **Table 5.4**.

Table 5.4: Statement showing applications received (online & offline) and benefits provided thereagainst under welfare schemes during 2020-23

(Amount in ₹)

Name of the Scheme	Online applications received	Benefits provided		Benefits extended	Percentage to total
		Online	Offline		
Ex-Gratia	357	125	72	3,11,70,000	30.57
Shagun	250	59	87	45,26,000	4.44
Stipend	5,509	2,024	2,010	6,54,37,000	64.17
Funeral	91	25	0	5,00,000	0.49
General Surgery & Dangerous Disease	45	2	4	2,34,504	0.23
Maternity	34	0	0	0	0.00
Spectacles, Dental and Hearing aids	18	1	1	1,600	0.00
Mentally ill or disabled children	7	5	0	1,00,000	0.10
LTC	48	2	0	4,000	0.00
Loan	69	0	0	0	0.00
Total	6,428	2,243	2,174	₹ 10,19,73,104	100.00

Source: Departmental data

As is evident from **Table 5.4**, during 2020-23 in the test-checked circles:

- the Board was able to process only 34.89 per cent of online applications for payment of financial assistance;
- under two schemes viz. interest-free loan scheme and maternity scheme no benefit was provided to the applicants. Reasons thereof are discussed in **Paragraphs 5.11.2 and 5.11.3**;
- under four schemes namely - i) General Surgery & Dangerous diseases, ii) Spectacles, Dental and Hearing aids, iii) Mental illness or disabled children and iv) LTC Scheme, benefits of ₹ 3.40 lakh (0.33 per cent) were provided to only 15 beneficiaries; and
- as regards the remaining four schemes, major payments of ₹ 6.54 crore (64 per cent) were made to 4,034 beneficiaries under Stipend scheme, followed by ₹ 3.12 crore (31 per cent) disbursed to 197 beneficiaries under Ex-gratia scheme, ₹ 0.45 crore (4 per cent) were disbursed to 146 beneficiaries under Shagun scheme and ₹ 0.05 crore (0.5 per cent) were disbursed to 25 applicants under Funeral scheme.

The observations noticed by the audit while examining all the 4,417 applications wherein benefits were provided to the workers during 2020-23 under different Welfare Schemes are discussed in the succeeding paragraphs.

5.11.1 Inordinate Delay in Processing of Applications

The Board received applications from workers under various Welfare Schemes through online/offline mode. As the Board did not set any specific time limit for processing the applications, there had been laxity in disbursing financial assistance to the applicants.

Audit noticed (September 2023) that financial assistance of ₹ 10.20 crore was extended to 4,417 applicants in the test-checked circles during 2020-2023. Further scrutiny of 4,417 applications²⁶ revealed that only 52 applications were processed within 180 days²⁷ for payment and in the remaining 4,346 applications (98.39 per cent), financial assistance was delayed ranging between five and 1,199 days beyond 180 days. These delayed applications also include the applicants seeking relief under Funeral/Cremation Scheme (25 applications) and General Surgery Scheme– treatment of dangerous disease schemes (two applications). The significantly low number of applicants benefitting from Welfare Schemes and the extensive delays in processing was attributable to the following factors:

- Applications requiring clarifications or additional documentation were often returned to the applicants. Despite having captured mobile numbers and subscribing to SMS services, the Board did not utilise these and applicants remained uninformed till getting information from other sources, which led to delay in processing of applications.
- Applications were found to have been submitted for the same benefit/scheme more than once without closure of existing application. Audit observed that due to inability of e-Labour portal to restrict the applicants from applying for the same scheme till the closure of existing application to which a unique reference was allotted, more than one application was received for the same benefit from the same applicant. Addressing this issue could have reduced the staff's burden of processing the applications afresh and the number of pending applications.
- In the absence of sanctioned posts of Labour Welfare Inspectors in the circle offices, who were primary in the hierarchy to process the

²⁶ Includes 19 cases for which record was not provided to audit.

²⁷ Referring to the judgment of the Hon'ble Supreme Court in the case of 'The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 2006' (CWP no. 318 of 2006), wherein the Hon'ble Court ordered that the benefits under the BOCW Act have to be extended to the beneficiaries preferably within six months. Punjab Labor Welfare Board is sister concern under Department of Labour, GoP like BOCW and runs similar schemes for the welfare of labour.

applications, the Board was relying upon the pre-occupied²⁸ Labour Inspectors of the Department of Labour which led to inevitable processing delays. Moreover, other key posts in the hierarchy, such as Assistant Labour Commissioner, Superintendent, Assistant Welfare Commissioner and Assistant Controller (Finance & Accounts) were also manned by Department of Labour on additional charge. The Board had not fixed processing timelines for each level in the hierarchy, thereby resulting in processing delays dependent on convenience of individual officer rather than on standardized efficiency.

The Government stated (September 2024) that the delay during processing included the time taken by the applicant to address observations. Field officers have been instructed to resolve pending applications within one month, and a dashboard has been created to monitor processing delays at the HQ level. Additionally, the NIC has now developed a portal feature that allows applicants to check the status of their welfare scheme applications using their mobile number or Aadhaar number.

The Board stated (November 2024) to have taken corrective action such as SMS services, dashboard for monitoring of pending applications at HQ as well as field level, provision on the portal for applicant to monitor his application status, edit option for the applicant to remove objections and issued directions for fixing time limit of one month at field level. However, the timelines for processing of applications at different levels of HQs office were yet to be fixed and appointment of regular staff and Board's own Labour Welfare Inspectors were also pending. The Board also stated that agenda to fix the timelines for processing of applications will be placed in the next Board meeting.

5.11.2 Inefficient Implementation Leading to Denial of Loan Benefits and Non-maintenance of Ledgers

As per the provisions of the Loan scheme, interest-free loans ranging from ₹ 1,000 to ₹ 50,000 were admissible to eligible beneficiaries on the guarantee of employer for purchase of various items²⁹. The establishment was also responsible for effecting recovery from the salary of the beneficiary and forward it to the Board. The recovery period ranged between 12 and 30 months. For monitoring the recovery of loans, worker-wise and establishment-wise loanee ledgers should have been maintained by the Board to ensure the actual amount recoverable from the loanees. However, deficiencies were noticed in implementation of the Loan scheme, as detailed in succeeding paragraphs:

²⁸ As has been discussed in **Paragraph 5.9 (i)**.

²⁹ Computer, Television, Bicycle, Sewing Machine, Fan, Wheat Loan, Motorcycle/Electronic Scooty, Fridge Loan and Loan for daughter's marriage.

(i) Denial of benefits of Loan Scheme

During 2020-2023, the Board received 188 loan applications (online) from all the circles, of which the Board did not approve even one and kept all the applications pending.

Audit (September 2023) of the applications received in the test-checked circle offices revealed that 69 applications were received to avail the financial assistance under Loan scheme during 2020-2023. However, benefits under this scheme were not provided to even a single beneficiary. The details thereof were as under:

- Though 25 applications amounting to ₹ 11.23 lakh were verified by the circle offices and submitted to Headquarters office, these were pending without any objection for 333 to 995 days (as of 31 March 2023); and
- Of the remaining 44 applications, five applications involving financial assistance of ₹ 2.30 lakh were kept pending at circle offices for 595 to 679 days for want of required documents, however, the objected documents were found already attached with the applications. The remaining 39 applications were awaiting removal of objection by the applicants.

The Government attributed (September 2024) the non-sanctioning of loan applications to challenges in recovering the outstanding loans. It was assured that an agenda would be presented in the forthcoming Board meeting to streamline the interest-free loan scheme. Payments under this scheme had been pending and the reply assured to take appropriate action once a decision was made. The reply of the Government was not satisfactory as recovering loan became a challenge due to the Board's failure to maintain individual loanees' ledgers (as discussed in the succeeding paragraph). As a result, the Board was unable to ascertain the outstanding loan amounts against individual borrowers. Moreover, the Board also did not initiate recovery of pending loans through their respective establishments, which were also responsible for effecting recovery from the salary of the beneficiary and remitting it to the Board.

Thus, despite having no objection to the 30 applications and availability of sufficient funds with the Board, intended benefits of the scheme were not extended to the beneficiaries due to the reasons attributable to the Board.

(ii) Non-maintenance of subsidiary ledgers

Audit of the records revealed (September 2023) that loanee-wise subsidiary ledgers were not maintained by the Board, due to which it was not possible for the Board to ascertain the amount of loan and repayment by the loanees there against. The absence of vital records affected the chances of pursuance by the Board for recovery of the loan in the case of default.

The consolidated loan sheet prepared from the trial balances disclosed an outstanding loan amount of ₹ 0.65 crore as of August 2023, which was already overdue as it pertained to the loans disbursed more than 30 months ago.

The Board stated (September 2023) that the directions had been issued to the circle offices for recovering the outstanding amount of ₹ 0.65 crore and assured preparation of establishment-wise and worker-wise loan ledgers to make efforts for recovery of the pending amount.

The Government stated (September 2024) that records were being checked/reconciled by the Committee constituted as per the directions of Secretary, Department of Labour. Consequent upon receipt of report from the Committee, the ledgers would be maintained in Tally software.

5.11.3 Inconsistent Provisions Denied Benefits of Maternity Scheme

As per the provisions of the scheme, a grant of ₹ 21,000/- per child was admissible to female workers at the time of birth for up to two children, provided the application for availing this benefit is submitted three months prior to or after the birth of the child. However, the application was to be submitted along with the birth certificate of the child.

Audit observed (July 2024) that under this scheme, only 34 applications were received in the test-checked circle offices during 2020-2023, the details thereof are exhibited in **Table 5.5**.

Table 5.5: Status of applications received under Maternity scheme

Gender of the applicant	Approved	Rejected	Objection raised	Pending	Total
Male	0	3	16	4	23
Female	1	0	4	6	11

Source: Departmental data

Audit analysis of the applications under Maternity scheme is as under:

- Out of 34 applications, 23 were submitted by male applicants, to whom benefit under this scheme were not admissible. The e-Labour portal was also not developed to automatically reject the applications of male applicants.

After being pointed out by audit, the Government redirected (September 2024) the applications of male applicants to their respective establishments, instead of showing them as pending at the Board level. Further, the Board admitted (November 2024) that the applications of male applicants were processed inadvertently and intimated that the e-Labour portal has now been updated with necessary checks to automatically reject applications submitted by male applicants.

- A condition of the scheme mandates that the applicants shall submit their application along with a birth certificate whereas another condition permits the applicant to submit their application up to three months before the child's birth. Thus, the requirement of child's birth certificate

contradicts the provision of allowing the submission of applications three months prior to the child's birth. Consequently, the period allowed for applying before the birth of the child cannot be utilized under these conditions. This contradiction was substantiated with the fact that none of the 11 applications were submitted in the permissible period of three months prior to the birth of the child;

The Government agreed to the audit observation and assured (September 2024) to amend the condition of the Maternity Scheme, after approval in the next Board meeting, to allow submission of application within six months after the birth of the child.

- Applications of six female workers were accepted even after the lapse of stipulated period of three months from the date of birth of child, which should have been rejected as per provisions of the scheme;
- Of the six pending applications, abnormal delay ranging between 309 and 579 days beyond the maximum permissible 180 days was noticed in processing of four applications up to 31 March 2023; and
- Despite taking 260 days for granting approval to single application, the beneficiary did not receive the benefit as of 31 March 2023.

The Government replied (September 2024) that the National Informatics Centre (NIC) was working on creating checks and balances to remove these issues from the portal. The Board further intimated (November 2024) to have carried out necessary checks in the portal. However, the Board only introduced the check to reject the applications of male applicants, the check to reject the applications received beyond permissible time frame was yet to be added on e-Labour portal (November 2024).

Thus, due to inconsistent provisions of the scheme coupled with inherent delayed processing, the benefit of the scheme could not be availed by any of the applicants during 2020-2023 in seven selected circles.

5.11.4 Irregularities in Welfare Schemes

5.11.4.1 Stipend Scheme

Under the Stipend scheme, financial support to workers for the children's education is offered. Consequent upon revision (26 February 2019), the workers with at least two years of regular service were eligible to get stipend for only up to two children. The stipend amount ranged from ₹ 2,000 to ₹ 70,000, depending on the child's education level i.e., from Class 1 to Post-graduation subject to passing last class.

In the test-checked circles, during 2020–23, the Board provided benefits amounting to ₹1.51 crore under the Stipend Scheme to 826 applicants who had applied prior to the scheme’s revision. Additionally, 3,208 applicants who applied after the revision received benefits totaling ₹ 5.03 crore. The analysis of these applications is discussed as under:

- (i) Benefit of the Stipend scheme amounting to ₹ 3.79 lakh was extended in violation of the condition of the scheme to 26 beneficiaries who on the date of application had not rendered regular service of two years. Of these, 11 beneficiaries were short of two years of service even on the date of payment. It was observed that the Board had objected to or even outrightly rejected similar other cases.

In the absence of in-built validation check on e-Labour portal, the portal accepted five online applications, wherein two years’ regular service of the applicant was not completed.

The Board stated (February 2024) that the date of joining was not precondition to the scheme, however, while granting the benefit, the period of two years’ for contributions was being checked. The reply was contradictory because no worker was able to contribute to the Fund for two years without having completed at least two years of regular service.

The Government stated (September 2024) that permission of the Board would be sought in the next Board meeting viz. i) to amend this condition of two years continuous service; and ii) to grant ex-post facto approval in those cases where the workers were short of two years’ service but were given the benefit of the scheme. However, such retrospective regularization may affect the principle of compliance and could set a precedent that potentially weakens the integrity of the scheme’s implementation and the credibility of oversight mechanisms.

- (ii) Stipends amounting to ₹ 0.99 lakh were granted to nine beneficiaries twice for the same child for pursuing studies in the same class.

The Board admitted (February 2024) the same and stated that the amount of ₹ 0.89 lakh had been recovered from eight workers/beneficiaries, while one beneficiary had expired. The Government further stated (September 2024) that in the remaining one case, recovery is not possible due to the worker’s death, and a proposal would be presented in the Board meeting to write off this recovery.

- (iii) The financial assistance of ₹ 0.66 lakh was provided to three children of five beneficiaries for the same academic session in violation of the provisions of the Scheme which provided stipend for up to two children

only. This implies that the Board and the e-Labour portal lacked provisions, such as Aadhar-based authentication to detect such cases.

The Government stated (September 2024) that recovery in these cases had been initiated and the Board had recovered an amount of ₹ 0.27 lakh (November 2024) in two cases, leaving three cases pending. With regard to Aadhar-based authentication, the Board reported (November 2024) that it had been implemented.

- (iv) The provisions in the scheme are ambiguous for the workers who have more than two children as the scheme remained silent about the fact as to which two children would be entitled for the benefit. For instance, in eight cases benefit of ₹ 0.93 lakh³⁰ was extended for three children in different academic sessions.

The Government assured (September 2024) to review the conditions related to the Stipend scheme in the Board's next meeting.

These discrepancies indicate the absence of standardised scrutiny and lack of internal control mechanisms in the Board. The benefits of ₹ 0.06 crore provided to 69 beneficiaries, were in violation of the conditions specified under the Stipend scheme.

5.11.4.2 *Shagun Scheme*

Under the Shagun scheme, financial assistance of ₹ 31,000 is extended to the eligible beneficiary for marriage of up to two daughters or for self in case of female worker on providing of registered marriage certificate. During 2020-2023, 146 workers were extended the benefit of the scheme in the test-checked circles.

Audit of records of 146³¹ beneficiaries revealed that the Board provided financial assistance of ₹ 18.29 lakh to 59 beneficiaries (40 *per cent*) without obtaining the registered marriage certificate, in contravention of the provisions of the scheme.

The Board stated (February 2024) that the certificate issued by religious institutions that had solemnized the marriage was taken into consideration and in view of hardships in registering marriages, the Board would examine to waive the requirement of registered marriage certificate.

The reply of the Board was not satisfactory as submission of the registered marriage certificate was mandated by the Board itself and nothing about relaxation in the conditions has so far been passed in any Board meeting.

³⁰ To be on the conservative side, the amount of stipend extended to the youngest child is considered irrespective of the academic session.

³¹ Record in respect of two beneficiaries were not provided to the audit.

The Government stated (September 2024) that the agenda would be placed in the next Board meeting to review the conditions related to non-requirement of registered marriage certificate and post-facto approval would be taken for cases approved without registered marriage certificate.

This reply was not acceptable as waiving the requirement of registered marriage certificate is a risk-prone intervention with potential for fraud.

5.12 Non-implementation of Increase in Employers Contribution

The Board decided to take several decisions³² in 2015-16, necessitating additional expenses from the Fund for their implementation. To cover these costs, the Board in its meeting (July 2018), decided to increase employer contribution from ₹ 20 (fixed in December 2014) to ₹ 25 *per month per* worker.

Audit noticed (September 2023) that no action had been taken to implement the decision to increase the employers' contribution. However, without ensuring implementation of this decision, this item was removed from the agenda of next meeting held on 26 February 2019. Consequently, despite the decision, no notification was issued to amend the PLWF Rules, and the contribution rates remained unchanged.

Audit further observed that the total contributions received in the Fund during 2020-23 amounted to ₹ 66.45 crore³³. Had the Board enforced the enhancement in employers' contribution, as was decided, an additional revenue of ₹ 12.72 crore³⁴ would have been added to the Fund.

The Board acknowledged these findings and assured (February 2024) that the matter would be taken up in the next Board meeting for final decision about enhancement of contribution from employer. The Board after dissolution in December 2022 was re-constituted in March 2024, but had not convened any meeting so far (November 2024).

Moreover, a Committee (January 2023) was constituted to recheck the provisions of the Act and PLWF Rules which recommended (May 2023) to increase the contribution of employee and employer to ₹ 20 and ₹ 80 *per month per* worker, respectively. However, no action to implement recommendations of the Committee to increase contribution was taken so far (November 2024).

³² Reimbursement up to ₹ One lakh for treatment of critical diseases and up to ₹ 20,000/- for general surgery was approved in 49th meeting of the board dated 14 October 2015. Stipend started from 6th class w.e.f. 1 April 2016 instead of from 9th class and stipend rates were also increased from ₹ 21,000 to ₹ 31,000. In addition, ₹ 20,000 were approved for funeral in 50th meeting of the Board was held on 2 February 2016.

³³ Online contribution of ₹ 63.58 crore and Offline contribution of ₹ 2.87 crore.

³⁴ Calculated by eliminating the offline contributions of ₹ 2.87 crore, as the veracity of the data, as to whether these were only the contributions, could neither be verified by the Board, nor were such records produced to audit to verify the same.

The Board stated (November 2024) that the non-issuance of the notification and lack of implementation of the recommendations were due to a fraud incident within the Board detected in March 2019. As a result, several officials were suspended or dismissed, and relevant records were seized by the Vigilance Department, which significantly hindered the Board's ability to proceed with the decision. Consequently, the decision remained unimplemented as of November 2024. The Board's response was not convincing, as it remains unclear how the fraud detected in March 2019 could have influenced the decisions made during the meeting held in February 2019.

Thus, the Board exhibited a lack of due diligence in implementing its decision to increase contribution despite a lapse of more than six years, which implies that the Board did not have an effective follow-up system in place to monitor the execution of its own resolution.

5.13 Accounts and Audit

Rule 5 of the PLWF Rules read with Section 3(3) of the Act prescribes that the accounts of the Fund shall be prepared and maintained by the Accounts Officer of the Board and audited by the Accountant General once a year.

5.13.1 Incomplete and Delayed Accounts

Audit noticed (July 2023) that the Board had prepared its accounts only up to 2017-18, however, due to non-maintenance of General Ledger as in previous years and non-reconciliation of figures shown in the Balance Sheet with the Trial Balance, the accounts for the year 2017-18 were returned by the Principal Accountant General (Audit) for want of complete basic record of the Board, which were yet to be re-submitted. The accounts for the subsequent years i.e., from 2018-19 to 2022-23 were not submitted by the Board.

The Government stated (September 2024) that the accounts for 2018-19 to 2022-23 had been finalised, which would be submitted for Audit after the approval of the Board/Chairman. The reply was silent about finalisation of accounts for 2017-18 that was returned by Audit for want of complete basic records.

Delay in finalisation of accounts carries the risk of financial irregularities going undetected, and it is important to urgently prepare the pending accounts from 2017-18 onwards to ensure compliance with statutory audit requirements.

5.13.2 Non-compliance to Audit Notes

As per the Rule 5 of the PLWF Rules, the Welfare Commissioner shall be responsible for the disposal of the Audit Notes³⁵.

³⁵ Audit Notes are the Inspection Reports issued by the office of Principal Accountant General after conducting Compliance Audit of the Board.

Audit noticed (June 2024) that the Board did not take cognizance of the pending Audit Notes. As of January 2024, 34 Audit Notes of six years involving money value of ₹ 16.92 crore had not been complied with. The year-wise breakup is given in **Table 5.6**.

Table 5.6: Details of outstanding Audit Notes

Period of audit	Outstanding Audit Notes (in number)	Amount involved (₹ in lakh)
2010-11	1	9.43
2013-14	3	770.00
2014-15	2	161.27
2016-18	5	24.88
2018-20	15	722.75
2020-23	8	3.97
Total	34	1,692.30

Source: Departmental data

The long pending Audit Notes awaiting compliance indicate a non-serious approach of the Board towards financial accountability and lack of consideration to audit recommendations.

The Board stated (August 2024) that reply to the Audit Notes for the period 2020-2023 was being prepared. For the period 2010-11 to 2018-2020, it was submitted that due to various reasons³⁶ the record got misplaced, as such, the replies to the audit notes would be prepared after the records are traced.

Reply of the Board was not satisfactory as the replies to the Audit Notes should have been given on time. Further, the audit for the period 2018-2020 was conducted in January 2023 and the maximum Audit Notes were framed on the basis of available records. As such, it was not right to say that records were not traceable.

The Government assured (September 2024) that final replies of the outstanding Audit Notes would be submitted to Audit after proper examination of records. Thus, the lack of timely action on Audit Notes raises concerns about the Board's governance and financial management practices.

5.13.3 Non-submission of Annual Reports and Audited Statements

Rule 21 of the PLWF Rules read with Section 27(2) (k) of Punjab Labour Welfare Fund Act, 1965 stipulates that the Board shall within three months of the date of closing of each financial year, submit to the State Government for approval an audited statements of Receipt and Expenditure together with an Annual Report giving a detailed account of its activities conducted during the year.

³⁶ Shifting of office premises from Chandigarh to Mohali in 2018, detection of fraud in 2019, and Vigilance enquiry.

Audit noticed (July 2023) that as of March 2023, the Board had submitted the Annual Reports along with audited statements only up to the year 2002-03 to the State Government and the Annual Reports along with audited statements for the years 2003-04 to 2005-06 were under process with the Administrative Department. However, the Annual Reports and the audited statements with effect from 2006-07 were yet to be prepared.

The Government stated (September 2024) that Annual Reports were being prepared. However, the reasons for non-finalisation of Annual Reports along with audited statements since 2003-04 and their submission to the State Government for approval were not intimated.

Thus, the non-compliance with the timely submission of Annual Reports and audited accounts deprived the Government of the opportunity to obtain updated financial information and insights into the Board's functioning for nearly 20 years.

5.14 Non-maintenance of Cash Book and Non-reconciliation of Receipts

Section 3(3) of the Act read with Rule 5 of the PLWF Rules requires that the accounts of the Fund shall be prepared and maintained by the Accounts Officer of the Board in such manner as may be prescribed by the Board with the approval of the State Government and shall be audited by the Accountant General, once a year.

Further, Rule 2.2 of Punjab Financial Rules (Volume-I) prescribes that every officer receiving money on behalf of the Government should maintain a Cash Book and enter all monetary transactions as soon as they occur. The Government Officer responsible for handling Government funds must ensure that payments made to the Bank are properly recorded. Before attesting any receipts, the officer should compare the Bank receipts with the entries in the cash book to confirm that the funds were actually deposited. By the 15th of each month, the officer must obtain a consolidated receipt for all remittances made in the previous month and verify it against the cash book entries.

(i) Audit noticed (September 2023) that the Board was maintaining cash book prior to February 2019 but stopped recording monetary transactions thereafter in contravention to provisions *ibid*. As such no cash book was found maintained during the period 2020-2023. The Board also did not prepare the Bank Reconciliation Statement (BRS) to reconcile (September 2023) its receipts and payments with the Bank during 2020-2023.

The Government while acknowledging the fact stated (September 2024) that in future cash book/day book would be generated from Tally software on daily

basis and got signed by the DDO and Deputy Controller Finance & Accounts at the end of the month as per the Punjab Financial Rules.

Though the Board submitted (August 2024) the BRS, but it did not consider the cheques not encashed to reconcile the difference between the Bank and the cashbook. The Board admitted (November 2024) that accounts were based on the bank statements itself. In such a scenario, the purpose of preparing BRS was defeated.

(ii) Audit further observed (June 2024) that the Trial Balance of the Board exhibited receipts of ₹ 71.96 crore as contributions to the Fund during 2020-2023, however, the Board received aggregated amount of ₹ 66.45 crore³⁷ on account of offline/online contribution in the Fund. Thus, reconciliation of this difference of ₹ 5.51 crore was necessary to ensure consistency between the records. But the Board did not take the cognizance of this difference and made no efforts to reconcile it.

The Government stated (September 2024) that reconciliation for the period from December 2021 to August 2023 was done and no difference was found. However, upon seeking the reconciliation statement, the Board intimated (November 2024) that to reconcile the differences between bank and portal data some necessary changes in portal at NIC level were awaited and assured to submit reconciled statement shortly.

Above shows that the Board did not realise the risk associated with non-reconciliation and non-preparation of records such as Cash Book and BRS especially when the Board for the same negligence had already suffered fraudulent withdrawals of ₹ 2.83 crore from Welfare Fund that came to the notice of the Board in March 2019 which were still under investigation with Department of Vigilance, Government of Punjab. Thus, the prolonged period of non-reconciliation and lack of prescribed accounting procedures raises concerns on accountability and poses a significant risk of fraudulent activities in the Board.

5.15 Conclusion

A significant number of workers remained unaware of the benefits available under the Welfare Schemes due to the Punjab Labour Welfare Board's inaction in developing audio and video awareness materials, despite adequate budgetary provisions for the same. The Board lacked a mechanism to bring the eligible establishments within its purview and did not have system to issue unique identification numbers to the registered workers. The Board had not established a mechanism to ensure regular contributions to the Fund by defaulting establishments, nor had it implemented deterrent measures to prevent further defaults. This inaction contributed to an increase in the number of defaulting

³⁷ Online contributions of ₹ 63.58 crore received through e-Labour portal and offline contributions of ₹ 2.87 crore received through cheques.

establishments. Frequent shortfalls in the Board meetings highlighted a lack of commitment and delayed critical decisions on contribution rates, service by-laws, and the Board rules/regulations. The shortage of Labour Welfare Inspectors forced the Board to rely on Labour Department Inspectors, whose inspections were inadequate and ineffective. Insufficient staff delayed the processing of welfare benefit applications and preparing annual accounts. Additionally, the Board was unaware of actual amount of unpaid accumulations, lacked worker-wise records, and did not transfer lapsed unpaid accumulations to the Welfare Fund. Processing of applications exhibited delays, deficiencies, and inconsistencies with significant issues in the digital transition to e-Labour portal, while ambiguous regulations led to denial of benefit to some and exploitation by others. The annual accounts of the Board for the years 2017-18 to 2022-23 were not submitted for audit. Further, the Board has stopped maintaining cash book after February 2019 and has also not prepared the Bank Reconciliation Statement. These lapses raise serious concerns regarding financial accountability and significantly increase the risk of mismanagement and potential fraudulent activities within the Board.

5.16 Recommendations

For enhancing the efficiency and effectiveness of the Board's operations and welfare schemes, the Board may:

- *establish robust system to improve monitoring of contribution, defaults and unpaid accumulation;*
- *register all establishments coming under purview of the Board to provide benefits to the workers of these establishments;*
- *address delays, deficiencies, and inconsistencies in application processing, and rectify issues with the e-Labour portal;*
- *modify / clarify the provisions of the schemes to prevent both denials and exploitation of benefits of schemes;*
- *conduct comprehensive awareness campaigns to ensure all workers are informed about available welfare schemes;*
- *increase the frequency of Board meetings to ensure timely decisions and continuity and ensure effective and sufficient inspections;*
- *implement stringent measures to maintain cashbooks, conduct regular bank reconciliations, address audit notes promptly, and*
- *finalise Annual Accounts for the years 2017-18 to 2022-23 and prepare/submit Annual Reports for the years 2003-04 onwards.*

Chapter-VI

Compliance Audit Observations
(Departments)

Chapter-VI

Compliance Audit Observations (Departments)

This chapter contains six observations covering compliance issues observed in Departments of the Government, involving financial implications of ₹ 195.53 crore. The replies of the Departments and Government have been suitably incorporated in the observations.

AGRICULTURE AND FARMERS' WELFARE DEPARTMENT

Punjab Agricultural University, Ludhiana

6.1 Avoidable Extra Payment of Fixed Charges

Lapse of Punjab Agricultural University to timely review its contract demand of electricity supply together with category of electricity connection in line with the tariff circular and Electricity Supply Instructions Manual resulted in avoidable extra payment of fixed charges amounting to ₹ 1.21 crore during the period from January 2018 to March 2023.

Rule 2.10(a) of the Punjab Financial Rules (PFR), Volume-I provides that every Government employee incurring or sanctioning expenditure from the revenues of the State should be guided by high standards of financial propriety. It further provides that every Government employee is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of own money.

As per schedule SVI.1.2 of Electricity Supply Instructions Manual (ESIM), 2018, supply of electricity to all the Government/Government-aided Universities shall be classified under Domestic Supply (DS) category.

Further, in accordance with the decision (November 2017) of the Punjab State Electricity Regulatory Commission (Commission) to implement two-part tariff structure with applicable fixed charges with effect from 1 January 2018, the Punjab State Power Corporation Limited (PSPCL) issued (10 November 2017) a circular detailing *inter alia* tariff applicable from 1 January 2018 to 31 March 2018 for the year 2017-18¹. As per this circular, fixed charges were leviable on 80 *per cent* of the sanctioned contract demand or actual demand recorded during the billing cycle, whichever was higher. Further, as per Conditions of Supply of the PSPCL, a request for reduction in contract

¹ Fixed charges for Domestic Supply category for contracted load above 100 kVA were at the rate of ₹ 60/- per kVA from 1 January 2018 to 31 March 2018 which were revised to ₹ 70/- per kVA with effect from 1 April 2018.

demand was required to be submitted by a consumer in the prescribed form, which will be allowed within a period of 15 days from the date of its submission.

Test-check of records (July 2022) of Punjab Agricultural University (PAU), Ludhiana and subsequent information collected (February 2024) therefrom showed that PAU was having a non-residential supply (NRS) electricity connection of PSPCL instead of domestic supply (DS) connection with sanctioned contract demand of 4400 kVA². In view of provisions under ESIM and PSPCL's circular (November 2017), category of connection and energy load was required to be re-assessed so that the burden of energy charges and fixed charges could be reduced/streamlined. Audit noticed that though the PAU authorities had been requesting PSPCL since February 2015 for rectification of the electricity connection category from NRS to DS, the matter remained unaddressed. Furthermore, PAU did not review its contract demand immediately after issue of the circular *ibid* despite levy of fixed charges by PSPCL with effect from January 2018. Instead PAU kept paying fixed charges on 3520 kVA i.e. 80 *per cent* of already sanctioned contract demand of 4400 kVA under NRS category. Whereas, the actual maximum demand indicator (MDI) of PAU during the period from January to December 2017 was 2070 kVA (June 2017) and during the next five years up to March 2023, it was 2584 kVA in October 2022 (net MDI).

On being pointed out (July 2022) in audit, PAU constituted (November 2022) a Committee to re-assess the contract demand, which decided (February 2023) to reduce the contract demand to 3500 kVA taking into account maximum demand of 2645.8 kVA in October 2022 (net MDI of 2584 kVA as per the electricity bill), during the last five years (i.e. around 35 *per cent* increase over 2584 kVA). Accordingly, the matter for reduction of contract demand was taken up with PSPCL in March 2023 and requisite fee for the purpose was deposited in June 2023. However, category of electricity connection from NRS to DS was not changed.

Audit observed that after issue of tariff circular (November 2017), had the University acted immediately to review its contract demand considering MDI of 2070 kVA in the year 2017 (June 2017), the contract demand of 2800 kVA³ (against the existing sanctioned energy load of 4400 kVA) would have been sufficient with effect from 1 January 2018. Thus, lapse of PAU to timely review its contract demand and category of electricity connection resulted in avoidable extra payment of fixed charges amounting to ₹ 1.21 crore

² Contract demand of 4951.86 kVA being reflected erroneously in the electricity bills was got rectified (July 2023) with actually sanctioned contract demand of 4400 kVA and excess fixed charges paid (₹ 37.59 lakh) against the bills for the period 01.01.2018 to 20.05.2023 were refunded/adjusted.

³ Calculated by giving 35 *per cent* increase over MDI of 2070 kVA (June 2017) on the same lines of assessment of the Committee formed for reduction of load requirements. Further, energy load (contract demand) could be re-assessed by PAU, whenever required, as per the Electricity Supply Instruction Manual-2018, which was also substantiated by the recommendations (February 2023) of Committee to review the electric load of the University twice a year.

during the period from 1 January 2018 to 22 March 2023 (**Appendix 6.1**), in contravention of the codal provisions *ibid*.

Mention was made in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2015 highlighting excess payment due to incorrect categorisation of electricity connection (Paragraph 3.2). The Public Accounts Committee, while discussing the paragraph, had recommended (August 2022) that the State Government could take up the matter in this regard with PSPCL.

The PAU authorities stated (April 2024) that the University had been requesting PSPCL repeatedly (since February 2015) to correct the category from NRS to DS and refund the excess payment made, however, no action to change the category was taken by PSPCL. It was added that the matter had been taken up again (April 2024) with PSPCL to change the tariff category from NRS to DS. Further, the University authorities attributed the reasons for delay in assessing the contract demand to ongoing process for installation of rooftop solar power plant in the years 2018-2019 and to the restrictions due to COVID pandemic till the year 2022.

The reply of PAU was not convincing as although PAU was making repeated requests to PSPCL since February 2015 for rectification of the tariff category, continued reliance on routine correspondence with PSPCL did not yield any corrective outcome and the matter of incorrect categorisation remained unaddressed. Consequently, PAU continued to incur energy and fixed charges under the NRS category, despite highlighting the issue of incorrect categorisation of electricity connection through earlier Audit Report *ibid* and recommendations of PAC. Further, attributing the delay in contract assessment primarily to rooftop solar installation and COVID-19 restrictions was insufficient. Neither the solar installation (2018-19) nor the COVID-19 (from early 2020 to late 2021) impacted account for delays dating back to January 2018 or continuing into 2024. Furthermore, the University could review/reduce its contract demand immediately in January 2018 in line with the provisions circulated (November 2017) by PSPCL to avoid extra payment of fixed charges, and could review/re-assess its contract demand any time afterwards if required, as per provisions under Electricity Supply Instruction Manual, 2018.

The matter was referred (July 2023 and February 2024) to the State Government; their reply was awaited (January 2025).

**INFORMATION & PUBLIC RELATIONS
AND
PUBLIC WORKS (BUILDINGS & ROADS) DEPARTMENTS**

6.2 Avoidable Expenditure due to Delay of over Two Years in Completion of Work

Lapse of Department of Information and Public Relations to provide adequate funds timely to Public Works Department for construction of Press Club building at Amritsar, led to delay of over two years in completion of work. Pursuant to the arbitrator's award in favour of the contractor, the State Government became liable for an avoidable payment of ₹ 1.43 crore, of which ₹ 0.88 crore had already been paid to the contractor.

Paragraph 2.5 of the Public Works Department (PWD) Code states that administrative approval is the formal acceptance of the Administrative Department concerned of a proposal to incur expenditure by the Public Works Department on a work, initiated by, or connected with the requirement of such Administrative Department and is, in effect, an order to the Public Works Department to execute certain specified work at a stated sum to meet the administrative needs of the department requiring the work.

Test-check of records (September 2023) of Executive Engineer (EE), Provincial Division, Public Works Department (Buildings & Roads), Amritsar and allied information collected⁴ between May and June 2024 revealed that the Department of Information and Public Relations (DIPR), Government of Punjab (GoP) accorded (January 2014) administrative approval of ₹ 2.26 crore in favour of Public Works Department (PWD) for construction of Press Club building at Amritsar. Accordingly, PWD allotted (March 2014) the work to a contractor for ₹ 2.20 crore with a time limit of six months (i.e. by 3 September 2014) for completing the construction of building. The DIPR, on being demanded (March 2014) funds by PWD, issued financial sanction of ₹ 1.29 crore in favour of EE, PWD (B&R). However, the bill was not passed (March 2014) by the treasury; reasons thereof were not furnished to Audit (July 2024).

After commencement of work, the contractor submitted (May 2014) running bill of ₹ 0.64 crore to PWD, but due to non-payment of the bill, the contractor stopped the work in July 2014. Eventually, DIPR, on being demanded the funds time and again (October 2014 - February 2015) by PWD, released ₹ 0.50 crore in March 2015 i.e. after six months from the intended date of completion of the work and partial bill amounting to ₹ 0.50 crore, against the running bill of ₹ 0.64 crore, was paid (March 2015). However, the contractor did not restart the work due to non-payment of balance amount and also asked (April 2015) for compensation, interest and escalation for delayed

⁴ Information collected from the Provincial Division, PWD (B&R), Amritsar and Department of Information and Public Relations.

work/payment. Consequent upon payment (August 2015) of balance amount of ₹ 0.14 crore, the contractor restarted the work in October 2015 i.e. after more than one year. Finally, the work of Press Club building was completed in December 2016 with delay of more than two years beyond the intended date of completion (3 September 2014) after incurring expenditure of ₹ 1.92 crore.

The possession of the Press Club building was deferred on the directions⁵ (December 2016) of the Deputy Commissioner, Amritsar and the building was looked after/watched by the contractor from March 2017 to December 2018. However, payment on this account was not made to the contractor. Thereafter, EE handed over the building to the President, Press Club in October 2021.

In view of delay in payments and prolongation of work, the contractor invoked the arbitration clause in September 2018. The arbitrator pronounced (12 April 2021) an award of ₹ 1.24 crore⁶ in favour of the contractor which *inter alia* included compensation for prolongation of work (₹ 0.72 crore), idling of labour and machinery (₹ 0.09 crore), price escalation (₹ 0.19 crore) and interest on delayed payments (₹ 0.09 crore), besides cost of arbitration proceedings (₹ 0.05 crore). In case of non-payment of final award within a period of three months, the Department would be liable to pay interest at the rate of nine *per cent per annum* from the date of award till actual payment.

Due to non-payment of award, the contractor filed (May 2021) an execution in the District and Session Court, Amritsar (Court) for release of the awarded amount along with interest. As per orders (August 2023) of the Court, amount of ₹ 0.88 crore was disbursed to the contractor in September 2023. The contractor withdrew (September 2023) the execution being partly satisfied⁷.

The EE stated (May 2024) that the work was allotted in anticipation of provision of due funds by the funding agency (DIPR) in time. The DIPR did not furnish specific reasons for delay in providing adequate funds to PWD.

Thus, lapse of DIPR to provide adequate funds timely to PWD for construction of Press Club building at Amritsar, led to a delay of over two years in the completion of the work. Pursuant to the arbitrator's award in favour of the contractor, the State Government became liable for an avoidable

⁵ The Deputy Commissioner, Amritsar directed (December 2016) to take over the possession of the building only after appointment of Press Club body and approval of Constitution of the Club.

⁶ Prolongment of work: ₹ 71.83 lakh; Expenses incurred until the physical possession is taken over by the client: ₹ 9.92 lakh; Idling of labour and machinery: ₹ 8.71 lakh; Price escalation: ₹ 19.27 lakh; Security deducted by Public Health Department: ₹ 0.34 lakh; Cost of arbitration proceedings: ₹ 5.00 lakh; and Interest: ₹ 8.72 lakh.

⁷ The contractor filed (October 2023) another execution in the District and Session Court, Amritsar for recovery of the remaining amount along with interest, which was pending (November 2024).

payment of ₹ 1.43 crore⁸ including interest of ₹ 0.29 crore⁹ (as on 28 May 2024). As of May 2024, an amount of ₹ 0.88 crore had been paid to the contractor and the interest on balance award of ₹ 0.36 crore (out of total award of ₹ 1.24 crore) would keep on increasing till final payment.

The matter was referred (June 2024) to the State Government; their reply was awaited (January 2025).

PUBLIC WORKS DEPARTMENT (BUILDINGS & ROADS)

6.3 Avoidable Payment of Surcharge on Electricity Bills

Delay in payment of electricity bills due to non-inclusion of requisite demand in the budget estimates coupled with non-availability of adequate funds with the Executive Engineer, Electrical Division, Public Works Department (Buildings and Roads), Punjab, resulted in payment of surcharge amounting to ₹ 99.69 lakh to the Chandigarh Administration during the period 2018-2023, thereby causing avoidable burden on already cash-strapped State exchequer.

Rule 2.10(b)(3) of the Punjab Financial Rules, 1984 (Volume-I) (PFR) provides that all charges incurred are drawn and paid at once and are not held up for want of funds and allowed to stand over to be paid from the grant of another year; that money indisputably payable should not, as far as possible, be left unpaid; and that all inevitable payments are ascertained and liquidated at the earliest possible date. Further, Paragraph 5.3 of Punjab Budget Manual provides that the budget estimates should be prepared on the basis of what is expected to be actually paid.

Test-check of records (January 2019 and June 2023) of the Executive Engineer (EE), Electrical Division (Division), Public Works Department (Buildings and Roads Branch) (PWD-B&R), Chandigarh revealed that the Division had been paying the electricity dues in respect of various buildings¹⁰ under the control of Punjab Government, situated at Chandigarh.

Audit scrutiny of electricity bills in respect of five electricity accounts¹¹ being managed by the Division for payment of electricity dues during the period from April 2018 to March 2023 to the Electricity Department, Chandigarh Administration showed that the Division did not prepare/submit in advance its

⁸ Excluding (i) ₹ 10.00 lakh and ₹ 0.34 lakh on account of expenses incurred till taking over physical possession of the building by the client department and security deducted for public health work respectively; and (ii) Arbitration fee/charges, etc.

⁹ Calculated at nine *per cent* (as per arbitration award) from 12.04.2021 to 28.05.2024.

¹⁰ Punjab Civil Secretariat-1 & 2; Chief Minister's residence; residential buildings of Ministers; Punjab Raj Bhawan and its Pool Houses; Hemkunj Shimla; MLA Hostels; MLA Flats and other office buildings.

¹¹ (i) Punjab Civil Secretariat, Sector 1, Chandigarh (A/c No. 102/0372/504001E); (ii) Punjab Mini Secretariat, Sector 9-A, Chandigarh (A/c No. 102/0973/70225XR); (iii) Punjab Raj Bhawan, Sector 6, Chandigarh (102/0771/600620G); (iv) MLAs Hostel, Sector 4, Chandigarh (102/0472/50391SK); and (v) Minister House, Kothi No. 46, Sector 2, Chandigarh (102/0241/004605P).

demand in respect of expected expenditure on payment of electricity dues to the higher authorities i.e. Chief Engineer (Electrical), PWD (B&R), Chandigarh and the Administrative Department (AD) for its inclusion in budget/revised estimates during the years 2018-19 to 2021-22. Rather, it kept demanding requisite funds from the Chief Engineer in piecemeal on the basis of passed electricity bills and for clearing liabilities on this account. Resultantly, the funds were either not released or released with delay to the Division. During the year 2022-23, though the Division had demanded (March 2022) funds in advance from the Chief Engineer for payment of electricity bills, the requisite funds could not be provided to the Division on time in this year too, especially during first two quarters.

Thus, due to non-inclusion of requisite demand in the budget estimates coupled with non-availability of adequate funds on time with the Division, payment of electricity bills got delayed and surcharge amounting to ₹ 99.69 lakh in respect of five accounts (as detailed in **Table 6.1**) had to be paid to the Chandigarh Administration during the period 2018-2023, thereby causing avoidable burden on already cash-strapped State exchequer.

Table 6.1: Details of surcharge paid on electricity bills during the period April 2018 to March 2023

			(₹ in lakh)
Sr. No.	Electricity Account No.	Name of the building	Surcharge paid
1.	102/0372/504001E	Punjab Civil Secretariat, Sector 1, Chandigarh	57.72
2.	102/0973/70225XR	Punjab Mini Secretariat, Sector 9-A, Chandigarh	26.27
3.	102/0771/600620G	Punjab Raj Bhawan, Sector 6, Chandigarh	6.44
4.	102/0472/50391SK	MLAs Hostel, Sector 4, Chandigarh	6.38
5.	102/0241/004605P	Minister House, Kothi No. 46, Sector 2, Chandigarh	2.88
Total			99.69

Source: Departmental data

On this being pointed out (June 2023), EE stated that the demand for budget grant for payment of electricity charges was not sent to higher office (Chief Engineer/Administrative Department) in advance as they did not ask for that. However, funds for electricity bills were demanded in advance (on the basis of passed electricity bills), but these were received late. Hence, payment of surcharge had to be made. The reply of EE was not in line with the codal provisions *ibid*. The Chief Engineer did not furnish reasons for not providing adequate budget grant to the Division for payment of electricity bills by due dates (May 2024).

The matter was referred (January 2022) to the State Government; their reply was awaited (January 2025).

Recommendation: The State Government may ensure preparation of realistic budget estimates by the Department/Divisions and provision for timely availability of adequate funds for payment of electricity bills by due dates to avoid payment of surcharge thereon.

WATER RESOURCES DEPARTMENT

6.4 Non-recovery of Water Cess for Use of Canal Water

The Department of Water Resources did not recover the due amount of water cess (₹ 207.78 crore) from the occupiers of land who used canal water for irrigation during the period 2014-15 to 2022-23, as per recommendations of the Finance Commissions and provisions under the Northern India Canal and Drainage (Punjab Amendment) Act, 2014. Resultantly, the expenditure of ₹ 184.04 crore on repair, maintenance and modernisation of distributaries, minors and sub-minors had to be met from the State budget.

The Thirteenth Finance Commission opined that surface water irrigation was in need of policy correction due to poor recovery of user charges from the occupiers of land who use canal water, which resulted into poor maintenance of irrigation networks; and accordingly recommended to fix and regulate the water tariff system and to periodically review and monitor the water sector costs and revenues. Further, as per observations of the Fourteenth Finance Commission, water fees/charges for irrigation are collected from the users for two main reasons – to cover operation and maintenance (O&M) costs, so that a project is financially sustainable; and to encourage the users to use less water per unit of output, or generate higher net economic returns per unit of water, or both. Historically, the first objective has been paramount, but as water scarcity increases, the water-use efficiency objective is likely to grow in importance and be accorded higher priority.

Accordingly, Government of Punjab (GoP) amended (November 2014) the Northern India Canal and Drainage Act, 1873 through Punjab Ordinance¹² No. 3 of 2014. The Ordinance provided that the State Government may levy a water cess on the occupiers of land, who use canal water for the purposes of irrigation at the rate to be determined by the State Government from time to time and such occupiers as accept the water, shall pay for water cess accordingly. The water cess so collected shall be used by the State Government for maintenance and development of irrigation infrastructure. Consequently, Department of Water Resources (Department), GoP levied (November 2014) water cess of ₹ 50/- per acre per crop on the occupier of the land who used canal water for the purpose of irrigation. The water cess would be payable by the users by 31 May and 30 November for *Rabi* and *Kharif* crops respectively every year.

Further, the Department (earlier Irrigation Department) *inter alia* instructed (November 2014) its Chief Engineer/Superintending Engineers/ Executive Engineers that the amount of water cess so collected from the users of canal water would be credited into the accounts of the Societies, to be established at divisional level under the supervision of the Executive

¹² Later on, enacted as the Northern India Canal and Drainage (Punjab Amendment) Act, 2014 (Punjab Act No. 7 of 2015) in February 2015.

Engineers and would be utilised for repair, maintenance and modernisation of distributaries, minors and sub-minors.

Test-check of records in the offices of the Principal Secretary, Department of Water Resources, GoP (April 2019) and the Additional Director-cum-Controller (F&A), Irrigation Branch (May 2023) showed that out of the recoverable water cess of ₹ 237.16 crore, the Department had collected (2014-2023) ₹ 29.38 crore¹³ (12.39 per cent) only from the occupiers of land who used canal water for irrigation purposes, leaving a balance of ₹ 207.78 crore unrecovered as of March 2023. The amount of water cess so collected was kept in the Savings Bank accounts of the Societies at divisional levels¹⁴. Out of the collected amount of water cess of ₹ 29.38 crore, an amount of ₹ 19.05 crore was spent for the purpose during the same period; the year-wise details thereof are given in **Table 6.2**.

Table 6.2: Details of amount of water cess recovered and expenditure incurred therefrom during the period 2014-2023

(₹ in crore)							
Year	Opening balance of water cess recoverable	Water cess recoverable during the year	Total water cess recoverable	Water cess recovered	Expenditure incurred	Balance of cash in hand	Water cess not recovered (Closing balance)
1	2	3	4 (2+3)	5	6	7 (5-6)	8 (4-5)
2014-15	--	30.18	30.18	3.62	0.01	3.61	26.56
2015-16	26.56	29.07	55.63	7.70	7.68	0.02	47.93
2016-17	47.93	28.49	76.42	1.53	2.41	-0.88	74.89
2017-18	74.89	26.38	101.27	2.28	0.42	1.86	98.99
2018-19	98.99	26.65	125.64	3.50	1.45	2.05	122.14
2019-20	122.14	27.12	149.26	3.14	2.63	0.51	146.12
2020-21	146.12	26.51	172.63	2.46	2.00	0.46	170.17
2021-22	170.17	26.28	196.45	2.13	1.57	0.56	194.32
2022-23	194.32	16.48	210.80	3.02	0.88	2.14	207.78
Total		237.16		29.38	19.05	10.33	

Source: Departmental data

Audit observed that during the same period i.e. 2014-2023, the Department had spent ₹ 184.04 crore¹⁵ on the repair, maintenance and modernisation of distributaries, minors and sub-minors out of State budget¹⁶.

The Department attributed (November 2023) the reasons for huge arrears of water cess to non-payment by the users at the behest of the unions. It was further stated (November 2024) that farmers were being encouraged continuously to deposit the water cess.

¹³ Details of interest earned, if any, were not disclosed by the Department.

¹⁴ (i) Bhakra Main Line Canal and Ground Circle, Patiala; (ii) Ferozepur Canal Circle; (iii) Kandi Canal Circle, Hoshiarpur; (iv) Kandi Area Dam Circle, Hoshiarpur; (v) UBDC, Amritsar; (vi) Sirhind Canal Circle, Ludhiana; and (vii) IB Circle, Patiala.

¹⁵ 2014-15: ₹ 22.79 crore; 2015-16: ₹ 20.00 crore; 2016-17: ₹ 14.45 crore; 2017-18: ₹ 14.90 crore; 2018-19: ₹ 11.02 crore; 2019-20: ₹ 13.00 crore; 2020-21: ₹ 28.00 crore; 2021-22: ₹ 46.00 crore; and 2022-23: ₹ 13.88 crore.

¹⁶ Head of Account: 2701-80-800-08-99-27.

Thus, the Department could not recover the due amount of water cess (₹ 207.78 crore) from the occupiers of land who used canal water besides fully utilising the funds available with Societies (₹ 10.33 crore), which was not in line with the provisions under the Act *ibid* and recommendations of the Finance Commissions to collect water fees/charges to cover O&M costs of the irrigation networks and to encourage the users to use less water per unit of output, thereby impairing the water-use efficiency objective. Resultantly, the expenditure of ₹ 184.04 crore on the repair, maintenance and modernisation of distributaries had to be met out of the State budget thereby burdening the cash strapped State exchequer during the period 2014-2023, which could have been avoided.

The matter was referred to the Government in July 2023; their reply was awaited (January 2025).

Recommendation: The State Government may take appropriate steps to recover both outstanding and current water cess from the users of canal water as per provisions under the Northern India Canal and Drainage (Punjab Amendment) Act, 2014.

6.5 Avoidable Payment of Interest on Land Compensation

Delay of 38-80 months in payment of enhanced compensation to the landowners by the Water Resources Department in compliance to decision of the Hon'ble High Court inflicted avoidable burden on the State exchequer on account of interest amounting to ₹ 5.67 crore.

As per Punjab Financial Rule 2.10(b)(3), money indisputably payable should not be left unpaid; and all inevitable payments should be ascertained and liquidated at the earliest possible date.

Section 18 read with Section 28 of the Land Acquisition Act, 1894 (Act), provides that any person interested who has not accepted the award¹⁷ may, require that the matter be referred by the Collector¹⁸ for the determination of the Court¹⁹. The Court may direct that the collector shall pay interest on excess compensation awarded by the Court at the rate of nine *per cent per annum* from the date on which he took possession of the land to the date of payment of such excess into Court. If the excess compensation or any part thereof is paid into Court after the date or expiry of a period of one year from the date on

¹⁷ "Award" refers to the formal decision made by the Land Acquisition Officer (LAO) or the Collector regarding compensation to be paid to the landowner whose property is being acquired by the Government for public purposes. Award includes determination of compensation, entitlement of compensation, details of land and property, other benefits, etc. under the Land Acquisition Act, 1894.

¹⁸ "Collector" means the Collector of a district and includes a Deputy Commissioner and any officer specially appointed by the appropriate Government to perform the function of a Collector under this Act.

¹⁹ "Court" means a Principal Civil Court of original jurisdiction, unless the appropriate Government has appointed a special judicial officer within any specified local limits to perform the functions of the Court under this Act.

which possession is taken, interest at the rate of 15 *per cent per annum* shall be payable from the date of expiry of said period of one year on the amount of such excess or part thereof which has not been paid into court before the date of such expiry.

Audit observed the following:

(i) Test check of records (November 2023) of office of the Financial Advisor and Chief Accounts Officer, Ranjit Sagar Dam Project, Shahpurkandi (FA&CAO) and subsequent information collected (up to March 2024) revealed that Land Acquisition Collector (LAC), Ranjit Sagar Dam Project, Shahpurkandi, Irrigation Department (now Water Resources Department), Government of Punjab (GoP) acquired (12 March 1998²⁰) land measuring 256.16 acre (i.e. 2,689 *kanal* and 14 *marla*) at the rates ranging from ₹ 20,000/- per acre to ₹ 60,000/- per acre (i.e. ₹ 95.24 per *marla* and ₹ 285.71 per *marla*) for different categories of land for reservoir area of Shahpurkandi Dam.

Aggrieved with the market value assessed by LAC, some of the landowners filed (September 1998, October 1998 and January 2000) Land Acquisition Cases (42 cases) under Section 18 of the Act in the District Court, Gurdaspur for enhancement of compensation of acquired land. The District Court enhanced (September 1999 and June 2000²¹) the rates of different categories of land ranging between ₹ 125/- per *marla* and ₹ 800/- per *marla* along with other benefits as per the Act. Dissatisfied with the decision of the District Court, the landowners filed (July 2001 and August 2005) Regular First Appeals (RFA) (39 RFAs) in Punjab and Haryana High Court for enhancement in compensation of land. The High Court enhanced (January 2016 and April 2016) the compensation of the land to ₹ 1,754/- per *marla* uniformly for all categories of land along with other statutory benefits under the Act.

Audit noticed that after the decision (January 2016 and April 2016) of the High Court, the Department paid (April 2019 - October 2022) the enhanced compensation amounting to ₹ 7.92 crore after a delay of 38-80 months, besides payment of interest amounting to ₹ 25.06 crore²² thereon (Appendix 6.2).

The Department attributed (March 2025) the reasons for delay in making payment to delayed receipt of legal advice from the Advocate General, Punjab; decretal statements from LAC; and sanctions for requisite funds from

²⁰ GoP issued notification under Section 4 of the Act on 27 July 1995; and declaration under Section 6 of the Act on 15 March 1996. The possession of the land was taken on 25 November 1998.

²¹ In one case (filed in January 2000), the District Court dismissed (October 2003) the petition of the landowner disallowing the enhancement in rates of the land over and above those already awarded by the District Court in June 2000.

²² Calculated from the dates applicable under the Act *ibid* to the dates up to which the interest amount was calculated in the decretal statements.

the Finance Department. Audit, however, observed that the delays were purely of administrative nature and were avoidable.

Thus, delay of 38-80 months in payment of enhanced compensation to the landowners in compliance to the decision of the High Court inflicted avoidable burden on the State exchequer on account of interest amounting to ₹ 4.83 crore²³ for the period ranging 734-1,921 days (**Appendix 6.2**).

The matter was referred (May 2024) to the State Government; their reply was awaited (January 2025).

(ii) Test-check of records (May 2023) of the Executive Engineer (EE), Kandi Canal Stage-II Division, Hoshiarpur disclosed that Land Acquisition Collector (LAC), Construction Circle, Hoshiarpur, Irrigation Department (now Water Resource Department), Government of Punjab (GoP), acquired (12 July 2007) land measuring 90 *kanal* and 6 *marla* for construction of Kandi Canal Stage-II from KM 62.705 to 63.700.

Dissatisfied with the market value assessed by LAC, one of the landowners approached (March 2011) the District Court, Hoshiarpur under Section 18 of the Act for enhancement of compensation of acquired land as well as for award of compensation of unacquired²⁴ land. The Court awarded compensation²⁵ for the unacquired land (December 2012) but did not enhance the compensation of the acquired land. For enhancement of compensation of the acquired land, the landowner filed (June 2013) appeal in Punjab and Haryana High Court. The High Court enhanced (10 May 2016) the rate of the land to ₹ 18,040/- per *marla* (from ₹ 2,250/- per *marla*) along with other benefits as per the Act.

Due to non-payment of enhanced compensation by the Department as per decision (10 May 2016) of the High Court, the landowner filed an execution (April 2021) in the District Court, Hoshiarpur. The Department attributed (August 2022) the reasons for non-payment to the landowner to pending Special Leave Petitions (SLP) in the Hon'ble Supreme Court (till November 2017) in other similar cases, reorganisation of the Department and COVID-19 pandemic, affecting their official work. Nevertheless, after intervention of the Court, the Department paid (March 2023) ₹ 3.18 crore, which included enhanced compensation of ₹ 0.85 crore and interest of ₹ 2.09 crore for the period from 4 November 2005 to 31 December 2022 in respect of the acquired land; and ₹ 0.24 crore on account of enhanced

²³ Calculated from the dates of the decision of the High Court plus 90 days for appealing in Supreme Court to the dates up to which the interest amount was calculated in the decretal statements.

²⁴ On the plea of unacquired land becoming uncultivable due to construction of canal, as it was bifurcated on two sides of the canal.

²⁵ Severance charges (solatium) at the rate of 30 *per cent* of the market value under Section 23(2) of Act; appreciation charges at the rate of 12 *per cent* per annum from the date of issuance of notification under Section 4 (21-01-2005) till the date of taking possession (3-11-2005) or announcement of award (12-7-2007) whichever is earlier under Section 23(1)(a) of the Act; and interest at the rate of 9 *per cent* per annum for the first year from the date of issuance of notification under Section 4 and thereafter at the rate of 15 *per cent* per annum till realisation of the entire amount of compensation.

compensation (excluding appreciation charges²⁶ of ₹ 2.23 lakh and interest under the Act, which were yet to be paid) in respect of the unacquired land.

The Chief Engineer (Canals) stated (May 2025) that the Hon'ble High Court order (May 2016) only confirmed the decree holder's entitlement to enhanced compensation and did not direct the Department to release payment. The reply of the Department was not acceptable as no such directions were warranted from the Court and the Department was required to calculate the amount of enhanced compensation payable to the landowner in accordance with the Act.

Thus, delay of more than 64 months²⁷ in payment of land compensation enhanced by the Court inflicted avoidable burden on the State exchequer on account of interest amounting to ₹ 0.84 crore for the period from 14 November 2017²⁸ to 31 December 2022 (**Appendix 6.3**), of which ₹ 0.64 crore on the acquired land had been paid to the landowner. Besides, interest on balance amount of ₹ 2.23 lakh (appreciation charges in respect of unacquired land) would keep on increasing till final payment.

The matter was referred (July 2023) to Government; their reply was awaited (January 2025).

Recommendation: The State Government may ensure payment of compensation to landowners immediately on it becoming due to avoid payment of interest on delayed payments.

6.6 Avoidable Payment of Compensation and Interest

Lapse of the Department to fulfil its contractual obligations causing time overrun, which led to award of compensation (including interest) by the arbitrator followed by perpetuation/indecision in defending the case in the Court of Law, resulted in an avoidable payment of compensation and interest of ₹ 2.73 crore to the contractor.

Rule 2.75 of Punjab Public Works Department Code (Code) provides that engineers and their subordinates are responsible to strictly enforce the terms of contract and no act is done tending to nullify or vitiate a contract. Further, Rule 17.17 of Punjab Financial Rules (Volume-I) provides that money indisputably payable, should not, as far as possible, be left unpaid.

Audit of records (February 2020) in the office of the Executive Engineer, Shah Nehar Extension (SNE) Mechanical Division, Hoshiarpur (EE) and subsequent information collected (March 2023) therefrom revealed that the work "Construction of Lohand Siphon with intake regulator at RD 0.149 km of SYL Canal" was allotted (March 1985) to a contractor at a cost of

²⁶ Calculated at the rate of 12 per cent from the date of issuance of notification under Section 4 (21-1-2005) of the Act till the date of possession (3-11-2005).

²⁷ November 2017 to March 2023.

²⁸ Calculated from 14-11-2017, the date on which the Supreme Court dismissed the Special Leave Petition filed by the Department as well as landowners in other similar cases.

₹ 0.71 crore to be completed within 18 months i.e. by September 1986. However, the work was completed (March 1990) with a time overrun of 42 months. The delay in completion of the work was attributed to late supply of drawings, delayed supply of material to the contractor coupled with late arrangement of electricity connection, stopping of work by work-charged staff, etc.

Due to time overrun, the contractor, after pursuing the matter with the Department (since November 1991) seeking compensation and appointment of arbitrator for the purpose, approached the Court of Law²⁹, which appointed/reappointed an arbitrator in January 2010/May 2014. The arbitrator awarded (February 2015) the compensation of ₹ 7.34 lakh along with interest thereon at the rate of 15 *per cent per annum* compounded annually for the period from November 1991 to February 2015 (i.e. till the date of award) and further interest at the rate of 10 *per cent per annum* on the sum compounded (February 2015) till its realisation.

The EE, instead of executing the award by making payment to the contractor, approached (September 2015-October 2016) the District Courts and High Court seeking legal relief. But the respective Hon'ble Courts denied/dissmissed (January 2016-February 2017) the relief petitions being not having territorial jurisdiction/time barred³⁰/devoid of merit. Eventually, the Hon'ble Supreme Court condoned (November 2017) the delay, however, no further action was initiated by the Department to pursue/defend the case.

Subsequently, on the basis of an execution order passed (July 2018) by the District Court, the EE paid (November 2018) ₹ 2.73 crore³¹ to the contractor on account of compensation and due amount of interest, as per arbitration award.

The Chief Engineer (Canals) attributed (May 2025) the reasons for delayed payment to the contractor to the prolonged legal process. The Department, however, did not furnish reply/reasons for delay in approaching the District Court and for not pursuing the case in the Court of Law (i.e. District Court) after the delay was condoned by the Hon'ble Supreme Court.

Thus, lapse of the Department to fulfil its contractual obligations, followed by indecision and delay in defending the case in the Court of Law, led to award of

²⁹ Hon'ble Court of Civil Judge (Senior Division), Rupnagar.

³⁰ Delay of 102 days (192 days from 1 March 2015 to 8 September 2015 (-) admissible 90 days to file the petition).

³¹

	<i>(₹ in lakh)</i>
Compensation	7.34
Interest on compensation at the rate of 15 <i>per cent per annum</i> compounded annually from November 1991 to February 2015	183.14
Interest on compounded amount at the rate of 10 <i>per cent per annum</i> from from the date of award to its actual realisation (i.e. from March 2015 to October 2018).	82.42
Total	272.90

compensation (including interest) by the arbitrator. This resulted in an avoidable payment of compensation and interest of ₹ 2.73 crore to the contractor.

The matter was referred (March 2023) to the State Government; their reply was awaited (January 2025).



Chandigarh
The 15 September 2025

(NAZLI J. SHAYIN)
Principal Accountant General (Audit), Punjab

Countersigned



New Delhi
The 30 September 2025

(K. SANJAY MURTHY)
Comptroller and Auditor General of India

Appendices

Appendix 2.1

(Referred to in Paragraph 2.3)

Details of modules of GePNIC System

Name of Module	Description
1. Vendor Registration	
Online Portal Enrolment	Provision to enrol and register the portal.
2. e-Tendering	
Tender Creation	<ul style="list-style-type: none"> • Supports all types of tenders pertaining to Works/Goods/Services as per GFR including provision to call for Global as well as QCBS based tenders also. • Configurable option of floating tender to receive bids in Single/Two/ Three & Four Cover(s) / Bid Packets. • Provision for online payment of Tender Fee. • Provision for online payment of fixed as well as percentage EMD. • Provision for exemption of EMD payment. • Provision to obtain Price BID using Standard Price Bid Templates. • Standard Price Bid Templates supports Multi Currency also.
Tender Publishing	<ul style="list-style-type: none"> • To be published by Authorised TIA only.
Limited Tender	<ul style="list-style-type: none"> • Provision to publish tender for some specific bidders defined by the organisation. • In this only those bidders specified by the Department can participate or can take part in bid submission process.
Corrigendum Creation	<ul style="list-style-type: none"> • Support all categories of Corrigendum/Amendment w.r.t. Date, Conditions, Price Bid and change of bid openers in addition to Retender/Cancellation
Corrigendum Publishing	<ul style="list-style-type: none"> • To be published by authorised TIA only.
Online Clarifications	<ul style="list-style-type: none"> • Supports online one to one or one to many pre-bid clarifications between bidders and Tender Inviting Authority.
Uploading of Pre-Bid Meeting Decisions	<ul style="list-style-type: none"> • Pre-Bid decisions in respect of clarification received by bidders can be uploaded by authorised TIA only.
Online Bid Submission	<ul style="list-style-type: none"> • Provision for online documents repository, re-submission/bid editing, withdrawal and Bid Acknowledgement Receipt for bidders. • Bids are encrypted at client end with public keys of bid openers and cannot be opened by any means prior to bid opening date and time.
Online Bid Opening	<ul style="list-style-type: none"> • Facility to configure minimum three Department officials as bid openers and maximum four. • Nominated/designated bid opening committee members only open tender at defined time. • Tenders can be decrypted and opened after attaining of bid opening date and time.

Name of Module	Description
Viewing of Live Bid Opening Event by Bidders	<ul style="list-style-type: none"> Bidders can see the bid opening event live from their end irrespective of place.
Support for Technical Evaluation	<ul style="list-style-type: none"> Includes General Technical Evaluation based on parameters, Item-wise Evaluation (with/without Technical parameter sheet) and QCBS Evaluation.
Support for Financial Evaluation	<ul style="list-style-type: none"> Includes automated preparation of Comparative Statement, Comparative Reports.
Uploading of Technical Evaluation and Financial Evaluation Summary	<ul style="list-style-type: none"> Recommendations of TEC in respect of Technical bids and financial bids can be uploaded on the system.
Uploading of Bid Awards	<ul style="list-style-type: none"> Facility to upload single/ multiple AOC.
Facility to view 'Tender Status' regarding unopened tenders, bid opening, evaluation and award of contract	<ul style="list-style-type: none"> This increases transparency.
E-mail Alerts and SMS	<ul style="list-style-type: none"> E-mail and SMS alerts are sent on every stage to Department uses as well as to the bidders registered E-mail ID and Mobile No.
3. e-Auction	
Forward Auction	<ul style="list-style-type: none"> Forward auction are electronic auctions, which enables the department to sell their items to many potential buyers. Sellers and buyers can be individuals, organisations etc.
Reverse Auction	<ul style="list-style-type: none"> Reverse auction is an event usually used as last leg of sourcing and tendering to obtain the best price by encouraging competition among bidders on price.
4. Reports	
General Reports	<ul style="list-style-type: none"> Tender comprehensive report has been given to Tender Creator and Auditor. Tender creator and auditor could view tender details of their respective organisation chain and below.
MIS Reports	<ul style="list-style-type: none"> Facility to view all tender related reports. To view Department users and Bidders login details, DSC information. To view mails/ SMS details sent by the system to the Department users as well as bidders.
Exception Reports	<ul style="list-style-type: none"> Reports with all logs for each activity related to tenders are available. Provision to generate reports on user activity as well as bidders' activity.

Source: Departmental information

Appendix 2.2

(Referred to in Paragraph 2.6)

Department-wise details of tenders published during 1 April 2018 to 31 March 2023

Sr. No.	Name of the Department/Organisation	No. of tenders published
1.	Department of Local Government	1,12,152
2.	Department of Cooperation	15,210
3.	Department of Water Resources	12,404
4.	Department of Agriculture	12,239
5.	Department of Public Works (B&R)	9,516
6.	Department of Water Supply and Sanitation	3,765
7.	World Bank	3,103
8.	Department of Power	2,594
9.	Department of Rural Development and Panchayats	1,775
10.	Department of Health and Family Welfare	1,759
11.	Department of Housing and Urban Development	1,651
12.	Department of Food, Civil Supplies and Consumer Affairs	1,418
13.	Department of Medical Education and Research	1,043
14.	Department of Home Affairs and Justice	1,032
15.	Department of Industries and Commerce	943
16.	Department of Excise and Taxation	692
17.	Department of Higher Education	677
18.	Bhakra Beas Management Board	555
19.	Department of Sports and Youth Services	538
20.	Department of Animal Husbandry, Dairy Development and Fisheries	481
21.	Punjab Agricultural University	438
22.	Department of Tourism and Cultural Affairs	350
23.	Department of Technical Education and Industrial Training	288
24.	Department of School Education	249
25.	Department of Forests and Wildlife Preservation	238
26.	Department of Transport	170
27.	Punjab Energy Development Agency	159
28.	Department of Finance	86
29.	Department of Science Technology and Environment	78
30.	Department of Governance Reforms & Public Grievances	57
31.	Department of Printing and Stationery	56
32.	Department of General Administration	31

Sr. No.	Name of the Department/Organisation	No. of tenders published
33.	Department of Personnel	29
34.	Department of Elections	27
35.	Punjab Cricket Association	25
36.	Department of Information and Public Relations	23
37.	Department of Employment Generation and Training	17
38.	Department of Vigilance	13
39.	Department of Social Security and Women & Child Development	11
40.	Punjab Remote Sensing Centre	9
41.	Department of Revenue, Rehabilitation and Disaster Management	6
42.	Department of Labour	5
43.	ADB Funded Projects	4
44.	Department of Mines and Geology	3
45.	Department of Civil Aviation	1
Total		1,85,920

Source: GePNIC database

Appendix 2.3

(Referred to in Paragraph 2.6)

Department-wise details of sampled tenders for examination during IS Audit of e-Procurement

Sr. No.	Name of the Department	No. of sampled tenders
1.	Department of Agriculture	40
2.	Department of Excise and Taxation	40
3.	Department of Finance	40
4.	Department of Forests and Wildlife Preservation	40
5.	Department of Home Affairs and Justice	40
6.	Department of Housing and Urban Development	40
7.	Department of Local Government	40
8.	Department of Medical Education and Research	40
9.	Department of School Education	40
10.	Department of Sports and Youth Services	40
11.	Department of Water Resources	40
12.	Department of Public Works (B&R)	40
13.	Department of Social Security and Women & Child Development	9
14.	Department of Labour	5
Total		494

Source: GePNIC database

Appendix 2.4

(Referred to in Paragraph 2.9.3(iv))

Details of shortfall in documentation uploaded with technical bids

Name of the Department	Number of Cases	Shortfall in documentation
Department of Agriculture	8	Labour Registration, copy of Authorised Signatory, L&C Capacity Certificate, copy of declaration by L&C Society, latest challan of GST, EPF&ESI, copy of PAN card, Bid Capacity Certificate, list of executed works
Department of Excise and Taxation	1	CIBIL score, original tender duly signed and stamped on each page as an acceptance of terms and conditions of the tender
Department of Finance	1	Copy of PAN & IT Returns
Department of Home Affairs and Justice	14	Contractor Bid, Qualification Information, Balance Sheet Statement, Certificate related to investment of minimum cash, list of executed works during last five years, Annual Turnover for last three years, EPF&ESI Registration Certificate, list of staff, list of equipment, Affidavit for submission true and correct information, Affidavit related to blacklisted/ debarred, Financial Resources Certificate, details of cars registered with the bidder's firm, copy of RC and insurance, copy of Driving Licence and Road Tax clearance certificate
Department of Housing and Urban Development	1	Copy of Enlistment
Department of Local Government	3	PAN&GST, OEM Authorization letter and ISO Certificate
Department of Medical Education and Research	1	USFDA Certificate
Total	29	

Source: e-Procurement Portal and MIS

Appendix 2.5

(Referred to in Paragraph 2.10.1.3)

Number of cases of opening of tenders despite inadequate bids

Sr. No.	Name of the Department/ Organisation	No. of cases
1.	Bhakra Beas Management Board	8
2.	Department of Agriculture	43
3.	Department of Animal Husbandry, Dairy Development and Fisheries	19
4.	Department of Food, Civil Supplies and Consumer Affairs	4
5.	Department of Health and Family Welfare	1
6.	Department of Higher Education	6
7.	Department of Home Affairs and Justice	29
8.	Department of Housing and Urban Development	6
9.	Department of Local Government	279
10.	Department of Power	36
11.	Department of Revenue, Rehabilitation and Disaster Management	1
12.	Department of Rural Development and Panchayats	12
13.	Department of School Education	3
14.	Department of Science Technology and Environment	2
15.	Department of Sports and Youth Services	6
16.	Department of Water Resources	43
17.	Department of Governance Reforms & Public Grievances	1
18.	Punjab Agricultural University	10
19.	Department of Public Works (B&R)	41
20.	Department of Water Supply and Sanitation	40
21.	World Bank	111
22.	Department of Excise and Taxation	178
23.	Department of Cooperation	86
Total		965

Source: GePNIC Database

Appendix 2.6

(Referred to in Paragraph 2.10.12)

Name of Departments and number of users serving as a single user

Sr. No.	Name of the Department	Users
1.	Department of Local Government	822
2.	Department of Power	335
3.	Department of Water Resources	310
4.	Department of Agriculture	267
5.	Department of Public Works (B&R)	186
6.	Department of Cooperation	172
7.	Department of Water Supply and Sanitation	164
8.	World Bank	123
9.	Department of Food, Civil Supplies and Consumer Affairs	118
10.	Department of Technical Education and Industrial Training	84
11.	Department of Sports and Youth Services	62
12.	Department of Rural Development and Panchayats	57
13.	Department of Excise and Taxation	54
14.	Department of Housing and Urban Development	48
15.	Bhakra Beas Management Board	42
16.	Department of Home Affairs and Justice	37
17.	Department of Industries and Commerce	32
18.	Department of Health and Family Welfare	26
19.	Department of Medical Education and Research	22
20.	Department of Animal Husbandry, Dairy Development and Fisheries	17
21.	Department of Transport	14
22.	Department of Forests and Wildlife Preservation	14
23.	Department of Finance	13
24.	Department of Science Technology and Environment	11
25.	Punjab Agricultural University	10
26.	Department of Social Security and Women & Child Development	9
27.	Department of School Education	9
28.	Department of General Administration	9
29.	Department of Revenue, Rehabilitation and Disaster Management	8
30.	Department of Labour	8
31.	Department of Personnel	7
32.	Department of Tourism and Cultural Affairs	6
33.	Punjab Cricket Association	6
34.	Department of Elections	6
35.	Department of Governance Reforms & Public Grievances	6
36.	Punjab Energy Development Agency	5
37.	Punjab Remote Sensing Centre	4
38.	Department of Vigilance	4
39.	Department of Mines and Geology	4

Sr. No.	Name of the Department	Users
40.	Department of Higher Education	4
41.	Department of Printing and Stationery	3
42.	Department of Information and Public Relations	3
43.	NIC	1
Total		3,142

Source: GePNIC Database

Appendix 2.7

(Referred to in Paragraph 2.10.12)

Name of Departments and number of cases wherein single user performed multiple roles

Sr. No.	Name of the Department/Organisation	Number of cases
1.	Bhakra Beas Management Board	34
2.	Department of Agriculture	188
3.	Department of Animal Husbandry, Dairy Development and Fisheries	13
4.	Department of Cooperation	113
5.	Department of Elections	1
6.	Department of Employment Generation and Training	1
7.	Department of Excise and Taxation	19
8.	Department of Finance	3
9.	Department of Food, Civil Supplies and Consumer Affairs	70
10.	Department of Forests and Wildlife Preservation	7
11.	Department of General Administration	1
12.	Department of Health and Family Welfare	9
13.	Department of Higher Education	4
14.	Department of Home Affairs and Justice	10
15.	Department of Housing and Urban Development	37
16.	Department of Industries and Commerce	18
17.	Department of Information and Public Relations	1
18.	Department of Labour	2
19.	Department of Local Government	609
20.	Department of Medical Education and Research	10
21.	Department of Mines and Geology	1
22.	Department of Personnel	1
23.	Department of Power	173
24.	Department of Printing and Stationery	2
25.	Punjab Energy Development Agency	3
26.	Department of Revenue, Rehabilitation and Disaster Management	1
27.	Department of Rural Development and Panchayats	41
28.	Department of School Education	7
29.	Department of Science Technology and Environment	6
30.	Department of Social Security and Women & Child Development	1
31.	Department of Sports and Youth Services	22
32.	Department of Tourism and Cultural Affairs	7
33.	Department of Transport	6

Sr. No.	Name of the Department/Organisation	Number of cases
34.	Department of Vigilance	1
35.	Department of Water Resources	173
36.	Department of Technical Education and Industrial Training	9
37.	Department of Governance Reforms & Public Grievances	4
38.	Punjab Agricultural University	7
39.	Punjab Cricket Association	2
40.	Department of Public Works (B&R)	144
41.	Department of Water Supply and Sanitation	118
42.	World Bank	108
Total		1,987

Source: GePNIC Database

Appendix 2.8

(Referred to in Paragraph 2.10.12)

Name of Departments and numbers of users wherein officials were assigned the role of Tender Accepting Authority

Sr. No.	Name of the Department/Organisation	Number of Tender Accepting Authority
1.	Department of Water Supply and Sanitation	79
2.	World Bank	55
3.	Department of Agriculture	42
4.	Department of Public Works (B&R)	35
5.	Department of Technical Education and Industrial Training	27
6.	Department of Local Government	26
7.	Department of Sports and Youth Services	24
8.	Department of Rural Development and Panchayats	23
9.	Department of Cooperation	17
10.	Department of Water Resources	11
11.	Department of Food, Civil Supplies and Consumer Affairs	9
12.	Department of Medical Education and Research	7
13.	Department of Finance	4
14.	Department of General Administration	4
15.	Department of Health and Family Welfare	4
16.	Department of Forests and Wildlife Preservation	3
17.	Department of Home Affairs and Justice	3
18.	Department of Labour	3
19.	Department of Social Security and Women & Child Development	3
20.	Department of Elections	2
21.	Department of Animal Husbandry, Dairy Development and Fisheries	1
22.	Department of Personnel	1
23.	Department of Power	1
24.	Department of Transport	1
25.	Department of Governance Reforms & Public Grievances	1
Total		386

Source: GePNIC Database

Appendix 2.9

(Referred to in Paragraph 2.11.1.5(b)(ii))

Department-wise count of tenders where multiple bids received from same IP address

Sr. No.	Department Name	Number of Tenders
1.	Department of Agriculture	9
2.	Department of Finance	1
3.	Department of Forests and Wildlife Preservation	31
4.	Department of Home Affairs and Justice	20
5.	Department of Housing and Urban Development	13
6.	Department of Local Government	16
7.	Department of Medical Education and Research	10
8.	Department of School Education	3
9.	Department of Social Security and Women & Child Development	2
10.	Department of Sports and Youth Services	3
11.	Department of Water Resources	27
12.	Department of Public Works (B&R)	3
Total		138

Source: GePNIC Database

Appendix 3.1

(Referred to in Paragraph 3.7.2.2)

Details of sanctioned strength (SS) of SCERT as per MHRD, GoI vis-à-vis notified by GoP

SS of SCERT as per MHRD, GoI (April 2018)			SS of SCERT as notified by GoP (June 2021)	
Name of Division/ Department	Faculty	SS	Name of Post	SS
Academic posts				
Director	Professor	1	Director	1
Joint Director	Joint Director (Academic) - Professor	1	Deputy Director	1
Division of Curriculum Research and Development	HoD (Professor)	1	Assistant Director	3
Maths and Science	2 Faculty for Elementary Education and 5 Faculty for Secondary Education	7	Lecturer	7
Social Sciences	Faculty (1 each for History, Political Science, Geography and Economics)	4	Mentor (Master Cadre)	22
Department of Language	2 Faculty for Elementary Education (1 for Hindi and 1 for English) and 4 Faculty for Secondary Education (1 each for Hindi and English, 2 for regional languages)	6	Assistant Mentor (ETT Cadre)	2
Department of Commerce Studies	Faculty for Secondary Education (for Accountancy and Business Studies)	1	Total Academic Staff	36
Department of Art Education	Faculty (1 for Visual Arts and 1 for Performing Arts)	2		
Department of Work Experience and Vocational Education	Faculty for priority trades based on state context and also for Work Experience	2		
Department of Health and Physical Education	Faculty (1 for Health and Physical Education/Population Education)	1		
Department of Inclusive and Special Education	1 Faculty (specialisation in curriculum development and inclusive pedagogy for children with learning and physical disabilities) and 1 Faculty (specialisation in addressing intersectional issues across caste/gender/religious inequities)	2		
Department of Pre-school	Faculty (Each specialising in ECCE/Preschool curriculum and pedagogy)	2		

SS of SCERT as per MHRD, GoI (April 2018)		
Name of Division/ Department	Faculty	SS
Division of Educational Research, Survey and Assessment	1 HoD (Professor) and 2 Faculty (1 specialising in quantitative research and learning assessments and 1 specialising in qualitative research)	3
Division of Teacher Education	1 HoD (Professor) and 4 Faculty (3 for Pre-service education - Philosophy, Sociology, Psychology and 1 for In-service education)	5
Department of Leadership and Management	Faculty (Each with specialisation in school leadership, management and community engagement/School Management Committees)	2
Division of ICT	1 HoD (Professor) and 2 Faculty (1 for CAL/ICT for student learning - integration of ICT in Teaching learning and 1 for ICT Initiatives) (NTP, Prashikshak)	3
Division of Programme and Monitoring)	1 HoD (Professor) and 1 Faculty (specialised in educational planning)	2

SS of SCERT as per MHRD, GoI (April 2018)			SS of SCERT as notified by GoP (June 2021)	
Non-Academic posts				
Library and Documentation Cell	1 Librarian 1 Assistant Librarian 1 Professional Assistant	3	Superintendent Grade-I	1
Administrative Division	3 Administrative Officers 1 Deputy Comptroller of Accounts (DCA) 1 Publications Officer 2 Editor/Assistant Editor	7	Senior Assistant	2
Technical Staff	2 Professional Assistant for Library and Documentation Division 3 Technical staff for different departments (Computer assistant, Semi-Professional Assistant, Laboratory Assistant)	5	Clerk	3
Project Staff	Project Fellows and/or Consultants on contractual basis	6		

Source: Departmental data

Appendix 3.2

(Referred to in paragraph 3.7.2.2)

**Details of sanctioned strength (SS) of DIETs
as per MHRD, GoI (April 2018) vis-à-vis notified by GoP (June 2021)**

Name of Post as per MHRD, GoI (April 2018)	SS	Academic Post as notified by GoP (June 2021)	SS
Academic Posts			
Principal	22	Principal	22
Vice-Principal	22	Lecturer	132
Senior Lecturers	132	Mentors	148
Lecturers	374	Assistant Mentors	22
Total	550	Total	324
Non-Academic Posts			
Work Experience/ Work Education Teacher	44	Sr. Assistant	22
Librarian	44	Clerk	22
ICT Support Staff	44	Total	44
Statistician	44		
Office Superintendent	44		
Lab. Assistant	44		
P.A./Steno (to Principal)	44		
Clerk (including one for hostel)	44		
Steno Typist/Data Entry Operator	88		
Accountant	44		
Maintenance Support Staff/Group 'D'	44		
Total	528		

Source: Departmental data

Appendix 3.3

(Referred to in paragraph 3.7.5)

Status of schools having ICT Labs without faculty during 2022-23

Sr. No.	District	No. of schools having ICT Lab without faculty	No. of students enrolled in Classes 6 th to 12 th
1.	Amritsar	37	6,166
2.	Barnala	7	870
3.	Bathinda	24	3,928
4.	Faridkot	10	1,413
5.	Fatehgarh Sahib	2	443
6.	Fazilka	29	5,915
7.	Firozpur	34	10,198
8.	Gurdaspur	25	3,321
9.	Hoshiarpur	31	4,207
10.	Jalandhar	23	3,588
11.	Kapurthala	20	2,169
12.	Ludhiana	20	3,924
13.	Malerkotla	3	423
14.	Mansa	38	6,237
15.	Moga	40	9,902
16.	Mohali	13	1,548
17.	Sri Muktsar Sahib	23	3,489
18.	Nawanshahr	12	1,938
19.	Pathankot	14	2,309
20.	Patiala	26	3,695
21.	Rupnagar	19	1,677
22.	Sangrur	43	7,534
23.	Tarn Taran	40	6,746
Total		533	91,640

Source: UIDSE+ data and Departmental data

Appendix 3.4

(Referred to in paragraph 3.8.4(i))

Details of schools without primary teachers despite availability of students as of March 2023

District	Block	School	Enrolment – Pre-primary	Enrolment - Primary	Total	No. of Teachers
Patiala	Patiala-1	GPS Suniarheri	11	13	24	0
Gurdaspur	Batala-1	GSSS Jaito Sarja	5	28	33	0
	Shri Hargobindpur	GSSS (girls) Shri Hargobindpur	6	36	42	0
Pathankot	Pathankot-3	GSSS Ghiala	24	20	44	0
	Dhar-2	GHS Tharial	25	26	51	0
Ferozepur	Zira	GSSS Jeevan Mall	7	43	50	0
	Zira	GSSS, SGRM	64	236	300	0
Ludhiana	Ludhiana-2	GSSS Baddowal Cantt	36	62	98	0
Hoshiarpur	Bulalowal	GSSS Dhade Fateh Singh	79	165	244	0
Tarn Taran	Bhikhiwind	Govt. Adarsh SSS, Balerkhurd	85	432	517	0

Source: UIDSE+ data

Appendix 4.1

(Referred to in paragraphs 4.1 and 4.4)

Details of jails (category-wise) in Punjab and the jails selected for test-check

Sr. No.	Name of Jail	Inmates	Capacity	Inmates	Capacity	Total Capacity	Total Inmates
		Male	Male	Female	Female		
1.	CJ Amritsar	2,894	2,006	151	260	2,266	3,045
2.	CJ Bathinda	1,635	2,100	0	0	2,100	1,635
3.	CJ Faridkot	2,026	1,928	108	164	2,092	2,134
4.	CJ Ferozepur	1,470	1,100	80	136	1,236	1,550
5.	CJ Gurdaspur	995	880	59	70	950	1,054
6.	CJ Hoshiarpur	1,102	678	58	45	723	1,160
7.	CJ Kapurthala	3,467	2,870	200	120	2,990	3,667
8.	CJ Ludhiana	4,270	3,200	0	0	3,200	4,270
9.	CJ Patiala	2,330	1,688	124	113	1,801	2,454
10.	CJ Sri Goindwal Sahib	1,691	2,460	0	320	2,780	1,691
11.	DJ Barnala	603	420	0	15	435	603
12.	DJ Mansa	618	419	55	24	443	673
13.	DJ Nabha	0	0	0	0	0	0
14.	New DJ Nabha	853	750	66	100	850	919
15.	DJ Ropar	1,017	448	63	25	473	1,080
16.	DJ Sangrur	980	584	96	66	650	1,076
17.	DJ Sri Muktsar Sahib	1,078	775	0	100	875	1,078
18.	WJ Bathinda	0	0	189	288	288	189
19.	WJ Ludhiana	0	0	239	320	320	239
20.	BJ Ludhiana	372	500	0	0	500	372
21.	OAJ Nabha	56	75	0	0	75	56
22.	SJ Fazilka	69	48	0	0	48	69
23.	SJ Malerkotla	290	170	0	0	170	290
24.	SJ Moga	78	75	0	0	75	78
25.	SJ Pathankot	377	280	0	0	280	377
26.	SJ Patti	210	204	0	0	204	210
Total		28,481	23,658	1,488	2,166	25,824	29,969

Source: Departmental data

Status as on 31 March 2023

Selected for test-check

Appendix 4.2

(Referred to in paragraphs 4.6.1.1 and 4.6.1.2)

Details of overcrowding vis-à-vis vacancy

Sr. No.	Jail	Inmates	Capacity	Overcrowding/ Vacancy (-)	Convicts as on 31 st March	Convicts which could have been transferred
Male inmates during 2020-21						
1.	CJ Bathinda	1,450	2,100	-650	331	
2.	CJ Ludhiana	2,886	3,200	-314	363	
3.	CJ Hoshiarpur	419	678	-259	129	
4.	DJ Sri Muktsar Sahib	542	775	-233	108	
5.	CJ Faridkot	1,755	1,908	-153	375	
6.	New DJ Nabha	609	750	-141	183	
7.	CJ Gurdaspur	757	880	-123	194	
8.	SJ Pathankot	161	280	-119	161	
9.	SJ Fazilka	40	48	-8	1	
	Total	8,619	10,619	-2,000	1,845	
1.	DJ Ropar	450	448	2	83	2
2.	DJ Barnala	427	420	7	401	7
3.	SJ Moga	83	75	8	20	8
4.	SJ Patti	215	204	11	2	2
5.	CJ Kapurthala	2,902	2,870	32	438	32
6.	CJ Ferozepur	1,137	1,100	37	232	37
7.	DJ Sangrur	629	584	45	179	45
8.	CJ Patiala	1,801	1,688	113	311	113
9.	DJ Mansa	543	419	124	121	121
10.	CJ Amritsar	2,697	2,006	691	552	552
	Total	10,884	9,814	1,070	2,339	919
Male inmates during 2021-22						
1.	CJ Sri Goindwal Sahib	1,623	2,460	-837	218	
2.	CJ Bathinda	1,812	2,100	-288	497	
3.	SJ Pathankot	30	280	-250	19	
4.	SJ Patti	25	204	-179	2	
5.	SJ Moga	6	75	-69	5	
6.	CJ Gurdaspur	823	880	-57	192	
7.	CJ Kapurthala	2,817	2,870	-53	632	
8.	DJ Sri Muktsar Sahib	723	775	-52	171	
9.	New DJ Nabha	711	750	-39	287	
10.	SJ Fazilka	27	48	-21	8	
	Total	8,597	10,442	-1,845	2,031	

Sr. No.	Jail	Inmates	Capacity	Overcrowding/ Vacancy (-)	Convicts as on 31 st March	Convicts which could have been transferred
1.	SJ Malerkotla	173	170	3	38	3
2.	DJ Sangrur	607	584	23	130	23
3.	DJ Barnala	471	420	51	82	51
4.	DJ Mansa	479	419	60	105	60
5.	CJ Faridkot	2,046	1,908	138	611	138
6.	CJ Hoshiarpur	838	678	160	246	160
7.	DJ Ropar	727	448	279	140	140
8.	CJ Ludhiana	3,524	3,200	324	686	324
9.	CJ Ferozepur	1,495	1,100	395	384	384
10.	CJ Patiala	2,224	1,688	536	505	505
11.	CJ Amritsar	2,550	2,006	544	505	505
	Total	15,134	12,621	2,513	3,432	2,293
Male inmates during 2022-23						
1.	CJ Sri Goindwal Sahib	1,691	2,460	-769	335	
2.	CJ Bathinda	1,635	2,100	-465	464	
	Total	3,326	4,560	-1,234	799	
1.	SJ Moga	78	75	3	12	3
2.	SJ Patti	210	204	6	2	2
3.	SJ Fazilka	69	48	21	7	7
4.	SJ Pathankot	377	280	97	49	49
5.	CJ Faridkot	2,026	1,928	98	506	98
6.	New DJ Nabha	853	750	103	255	103
7.	CJ Gurdaspur	995	880	115	241	115
8.	SJ Malerkotla	290	170	120	49	49
9.	DJ Barnala	603	420	183	93	93
10.	DJ Mansa	618	419	199	178	178
11.	DJ Sri Muktsar Sahib	1,078	775	303	138	138
12.	CJ Ferozepur	1,470	1,100	370	385	370
13.	DJ Sangrur	980	584	396	210	210
14.	CJ Hoshiarpur	1,102	678	424	247	247
15.	DJ Ropar	1,017	448	569	156	156
16.	CJ Kapurthala	3,467	2,870	597	637	597
17.	CJ Patiala	2,330	1,688	642	504	504
18.	CJ Amritsar	2,894	2,006	888	489	489
19.	CJ Ludhiana	4,270	3,200	1,070	644	644
	Total	24,727	18,523	6,204	4,802	4,052

Sr. No.	Jail	Inmates	Capacity	Overcrowding/ Vacancy (-)	Convicts as on 31 st March	Convicts which could have been transferred
Female inmates during 2020-21						
1.	SJ Malerkotla	58	170	-112	20	
2.	CJ Amritsar	200	260	-60	69	
3.	CJ Ferozepur	81	136	-55	14	
4.	DJ Sri Muktsar Sahib	48	100	-52	2	
5.	New DJ Nabha	59	100	-41	24	
6.	CJ Gurdaspur	47	70	-23	11	
7.	CJ Faridkot	143	164	-21	30	
8.	DJ Barnala	0	15	-15	0	
9.	CJ Hoshiarpur	37	45	-8	10	
	Total	673	1,060	-387	180	
1.	DJ Ropar	35	25	10	15	10
2.	CJ Patiala	124	113	11	18	11
3.	DJ Sangrur	86	66	20	15	15
4.	DJ Mansa	55	24	31	22	22
5.	CJ Kapurthala	172	120	52	61	52
6.	CJ Bathinda	95	0	95	18	18
	Total	567	348	219	149	128
Female inmates during 2021-22						
1.	CJ Sri Goindwal Sahib	0	320	-320	0	
2.	WJ Ludhiana	206	320	-114	37	
3.	CJ Amritsar	163	260	-97	25	
4.	CJ Ferozepur	79	136	-57	23	
5.	DJ Sri Muktsar Sahib	53	100	-47	2	
6.	CJ Faridkot	129	164	-35	23	
7.	New DJ Nabha	75	100	-25	23	
8.	DJ Sangrur	49	66	-17	5	
9.	DJ Barnala	0	15	-15	0	
10.	CJ Gurdaspur	58	70	-12	9	
11.	CJ Hoshiarpur	36	45	-9	8	
12.	DJ Mansa	20	24	-4	4	
	Total	868	1,620	-752	159	
1.	CJ Patiala	114	113	1	21	1
2.	DJ Ropar	29	25	4	6	4
3.	CJ Kapurthala	180	120	60	48	48
4.	CJ Bathinda	94	0	94	19	19
	Total	417	258	159	94	72

Sr. No.	Jail	Inmates	Capacity	Overcrowding/ Vacancy (-)	Convicts as on 31 st March	Convicts which could have been transferred
Female inmates during 2022-23						
1.	CJ Amritsar	151	260	-109	24	
2.	CJ Sri Goindwal Sahib	0	320	-320	0	
3.	DJ Sri Muktsar Sahib	0	100	-100	0	
4.	WJ Ludhiana	239	320	-81	48	
5.	CJ Faridkot	108	164	-56	18	
6.	CJ Ferozepur	80	136	-56	13	
7.	New DJ Nabha	66	100	-34	15	
8.	DJ Barnala	0	15	-15	0	
9.	CJ Gurdaspur	59	70	-11	12	
10.	WJ Bathinda	189	288	-99	32	32
	Total	892	1,773	-881	162	
1.	CJ Patiala	124	113	11	18	11
2.	CJ Hoshiarpur	58	45	13	8	8
3.	DJ Sangrur	96	66	30	11	11
4.	DJ Mansa	55	24	31	6	6
5.	DJ Ropar	63	25	38	10	10
6.	CJ Kapurthala	200	120	80	36	36
	Total	596	393	203	89	82

Source: Departmental data

Appendix 4.3

(Referred to in Paragraph 4.6.2.1)

Details of peshies missed due to non-availability of police escorts

Details of Peshies	2020-21	2021-22	2022-23	Total
UTPs due for peshies	38,322	1,86,590	3,32,500	5,57,412
Produced before court	29,857	1,23,653	2,33,364	3,86,874
Not produced before court	8,465	62,937	99,136	1,70,538
Not produced due to dual <i>peshi</i>	16	110	329	455
Not produced due to hospitalisation	4	12	19	35
Not produced due to other reasons	3	32	398	433
Not produced due to non-availability of police escorts	8,442	62,783	98,390	1,69,615
<i>Peshies</i> conducted through VC on the same day	1,028	6,035	14,278	21,341
Total peshies missed	7,414	56,748	84,112	1,48,274

Source: Departmental data

Appendix 4.4

(Referred to in Paragraph 4.7.1)

Details showing barracks with insufficient toilet facilities in jails (Male barracks)

Sr. No.	Name of jail	Total barracks as on 31st March			Barracks with insufficient number of toilets during day (>6 inmates per toilet seat as on 31st March)			Barracks with insufficient number of toilets used for sleeping during night (>10 inmates per toilet seat as on 31st March)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
1.	CJ Amritsar	51	50	54	46	32	48	48	48	54
2.	CJ Bathinda	62	80	83	44	56	41	2	4	3
3.	CJ Faridkot	102	98	106	43	53	40	8	10	14
4.	CJ Ferozepur	40	40	39	17	26	26	35	36	36
5.	CJ Gurdaspur	15	15	17	12	11	12	13	13	13
6.	CJ Hoshiarpur	15	15	15	8	11	13	6	12	13
7.	CJ Kapurthala	108	105	108	102	101	104	70	85	94
8.	CJ Ludhiana	32	35	36	30	35	36	21	29	36
9.	CJ Patiala	33	32	34	25	28	29	24	28	28
10.	CJ Sri Goindwal Sahib	*	38	46	*	36	41	*	37	41
11.	DJ Barnala	9	9	9	8	9	8	4	5	8
12.	DJ Mansa	30	30	30	29	29	29	25	21	25
13.	DJ Sangrur	19	19	20	9	9	12	9	10	11
14.	DJ Sri Muktsar Sahib	19	25	27	8	12	21	2	1	0
15.	BJ Ludhiana	5	4	6	5	4	5	5	4	4
16.	SJ Pathankot	4	1	4	3	0	4	0	0	3
17.	OAJ Nabha	3	3	3	0	0	0	0	0	0
18.	WJ Ludhiana*	5	x	x	5	x	x	5	x	x
Total		552	599	637	394	452	469	277	343	383

Source: Departmental data

* CJ Sri Goindwal Sahib became functional in 2021-22

x WJ Ludhiana was converted to COVID jail for male inmates during 2020-21.

(Female barracks)

Sr. No.	Name of jail	Total barracks as on 31st March			Barracks with insufficient number of toilets during day (>6 inmates per toilet seat as on 31st March)			Barracks with insufficient number of toilets used for sleeping during night (>10 inmates per toilet seat as on 31st March)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
1.	CJ Amritsar	6	6	5	5	0	0	5	5	4
2.	CJ Bathinda	3	3	0	3	3	0	2	1	0
3.	CJ Faridkot	7	6	6	3	4	1	0	0	0
4.	CJ Ferozepur	1	1	1	1	1	1	1	1	1

Sr. No.	Name of jail	Total barracks as on 31st March			Barracks with insufficient number of toilets during day (>6 inmates per toilet seat as on 31st March)			Barracks with insufficient number of toilets used for sleeping during night (>10 inmates per toilet seat as on 31st March)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
5.	CJ Gurdaspur	1	1	1	0	1	1	0	0	0
6.	CJ Hoshiarpur	1	1	1	1	1	1	0	0	1
7.	CJ Kapurthala	10	10	10	8	9	9	3	3	5
8.	CJ Patiala	1	1	1	1	1	1	1	1	1
9.	DJ Mansa	1	1	1	1	0	1	0	0	0
10.	DJ Sangrur	1	1	1	1	0	1	0	0	1
11.	DJ Sri Muktsar Sahib	4	3	0	0	0	0	0	0	0
12.	WJ Ludhiana	x	4	3	x	3	3	x	3	3
Total		36	38	30	24	23	19	12	14	16

Source: Departmental data

^x WJ Ludhiana was converted to COVID jail for male inmates during 2020-21.

Appendix 4.5

(Referred to in Paragraph 4.8.2)

Details showing shortage of medical staff as on 31 March 2023

Sr. No.	Name of jail	Inmates	Medical Officer (In-charge)/ Medical Officer			Pharmacy Officer			Staff Nurse (M/F)			Medical Laboratory Tech.			Psychiatrist			Dentist			Gynaecologist		
			Req.	SS	MIP	Req.	SS	MIP	Req.	SS	MIP	Req.	SS	MIP	Req.	SS	MIP	Req.	SS	MIP	Req.	SS	MIP
1.	CJ Amritsar	3,045	7	5	4	5	5	4	5	2	0	2	0	1	1	0	0	1	0	0	0	0	0
2.	CJ Bathinda	1,635	5	2	3	4	3	3	4	0	0	2	0	0	1	0	0	1	0	0	0	0	0
3.	CJ Faridkot	2,134	7	6	3	5	4	2	5	10	6	2	2	1	1	1	0	1	1	0	0	1	0
4.	CJ Ferozepur	1,550	5	3	3	4	4	4	4	0	0	2	1	1	1	0	0	1	0	0	0	0	0
5.	CJ Gurdaspur	1,054	5	2	3	4	2	5	4	0	0	2	0	0	0	0	0	0	0	0	0	0	0
6.	CJ Hoshiarpur	1,160	5	1	2	4	1	1	4	0	2	2	0	0	0	0	0	0	0	0	0	0	0
7.	CJ Kapurthala	3,667	7	3	2	5	5	3	5	0	0	2	0	0	1	0	0	1	0	0	0	0	0
8.	CJ Ludhiana	4,270	7	4	4	5	3	0	5	0	0	2	0	0	1	0	0	1	0	0	0	0	0
9.	CJ Patiala	2,454	7	4	4	5	4	4	5	0	0	2	0	0	1	0	0	1	0	0	0	0	0
10.	CJ Sri Goindwal Sahib	1,691	5	7	3	4	7	6	4	4	1	2	0	2	1	0	0	1	0	0	0	0	0
11.	DJ Barnala	603	3	0	1	2	1	2	3	0	0	1	0	0	0	0	0	0	0	0	0	0	0
12.	DJ Mansa	673	3	1	2	2	1	2	3	0	0	1	0	0	0	0	0	0	0	0	0	0	0
13.	DJ Sangrur	1,076	5	1	1	4	1	3	4	0	1	2	0	1	0	0	0	0	0	0	0	0	0
14.	DJ Sri Muktsar Sahib	1,078	5	0	1	4	0	1	4	0	0	2	0	0	0	0	0	0	0	0	0	0	0
15.	WJ Ludhiana	239	2	1	1	1	1	1	1	0	0	1	1	1	0	1	1	0	1	1	1	0	0
16.	OAJ Nabha	56	2	0	0	1	1	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0
17.	BJ Ludhiana	372	2	2	2	1	3	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Total		26,757	82	42	39	60	46	43	62	16	10	29	4	7	8	2	1	8	2	1	1	1	0

Source: Departmental data

Appendix 4.6

(Referred to in Paragraph 4.8.3)

Details of inmates referred to hospitals outside jail premises for treatment due to lack of healthcare facilities

Sr. No.	Name of jail	Prisoners referred to hospital outside jail premises for treatment			Persons not sent to hospital outside jail due to non-availability of police escorts		
		2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
1.	CJ Amritsar	1,600	1,172	829	548	425	310
2.	CJ Bathinda	2,705	4,307	2,715	759	1,765	1,033
3.	CJ Faridkot	611	799	939	0	0	5
4.	CJ Ferozepur	173	556	172	0	0	0
5.	CJ Gurdaspur	0	0	0	0	0	0
6.	CJ Hoshiarpur	140	231	459	27	10	162
7.	CJ Kapurthala	1,075	1,327	1,698	26	18	163
8.	CJ Ludhiana	2,936	3,373	3,146	1,193	1,047	1,126
9.	CJ Patiala	466	962	2,497	193	693	1,853
10.	CJ Sri Goindwal Sahib	0	57	501	0	2	73
11.	DJ Barnala	339	907	685	25	61	42
12.	DJ Mansa	27	105	119	3	31	15
13.	DJ Sangrur	428	540	805	21	55	251
14.	DJ Sri Muktsar Sahib	608	970	1,105	11	42	130
15.	SJ Pathankot	6	104	297	5	9	123
16.	WJ Ludhiana	523	898	1,003	0	0	0
17.	OAJ Nabha	0	0	0	0	0	0
18.	BJ Ludhiana	159	139	284	41	34	57
Total		11,796	16,447	17,254	2,852	4,192	5,343

Source: Departmental data

Appendix 4.7

(Referred to in Paragraph 4.9.1)

Details of Biscuits requirements and supply received from Ludhiana Bakery School (in Qtl.) during 2020-21 to 2022-23

Sr. No.	Name of jails	2020-21				2021-22				2022-23				Total Biscuits requirement 2020-2023	Total Biscuit Supplied	Short Supplied	Percentage of Shortage
		Average No. of Inmates	Biscuits required	Supplied received from LBS	Shortage	Average No. of Inmates	Biscuits required	Supplied received from LBS	Shortage	Average No. of Inmates	Biscuits required	Supplied received from LBS/other Jail	Shortage				
1.	CJ Amritsar	2,938	536	49	487	3,190	582	103	479	3,759	686	0	686	1,804	152	1,652	92
2.	CJ Bathinda	1,473	269	100	169	1,887	344	187	157	1,711	312	72	240	925	359	566	61
3.	CJ Faridkot	1,616	295	212	83	1,951	356	195	161	1,358	248	82	166	899	489	410	46
4.	CJ Ferozepur	987	180	156	24	1,493	272	142	130	1,686	308	178	130	760	476	284	37
5.	CJ Gurdaspur	588	107	40	67	808	147	24	123	987	180	0	180	435	64	371	85
6.	CJ Hoshiarpur	452	82	70	12	828	151	140	11	1,116	204	115	89	437	325	112	26
7.	CJ Kapurthala	2,663	486	286	200	3,408	622	199	423	3,533	645	70	575	1,753	555	1,198	68
8.	CJ Ludhiana	2,503	457	382	75	3,447	629	424	205	4,157	759	457	302	1,845	1,263	582	32
9.	CJ Patiala	1,539	281	251	30	2,146	392	317	75	2,400	438	105	333	1,111	673	438	39
10.	CJ Sri Goindwal Sahib*	0	0	0	0	1,080	50	0	50	1,668	304	81	223	354	81	273	77
11.	DJ Barnala	268	49	0	49	453	83	9	74	582	106	10	96	238	19	219	92
12.	DJ Mansa	428	78	34	44	543	99	36	63	722	132	27	105	309	97	212	69
13.	DJ Sangrur	675	123	53	70	811	148	36	112	1,068	195	0	195	466	86	380	82
14.	DJ Sri Muktsar Sahib	471	86	31	55	635	116	41	75	1,044	191	17	174	392	89	303	77
15.	WJ Ludhiana	111	20	16	4	195	36	32	4	233	43	36	6	98	84	14	14
16.	SJ Pathankot	105	19	1	18	115	21	1	20	293	53	0	53	94	2	92	98
17.	BJ Ludhiana	392	72	28	44	400	73	28	45	314	57	25	32	202	81	121	60
18.	OAJ, Nabha	16	3	0	3	52	9	2	7	59	11	4	7	23	6	17	74
19.	New DJ, Nabha	1,000	183	118	65	1,050	192	96	96	1,100	201	72	129	575	286	289	50
20.	DJ Ropar	404	74	45	29	777	142	53	89	999	182	72	110	398	170	228	57
21.	SJ Patti	170	31	0	31	150	27	0	27	190	35	0	35	93	0	93	100
22.	SJ Malerkotla	55	10	4	6	132	24	2	22	261	48	0	48	82	6	76	93
23.	SJ Fazilka	33	6	4	2	34	6	0	6	80	15	1	14	27	5	22	81
24.	SJ Moga	78	14	1	13	55	10	3	7	76	14	5	9	38	9	29	76
25.	WJ Bhatinda	0	0	0	0	0	0	0	0	202	28	7	21	28	7	21	75
Total		18,965	3,461	1,881	1,580	25,640	4,531	2,070	2,461	29,598	5,395	1,436	3,958	13,386	5,384	8,002	60

Source: Departmental data

* Central Jail Shri Goindwal Sahib was commenced w. e. f. 25 December 2021

Appendix 4.8

(Referred to in Paragraph 4.9.3)

Details showing cases of water borne diseases in jails

Sr. No.	Name of the jail	Cholera			Diarrhoea			Dysentery			Typhoid		
		2020-21	2021-22	2022-23	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
1.	CJ Amritsar	0	0	0	30	25	45	0	0	0	35	42	67
2.	CJ Bathinda	0	0	0	24	21	22	21	19	18	9	7	5
3.	CJ Faridkot	0	0	0	0	0	0	0	0	0	22	68	24
4.	CJ Ferozepur	0	0	0	3	5	8	0	0	0	0	0	0
5.	CJ Gurdaspur	0	0	0	0	0	0	0	0	0	0	0	0
6.	CJ Hoshiarpur	0	0	0	0	0	0	0	0	0	0	0	0
7.	CJ Kapurthala	0	0	0	1	1	1	1	2	1	1	1	1
8.	CJ Ludhiana	0	0	0	5	15	8	0	0	0	8	11	13
9.	CJ Patiala	0	0	0	26	23	31	3	4	2	5	3	4
10.	CJ Sri Goindwal Sahib	0	0	0	0	0	10	0	0	0	0	0	0
11.	DJ Barnala	0	0	0	12	13	21	0	0	0	0	0	0
12.	DJ Mansa	0	0	0	31	28	25	0	0	0	0	0	0
13.	DJ Sangrur	0	0	0	0	0	0	0	0	0	0	0	0
14.	DJ Sri Muktsar Sahib	2	2	3	7	13	12	0	0	0	3	4	5
15.	WJ Ludhiana	0	0	0	0	0	0	0	0	0	0	0	0
16.	SJ Pathankot	0	0	0	0	42	50	0	80	66	0	15	19
17.	OAJ Nabha	0	0	0	0	0	0	0	0	0	0	0	0
18.	BJ Ludhiana	0	0	0	0	0	0	0	0	0	0	0	0
Total		2	2	3	139	186	233	25	105	87	83	151	138

Source: Departmental data

Appendix 4.9

(Referred to in Paragraph 4.10.2)

Details of sanitary pads issued to the women inmates during 2020-2023

Sr. No.	Name of Jail	Average women inmates during the year ending in March			Sanitary pads issued to women inmates during the year ending in March			Average sanitary pads issued per month per women inmate		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
1.	CJ Amritsar	114	273	186	6,600	7,520	7,515	4.82	2.3	3.37
2.	CJ Bathinda	88	105	0	100	942	0	0.09	0.75	0
3.	CJ Faridkot	114	154	133	4,550	6,398	5,467	3.33	3.46	3.43
4.	CJ Ferozepur	59	82	88	480	250	714	0.68	0.25	0.68
5.	CJ Gurdaspur	40	49	67	0	0	0	0	0	0
6.	CJ Hoshiarpur	31	40	54	954	1,230	1,662	2.56	2.56	2.56
7.	CJ Kapurthala	117	175	195	800	1,152	2,740	0.57	0.55	1.17
8.	CJ Patiala	84	101	122	2,786	4,921	6,608	2.76	4.06	4.51
9.	DJ Mansa	30	25	46	1,950	1,980	2,910	5.42	6.6	5.27
10.	DJ Sangrur	71	69	98	500	464	594	0.59	0.56	0.51
11.	DJ Sri Muktsar Sahib	27	41	13	0	0	0	0	0	0
12.	WJ Ludhiana	64	157	233	684	3,500	6,840	0.89	1.86	2.45
Total		839	1,271	1,235	19,404	28,357	35,050			

Source: Departmental data

Appendix 4.10

(Referred to in Paragraph 4.10.3)

Details of boilers and mechanised laundry provided in jails

Sr. No.	Name of the Jail	Boiler	Laundry mechanised in jails
1.	CJ Amritsar	No	Yes
2.	CJ Bathinda	No	Yes
3.	CJ Faridkot	No	No
4.	CJ Ferozepur	No	Yes
5.	CJ Gurdaspur	No	No
6.	CJ Hoshiarpur	No	Yes
7.	CJ Kapurthala	No	Yes
8.	CJ Ludhiana	No	Yes
9.	CJ Patiala	No	Yes
10.	CJ Sri Goindwal Sahib	No	Yes
11.	DJ Barnala	No	Yes*
12.	DJ Mansa	No	No
13.	DJ Sangrur	No	No
14.	DJ Sri Muktsar Sahib	No	No
15.	SJ Pathankot	No	No
16.	WJ Ludhiana	No	No
17.	OAJ Nabha	No	No
18.	BJ Ludhiana	No	No

Source: Departmental data

* Donated by an NGO

Appendix 6.1

(Referred to in Paragraph 6.1)

Details of avoidable extra payment of fixed charges on electricity supply by Punjab Agricultural University

(Amount in ₹)

Period of Bill	Days	Fixed charges paid on 3520 kVA (i.e. 80% of contract demand of 4400 kVA) (NRS Category)	Fixed charges on 2240 kVA (i.e. 80% of contract demand of 2800 kVA) (Domestic Category)	Extra payment of fixed charges
01.01.2018 to 31.01.2018	31	3,52,000	1,34,400	2,17,600
01.02.2018 to 28.02.2018	28	3,52,000	1,34,400	2,17,600
01.03.2018 to 31.03.2018	31	3,52,000	1,34,400	2,17,600
01.04.2018 to 30.04.2018	30	3,87,200	1,56,800	2,30,400
01.05.2018 to 31.05.2018	31	3,87,200	1,56,800	2,30,400
01.06.2018 to 29.06.2018	29	3,87,200	1,51,573	2,35,627
30.06.2018 to 31.07.2018	32	4,13,013	1,67,253	2,45,760
01.08.2018 to 31.08.2018	31	4,00,107	1,62,027	2,38,080
01.09.2018 to 30.09.2018	30	3,87,200	1,56,800	2,30,400
01.10.2018 to 31.10.2018	31	4,00,107	1,62,027	2,38,080
01.11.2018 to 30.11.2018	30	3,87,200	1,56,800	2,30,400
01.12.2018 to 31.12.2018	31	4,00,107	1,62,027	2,38,080
01.01.2019 to 31.01.2019	31	4,00,107	1,62,027	2,38,080
01.02.2019 to 23.02.2019	23	2,95,086*	1,18,567	1,76,519
24.02.2019 to 13.04.2019	49	6,23,763	2,52,598	3,71,165
14.04.2019 to 17.05.2019	34	4,32,815	1,75,272	2,57,543
18.05.2019 to 31.05.2019	14	1,78,218	72,171	1,06,047
01.06.2019 to 30.06.2019	30	3,81,896	1,76,745	2,05,151
01.07.2019 to 31.07.2019	31	3,94,626	1,82,637	2,11,989
01.08.2019 to 31.08.2019	31	3,94,626	1,82,637	2,11,989
01.09.2019 to 21.09.2019	21	2,67,327	1,23,722	1,43,605
22.09.2019 to 28.09.2019	7	89,109	41,241	47,868
29.09.2019 to 26.11.2019	59	7,51,062	3,47,599	4,03,463
27.11.2019 to 24.12.2019	28	3,56,436	1,64,962	1,91,474
25.12.2019 to 22.01.2020	29	3,69,166	1,70,854	1,98,312
23.01.2020 to 22.02.2020	31	3,93,548	1,82,637	2,10,911
23.02.2020 to 03.04.2020	41	5,20,498	2,41,552	2,78,947
04.04.2020 to 20.04.2020	17	2,15,816	1,00,156	1,15,661
21.04.2020 to 22.05.2020	32	4,06,243	1,88,528	2,17,714
23.05.2020 to 31.05.2020	9	1,14,256	53,024	61,232
01.06.2020 to 22.06.2020	22	2,79,292	1,78,218	1,01,074
23.06.2020 to 01.08.2020	40	5,07,803	3,24,033	1,83,770
02.08.2020 to 22.08.2020	21	2,66,597	1,70,117	96,479
23.08.2020 to 21.09.2020	30	3,80,852	2,43,025	1,37,828
22.09.2020 to 21.10.2020	30	3,80,852	2,43,025	1,37,828
22.10.2020 to 21.11.2020	31	3,93,548	2,51,125	1,42,422

Period of Bill	Days	Fixed charges paid on 3520 kVA (i.e. 80% of contract demand of 4400 kVA) (NRS Category)	Fixed charges on 2240 kVA (i.e. 80% of contract demand of 2800 kVA) (Domestic Category)	Extra payment of fixed charges
22.11.2020 to 21.12.2020	30	3,80,852	2,43,025	1,37,828
22.12.2020 to 21.01.2021	31	3,93,548	2,51,125	1,42,422
22.01.2021 to 20.02.2021	30	3,81,896	2,43,025	1,38,871
21.02.2021 to 20.03.2021	28	3,56,436	2,26,823	1,29,613
21.03.2021 to 20.04.2021	31	3,94,626	2,51,125	1,43,500
21.04.2021 to 20.05.2021	30	3,81,896	2,43,025	1,38,871
21.05.2021 to 31.05.2021	11	1,40,028	89,109	50,919
01.06.2021 to 19.06.2021	19	2,41,867	1,74,904	66,963
20.06.2021 to 21.07.2021	32	4,07,356	2,94,575	1,12,780
22.07.2021 to 23.08.2021	33	4,20,085	3,03,781	1,16,305
24.08.2021 to 22.09.2021	30	3,81,896	2,76,164	1,05,732
23.09.2021 to 30.09.2021	8	1,01,839	73,644	28,195
01.10.2021 to 20.10.2021	20	2,54,597	1,84,110	70,488
21.10.2021 to 24.11.2021	35	4,45,545	3,22,192	1,23,353
25.11.2021 to 23.12.2021	29	3,69,166	2,66,959	1,02,207
24.12.2021 to 24.01.2022	32	4,07,356	2,94,575	1,12,780
25.01.2022 to 21.02.2022	28	3,56,436	2,57,753	98,683
22.02.2022 to 22.03.2022	29	3,69,166	2,66,959	1,02,207
23.03.2022 to 22.04.2022	31	3,94,626	2,85,370	1,09,256
23.04.2022 to 24.05.2022	32	4,07,356	2,94,575	1,12,780
25.05.2022 to 23.06.2022	30	3,81,896	2,76,164	1,05,732
24.06.2022 to 23.07.2022	30	3,81,896	2,76,164	1,05,732
24.07.2022 to 23.08.2022	31	3,94,626	2,85,370	1,09,256
24.08.2022 to 30.09.2022	38	4,83,735	3,49,808	1,33,927
01.10.2022 to 21.10.2022	21	2,67,327	1,93,315	74,012
22.10.2022 to 23.11.2022	33	4,20,085	3,03,781	1,16,305
24.11.2022 to 20.12.2022	27	3,43,706	2,48,548	95,158
21.12.2022 to 20.01.2023	31	3,94,626	2,85,370	1,09,256
21.01.2023 to 20.02.2023	31	3,94,626	2,85,370	1,09,256
21.02.2023 to 22.03.2023	30	3,81,896	2,76,164	1,05,732
Total		2,42,29,867	1,38,04,649	1,04,25,218
Add ED+IDF @ 18%		43,61,376	24,84,837	18,76,539
Add MT @ 2%		4,84,597	2,76,093	2,08,504
Grand Total		2,90,75,840	1,65,65,579	1,25,10,261
Setting off amount on account of energy charges which would have to be paid extra in Domestic Supply Category				(-)3,74,282
Net extra payment of fixed charges				1,21,35,979

Source: Departmental records

Note: Fixed charges have been calculated on monthly basis irrespective of 30/31 days in a month (up to 31-05-2018); calculated proportionately taking into account a month of 30 days (from 01.06.2018 to 31.01.2019); and calculated proportionately taking into account 365/366 days in a year (w.e.f. 01.02.2019 onwards).

* Works out to ₹ 2,92,787/-, but PSPCL has taken as ₹ 2,95,086/- in its calculation sheet.

Appendix 6.2

(Referred to in Paragraph 6.5(i))

Statement detailing calculation of avoidable payment of interest on compensation of land

(Amount in ₹)

Sr. No.	RFA No./ Year	Date of decision of High Court	Enhanced compensation including Solatium (30%) and Appreciation charges (12%)	Voucher No. and Date of payment of enhanced compensation	Amount of total interest payable as per decretal statement	Date up to which interest paid	Amount of interest actually paid	Voucher No. & Date of payment of interest	No. of days for which payment of interest was avoidable*	Amount of interest was avoidable
1	2	3	4	5	6	7	8	9	10	11
1.	2903/2001	21-01-2016	64,13,801	34/09-09-2021	2,00,59,163	24-02-2020	2,02,98,898	34/08-07-2022	1405	37,03,311
		21-01-2016	78,925		2,46,838	24-02-2020			1405	45,571
2.	2904/2001	21-01-2016	5,19,219	106/30-09-2021	16,23,856	24-02-2020	16,23,856	33/08-07-2022	1405	2,99,796
3.	2905/2001	21-01-2016	3,63,607	54/21-05-2019	10,41,734	24-04-2018	10,41,734	54/21-05-2019	734	1,09,680
4.	2917/2001	21-01-2016	6,16,284	54/21-05-2019	17,65,654	24-04-2018	17,65,654	54/21-05-2019	764	2,74,437
5.	2906/2001	21-01-2016	8,74,080	71/14-10-2019	25,04,239	24-05-2018	25,04,239	71/14-10-2019	1921	7,74,036
6.	2909/2001	21-01-2016	80,140	71/14-10-2019	2,29,600	24-05-2018	2,29,600	71/14-10-2019	1921	7,74,036
7.	2924/2001	21-01-2016	82,52,611	71/14-10-2019	2,36,43,731	24-05-2018	2,36,43,731	71/14-10-2019	1921	7,74,036
8.	2907/2001	21-01-2016	9,80,473	57/23-12-2021	32,74,780	24-07-2021	32,74,780	105/23-09-2022	1921	2,11,21,007
		21-01-2016	9,80,473		32,74,780	24-07-2021	32,74,780	105/23-09-2022	1921	79,98,761
		21-01-2016	9,80,473		32,74,780	24-07-2021	32,74,780	105/23-09-2022	1921	7,74,036
		21-01-2016	2,67,54,008		8,93,58,387	24-07-2021	8,93,58,387	105/23-09-2022	1921	7,74,036
		21-01-2016	1,01,32,042		3,38,41,021	24-07-2021	3,38,41,021	105/23-09-2022	1405	1,91,399
		21-01-2016	9,80,473	104/23-09-2022	32,74,780	24-07-2021	32,74,780	104/23-09-2022	764	25,162
		21-01-2016	9,80,473	104/23-09-2022	32,74,780	24-07-2021	32,74,780	104/23-09-2022	764	2,05,974

Sr. No.	RFA No./ Year	Date of decision of High Court	Enhanced compensation including Solatium (30%) and Appreciation charges (12%)	Voucher No. and Date of payment of enhanced compensation	Amount of total interest payable as per decretal statement	Date up to which interest paid	Amount of interest actually paid	Voucher No. & Date of payment of interest	No. of days for which payment of interest was avoidable*	Amount of interest was avoidable
1	2	3	4	5	6	7	8	9	10	11
9.	2908/2001	21-01-2016	3,31,485	03/30-09-2021	10,36,719	24-02-2020	10,36,719	41/08-07-2022	1405	60,761
10.	2910/2001	21-01-2016	6,56,026	31/04-12-2019	18,79,511	24-05-2018	18,79,511	31/04-12-2019	764	33,040
11.	2912/2001	21-01-2016	1,05,233	31/04-12-2019	3,01,492	24-05-2018	3,01,492	31/04-12-2019	764	5,61,748
12.	2913/2001	21-01-2016	17,89,162	31/04-12-2019	51,25,950	24-05-2018	51,25,950	31/04-12-2019	1405	97,925
13.	2919/2001	21-01-2016	2,10,467	31/04-12-2019	6,02,988	24-05-2018	6,02,988	31/04-12-2019	734	1,24,552
14.	2911/2001	21-01-2016	1,05,233	104/30-09-2021	3,29,116	24-02-2020	3,29,116	31/08-07-2022	734	1,44,536
15.	2914/2001	21-01-2016	1,69,597	04/08-07-2022	5,30,419	24-02-2020	5,30,415	43/08-07-2022	734	1,85,898
16.	2915/2001	21-01-2016	4,12,911	65/02-03-2020	11,82,990	24-04-2018	11,82,990	65/02-03-2020	1405	3,86,320
17.	2916/2001	21-01-2016	4,79,161	65/02-03-2020	13,72,796	24-04-2018	13,72,796	65/02-03-2020	764	66,081
18.	2920/2001	21-01-2016	8,12,928	65/02-03-2020	23,29,038	24-04-2018	23,29,038	65/02-03-2020	734	2,45,215
19.	2922/2001	21-01-2016	22,30,860	65/02-03-2020	63,91,414	24-04-2018	63,91,414	65/02-03-2020	1405	78,628
20.	2925/2001	21-01-2016	14,03,587	65/02-03-2020	40,21,277	24-04-2018	40,21,277	65/02-03-2020	734	6,72,925
21.	2918/2001	21-01-2016	6,69,072	107/30.09.2021	20,92,522	24-02-2020	20,92,522	32/08-07-2022	1405	1,20,523
22.	2921/2001	21-01-2016	1,36,177	105/30.09.2021	4,25,893	24-02-2020	4,25,893	30/08-07-2022	764	25,91,094
23.	2926/2001	21-01-2016	26,99,376	101/27-08-2021	84,42,299	24-02-2020	84,42,299	40/08-07-2022	734	4,23,383
24.	2923/2001	21-01-2016	2,08,735	02/30-09-2021	6,52,819	24-02-2020	6,52,819	42/08-07-2022	1405	15,58,612
25.	492/2000	21-01-2016	57,875	42/14-05-2019	1,70,153	24-04-2018	1,70,153	42/14-05-2019	734	17,458
26.	495/2000	21-01-2016	1,36,051	42/14-05-2019	3,99,990	24-04-2018	3,99,990	42/14-05-2019	734	99,505

Sr. No.	RFA No./ Year	Date of decision of High Court	Enhanced compensation including Solatium (30%) and Appreciation charges (12%)	Voucher No. and Date of payment of enhanced compensation	Amount of total interest payable as per decretal statement	Date up to which interest paid	Amount of interest actually paid	Voucher No. & Date of payment of interest	No. of days for which payment of interest was avoidable*	Amount of interest was avoidable
1	2	3	4	5	6	7	8	9	10	11
27.	499/2000	21-01-2016	3,84,273	42/14-05-2019	11,29,762	24-04-2018	11,29,762	42/14-05-2019	948	2,43,237
28.	500/2000	21-01-2016	10,09,339	42/14-05-2019	29,67,456	24-04-2018	29,67,456	42/14-05-2019	734	41,039
29.	637/2000	21-01-2016	18,637	42/14-05-2019	54,792	24-04-2018	54,792	42/14-05-2019	734	66,337
30.	639/2000	21-01-2016	2,63,084	42/14-05-2019	7,73,467	24-04-2018	7,73,467	42/14-05-2019	948	1,96,768
31.	638/2000	21-01-2016	9,53,344	61/22-01-2020	28,02,831	24-11-2018	28,02,831	61/22-01-2020	948	2,55,211
32.	494/2000	21-01-2016	6,24,342	61/22-01-2020	18,35,564	24-11-2018	18,35,564	61/22-01-2020	734	1,15,914
33.	497/2000	21-01-2016	5,05,065	61/22-01-2020	14,84,891	24-11-2018	14,84,891	61/22-01-2020	734	3,04,461
34.	498/2000	21-01-2016	6,55,077	61/22-01-2020	19,25,926	24-11-2018	19,25,926	61/22-01-2020	734	1,35,701
35.	502/2000	21-01-2016	11,98,366	61/22-01-2020	35,23,196	24-11-2018	35,23,196	61/22-01-2020	948	4,66,870
36.	493/2000	21-01-2016	3,29,876	58/30-04-2019	9,69,836	24-04-2018	9,69,836	58/30-04-2019	734	5,622
37.	496/2000	21-01-2016	2,19,918	58/30-04-2019	6,46,559	24-04-2018	6,46,559	58/30-04-2019	948	3,71,412
38.	501/2000	21-01-2016	4,49,873	33/18-04-2019	13,22,627	24-04-2018	13,22,627	33/18-04-2019	734	79,358
39.	2763/2005	05-04-2016	9,47,601	02/02-10-2022	31,76,643	24-08-2021	31,76,643	02/02-10-2022	1877	7,30,951
Total			7,91,59,813				25,05,81,952			4,83,26,363

Source: Departmental records

* Excluding 90 days within which the Special Leave Petition could be filed in the Hon'ble Supreme Court of India against the orders of High Court.

Appendix 6.3

(Referred to in Paragraph 6.5(ii))

Statement detailing calculation of avoidable payment of interest on compensation of land for the period from 14-11-2017 to 31-12-2022

(Amount in ₹)

Sr. No.	Particulars of land	Enhanced compensation	Interest @ 15% p.a.		Period Months - Days	Interest amount
			from	to		
1.	Acquired land	83,13,435	14-11-2017	31-12-2022	61 - 18	64,00,491
2.	Unacquired land*	25,91,009	14-11-2017	31-12-2022	61 - 18	19,94,811
Total						83,95,302

Source: Departmental records

* Including appreciation charges (₹ 2,22,509) at the rate of 12 per cent from 21-01-2005 to 03-11-2005 (9 months and 12 days), which were yet to be paid to the landowner.

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