Chapter-3
Compliance Audit

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CIVIL AVIATION DEPARTMENT

3.1 Purchase of helicopter in a non-transparent manner

The Department purchased a helicopter valuing ₹ 36.62 crore in disregard to the Rules prescribed for public procurement.

Rule 15.2 (b) of the Punjab Financial Rules (PFR), Volume-I provides that when stores are purchased from the open market, the system of open competitive tender should, as far as possible, be adopted as prescribed in Appendix 8 of PFR, Volume-II (Appendix). Complete specifications and drawings of the stores to be purchased should be prepared by the indenting department (Rule 4 of the Appendix), on the basis of which open tenders are to be invited (Rule 7 and Rule 8 of the Appendix). Tenders in response to such bid invitations should be submitted in a sealed cover (Rule 9 of the Appendix), which are then evaluated against the prescribed specifications.

Test check of records of the Director, Civil Aviation, Punjab (November 2013) showed that in disregard to the rules *ibid*, without any formal enquiry by the Government of Punjab (GOP), four [1] Helicopter manufacturing firms submitted unsolicited and *suo-moto* proposals for different makes of helicopter at different points of time (between August 2009 and April 2012) through their representatives and agents. It was further noticed that the Civil Aviation Minister constituted (4 April 2012) a Committee under the Chairmanship of Chief Secretary, Punjab (CS) to look into the modalities of procuring a helicopter by the Department for use of the VVIPs. The Committee after examining (10 April 2012) the available proposals recommended that the Bell 429 Helicopter be considered for final decision in the meeting of the Cabinet Sub-Committee on Civil Aviation Affairs. The Cabinet Sub-Committee of Civil Aviation under the chairmanship of Chief Minister, Punjab met and granted (10 April 2012) its post facto approval for seeking quotations from the sole authorized suppliers/agents of manufacturers of helicopter companies and accorded its approval to purchase one Bell 429 helicopter and directed CS to negotiate price with the agent. A purchase agreement for purchase of Bell 429 helicopter was made (5 July 2012) with M/s. Bell Helicopter Asia (PTE) Limited. The delivery of the helicopter was accepted in November 2012 at a total cost of US Dollar 6689350 (approximately ₹ 36.62 crore[2]). Thus, the Department purchased the helicopter in disregard to the rules *ibid* and without any pre-defined specifications, etc.

The Adviser Civil Aviation in his reply stated (May 2014) that purchase had been made as per the selection and procurement procedure approved by the

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1 Agusta Westland, Italy; Eurocopter, France; Bell Textron, Canada; and Hawker Beech Craft Corporation, USA.

2 1 US Dollar=₹ 54.7372 as on 17 December 2012.

committee constituted under the chairmanship of CS and the same committee had approved the submission of proposals and quotes by the interested parties. The Adviser, Civil Aviation in a subsequent reply (August 2014) stated that the selection of the helicopter was done after thorough comparison of the available machines with no loss to the State exchequer. The replies were not acceptable as the purchase of the helicopter was finalized by the Cabinet Sub-Committee of Civil Aviation in disregard to the rules prescribed for public procurement and in a non-transparent manner.

Evidently, the purchase procedure adopted by the Department was violative of the provisions of the PFR as the proposals so received were not in response to pre-defined detailed technical specifications, quality bench marks and definite requirement of GOP, and these were received at different points of time for different types of Helicopters and hence were not financially or technically comparable to determine whether the most economical and appropriate proposal was chosen. Thus, procurement of helicopter valuing ₹ 36.62 crore was not in accordance with the extant Rules.

DEFENCE SERVICES WELFARE DEPARTMENT

3.2 Unfruitful expenditure on incomplete work

Non-adherence to the guidelines of the scheme by the Department led to incomplete work of Sainik Rest House and resulted in unfruitful expenditure of ₹ 1.99 crore.

Para 2.89 of Public Works Department Code (PWD Code) provides that no work shall be commenced unless allotment of funds is made and orders for its commencement issued by the competent authority.

Audit of records of Director, Sainik Welfare, Punjab, (Department) showed that DSW submitted (February 2008) a proposal for ₹ five crore [3] to Government of Punjab (GOP) for construction of Sainik Sadan [4] GOP approved (March 2010) an outlay of ₹ two crore in the Annual Plan for 2010-11 under the Centrally Sponsored Scheme (CSS) 'Construction of Sainik Rest Houses (SRH) in the newly created Districts.' However, DSW prepared an estimate for ₹ 4.55 crore for construction of Sainik Sadan, Mohali (basement, ground and first floor) instead of SRH as approved in the annual plan under the CSS.

An amount of ₹ 1.70 crore was released (August 2010) by GOP to DSW for the construction of SRH in Mohali (Punjab) who appointed (March 2011) Punjab Ex-Servicemen Corporation (PESCO) as construction agency and awarded the above work (October 2011) to a contractor for ₹ 3.39 crore with the time limit of 15 months for the completion of work.

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[3] Phase-I-Basement and Ground Floor and ancillaries-₹ three crore.
Phase-II-First Floor- ₹ two crore.

[4] To accommodate office of DSWO, Sainik Rest House, Sainik Vocational Training Centre, CSD Canteen/ECHS poly clinic and DPDO office.

It was further noticed that Department took up the matter (January and April 2012) with GOI Kendriya Sainik Board (Board) for the release of 50 *per cent* Central Share of ₹ 2.27 crore of the total estimated cost. However, Board refused (February 2012 and May 2013) the proposal stating that 50 *per cent* central share of the total construction cost of SRH only would be admissible and not for other purposes like polyclinic, training institute, etc. Department again took up (May & December 2013) the matter with Board demanding ₹ 1.69 crore (50 *per cent* of estimated cost of ₹ 3.39 crore) for the construction of SRH after excluding the cost of DSWO office. However, no response to that had so far (December 2014) been received from the Board.

Further, PESCO informed (September 2012) the Department that the work was suspended in August 2012 due to non-availability of funds and demanded ₹ 0.25 crore for making payment to the contractor. GOP released (June 2013) ₹ 0.50 crore to PESCO. Out of ₹ 2.20 crore received for the work, expenditure of ₹ 1.99 crore[5] was incurred and balance of ₹ 0.21 crore was refunded (May 2014) to DSW.

On being pointed out (Oct 2013 and May 2014) the Department while admitting the fact that neither any separate proposal for SRH was prepared nor submitted to GOI before start of work, stated (October 2013 and October 2014) that the work would be completed after receipt of funds.

Thus, failure of the Department to follow the guidelines of GOI for the construction of SRH and to ensure the availability of funds before commencement of work resulted in incomplete work (physical progress 30 *per cent* as of August 2014) of Sainik Sadan, rendering expenditure of ₹ 1.99 crore unfruitful.

The matter was referred to Government in August 2014; reply was awaited (February 2015).

EDUCATION DEPARTMENT

3.3 Deprival of benefits to the disabled students

Disabled students were deprived of the benefits of the scheme due to diversion, non-utilization and non-release of Central assistance of ₹17.38 crore earmarked for them.

With a view to provide four years secondary educational opportunities and facilities to all the disabled students, the Government of India (GOI) launched a 100 *per cent* Centrally Sponsored Scheme 'Inclusive Education for Disabled Students at Secondary Stage' (IEDSS) with effect from 1 April 2009 (earlier

[5] Funds received- ₹ 1.70 + ₹ 0.50 = ₹ 2.20 crore; and Expenditure incurred- ₹ 0.76 (contractor payment) + ₹0.27 (Cement) +₹ 0.84 (Steel) +₹ 0.0022 (Model of SRH) + 0.11 (PESCO charges) + ₹ 0.011 (Service Tax) = ₹ 1.99 crore.

known as Integrated Education of Disabled Children) having two components viz. student/beneficiary oriented components[6] and other components[7].

Director General of School Education (DGSE) submitted proposals for ₹ 8.67 crore and ₹ 34.87 crore in October 2009 and August 2010 for the year 2009-10 and 2010-11 for 12290 and 12954 disabled children, respectively under different components of the scheme. GOI released 50 *per cent* of the grant amounting to ₹ 4.34 crore and ₹ 14 crore[8] against the said proposals. Grants for the years 2011-12 to 2013-14, though demanded by GOP, were not released by GOI in view of unspent balance lying with the Department and lack of progress of works.

Audit of records of the DGSE relating to the scheme showed that the Department incurred total expenditure of ₹ 17.84 crore during the years 2010-14. It was noticed that the Department irregularly diverted funds of ₹ 3.98 crore[9] earmarked for student oriented components. Resultantly, the Department failed to utilize Central funds for the components directly benefiting the disabled students, during the year 2009-11 as discussed below:

- GOI released a sum of ₹ 0.20 crore and ₹ 0.74 crore during the years 2009-10 and 2010-11 respectively for disbursement of stipend amongst the identified 6684 (2009-10) and 7353 (2010-11) disabled girl students at the rate of ₹ 200 per month to encourage their participation up to senior secondary level. However, the Department did not disburse any stipend to any of the disabled girls during the years 2009-14.

The Department stated (October 2014) that during 2009-10 and 2010-11 GOI released only 50 *per cent* of sanctioned grant and did not prioritize any specific activity on which the amount was to be spent. As such, the amount was disbursed for other student oriented activities. The reply of the Department was not acceptable as the GOI had released the funds specifically for disbursement of stipend to the identified disabled girl students.

- In the meeting (December 2009) of the Project Monitoring and Evaluation Group, it was decided that a top up stipend of ₹ 600 per annum per student would be provided as State component. It was noticed that against the requirement of the top up money of ₹ 1.93 crore[10] required during the years 2009-13, only an amount of ₹ 0.22 crore was released by GOP in February 2013, out of which no stipend was disbursed (October 2014) to the

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6 Identification and assessment of children with disabilities, provision of aids and appliances to students, provision of facilities such as scholarships etc., stipend for girl students with disabilities.

7 Removal of architectural barriers.

8 GOI sanctioned grant of ₹ 27.99 crore against demand of ₹ 34.87 crore and released its 50 *per cent* amount of ₹ 27.99 crore.

9 This included an excess expenditure of ₹ 3.49 crore (₹ 12.38 crore against the release of ₹ 8.89 crore) on construction of Resource Rooms; ₹ 0.07 crore (₹ 0.33 crore against release of ₹ 0.26 crore) on books and stationery; ₹ 0.06 crore (₹ 0.06 crore against no provision) on salary of staff; and ₹ 0.36 crore (₹ 0.99 crore against release of ₹ 0.63 crore) on disabled friendly toilets.

10 ₹ 0.74 crore (12290 children for 2009-10); ₹ 0.78 crore (12954 children for (2010-11); ₹ 0.19 crore (3084 children for 2011-12); and ₹ 0.22 crore (3584 children for 2012-13).

students thereby further depriving the disabled students of the benefits of the scheme.

The Department in its reply stated (October 2014) that a sum of ₹ 21.51 lakh was released in September 2012 and October 2012 by GOP but since no provision was made by Ministry of Human Resource Development (MHRD) under this scheme during the years 2011-12 and 2012-13, the top up money was not released to the students. The reply of the Department was not acceptable as it did not even disburse any stipend to the students out of ₹ 0.22 crore released by the State Government in February 2013 which was still lying with the Department (October 2014).

- GOI released an amount of ₹ 0.58 crore and ₹ 0.11 crore during the years 2009-10 and 2010-11 respectively for providing aids and appliances to disabled students who were to be shortlisted through an assessment for which an amount of ₹ 0.17 crore was released by GOI on the demand of GOP. However, despite availability of funds, the Department neither made any assessment of the disabled children for ascertaining the details of assistive devices required nor provided the aids and appliances to the proposed disabled students during 2009-10 (12290) and 2010-11 (12954).

The Department stated (October 2014) that aids and appliances were provided to 126 children with special needs. The reply of the Department was not acceptable as it had provided aids and appliances to 126 disabled children in four districts out of 22 districts against shortlisted 12290 children (2009-10) and 12954 children (2010-11).

- As per the scheme, architectural barriers in the existing secondary school buildings were to be removed to ensure access for the disabled students to classroom, laboratory, library and toilet in the schools. Although GOI released an amount of ₹ 1.54 crore in March 2011, against the GOP's proposal of ₹ 3.08 crore for 3080 schools at the rate of ₹ 10,000 per ramp, yet the department incurred an expenditure of ₹ 0.06 crore on construction of ramps in 56 schools only leaving 3024 schools resulting in denial of the facilities contemplated in the scheme.

The Department stated (October 2014) that 1473 ramps and 586 hand rails were constructed under Sarv Shiksha Abhiyan (SSA) during 2012-13. Further, only 56 schools were identified requiring ramps and ramps were duly constructed in these schools as per survey report (UDISE) for 2014-15. The reply of the Department is not acceptable as the Department had constructed 1473 ramps and 586 hand rails only under SSA whereas GOI had released funds for 3080 schools under IEDSS identified by GOP.

Thus, despite availability of funds, the Department failed to implement the scheme in letter and spirit as is evident from the diversion of funds to other components, non-disbursement of stipend, non-assessment of disabled children requiring assistive devices, non-utilization of available funds, etc., which not only resulted in depriving the disabled students of student oriented

benefits of the scheme but also in non-release of grant of ₹ 17.38 crore[11] for the years 2011-14 by the GOI, thus compromising the objectives of the scheme.

The matter was referred to Government in July 2014; reply was awaited (February 2015).

FINANCE AND PLANNING DEPARTMENTS

3.4 Avoidable burden of interest on State exchequer

Payment of entire cost of land of ₹ 14.98 crore on offer of allotment itself instead of part payment of ₹ 3.75 crore led to blockade of State funds resulting in avoidable loss of interest of ₹ 2.72 crore.

Rule 2.10(a) of Punjab Financial Rules 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 and 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 the expenditure of his own money.

Test check of records (March 2014) of the Director, Punjab State Planning Board showed that the Estate Officer of Union Territory (UT), Chandigarh (EO) offered (9 February 2007) land measuring 2.58 acre to GOP in Sector 38 at a tentative cost of ₹ 14.98 crore for construction of *Vit-Te-Yojna-Bhawan*[12] and requested to remit ₹ 3.75 crore i.e. 25 *per cent* of the cost of the land within 30 days from the date of issue of the offer letter so that the allotment letter could be issued. The remaining 75 *per cent* cost was to be paid within 30 days from the date of allotment without interest.

It was further noticed that instead of depositing ₹ 3.75 crore, the Special Secretary-*cum*-Director (Treasury and Accounts), Punjab (Director) deposited the entire tentative cost of ₹ 14.98 crore with the Estate Officer on 9 March 2007. However, EO could not allot the land in question, as there were 200 colony huts on the allotted site. EO allotted (10 December 2009) an alternate site measuring 1.737 acre of land valuing ₹ 10.09 crore in Sector 33-A and after adjusting the value of the allotted land balance amount of ₹ 4.89 crore was refunded to the Director on 27 May 2010. The action of the Director resulted in blockade of funds[13] and avoidable burden of interest of ₹ 2.72 crore (calculated on average borrowing rates of the State Government).

On this being pointed out (March 2014), the Director, Punjab State Planning Board stated that efforts were being made to recover the interest from Chandigarh Administration. The reply was not acceptable as Chandigarh

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[11] ₹ 1.62 crore for 2011-12, ₹ 11.65 crore for 2012-13, ₹ 4.11 crore for 2013-14.

[12] To accommodate various Directorates working under the Finance and Planning Departments of Government of Punjab housed in rented buildings.

[13] ₹ 11.23 crore (₹ 14.98 crore *minus* ₹ 3.75 crore) with UT Administration for 33 months and ₹ 4.89 crore for another 5 months till its refund (27 May 2010).

Administration had turned down (January 2014) the request of payment of interest as there was no such provision in their rules.

Thus, payment of entire cost of ₹ 14.98 crore on 9 March 2007 on offer of allotment itself instead of demanded amount of ₹ 3.75 crore, led to blockade of State funds and avoidable interest of ₹ 2.72 crore paid by the State on its borrowings.

The matter was referred to the Government in June 2014; reply was awaited (February 2015).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.5 Implementation of Food Safety and Standards Act, 2006

The Department did not identify food business operators without licenses/registration in the State. Shortfall in collection of samples remained up to 80 per cent. Analysis of samples delayed up to 14 months. Prosecution against the offenders had not been launched even after 31 months.

In order to consolidate the laws[14] relating to food and to establish Food Safety and Standards Authority of India (FSSAI) for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import and to ensure availability of safe and wholesome food for human consumption, Government of India (GOI) enacted (August 2006) Food Safety and Standards (FSS) Act, 2006 (Act) and framed (May 2011) Rules and Regulations thereunder effective from 5 August 2011 to the whole of India.

With a view to assess the efficiency and effectiveness in the implementation of the Act, an audit was conducted (November 2013-May 2014) by test-checking the records of the Commissioner, Food Safety (Commissioner), State Food Laboratory (SFL) and Designated Officers (DO) in six[15] (out of 22) districts, selected by adopting Stratified Random Sampling without Replacement method, covering the period 2011-12 (5 August 2011) to 2013-14.

Audit findings

3.5.1 Financial Management

3.5.1.1 Lapsed budget provisions

The State Government after deciding (February 2012) to set up a Food and Drug Authority in the State, made budget provisions of ₹ five crore each year during 2012-13 and 2013-14. It was, however, observed that the Nodal Officer, Food Safety requested (January 2013) the Principal Secretary Health (PSH) to release funds of ₹ one crore from the budget provisions of ₹ five crore. However, the Finance Department (FD) declining the request of

[14] The Prevention of Food Adulteration Act (PFA), 1954; PFA Rules, 1955; and various Control Orders under Essential Commodities Act, 1955 including MMPO-92/ MMPR-09 were repealed with effect from 5 August 2011.

[15] (i) Amritsar; (ii)Bathinda; (iii) Jalandhar; (iv) Ludhiana; (v)Mansa; and (vi)Patiala.

the Department asked (February 2013) PSH to first establish Food Safety Department. But no proposal for establishing the Food Safety Department was submitted to the Government/FD (May 2014). As a result, budget provisions of ₹ five crore during the years 2012-13 and 2013-14 lapsed.

3.5.1.2 Late/non-deposit and short charging of fees/penalty

Audit noticed some cases of late/non-deposit of license fees in treasury; short charging of license/analysis fee; and awaited recovery of penalty imposed by Adjudicating Officer (AO), as detailed in **Table 3.1.**

Table 3.1: Cases of late/non-deposit and short charging of fees/penalty

(₹in lakh)

Name of district/ department	Category	No. of cases	Amount required to be deposited/ charged (Period)	Amount actually deposited/ charged	Amount deposited after pointed out in Audit (Period)	Short-fall	Remarks
Amritsar	Hotels, milk & milk products, etc.	NA	0.11 (2012-13)	--	0.11 (5/2014)	--	DO Amritsar attributed the reasons to rush of work
Jalandhar		227	5.73 (1/2012 – 2/2014)	--	1.95 (5/2014)	3.78	DO Jalandhar stated (April 2014) that reply would be furnished after verifying the records/treasury.
Patiala		26	1.76 (1/2013 - 3/2014)	--	1.76 (4/2014 – 7/2014)	–	--
Bathinda	Manufact-uring/ milling of milk/milk solids	66	2.10 (2012-14)	1.32	--	0.78	DO Bathinda stated (April 2014) that action would be taken after verifying the records.
Mansa		17	0.52 (2012-14)	0.34	--	0.18	DO Mansa noted (May 2014) the point for compliance.
Bathinda	Penalty imposed by Adjudi-cating Officer	7	1.95 (2013-14)	0.85	--	1.10	DO Bathinda reported (April 2014) that letters had been issued to FBOs for depositing the penalty.
Ludhiana		16	3.90 (2012-14)	--	--	3.90	DO Ludhiana stated (April 2014) that the matter would be taken up with ADC (AO)/higher authorities and action would be taken accordingly.
State Food Laboratory Punjab	Analysis of food samples	3173	31.73 (08/2011 – 03/2014)	6.35	--	25.38	FA stated (March 2014) that the fee was charged as per notification (January 2004) of the Punjab Government and thereafter no revised order/notification was received from the Government. The reply was not acceptable as the Regulations (2011) under the FSS Act, 2006 prescribes the analysis fee of ₹ 1,000 per sample.

Source: Departmental records ***NA: Not available***

Implementation of the Act

3.5.2 Licensing and registration

3.5.2.1 Non-conducting of survey

Section 31 provides that no person shall commence or carry on any food business except under a license. Section 30 (2) (b) of the Act provides that the Commissioner of Food Safety shall carry out survey of the industrial units engaged in the manufacture or processing of food in the State to find out compliance by such units of the standards notified by the Food Authority for various articles of food.

Audit of records of the Commissioner showed that neither any survey was conducted (January 2014) nor any database with regard to total number of food business operators (FBO) in the State was available with the Commissioner. Though 10861 licenses and 85066 registrations were reported (March 2014) to have been granted up to 23 January 2014, but in the absence of the said database, FBOs running food business without licenses/ registration[16] could not be ruled out.

In reply, the Department stated (March 2014) that all DOs of the State were being directed to conduct such survey in the field.

3.5.2.2 Irregular issue of licenses

Regulation 2.1.2 (3) of the FSS (Licensing and Registration of Food Businesses) Regulations, 2011 provides that license for commencing or carrying on food business, which falls under Schedule 1, shall be granted by the Central Licensing Authority (FSSAI).

Audit of records showed that in three districts (out of six test-checked districts), 60[17] licenses were granted by DOs to FBOs for the business falling under the purview of FSSAI during 2012-14 in contravention of the provisions *ibid.* Moreover, compliance by the concerned DOs to the instructions (July 2012) of GOI to cancel such licences was awaited (May 2014).

DO Amritsar stated (May 2014) that the licenses were issued inadvertently, while Bathinda and Patiala noted (April 2014) the point for compliance.

3.5.3 Laboratory and sample analysis

3.5.3.1 Short achievement of targets for collection of samples

As per the provisions under Section 38 of the Act, the Department fixed the monthly target for collection of 1160 samples[18] of any article of food or substance by Food Safety Officer (FSO) in the State of Punjab for analysing the same from the Food Analyst (FA).

Audit of records of the Commissioner showed that the Department was not maintaining any data in respect of samples collected and analysed in the State of Punjab. However, from the information obtained from FA, it was noticed that the shortfall in achievement of targets remained up to 80 *per cent* at State level and up to 93 *per cent* in six selected districts during the period 2011-12 (8/2011) to 2013-14. Out of 6952 samples collected in six selected districts, 900 samples were found adulterated (substandard: 726 and unsafe: 174). Of these, against 576 cases (substandard: 432 and unsafe: 144) where prosecution was launched, 234 cases (substandard: 234 and unsafe: Nil) had been decided. In remaining 324 cases, action taken or reasons for not launching prosecution were called for; the reply was awaited (December 2014).

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16 License is issued to all food business operators except petty food business operators, who are only required to get themselves registered with the authority.

17 (i)Amritsar: 26 (2013-14); (ii)Bathinda: 19 (2012-14); and (iii) Patiala: 15 (2013-14).

18 The targets fixed (May 2010) for 20 districts under The Prevention of Food Adulteration Act, 1954 being followed by the Department, were revised (April 2014) to 1160 samples for 22 districts under the FSS Act, 2006.

The Commissioner while admitting the facts stated (May 2014) that the targets would be achieved as additional FSOs had been deployed.

3.5.3.2 Delayed analysis of samples from referral laboratory

Rule 2.4.5 (3) provides that FA-in-charge of the accredited laboratory shall analyse the sample within 14 days from the date of the receipt of the sample and in case of delay, the in-charge of laboratory shall inform the DO and the Commissioner giving reasons and specify the time to be taken for analysis.

Audit of records of six test-checked districts showed that:

- In Bathinda and Jalandhar districts, analysis reports in respect of five [19] (out of seven) adulterated samples sent (February-December 2013) to referral laboratory (Ghaziabad) were neither received nor were the reasons for delay intimated by the referral laboratory even after more than 4-14 months (April 2014).

- In Ludhiana district, analysis reports in respect of 12 (out of 20) adulterated samples sent (September 2013-January 2014) to referral laboratory (Ghaziabad) were received as "unsafe" with a delay ranging between 39 and 115 days. These cases were under process for launching prosecution against FBOs (April 2014).

In reply, DO Bathinda stated (April 2014) that no action could be taken against FBOs before receipt of reports. DOs Jalandhar and Ludhiana stated (April 2014) that the matter would be taken up with the higher authorities/concerned laboratory. The replies of DOs were not conclusive as they did not even pursue the matter with the referral laboratory for timely analysis. Thus, due to late analysis of samples, FBOs might have continued to sell their stock during this time gap and sale of adulterated food could not be ruled out.

3.5.4 Prosecution

3.5.4.1 Prosecution against offenders of adulterated samples

Sections 42 (3) and 59 of the Act provides that DO, after scrutiny of the report of FA, shall decide as to whether the contravention is punishable with imprisonment or fine only; and in the case of contravention punishable with imprisonment, he shall send his recommendations within fourteen days to the Commissioner for sanctioning prosecution.

(i) Audit of records of six test-checked districts showed that 51 samples in Amritsar district (October 2011-September 2012) and two samples in Patiala district (November 2011) were sent to FA, Punjab for analysis. But the results of analysis were not found recorded (Amritsar) and erased (Patiala) in the sample register. When enquired, DO Amritsar stated (May 2014) that the reports had not been received from FA, whereas DO Patiala stated that explanation would be sought from the dealing assistants.

[19] Bathinda: 2 (Unsafe); and Jalandhar: 3 (2 Unsafe and 1 Sub-standard).

Further examination in the matter with FA showed that the results of 53 samples were sent by FA to DOs Amritsar and Patiala between October 2011 and September 2012. Of these, the results of 11 samples (Amritsar: 9 and Patiala:2) sent to DOs were found unsafe/sub-standard. However, due to inaction on the part of DOs Amritsar and Patiala, the prosecution could not be launched against the offenders of 10 sub-standard samples and sanction of the Commissioner for launching prosecution in respect of one unsafe sample could not be obtained even after 20-31 months (May 2014).

(ii) In district Amritsar, it was also observed that in 15 cases which were declared (August-November 2013) unsafe for human consumption by FA, DO sought sanction of the Commissioner for launching prosecution against the offenders after a delay ranging between 135 and 231 days. In reply, DO Amritsar stated (May 2014) that the action would be taken to initiate the prosecution.

3.5.5 Monitoring

3.5.5.1 Non adherence to other provisions of the Act

The following provisions of the Act were also not adhered to:

- The instructions (April 2013) of the Commissioner to review the work of food registration and licenses every month and submit report thereon were not adhered to by the district level committees. (*Section 30 of the Act*).

- Notification requiring registered medical practitioners to report all occurrences of food poisoning coming to their notice while carrying on their profession was not issued by the Department (*Section 35 of the Act*).

- Accreditation from National Accreditation Board for Testing and Calibration Laboratories (NABL) was awaited for want of upgradation of State Food Laboratory (*Section 43 of the Act*).

- No scheme/orders to give reward to persons who render assistance in detection of the offence or the apprehension of the offender were initiated by the State Government (*Section 95 of the Act*).

- In six test-checked districts, 5476 licenses were issued to FBOs for various products handled by them up to March 2014 but the returns as required were not submitted by FBOs to the Department (*Regulation 2.1.13 of the FSS (Licensing and Registration of Food Businesses) Regulations, 2011).*

3.5.5.2 Improper maintenance of records

(i) The Commissioner instructed (May 2012) all DOs to maintain registers of inspection, sampling, licenses and registration. Audit of records of six test-checked districts showed that:

- Register of licensees/registrations were neither properly maintained (left blank, unsigned, IDs of FBOs not pasted etc.) nor updated in four test-checked districts (Amritsar, Ludhiana, Mansa and Patiala).

- Registers of inspection and receipt books were not maintained.

- In Ludhiana district, 1451 registrations bearing same numbers were granted twice due to simultaneously maintaining two registers of registration of same series.

The concerned DOs while admitting the facts, stated (April-May 2014) that compliance would be made.

(ii) The monthly reports of licenses/registrations granted to FBOs sent to FSSAI, as per their instructions (June 2012) showed discrepancies as number of FBOs holding licenses/registrations at the end of a month did not match with the figures shown in the succeeding month's report. The difference ranged between 2 and 2051 in case of licences; and 16 and 6089 for registrations granted during August 2011 to August 2013. The monthly reports for the months September 2013 onwards were not sent to FSSAI. In reply, the Commissioner stated (May 2014) that the report for difference in figures was being sought from concerned DOs.

Thus, the Food and Drug Authority could not be set up in the State for want of release of funds during 2012-14. The Department did not conduct survey to identify food business operators without licenses/registration and also issued licenses irregularly to food business operators under the purview of Central Licensing Authority. Monthly targets for collection of samples were not achieved and analysis of adulterated samples from referral laboratory was delayed. Prosecution against offenders of adulterated samples could not be launched due to non-obtaining the sanction of the Commissioner. Non-adherence to various provisions of the Act and improper maintenance of records showed a weak monitoring system in the Department.

In response to the matter taken up (June 2014) with the Government, the Commissioner stated (July 2014) that the Department did its level best to implement the new Act with less manpower and inadequate infrastructure. It was assured that the Act would be implemented in more forceful manner after approval of new posts and best efforts would be initiated to cope-up with the deficiencies and flaws reported by Audit. The reply of the Government was awaited (February 2015).

3.6 Extra financial burden on State exchequer due to excess billing of electricity consumption on Government hospitals

Inaction on the part of the Department to get the correct tariff plan applied on Government hospitals from Punjab State Power Corporation Limited resulted in excess electricity billing of ₹1.94 crore.

Section-IV (Para SVI.1.5) of Electricity Supply Instructions Manual (ESIM) of Punjab State Power Corporation Limited (PSPCL) *inter alia* stipulates that the electricity consumption by the Government hospitals (GH) shall be charged at Domestic Supply (DS) rates.

Audit of records (April 2014) of the Senior Medical Officer (SMO), Sub-Divisional Hospital, Gharshankar and information relating to electricity consumption bills collected subsequently from 47 GHs under the administrative control of Director, Health Services, Punjab (DHS), pertaining to the period 2009-14, showed that PSPCL raised electricity bills on 44 GHs (out of 47) by applying Non-Residential Supply (NRS) rates instead of DS rates against the provisions stipulated in ESIM.

Thus, inaction on the part of the Department to get the correct tariff plan (DS rates) applied on GHs from PSPCL resulted in excess electricity billing of ₹ 1.94 crore besides other incidental charges[20] for the period between April 2009 and March 2014, thereby putting extra financial burden on the State exchequer. This burden will continue till such time as the Department is able to resolve it through active pursuance.

On this being pointed out (April 2014), DHS took up (May-July 2014) the matter with PSPCL authorities, who had issued (August 2014) instructions to all its Engineers-in-Chief/Chief Engineers to comply with the provisions under Clause (SVI 1.5) of Schedule DS. Further action of PSPCL/DHS was awaited (December 2014).

The matter was referred to Government in April 2014; reply was awaited (February 2015).

HOME AFFAIRS AND JUSTICE DEPARTMENT

3.7 Procurement and storage of arms and ammunition by Police Department

Arms valuing ₹2.17 crore procured without compatible ammunition; without ensuring requisite specifications; and without assessing requirement led to idle expenditure. Central Sales Tax of ₹3.35 crore was paid in excess of the prescribed rates. Custody of arms and ammunition was not as per norms and those were not being periodically examined for its serviceability due to non-availability of Ammunition Examiner.

Punjab Police is entrusted with the duty of maintenance of law and order, prevention and detection of crime, providing security to vulnerable areas, persons and groups. In order to contain the menace activities and to perform its duties efficiently, Punjab Police needs to be equipped with latest sophisticated arms and ammunition. The Director General of Police, Punjab procures arms and ammunition and the Central Armoury at Bahadurgarh, Patiala is responsible for its safe custody and distribution amongst the field units.

With a view to assess the efficiency and effectiveness in procurement and storage of arms and ammunition in Police Department, an audit was conducted (February-July 2014) by test-checking the records for the period 2011-14 in

[20] Electricity Duty, Octroi, etc.

the offices of Director General of Police, Punjab (DGP), seven[21] (out of 27) Commissioners of Police(CP)/Senior Superintendents of Police(SSP), two[22] (out of eight) Punjab Armed Police (PAP) Battalions, two[23] (out of six) Indian Reserve Battalions (IRB), two[24] (out of five) Commando Battalions, six[25] Police Academy/Training Schools and five[26] heterogeneous field units selected by adopting systematic method of statistical sampling. A meeting was held with the Department on 6 August 2014 to discuss the audit findings and the replies of the Department to the audit observations have been incorporated in the paragraph.

During 2011-14, as against the demand of ₹ 29.51 crore, funds of ₹ 22.46 crore were released and expenditure of ₹ 20.96 crore[27] was incurred on arms and ammunition in the State.

Audit findings

3.7.1 Planning

3.7.1.1 Non-revision of norms

The Ministry of Home Affairs, GOI assessed the scale of weapons for the State police forces in August 1990. But, the Department did not revise the norms/scale thereafter to regulate demand and supply of arms and ammunition with the changing scenario. Neither any centralized database with regard to availability of arms and ammunition with the field units was available at police headquarter nor was the demand being called for periodically from the concerned quarters. The demand was being assessed at headquarter level.

In reply, Additional Director General of Police (ADGP) stated (August 2014) that the norms should have been reviewed at least once in ten years and the same were now being reviewed.

3.7.1.2 Idle expenditure due to ill-planning

The Department imported 10 NEGEV 5.56 mm Light Machine Guns at a cost of ₹ 46 lakh from Israel and 18 Under Breeze Grenade Launchers (UBGL) for SG 553 Rifles valuing ₹ 13 lakh from Switzerland during 2010-11 without procuring compatible ammunition for these weapons. Of these, the Central Armoury Bahadurgarh issued eight NEGEV 5.56 mm Light Machine Guns (March 2011) and 16 UBGLs for SG 553 Rifles (June 2011) to Special

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[21] (i) CP, Amritsar; and SSPs at (ii) Bathinda, (iii) Ferozepur, (iv) Jalandhar (Rural), (v) Ludhiana (Rural), (vi) Pathankot and (vii) SBS Nagar.

[22] Commandants at (i) 7th PAP, Jalandhar and (ii) 36th PAP, Bahadurgarh.

[23] Commandants at (i) 1st IRB, Patiala and (ii) 5th IRB, Amritsar.

[24] Commandants at (i) 1st Commando Battalion, Bahadurgarh and (ii) 4th Commando Battalion, Mohali.

[25] (i) Punjab Police Academy, Phillaur; (ii) Police Recruitment Training Center, Jahan Khelan; (iii) Commando Training Center, Bahadurgarh; (iv) In-service Training Center, Kapurthala; (v) Recruitment Training Center, PAP, Jalandhar; and (vi) Recruitment Training Center, IRB, Ladha Kothi, Sangrur.

[26] Additional DGPs (i) Security and (ii) Intelligence; (iii) Government Railway Police; (iv)Deputy Inspector General (CM Security); and (v) Inspector General of Police, Special Security Guards.

[27] ₹ 12.01 crore (against ₹ 13.22 crore) were spent from State budget and ₹ 8.95 crore (against ₹ 9.24 crore) were spent under Modernization of Police Forces Scheme.

Security Group, Ajitgarh (Mohali) and one UBGL (October 2011) to Commandant, 4th Battalion, Mohali without supplying the compatible ammunition. Though the Department had decided to procure the ammunition in December 2011, the same had not been procured (July 2014). Thus, the weapons could not be put to use even after more than three years for want of compatible ammunition. This resulted in idle expenditure of ₹ 59 lakh due to non-synchronisation of procurement of arms and related ammunition.

In reply, ADGP stated (August 2014) that the process for purchase of compatible ammunition for NEGEV 5.56 LMG and UBGL had been started.

3.7.2 Procurement of arms and ammunition

3.7.2.1 Avoidable extra payment of central sales tax

Section 8 of Central Sales Tax (CST) Act, 1956 provides that every dealer, who in the course of interstate trade or commerce, sells to the Registered dealer or Government any goods shall be liable to pay tax under this Act which shall be two *per cent* of his turnover or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sale tax law of the State, whichever is lower.

Audit of records (February 2014) in the office of DGP showed that arms and ammunition valuing ₹ 24.39 crore were purchased from the dealers of other states during 2011-14, whereupon CST of ₹ 3.84 crore at the rates ranging between 12.5 and 21 *per cent* was paid to the suppliers as against ₹ 0.49 crore payable at the prescribed rate of two *per cent*. This resulted in avoidable extra payment of CST of ₹ 3.35 crore.

The ADGP stated (August 2014) that the matter for exemption of CST had been taken up with the Government.

3.7.2.2 Idle expenditure

The Punjab Police Housing Corporation, on behalf of the Department, procured (May 2010) 234 SG-553 Assault Rifles at a cost of ₹ 3.55 crore from a Switzerland-based firm[28].

Audit of records (February 2014) in the office of DGP showed that the Department further procured (November 2010) 234 Magnifying Reflex Sights (MRS) at a cost of ₹ 1.48 crore from a USA-based firm for fitting the same on Picatinny Rail (PR) on the upper hand guard of SG-553 Assault Rifles procured in May 2010. But the same could not be fitted for want of PR Adapter on the upper hand guard of the rifle, as also pointed out during inspection of weapons conducted in March 2011. Though the Department, after a delay of more than two years, initiated (February 2013) the proposal for procurement of PR Adapters, the same did not mature as the Customs Duty Exemption Certificate and import permission was not acceded to by the Ministry of Home Affairs (MHA), GOI (July 2013) owing to involvement of the said firm in unfair business practice in another contract.

[28] M/s. SAN Swiss Arms AG, Switzerland.

Thus, due to laxity on the part of the Department to ensure availability of PR Adapters to mount MRS on SG-553 Assault Rifles, 234 MRS procured during November 2010 for ₹ 1.48 crore could not be put to use and remained idle for more than three years (July 2014).

The IGP (Provisioning) stated (August 2014) that the MHA had again been requested to allow the import of PR Adapter, so that 234 MRS could be put to use.

3.7.2.3 Ungainful expenditure

The Department procured (October 2010) 40 QD Suppressors for MP-9 Pistol at a cost of ₹ 10 lakh from a Switzerland-based firm[29] to equip SWAT[30] team, as per the requirement reflected in the Annual Action Plan (2009-10) on the recommendations of the committee formed by the Department to finalize the requirement of weapons for Chief Minister's security set-up. The QD Suppressors were received in Central Armoury in December 2010. However, despite lapse of more than three years, these Suppressors were not issued to any of the field units and were lying in stock with Central Armoury, thereby rendering the expenditure of ₹ 10 lakh as ungainful.

In reply, ADGP stated (August 2014) that the orders had been issued to DIG (CM Security) to lift all 40 sound suppressors.

3.7.2.4 Acceptance of obsolete ammunition

The Ammunition Examiner, Punjab prescribed (July 2009) the life of 7.62mm AK-47 Monk-II CTN cartridges as seven years. However, the ammunition, if not rusted, damaged or dampened could be used after its prescribed life. Further, DGP, Armed Battalions, Jalandhar Cantt suggested (July 2010) DGP that fresh ammunition was to be procured from factories in the presence of Ammunition Examiner.

Audit of records (April 2014) in Central Armoury, Bahadurgarh showed that against the advance payment of ₹ 13 lakh (February 2011), 50000 cartridges[31] were received (December 2011) from Small Arms Factory, Kalpi Road, Kanpur. Though these cartridges manufactured in 2001 had already outlived their shelf life, yet the Commandant, Central Armoury, Bahadurgarh accepted the old cartridges. Though, as per examination conducted by the supplier (November 2011) these cartridges were serviceable at the time of supply, but the shelf life of the cartridges manufactured in 2001 was not prescribed in the report. Moreover, there was no Ammunition Examiner available on the strength of the Department during December 2011 to check the life/serviceability of the old cartridges, as the only Ammunition Examiner in the State had superannuated in January 2010.

The ADGP stated (August 2014) that the cartridges had been distributed and utilized without any complaint. However, the acceptance of old cartridges

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[29] M/s Brugger & Thomet, Switzerland.
[30] Special Weapons And Tactics.
[31] 7.62mm AK-47 Monk-II CTN.

manufactured 10 years ago from the date of receipt contrary to the standards fixed by the Department itself was not justified.

3.7.3 Inventory management and internal control

3.7.3.1 Improper storage of arms and ammunition

Punjab Police Rules, 1934 (PPR) Volume-I, provide that the store room should be kept clean, dry and properly ventilated. Boxes containing arms and ammunition should be kept a few inches raised from the floor and clear of the wall. DGP also instructed (July 2005) to invariably install the lightning conductor on ammunition stores. Further, the Standing orders (September 1988) provide that ammunition should be stored in a separate room without provision of electricity.

Audit noticed (April 2014) that the old Central Armoury building had cracks in the ceiling and walls causing leakage of water in rainy season. Rooms storing arms had no provision of electric light and the boxes of arms and ammunition were kept directly on the floor. On the other hand, the new Central Armoury building constructed (May 2009) at a cost of ₹ 2.15 crore was not being used for the intended purpose due to obstruction caused by ancient *astabals* in reaching the gate of the building, as referred to in paragraph 3.11 of the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2013.

Further examination (March-June 2014) of 23 field units having armouries, showed that:

- lightning conductor was not installed on five[32] armoury buildings;
- arms and ammunition were found to have been stored in the same room at four[33] armouries;
- ammunition room in three[34] armouries were provided with electricity;
- boxes of arms and ammunition were kept directly on floor in five [35] armouries;
- water leakage during rainy season was noticed in three[36] armouries;
- proper ventilation system was not found in three[37] armouries.
- plaster from ceiling and walls was peeling out and falling on arms at PPA Phillaur; and

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32 (i) CP, Amritsar; (ii) 7th Bn. PAP Jalandhar; (iii) SSP, SBS Nagar; (iv) SSP, Pathankot; and (v) 36th Bn. Commando, Bahadurgarh.

33 (i) SSP, Pathankot; (ii) SSP, Bathinda; (iii) SSP, SBS Nagar; and (iv) IGP, SSG Chandigarh.

34 (i) SSP, Pathankot; (ii) SSP, SBS Nagar; and (iii) IGP, SSG Chandigarh.

35 (i) SSP, SBS Nagar; (ii) SSP, Pathankot; (iii) SSP, Jalandhar (Rural); (iv) SSP, Bathinda; and (v) IGP, SSG Chandigarh.

36 (i) CP, Amritsar; (ii) SSP, Ferozepur; and (iii) SSP, Ludhiana (Rural).

37 (i) SSP, Bathinda; (ii) Commandant 1st IRB, Patiala; and (iii) IGP, SSG Chandigarh.

- main gate of the armoury building was not equipped with iron-grill in PPA Phillaur and 1st IRB Patiala.

The ADGP assured (August 2014) that the armouries would now be maintained as per norms.

3.7.3.2 Non-replacement of obsolete arms

The committee constituted by MHA to assess the requirement of weapons for State Police Forces, recommended (August 1990) that the obsolete weapons with the civil police force, especially .303 rifles and .410 muskets should be replaced with 7.62 mm family of weapons; and Sten Gun with the District Reserve and Armed Police Battalions should be replaced with 9 mm carbines.

Audit observed (March-May 2014) that .303 rifles (21016), .410 muskets (4839) and Sten Gun (5809) were still lying with 16 field units awaiting replacement with the prescribed weapons, in spite of the instructions issued 24 years ago.

The ADGP stated (August 2014) that the obsolete arms would be replaced in a phased manner on receipt of new ones.

3.7.3.3 Non-disposal of unserviceable arms and ammunition

(i) Standing orders (September 1988) provide that arms declared unserviceable by the State Assistant Inspector Arms (AIA) should be deposited in the Central Armoury at Bahadurgarh for their further disposal as per orders of DGP.

In nine test-checked field units (March-June 2014), 113 weapons were declared unserviceable by AIA between November 2012 and January 2014 ***(Appendix-3.1)*****,** which were not deposited in the Central Armoury. Further, it was noticed that 1241 unserviceable weapons already deposited in the Central Armoury had not been disposed of.

In reply, ADGP stated (August 2014) that MHA had been requested (July 2014) to advise the department for safe disposal of the unserviceable arms.

(ii) GOI, Ministry of Defence, clarified (July 2011) DGP that normal life of 9 mm ammunition would be 5-7 years. If shelf life was over, the same should not be used and disposed of from safety point-of-view.

In 20 test-checked field units (March-June 2014), it was observed that 10.55 lakh 9 mm bullets, which had outlived their prescribed life by years ranging between 8 and 28 years, were not disposed of and were lying in stores. Similarly, taking into account the Ammunition Examiner's Report (July 2009) prescribing the life of various ammunition, it was noticed that in 16 field units, 48.11 lakh pieces of ammunition (other than 9mm), which had also outlived their shelf life by more than 10 years, were also lying in the stores**.** The outlived ammunition could not be checked for its serviceability or disposal

due to non-availability of Ammunition Examiner in the State for the last four years as the only Ammunition Examiner had superannuated in January 2010.

The ADGP stated (August 2014) that a committee had been formed under the chairmanship of DIG (PAP) to dispose of outlived ammunition on the recommendations of the Ammunition Examiner hired from BSF.

Thus, the Department did not revise the norms/scale after August 1990 to regulate demand and supply of arms and ammunition with the changing scenario. Arms procured without compatible ammunition; without ensuring requisite specifications; and without assessing requirement led to idle expenditure. Central Sales Tax was paid in excess of the prescribed rates. Custody of arms and ammunition was not as per norms and those were not being periodically examined for its serviceability or disposal due to non-availability of Ammunition Examiner in the Department.

The matter was referred to Government in June 2014; reply was awaited (February 2015).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.8 Non-recovery of loan

Inaction on the part of PUDA to safeguard recovery of loan before rescinding the existing escrow agreement executed in its favour, led to non-recovery of loan of ₹ 221.64 crore and interest of ₹ 28.52 crore.

Government of Punjab enacted (April 2011) the Punjab Municipal Infrastructure Development Fund Act, 2011 (Act). The Punjab Municipal Infrastructure Development Fund (PMIDF) was constituted under the Act by assigning 20 *per cent* of the additional tax on VAT with the objective of raising resources for providing financial assistance to Municipalities for the infrastructure development projects, duly approved by the Government. The Punjab Municipal Infrastructure Development Corporation (PMIDC) is the implementing and controlling agency, which would utilise the funds so raised, as per the directions of the High Powered Committee.

The High Powered Committee (Committee) under the chairmanship of Chief Minister Punjab, with Punjab Urban Planning and Development Authority (PUDA) as a member, decided (September 2011) to provide loan of ₹ 294.98 crore to PMIDC to be arranged by PUDA for developmental works of Nagar Councils/Nagar Panchayats of different districts. As per loan agreement, PUDA was to have the first charge on the funds being received by PMIDC from the PMIDF, which was to be escrowed in favour of PUDA. In case of any dispute between PMIDC and PUDA, the Chief Secretary to Government of Punjab was to act as a sole arbitrator, whose decision was to be binding on all the parties. To safeguard the repayment of loan, a tripartite

escrow agreement[38] was executed (December 2011) between PMIDC, PUDA and the Punjab National Bank (PNB). As per terms and conditions of the agreement, PMIDC was to open an escrow account[39] in favour of PUDA. This escrow account was to be kept credited by PMIDC with 20 *per cent* of the additional tax (revenue) levied and collected under the Punjab Value Added Tax Act, 2005 till the amount of loan along with interest at the rate of six *per cent* per annum, compounded quarterly, thereupon was fully recovered.

Audit of PUDA (February 2014) showed that in compliance to the decision of the Committee, PUDA provided a loan of ₹ 259.92 crore to PMIDC between October and December 2011. PMIDC repaid ₹ 38.28 crore between February-April 2012 through the escrow account favouring PUDA. The Committee, in suppression of its earlier decision, decided (March 2012) to rescind the escrow agreement, as the revenue was decided to be streamed to Housing Urban Development Corporation (HUDCO) to repay another loan to be raised by PMIDC. It was also decided that repayment of loan from PUDA would be made from the balance funds after repayment obligation and other terms and conditions imposed upon by HUDCO were met by PMIDC. In compliance to this decision, PUDA, without executing the revised agreement for ensuring the repayment of balance amount of loan, requested (April 2012) PNB to cancel the escrow agreement.

The Committee further decided (April 2012) that PMIDC would immediately transfer 6.7 acres of prime land at Amritsar valuing ₹ 206.40 crore, in its possession, to PUDA for its commercial exploitation, who was to retain the sale proceeds towards the loan given to PMIDC.

On being asked (September 2014) about the action initiated to ensure recovery of loan from PMIDC, PUDA stated (September 2014) that in the 3rd High Powered Committee meeting of PMIDC held on 26.12.2013, it was decided that Municipal Corporation, Amritsar after realizing the value from sale of the land would repay the loan along with interest. However, no head way in this regard was reported despite lapse of more than 12 months from the date of the decision.

Thus, inaction on the part of PUDA to put in place safeguard towards recovery of loan before rescinding of the escrow agreement, resulted in non-recovery of loan of ₹ 221.64 crore provided to PMIDC and interest of ₹ 28.52 crore accrued thereupon (May 2014).

The matter was referred to Government in May 2014; reply was awaited (February 2015).

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[38] Escrow Agreement: A legal documents that outlines the terms and conditions between parties involved in an escrow.

[39] Escrow Account: An escrow account is a temporary pass through account held by a third party during the process of a transaction between two parties. This is a temporary account as it operates until the completion of a transaction process, which is implemented after all the conditions between the buyer and the seller are settled.

3.9 Non-realisation of planning charges

Failure of Chief Town Planner to raise claim on PUDA and concerned Development Authorities on account of planning charges resulted in non-recovery of ₹ 59.50 crore.

As per provisions of Section 60 of Punjab Regional and Town Planning and Development Act, 1995, the State Government may determine, in the prescribed manner, the amount which a local authority, State Government or any other authority functioning in the Planning Area shall pay to the Designated Planning Agency as contribution towards the expenses incurred by it, in the discharge of its functions[40] under this Act and the amount shall be accordingly paid.

The Government of Punjab determined and notified (June 2006) the expenses to be paid by Punjab Urban Planning and Development Authority (PUDA) to the designated Planning Agency of which 86 *per cent* of charges were to be deposited in the State Treasury by the Planning Agency and 14 *per cent* retained by it to take care of the expenses incurred by the agency in discharging its statutory duties. The rates were applicable retrospectively from 26 May 1995. Chief Town Planner, Punjab (CTP), while endorsing the notification (29 June 2006) to all Senior Town Planners/District Town Planners/Assistant District Town Planners directed that station/project wise bills may be prepared and sent along with supporting documents.

A mention was made in paragraph 7.2.12 of Report of the Comptroller and Auditor General of India (Revenue Receipts)-Government of Punjab for the year ended March 2009 that a sum of ₹ 34.73 crore in respect of planning charges was recoverable from three development agencies[41] for the period 2005-06 to 2007-08.

Audit of the records (February 2014) of District Town Planner (DTP), Bathinda and information collected (July 2014) in respect of other DTPs of the State showed that as of March 2014, an amount of ₹ 59.50 crore was recoverable from PUDA and concerned Development Authorities on account of various planning works[42] for different projects for improvement taken-up by DTPs[43].

On being pointed out, CTP stated (July 2014) that claims for realization of planning charges amounting ₹ 34.64 crore were raised (August 2011) to Chief Administrator, PUDA Mohali (₹ 33.54 crore) and Chief Administrator, BDA

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[40] Preparation of local planning area plan @ ₹ 100/- per acre, final plan of local planning area @ ₹ 200/- per acre, preparation and approval of outline master plan @ ₹ 200/- per acre, preparation and approval of draft comprehensive master plans @ ₹ 100/- per acre, approval of master plan @ ₹ 50/- per acre, layout plans and zoning plans @ ₹ 2/- per sq. yard.

[41] PUDA ₹ 33.54 crore, BDA ₹ 1.1 crore and Punjab Mandi Board ₹ 0.09 crore.

[42] (i) Local Planning Area Plan; (ii) final plan of local planning area; (iii) land use maps and registers; (iv) Zoning plan; and (iv) draft comprehensive master plan of various sites.

[43] Amritsar, Bathinda, Fatehgarh Sahib, Faridkot, Jalandhar, Kapurthala, Ludhiana, Patiala, Roopnagar, SAS Nagar, Sangrur.

(₹ 1.10 crore) but no amount was received on account of planning charges. It further stated that the matter would be taken up with the higher authority. The reply was not convincing as during discussion of the Report of Comptroller and Auditor General of India (Revenue Receipt), Government of Punjab for the year ended March 2009 (paragraph 7.2.12), PAC directed (October 2011) the Department to make date bound recovery of planning chargers. However, despite these recommendations, no recovery had been effected by the Department (October 2014) even after a lapse of more than seven years from the date of issue of notification resulting in persistence of the irregularity in the department and non-recovery of ₹ 59.50 crore from the concerned Development Authorities.

The matter was referred to Government in April 2014; reply was awaited (February 2015).

IRRIGATION DEPARTMENT

3.10 Non-implementation of projects of relining of Rajasthan and Sirhind Feeders

Non-release of funds by the State Government despite availability of Central funds and funds from Government of Rajasthan resulted in blockade of funds of ₹ 123.09 crore and denial of intended benefits to the farmers.

With a view to save 84800 hectare (ha) of fertile agriculture land in the South Western districts of the State from water logging due to an enormous quantum of seepage from the bed and side of Rajasthan and Sirhind Feeders, Irrigation Department prepared (July 2009) project reports for relining[44] of Rajasthan (RD 179000 to 496000) and Sirhind Feeders(RD 119700 to 447927). Government of India, Ministry of Water Resources, (MOWR), approved these projects (main branch canal, distributary system and water courses) for ₹ 1441.26[45] crore in July 2009. The water so saved was to be utilized for irrigating 127665 ha[46] of land of Punjab and Rajasthan. The projects were to be started in 2010-11 and completed by 31 March 2014.

Test check of records of the Executive Engineer, Rajasthan Feeder, Ferozepur (EE) and the Principal Secretary, Department of Irrigation, Punjab (January 2012 and January 2014) showed that the Government of India (GOI) released (February 2011) ₹ 105.84 crore to the Government of Punjab (GOP) for relining of Rajasthan Feeder only. GOI did not release funds for relining of Sirhind feeder due to late receipt of proposal by them. During 2011-14, the proposals submitted by the State for relining of Sirhind Feeder were found deficient on various counts by the Monitoring and Appraisal Directorate, Central Water Commission (Directorate). GOP also received ₹ 17.36 crore from Rajasthan Government (₹ 4.36 crore for Sirhind Feeder in April 2011

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44 Rajasthan and Sirhind feeders are presently lined with single tile lining in bed and double tile lining on side slopes.

45 ₹ 952.10 crore Rajasthan Feeder and ₹ 489.16 crore Sirhind Feeder.

46 34548 ha from Sirhind Feeder and 93117 ha from Rajasthan Feeder.

and ₹ 13 crore in March 2013 for Rajasthan feeder). Out of which an expenditure of ₹ 0.11 crore was incurred.

The work has not yet started due to non-release of central funds by the State Government. Further, proposal for central assistance of ₹ 89.50 crore of the State Government for 2013-14 was returned (December 2013 and January 2014) by the Directorate due to non-submission of utilization certificate for central assistance of ₹ 105.84 crore.

The Executive Engineer intimated (March 2014) that the work could not be started as the Treasury Officer, Ferozepur did not release funds against Letter of Credit for ₹ 104 crore received (August 2012) from the Chief Engineer, up to 31 March 2013 and hence it lapsed.

Thus, non-release of funds by the State Government despite availability of Central funds and funds from Government of Rajasthan resulted in blockade of funds of ₹ 123.09 crore and denial of intended benefits to the farmers.

The matter was referred to the Government in May 2014; reply was awaited (February 2015).

LOCAL GOVERNMENT DEPARTMENT

3.11 Non-strengthening of fire and emergency services

Fire and emergency services in 13 districts could not be strengthened due to blockade of Central funds of ₹2.65 crore with the State Government for over three years. Besides, expenditure of ₹0.65 crore on procurement of 13 Quick Response Vehicles remained unfruitful.

With a view to strengthen fire and emergency services and progressively transform the fire services into multi hazard response services by filling the existing gap in the fire fighting and rescue capabilities, Ministry of Home Affairs, Government of India (GOI) launched (December 2008) a Centrally sponsored scheme – 'Scheme for Strengthening Fire and Emergency Services' on sharing pattern in the ratio of 75:25 between the Centre and the State. For this, GOI allocated[47] (November 2009) ₹ 3.23 crore as Central share for procurement of 17 Quick Response Vehicles (QRVs), 34 High Pressure Pumps (HPPs) and 34 Combi Tools (CTs) for 17 districts and the State Government was to contribute ₹ 0.81 crore as its share.

Audit of records (March 2014) in the Department of Local Government, Punjab (Department) showed that during 2010-11, the funds of ₹ 0.73 crore[48] released (January 2010-March 2011) by GOI/State Government were utilised[49] in four districts. GOI released (May 2011) its balance share of ₹ 2.65 crore for

[47] Funds were allocated by GOI in the ratio of 80:20 as against 75:25 (Centre:State) as per guidelines of the Scheme.

[48] GOI (₹ 0.58 crore) and State Government (₹ 0.15 crore).

[49] Procurement of four QRVs, four HPPs and 11 CTs for (i) Amritsar; (ii) Gurdaspur; (iii) Jalandhar; and (iv) Kapurthala.

procurement of 13 QRVs, 30 HPPs and 23 CTs for 13[50] districts. Though the Finance Department (FD) sanctioned ₹ 3.31 crore[51] each during the years 2011-12 to 2013-14 for the purpose, yet it did not release the Central share (₹ 2.65 crore) and released only the State share of ₹ 0.66 crore in February 2013, of which the Department utilized (May 2013) ₹ 0.65 crore[52] on procurement of 13 QRVs. But the vehicles could not be got fabricated for want of funds and were getting deteriorated.

In reply, the Department stated (July 2014) that the case had been sent to FD for release of ₹ 2.65 crore during 2014-15. On being enquired (May-August 2014) from FD about the reasons for non-release of Central funds; no reply was received (December 2014).

Thus, the fire and emergency services in 13 districts could not be strengthened under the Centrally sponsored scheme due to blockade of Central funds of ₹ 2.65 crore with the State Government for over three years. Besides, expenditure of ₹ 0.65 crore on procurement of 13 QRVs remained unfruitful as the vehicles had not even been fabricated and the warranty period too had expired.

The matter was referred to Government in May 2014; reply was awaited (February 2015).

PUBLIC WORKS DEPARTMENT (BUILDINGS & ROADS)

3.12 Non-providing of clear site led to avoidable payment of escalation

Non-providing of clear site by the Department led to delay in completion of the work which resulted in avoidable payment of ₹ 9.73 crore on account of cost escalation.

Under the Punjab State Road Sector Project funded by International Bank for Reconstruction and Development, the work of upgradation of Ludhiana-Malerkotla-Sangrur Road was allotted to a contractor on 12 July 2007 for ₹ 226.04 crore. The work was to be commenced on 29 August 2007 and completed by 28 August 2010. As per clause 2.1 of the Agreement, the employer shall give the contractor right of access to and possession of all parts of the site within the time (or times) stated in the Contract data[53].

Test check of records (July 2011) of the Executive Engineer, Central Works Division No. 3, Ludhiana showed that the Department failed to provide clear site to the contractor due to non-shifting of electric poles, transformers,

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[50] (i)Bathinda; (ii)Faridkot; (iii)Fatehgarh Sahib; (iv)Ferozepur; (v)Hoshiarpur; (vi) Ludhiana; (vii) Mansa; (viii)Moga; (ix)Sri Muktsar Sahib; (x) SBS Nagar; (xi)Patiala; (xii) Roopnagar; and (xiii)Sangrur.

[51] Central share: ₹ 2.65 crore and State share: ₹ 0.66 crore.

[52] Out of ₹ 66.25 lakh, ₹ 0.98 lakh were lying unspent with the Department.

[53] Time for access to the site (Section-I, on date of commencement and Section-II, 6 months from the date of commencement).

junction boxes, cutting of trees, non-removal of encroachments/obstructions leading to delay in cross drainage works and side drains which consequently delayed the road work. Besides, the work was also adversely affected due to change in design, late approval of drawings, non-availability of land, presence of trees in the project area, raising of manholes and underground utilities and delay in getting the closure of Bathinda canal for construction of bridge over it. The work was therefore, taken up in piecemeal manner and the extension of time (EOT) was granted up to 30 June 2011. The work was actually completed on 15 April 2012. Resultantly, the Department had to pay avoidable cost escalation of ₹ 9.73 crore after the stipulated date of completion i.e. 28 August 2010 to 15 April 2012 as the Department failed to get the obstructions removed in time.

On this being pointed out, the Chief Engineer, Punjab State Road Sector Project stated (April 2012) that EOT was granted by the competent authority on reasonable and valid grounds taking into consideration the various events which occurred during execution of the project which were beyond the control of the Department as the removal of the obstructions involved many departments and keeping in view all these provisions of EOT is made in the construction agreements throughout the world. The reply was not acceptable as for completion of Section I of the road, encumbrances were removed as late as May 2010 against the stipulated date of 29 August 2007 i.e. date of commencement, thereby causing a delay of two years and nine months in providing clear site to the contractor. Further, inclusion of clause of EOT in the agreements does not absolve the Department of its responsibilities for providing clear site and ensuring to get the work completed within the stipulated period.

Thus, non-providing of clear site by the Department led to delay in completion of the work which resulted in avoidable payment of ₹ 9.73 crore on account of cost escalation.

The matter was referred to the Government in July 2014; reply was awaited (February 2015).

3.13 Irregular preparation of DPR led to avoidable delay in completion of work

Concealment of the vital fact regarding involvement of forest land along the road by circumventing the prescribed certificate of ground verification, appended to the DPR resulted in abandoning of work and non-achievement of objective even after incurring an expenditure of ₹ 3.96 crore.

Section 6.1.1 (i) of the Forest Conservation Act, 1980 (Act) provides that all proposals for diversion of forest areas require approval of the Central Government. Under Pradhan Mantri Gram Sadak Yojana (PMGSY) it is mandatory to furnish a certificate in format 9-A with detailed project report (DPR) that no forest land is involved along the entire road way; or the case for permission under the Act has been moved to the Forest Department.

With a view to widen and strengthen the road from Jiochak to Datarpur Km. 0.0 to 17.48 in district Hoshiarpur, as per traffic requirement, the Executive Engineer, Construction Division No. 1, PWD (B&R), Hoshiarpur (EE) proposed a DPR which *inter-alia* provided for widening of road from 3.05 meter to 3.75 meter, to avoid accident etc., under PMGSY-Phase X. A certificate to the effect that entire land for the said road was in possession of State Government was also appended to the DPR without mentioning that the forest land was involved or not. The Chief Engineer (PMGSY), Punjab PWD (B&R) technically sanctioned (July 2012) the work at ₹ 8.77 crore. The work was allotted (November 2012) to a contractor at a contract price of ₹ 8.06 crore to be completed up to August 2013 which was extended up to June 2014.

Test check of records (February 2014) of EE showed that the contractor asked (January 2013) the Department that he had not been provided drawings due to non-availability of forest clearance. Thereafter, the Forest Range Officer, Badala as well as the Divisional Forest Officer, Dasuya (DFO) intimated on 6 July 2013 and 15 July 2013 respectively that the said work was damaging trees on either side of the road and execution of the work without obtaining prior permission from Forest Department was violative of the provisions of the Act. An expenditure of ₹ 3.96 crore had been incurred when the contactor stopped the work (29 July 2013) for want of No Objection Certificate from Forest Department. Despite being cautioned by the contractor (January 2013) and Forest Department (July 2013), EE moved the case for forest clearance[54] in September 2013 only. The Government of India, Ministry of Environment and Forests (MOEF) granted (May 2014) approval for diversion of forest land for the road. However, the work was lying incomplete (September 2014).

On this being pointed out (February 2014), the Chief Engineer, PWD (B &R) stated (September 2014) that actually the work was going on and was not held up for want of NOC from the Forest Department. It was further stated that funds for payment of forest clearance and utility shifting had been demanded, and the work was pending because of scarcity of funds as requisition of funds of ₹76.13 lakh was still (June 2014) pending. The plea that the work was not held up due to non-receipt of NOC from the Forest Department was not acceptable as the work was stopped by the contractor on 29 July 2013 after intervention of the Forest Department. However, the reply did not explain the reasons for not furnishing the certificate of ground verification in the prescribed format and for not obtaining the prior approval of MOEF as required under the Act.

Thus, concealment of vital fact regarding involvement of forest land along the road, by circumventing the prescribed certificate, appended to the DPR, resulted in abandoning of the work in July 2013 and the objective of improved connectivity through widening and strengthening of the road by August 2013 was not achieved even after incurring an expenditure of ₹ 3.96 crore.

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[54] Total financial implication on account of forest clearance was ₹ 5.94 lakh (₹ 2.56 lakh for compensatory afforestation; ₹ 1.88 lakh on account of net present value; and ₹ 1.50 lakh towards application processing fee).

The matter was referred to Government in May 2014; reply was awaited (February 2015).

3.14 Avoidable burden on State exchequer

Adoption of lower specifications for a road work executed under Pradhan Mantri Gram Sadak Yojana and execution of another road work in piecemeal under Central Road Fund, from State funds led to avoidable burden of ₹4.07 crore on the State exchequer.

During test check of records (May 2011 and January 2014) of the Public Works Department (Buildings and Roads), instances of incurring avoidable expenditure from the State exchequer on two road works for which entire expenditure could be met from central schemes/funds were noticed as detailed below:

(a) As per specifications of IRC:SP:37:2001, applicable for the roads with designed traffic of more than one msa and CBR value of seven *per cent,* total pavement thickness required is 425 MM[55]. Further, Rural Roads Manual (para 5.2.2) applicable to Pradhan Mantri Gram Sadak Yojana (PMGSY) works provides that the anticipated traffic, possible changes in the road network and land use of the area served as well as probable growth of traffic over design life are to be carefully accounted for.

Ministry of Rural Development, Government of India approved (May 2009) the work of upgradation of 8.65 KM length of Khizrabad-Bindrakh road for ₹ 3.43 crore under PMGSY. Designed life[56] of the road was 10 years with designed traffic of 1.46 million standard axle[57] (msa) and CBR[58] value of seven *per cent*. Audit of records (May 2011) of the Executive Engineer, Construction Division No. 1, Mohali (EE) showed that while preparing the estimate, the Department adopted pavement thickness of 300 MM[59] and 375 MM[60] of Water Bound Macadam (WBM) and WBM with Granular Sub Base (GSB) in the existing portion and the widening portion of the road respectively (excluding the provision of 50 MM layer of Bituminous Macadam (BM) as stipulated in the IRC:SP:37:2001). The work was allotted (September 2009) for ₹ 2.75 crore for completion within six months. During execution of the work, the Superintending Engineer, Construction Circle, PWD (B&R), Chandigarh (SE) along with the EE visited (October 2010) the road and the EE told the SE that 10-12 screening plants were being set up along the road and connected link roads, leading to increase in traffic. Therefore, the EE proposed(October 2010) to increase the specifications of this road by laying an additional layer of 75 MM of stone metal and 75 MM of

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55 Granular Sub Base 150 MM, Granular Base 225 MM, Binder Course (Bituminous Macadam) 50MM.
56 Number of years until the first major reconstruction is anticipated.
57 A standard axle is defined as an axle exerting or applying a force of 80 kN.
58 California Bearing Ratio (CBR) is used to determine load bearing capacity of soils used for building roads.
59 Water Bound Macadam 300MM.
60 Water Bound Macadam 225 MM, Granular Sub Base 150 MM.

BM and estimate was prepared (November 2010) under State funds for ₹ 2.89 crore. Meanwhile, the State Quality Coordinator, Punjab Roads & Bridges Development Board, Mohali (Coordinator) inspected (December 2010) the road and pointed out that the existing provisions of crust might not be suitable for the present traffic, as the DPR was prepared in the year 2007 for 1.46 msa and the traffic census done in the month of August 2010 indicated 4 msa.

The Chief Engineer PWD (B&R), Punjab approved (May 2011) the estimate for laying 75 MM of WBM and 50 MM of BM for ₹ 2.82 crore. The work allotted in March 2011 was completed at a cost of ₹ 2.93 crore in May 2011, whereas the work allotted under PMGSY was completed in June 2011 at a cost of ₹ 2.62 crore. Thus, non-adoption of prescribed pavement thickness in the estimate under PMGSY led to damage of road and necessitated its strengthening during execution itself (against the designed life of 10 years) resulting in avoidable burden of ₹ 2.93 crore on the State exchequer.

The Chief Engineer, PWD (B&R), Punjab stated (June 2014) that the estimate of work under PMGSY was rightly prepared/sanctioned keeping in view the traffic census at that time but later on due to setting up of number of crushers near the road and heavy traffic, the specifications could not cater to the rising traffic needs and there was every chance of road being damaged before completing its life. The argument given by the CE was not acceptable as the crust thickness prescribed under IRC:SP:37-2001 was approved subsequently under State funds which should have been adopted in the original estimate under PMGSY as it was found inadequate by the Coordinator as well. Moreover, the reasons cited for increase in the traffic were foreseeable and should have been kept in view while designing the road as provided in Rural Roads Manual.

The matter was referred to the Government in April 2014; reply was awaited (February 2015).

(b) The work of widening (from 5.50/7.00 to 10 meters) and strengthening of Garhshankar-Anandpur Sahib road (37.730 to 54.500 kms) was administratively approved (February 2011) for ₹ 13.67 crore by the Ministry of Road Transport and Highways (MoRTH) under Central Road Fund (CRF). The estimate of the work included provision of bituminous macadam (BM) on full 10 meters width at 37.730 to 45.930 kms stretch, whereas at 45.930 to 54.500 kms stretch, provision of BM was made for the widening portion only. The technical approval to the estimate was conveyed by the Chief Engineer, PWD (B&R) in July 2011. The work was allotted to a contractor on 26 April 2011 for ₹ 13.15 crore to be completed by 25 March 2012. However, ₹ 11.63 crore were spent and it was yet to be completed (April 2014).

Audit of records (January 2014) of the Executive Engineer, Construction Division, Ropar (EE) showed that while the work under CRF was in progress, another estimate for laying of BM and other items[61] on stretch of road (RD 45.930 to 54.500 kms), where BM was not provided in the work under

[61] Profile correction, side drain, RCC Railing, etc.

CRF, was submitted (March-August 2013) by the EE-under State funds, on the pretext that this could not be taken in the estimate under CRF due to paucity of funds. The work under State funds was allotted to another contractor for ₹ 2.75 crore on 13 June 2013 to be completed by 12 August 2013. However, after incurring ₹ 1.14 crore from the State exchequer up to December 2013, the work was still in progress (April 2014).

On being enquired (April 2014) about the source of information regarding paucity of funds under CRF, the EE stated (June 2014) that the provision of BM in the whole width of 10 meters (RD 45.930 to 54.500 kms) was not taken under CRF as the condition of the road was good at that time. The reply of the EE was contrary to the estimate under State funds, wherein it was reported (August 2013) that the said work, could not be taken in the estimate under CRF due to paucity of funds. The Government further added that the condition of the road deteriorated due to diversion of traffic towards this road from another road and opening of quarry site during execution. The reply is not acceptable as increase in traffic and opening of quarry site were foreseeable events and should have been considered while designing the road. Moreover, paucity of funds under CRF was taken as basis for preparation of estimate under State Funds. Further, as per CRF (State Rules) 2007, priority for utilization of fund is given to the already sanctioned projects. Thus, availability of funds under CRF would not have been a constraint had the provisions of BM in the entire reach been made in the estimate under CRF.

Thus, adoption of lower specifications for a road work executed under Pradhan Mantri Gram Sadak Yojana and execution of another road work in piecemeal under Central Road Fund, from State funds led to avoidable burden of ₹ 4.07 crore on the State exchequer.

3.15 Award of work to an ineligible bidder

Action of Chief Engineer to amend the pre-qualification criteria to the advantage of a particular contractor vitiated the purpose for which the criteria was fixed and resulted into award of the work to an ineligible bidder where an expenditure amounting to ₹ 6.59 crore has been incurred.

The Chief Engineer (Buildings), Public Works Department (Buildings and Roads) (CE) accorded (February 2010) technical sanction to the estimate of the work of construction of University College at Balachaur in Nawanshahar district for ₹ eight crore. CE also approved (February 2010) detailed notice inviting tender (DNIT) for ₹ 5.51 crore. As per qualification criteria prescribed in DNIT, bidder was to have minimum turnover of ₹ 13.78 crore in any one of the last five years or ₹ 5.51 crore in each of the last three years and having successfully completed three building works costing not less than ₹ 2.20 crore or two building works costing not less than ₹ 2.76 crore or one building work costing not less than ₹ 4.41 crore during the last seven years.

Test check of records (May 2012) of the Executive Engineer, Provincial Division, Nawanshahar (EE) showed that Tender Processing Committee (TPC) opened (18 February 2010) the technical bids for the work. The bid of

one contractor was not found technically responsive as it did not meet the qualification criteria of experience in building works. The CE, on representation of the contractor, observed (24 February 2010) that since rates of non-responsive bidder were lower than those of the responsive bidder and he had also executed civil engineering works in the past where his performance was quite satisfactory and asked the Superintending Engineer, Construction Circle No. 2, Jalandhar (SE) to recommend the lowest bidder for final approval of the CE. In view of these directions, TPC met on 26 February 2010 in the SE's office and unanimously concluded that stipulating the requirement of having completed building works in the DNIT/Tender Document was made as it was directly technically relevant for the present work as against the work experience of road construction/other civil engineering works. TPC held that the Department was not legally entitled to open the financial bid of the contractor who did not meet the technical qualification criteria stipulated in the DNIT/tender document and it was, thus, improper on the part of the technically non-responsive bidder to state that his rates were lower than those of a responsive bidder. TPC held that in the interest of expeditious implementation of the work through technically competent agency, it would be prudent to award the work to the responsive bidder. The decision was conveyed to the CE on 26 February 2010 itself.

The CE reiterated that the said contractor had executed road works and as such he was entitled to be involved in the bid and directed (3 March 2010) SE to open his financial bid and submit the case in favour of the lowest bidder. CE further directed (5 March 2010) EE to recall the tenders through short notice by amending[62] qualification criteria of already approved DNIT, regarding minimum/annual turnover and works experience.

Accordingly, the tenders were re-invited on 5 March 2010 and opened on 17 March 2010. This time also two bids were received, the bid of technically non-responsive contractor was found the lowest and the work was awarded to him on 22 March 2010 at a cost of ₹ 5.62 crore with completion date of 21 December 2010 (nine months). Subsequently the agreement was enhanced to ₹ 7.90 crore in October 2011. The work was not completed and had been delayed by more than four years after incurring an expenditure of ₹ 6.59 crore up to February 2015. The Principal of the College intimated (July 2014) that the work had been much delayed as against its projected time due to which the College was facing inconvenience and *inter alia* highlighted some important areas of concern viz. non-completion/ construction of boundary wall and security check post near gate posing serious threats to the property of college besides creating hindrances in checking entry of outsiders in the college.

On this being pointed out (May 2012), EE stated (May 2012) that the re-tendering was ordered to have better competition in the interest of the State

[62] Minimum turnover of ₹ 551.41 lakh in any one of the last three years was changed to 'Minimum total turnover of ₹ 1654.23 lakh in any three consecutive years of last five years'. Annual turnover of ₹ 551.41 lakh in each of the last three years was changed to 'Annual total turnover of ₹ 1654.23 lakh in any three consecutive years of last five years'. The condition regarding 'experience of building works' was changed to 'experience of similar works' and conditions regarding 'similar completed works' were changed to 'similar or any civil engineering infrastructure completed works/partly completed of the ongoing works'.

Government/work. The reply was not acceptable as qualification criteria was changed by providing similar or any civil Engineering infrastructure works to favour the earlier non-responsive bidder who had no experience directly technically relevant to the present building work.

Thus, the action of the CE to amend the pre-qualification criteria to the advantage of an earlier non-responsive bidder vitiated the bidding process and resulted into award of the work to a technically non-responsive bidder where an expenditure amounting to ₹ 6.59 crore has been incurred (February 2015).

The matter was referred to the Government in May 2014; reply was awaited (February 2015).

PUBLIC WORKS (BUILDINGS & ROADS)/IRRIGATION/ AGRICULTURE DEPARTMENTS

3.16 Short deduction of Value Added Tax

Failure of the Executive Engineers to deduct Value Added Tax at the notified rates resulted in short deduction of ₹ 3.56 crore, out of which ₹ 1.32 crore was recoverable from contractors even after lapse of 8 to 36 months.

As per Section 27 of Value Added Tax (VAT) Act, every contractee is responsible for making payment to any person for discharge of any liability on account of valuable consideration, exceeding rupees five lakh in a single contract payable for the transfer of property in goods (whether as goods or in some other form) in pursuance of a work contract, shall, at the time of making such payment to the contractor either in cash or in any other manner, deduct an amount equal to two *per cent* of such sum towards the tax payable under this Act on account of such contract. VAT deductible on works contracts was enhanced to four *per cent* with effect from January 2008, five *per cent* from 2 November 2011, and further to six *per cent* with effect from 9 April 2013.

(i) Audit of records (between April 2012 and May 2013) of Executive Engineers (EE) of 55 divisions of three departments[63] showed that EEs continued to deduct VAT at the rate of four *per cent* on the payments made to the contactors during the period from 2 November 2011 to 29 December 2012 against the applicable rate of five *per cent*. This resulted into short deduction of VAT amounting to ₹ 3.06 crore[64] on the payments made to the contractors.

On this being pointed out (July 2013), Public Works Department (PWD) (B&R) stated (August 2013) that the concerned EEs had been directed (August 2013) to recover the balance amount within two months positively and remain vigilant in future to avoid such financial lapse. Replies from Irrigation and Agriculture Departments were not received (December 2014).

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[63] (i) Public Works Department (Buildings and Roads)-25 divisions; (ii) Irrigation Department-15 divisions; and (iii) Punjab Mandi Board (PMB) under Agriculture Department-15 divisions.

[64] PWD (B&R)-₹ 1.52 crore; Irrigation Department-₹ 0.39 crore; and PMB-₹ 1.15 crore.

However, 44 EEs reported recovery of ₹ 2.20 crore[65] as of June 2014 (***Appendix-3.2(a)***).

(ii) During test check of records of 12 EEs of two departments PWD (B&R) (11 EEs) and Irrigation Department (one EE), Audit further noticed (between October 2013 and April 2014) that the irregularity was still persisting as the EEs deducted VAT at rate of five *per cent* instead of six *per cent* applicable with effect from 9 April 2013. This resulted into further short deduction of VAT amounting to ₹0.50 crore[66] (***Appendix-3.2(b)***) on the payments made to the contractors during April 2013 to March 2014. The Executive Engineer, Construction Division, Patiala reported (August 2014) recovery of ₹ 0.04 crore.

Thus, the Departments lacked a system to ensure immediate compliance to any changes in the rates of VAT deductible on works contractors resulting in loss of revenue to the State exchequer. In test-checked divisions, the loss amounted to ₹ 3.56 crore, of which ₹ 1.32 crore[67] was still recoverable (June 2014). The Departments should review all such cases and initiate recovery action wherever short-deductions have been made on this account.

The matter was referred to the Government in July 2014; reply was awaited (February 2015).

REVENUE, REHABILITATION AND DISASTER MANAGEMENT DEPARTMENT

3.17 Inadmissible expenditure from State Disaster Response Fund

Release of financial assistance of ₹2.27 crore from State Disaster Response Fund to Power Sector (PSPCL) beyond expenditure on immediate restoration of power supply was not admissible.

The Government of India (GOI), Ministry of Home Affairs, in suppression of Calamity Relief Fund (CRF), constituted (September 2010) a State Disaster Response Fund[68] (SDRF) at State level for providing immediate relief to the victims of natural calamities[69]. As per the guidelines, the annual allocation to SDRF would be contributed by GOI and the State Government in the ratio 75:25. Further, as per norms of assistance from SDRF circulated (July 2009 and January 2012) by GOI, Power Sector, which generates its own revenue and also undertakes repair/restoration works from its own funds/resources, was excluded for providing assistance from SDRF, except for immediate restoration of power supply.

Audit of records (December 2012) in the office of Deputy Commissioner,

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65 ₹ 0.89 crore by the 17 EEs of PWD (B&R); ₹ 0.22 crore by the 12 EEs of Irrigation Department; and ₹ 1.09 crore by 15 EEs of PMB.

66 Public Works Department (Buildings and Roads)-₹ 0.47 crore (11 divisions); (ii) Irrigation Department)-₹ 0.03 crore (one division.)

67 PWD (B&R) ₹ 1.06 crore; Irrigation ₹ 0.20 crore; and PMB ₹ 0.06 crore.

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

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

Bathinda (DC) showed that the Punjab State Power Corporation Limited (PSPCL), Bathinda Circle (27 May 2011) and Sri Muktsar Sahib Circle (26 May 2011) requested DC to compensate the damage caused to their infrastructure worth ₹ 2.28 crore by thunderstorm on 21 and 22 May 2011. Despite the fact that PSPCL restored the power supply in Bathinda and Sri Muktsar Sahib Circle by 22 May 2011 and 24 May 2011, respectively at a cost of ₹ 0.01 crore, the DC forwarded these requests to the Department of Revenue Rehabilitation and Disaster Management (Department) in August 2011. The financial assistance from SDRF sanctioned (October 2011) by the Department was transferred by DC to PSPCL Bathinda Circle (₹ 2.17 crore) and Sri Muktsar Sahib Circle (₹ 0.11 crore) in April 2012. The PSPCL booked ₹ 1.65 crore[70] spent for replacement of its damaged infrastructure between 24 May 2011 and 11 November 2011 to this assistance and retained ₹ 0.62 crore (Bathinda Circle) for procurement of new power transformer.

Thus, assistance of ₹ 2.27 crore (out of ₹ 2.28 crore) to PSPCL (Power Sector) beyond expenditure on immediate restoration of power supply was not admissible under the norms *ibid.*

On this being pointed out, the State Government stated (July 2014) that the assistance was released as per norms under SDRF. The reply was not acceptable as the assistance to Power Sector from SDRF was restricted to immediate restoration of power supply only.

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

3.18 Unfruitful expenditure on modernization of cattle fair ground

Cattle fair ground, Nabipur modernized at a cost of ₹ 7.30 crore could not be used for holding cattle fairs even after three years due to non-provision of drainage of rain water causing water logging.

The State Government, in a meeting under the chairmanship of Chief Minister, Punjab, decided (June 2009) to modernize the existing Cattle Fair Ground (CFG) at village Nabipur, district Fatehgarh Sahib to provide better facilities[71] under a common roof for the sale and purchase of animals. The work was administratively approved in March-May 2010 and the funds of ₹ 7.56 crore[72] were released by the Department of Rural Development and Panchayats, Punjab (Department) in April and June 2010 out of Cattle Fair Fund[73]. After completing the work of construction/modernization of CFG at a cost of ₹ 7.30 crore[74], the CFG was handed over to District Development and Panchayat Officer (DDPO), Fatehgarh Sahib in December 2011 by the Executive Engineer, Panchayati Raj Division, Fatehgarh Sahib.

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70 ₹ 1.54 crore between 24 May 2011 and November 2011 (Bathinda Circle); and ₹ 0.11 crore between June 2011 and September 2011 (Sri Muktsar Sahib Circle).

71 Animal hospital, covered and open shed, safe drinking water, arrangement for night stay, separate arrangement for sick animals, stalls/shops, etc.

72 ₹ 5.00 crore (April 2010); and ₹ 2.56 crore (June 2010).

73 Established under the Punjab Cattle Fairs (Regulation) Act, 1967.

74 Expenditure incurred up to 7th running bill and the final ill was yet to be finalised.

Audit of records (January 2014) of the Executive Engineer, Panchayati Raj Division, Fatehgarh Sahib (XEN-PRD) and subsequent information collected (January - May 2014) from the Director, Rural Development and Panchayats Department, Punjab and DDPO showed that CFG at village Nabipur was auctioned to various contractors[75] during 2011-14 for holding cattle fairs. But, no cattle fair could be held at village Nabipur due to water logging at CFG (October 2014). Instead, the cattle fairs were being held by the contractors at Khanna, district Ludhiana with the approval of the Department from time to time.

In reply, the State Government stated (August 2014) that the contractor had been directed to hold cattle fair at the present location. On being further enquired (September 2014), the Department intimated (October 2014) that the contractor had once again showed its inability to hold cattle fair due to water logging and the SE (Panchayati Raj) had been asked (October 2014) to investigate CFG Nabipur at personal level and report thereon. Further reply of the Department/Government was awaited (February 2015).

Thus, the cattle fairs could not be held in village Nabipur even after three years from taking over (December 2011) the CFG by the Department due to non-provision of drainage system for rain water, causing water logging at CFG. Resultantly, the expenditure of ₹ 7.30 crore incurred on modernization of cattle fair ground remained unfruitful, besides denial of the intended benefits to the district.

3.19 Non-percolation of intended benefits to rural BPL youth

Lack of initiative by the Department led to shortfall in skill training which resulted in non-percolation of intended benefits to rural BPL youth, besides blockade of ₹1.31 crore for over four years.

The Ministry of Rural Development (MoRD), Government of India (GOI) approved (March 2010) the project proposal of the Joint Development Commissioner (JDC), Department of Rural Development and Panchayats (Department), Government of Punjab (GOP) for ₹ 9.45 crore [76] under Swarnjayanti Gram Swarozgar Yojana (SGSY) for imparting skill training in security and other employable skills to 5000 rural BPL youth for two years and their subsequent placement. As per guidelines, the District Rural Development Agency (DRDA), Hoshiarpur was the coordinating agency and Punjab Police Security Corporation (PPSC), Chandigarh was the implementing agency. The selection of beneficiaries was to be done in consultation with the State Government/DRDAs through appropriate awareness/publicity campaigns and advertisement in local electronic/print media.

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[75] M/s. Sukhdev Singh & Company, Morinda during 2011-12 (₹ 2.21 crore) and 2012-13 (₹ 2.44 crore); and M/s. Amarjit Singh & Company, Rajpura, district Patiala during 2013-14 (₹ 35.31 crore in respect of all cattle fair grounds in the State of Punjab).

[76] The project cost was to be shared between GOI and GOP in the ratio of 75:25 during the project period of two years and GOI was to release its share in three instalments in the ratio of 25:50:25.

Audit of records (November 2013) of PPSC and information collected from PPSC and the Department subsequently showed that GOI released (March 2010) first instalment of ₹ 1.77 crore to DRDA, Hoshiarpur, which was transferred (April 2010) to PPSC for implementing the project. It was noticed that PPSC called for the applications from rural BPL candidates under SGSY together with regular admission notices under its already running Skill Development Initiative scheme for taking admission in skill training of security guards through advertisements in the newspapers/regional channels.

During 2010-11, against the target of 2500, only 181 rural BPL candidates (seven *per cent*) were imparted training under SGSY. Though PPSC apprised (October 2010-September 2012) the Department and concerned DRDA/ADCs about the poor participation of rural BPL beneficiaries under the Scheme, yet no awareness and publicity campaigns were conducted by the Department to popularize SGSY for mobilizing rural BPL youth. Resultantly, only 325 against 5000 rural BPL candidates (seven *per cent*) could be imparted training under the Scheme with an expenditure of ₹ 0.46 crore during the period 2010-13. JDC sought (June 2013-February 2014) extension in project period for further three years. But, MoRD asked (April 2014) JDC to submit project closure report; which was yet to be submitted by the Department (December 2014).

In response to the matter taken up (August 2014) by Audit with the State Government, JDC stated (September 2014) that regular meetings of Project Implementing Agency (PIA) and Additional Development Commissioners (ADCs) were called for from time to time for spreading awareness in the districts. The reply of JDC evidenced that the matter for spreading awareness remained active in the departmental meetings only. But, the awareness about the scheme was not disseminated by the Department through public campaigns, as required under the scheme.

Thus, due to lack of initiative on the part of the Department to popularise SGSY through appropriate awareness and publicity campaigns, sufficient number of rural BPL youth could not be mobilized, which defeated the very purpose of the Scheme to impart skill training to 5000 rural BPL youth in security and their subsequent placement. Besides, the central assistance of ₹ 1.31 crore remained unutilized for four years.

WATER SUPPLY AND SANITATION DEPARTMENT

3.20 Installation, operation and maintenance of Reverse Osmosis Plants in Punjab

Deficient planning led to irregular/excess expenditure of ₹ 14.84 crore on installation of Reverse Osmosis Plants. Viability Gap Funding amounting to ₹ 2.71 crore was recoverable and ₹ 0.52 crore recovered were not deposited in the treasury. ₹ 4.25 crore was incurred on 37 RO Plants with 'Zero' penetration level. 19 RO Plants involving ₹ 1.62 crore were found non-functional.

In order to provide at least three litres per capita per day (LPCD) of Reverse Osmosis (RO) treated water for drinking and cooking purposes to the people

of rural area of Punjab where Uranium, Total Dissolved Solids (TDS), Hardness and Fluoride were found in the water beyond permissible limit[77] and in the villages where canal water was not available, being located at the tail end of canal, Government installed 1811 RO Plants during March 2009 to December 2012 in 16 districts[78], under various projects[79] at a total cost of ₹ 217.96 crore without conducting any pilot study. The capital cost of all the RO Plants had been provided by the Government of India/GOP while Operation and Maintenance (O&M) of the plants was assigned to the contractual agencies for seven years who were to provide the treated water to general public by collecting user charges at the rate of 10 paisa per litre to meet O&M cost. Thereafter, the assets are to be transferred to the department by the firms in good working condition.

Records of CE and Executive Engineers (EEs) of Water Supply and Sanitation Divisions (WSSD) in eight districts[80] where 1601 RO Plants were installed were test checked during the period January 2014 to May 2014. Besides this, 46 RO Plants in selected districts were visited by Audit Party along with the representatives of the concerned divisions between February 2014 and May 2014. A meeting was held in February 2015 to discuss the audit findings and replies of the department have suitably been incorporated in the paragraph. The important audit findings are as under:

Audit findings

3.20.1 Planning

3.20.1.1 Irregular expenditure on installation of RO Plants

The work of installation of 174 RO Plants in Ferozepur district was administratively approved (April 2011) at a cost of ₹ 21.61 crore under Punjab Infrastructure Development Board project. Out of these, 108 RO Plants were installed in Abohar (in Ferozepur district) at a cost of ₹ 14.33 crore where 94 canal based water supply schemes were already functional and as per lab reports canal water so supplied was potable as the TDS in the water of these schemes (ranged between 101 and 187) was within permissible limit i.e. 500 mg/l.

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77 Uranium: 60 µ gram/litre; TDS: 500 miligram per litre (mg/l); Hardness: 200 mg/l; and Fluoride 1: mg/l respectively.

78 (i) Barnala (13); (ii) Bathinda (271); (iii) Faridkot (148); (iv) Fatehgarh Sahib (2); (v) Fazilka (293); (vi) Ferozepur (178); (vii) Jalandhar (1); (viii) Kapurthala (13); (ix) Ludhiana (39); (x) Mansa (237); (xi) Moga (186); (xii) Patiala (58); (xiii) Sangrur (72); (xiv) Shahid Bhagat Singh Nagar (3); (xv) Sri Muktsar Sahib (231); and (xvi) Tarn Taran (66).

79 (i) Punjab Nirman Programme: ₹ 4.37 crore (53 RO Plants); (ii) Additional Central Assistance: ₹ 25 crore (250 RO Plants); and (iii) Punjab Infrastructure Development Board: ₹ 188.59 crore (1508 RO Plants).

80 (i) Bathinda; (ii) Faridkot; (iii) Fazilka; (iv) Ferozepur; (v) Mansa; (vi) Moga; (vii) Muktsar; and (viii) Sangrur.

The Department stated (February 2015) that the RO plants were installed in the villages of Abohar as alternate source of drinking water due to closure of canal for upto 21 days. The reply was not acceptable because as per information collected from the Irrigation Department (EE, Abohar Canal Division, Abohar), the closure of canal was not more than seven days during last two years and canal based water supply schemes are designed for collecting and supply of canal water for 15 days in case of closure period. Moreover, out of 108 RO Plants, 10 RO Plants have 'Zero' connection, in 70 RO Plants the penetration level was less than 25 *per cent,* in 21 RO Plants the penetration level was less than 50 *per cent* and only seven RO Plants had penetration level more than 50 *per cent* which indicated that people of the area were more interested in using the water of canal based water supply schemes. Thus, 108 RO Plants were irregularly installed in Abohar at a cost of ₹ 14.33 crore.

3.20.1.2 Irregular expenditure due to wrong calculation of RO Plants' capacity

The GOP, DWSS approved (June 2011) a project for installation of 330 RO Plants in nine districts at a cost of ₹ 47.29 crore out of which 51 RO Plants at a cost of ₹ 8.13 crore were to be installed in Moga. As per the project, the capacity of RO Plants was to be calculated either by taking into account the requirement of three LPCD of water for whole population or five LPCD for 60 *per cent* population of the village. Test check of records of EE, Moga showed that 24 out of 51 RO Plants were installed in the villages of Moga district with the capacity ranging between 500 to 5000 litres per hour (LPH) taking into account the requirement of five LPCD of water for the entire population. Thus, due to wrong adoption of formula, RO Plants with higher capacity were installed resulting in excess expenditure of ₹ 0.51 crore**.**

The Department stated (February 2015) that the RO plants were designed on higher capacity due to existence of more than permissible limit of Uranium in the ground water and the consequent demand for purified water. The reply was not acceptable as the penetration level of these 24 RO plants (3 upto 25, 8 upto 50, 9 upto 75 and 4 above 75 per cent) was not at its designed capacity.

3.20.2 Financial management

The bidding of the contractual agencies was finalized after considering the capital cost of the RO Plants and Viability Gap Funding (VGF)[81] quoted by the contractual agencies as per condition of the bidding documents. However, neither any formula was mentioned in the agreement/bidding documents for calculating the VGF amount nor any system existed with the department to

[81] Viability Gap Funding- A grant one time or deferred, provided to support infrastructure projects that are economically justified but fall short of financial viability (quoted with + sign) or paid by the firm to the department as project receipt (quoted with – sign).

check the correctness of VGF amount quoted by the contractor. Test check of records of the 15 selected divisions showed the following deficiencies:

- As per clause 11.3 of agreements entered into with the contractual agencies, requisite payment of VGF for each financial year ending 31 March was to be made by the contractual agencies to the department up to 15 April of next financial year. In respect of six Divisions[82], although RO Plants were commissioned during June 2009 to June 2012, but VGF amounting to ₹ 2.71 crore was neither deposited (May 2014) by the contractual agencies nor demanded by the Department as per the provisions of the agreement.

- An amount of ₹ 1.55 crore was required to be paid by nine Divisions[83]to the contractual agencies as VGF. However, neither any proposal to seek the funds for VGF was prepared and submitted to Government nor any provision was made in the budget although the RO Plants were commissioned during June 2011 to December 2012.

- As per rule 2.4 of PFR, the departmental receipt should be credited into treasury on the same day or on the morning of the next day. However, it was observed that ₹ 52.44 lakh[84] recovered (May 2012) as VGF were not deposited (May 2014) into treasury along with interest of ₹ 1.25 lakh earned on the said amount.

The Department stated (February 2015) that the adjustment of VGF amount will be made after reconciling the figures of receipts and payment from/to firm.

3.20.3 Implementation of project

3.20.3.1 Irregular allotment of work

Rule 15.4 (m) (i) read with 15.7 of Punjab Budget Manual provides that the work should be allotted by inviting tenders for obtaining competitive rates.

Test check of records (February and April 2014) of EEs, Water Supply and Sanitation Division, Fazilka and Sangrur showed that 26 (Fazilka-19, Sangrur-7) number of RO Plants were installed at a cost of ₹ 2.83 crore during October 2009 to June 2012 (without calling tenders) on the basis of an undertaking obtained from the contractual agency that firm was ready to install the RO Plants at the same rates offered by the firm for other clusters.

The Department stated (February 2015) that the number of RO plants pointed out in the para is very meager against the total RO plants installed and further

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[82] (i) Bathinda-I; (ii) Bathinda-2; (iii) Malout; (iv) Mansa-1; (v) Muktsar-1; and (vi) Sangrur.

[83] (i) Bathinda-2; (ii) Bathinda-3; (iii) Faridkot; (iv) Ferozepur-1; (v) Ferozepur-2; (vi) Mansa-1; (vii) Mansa-2; (viii) Moga; and (ix) Sangrur.

[84] EE Bathinda (₹ 29.49 lakh) and EE Faridkot (₹ 22.95 lakh)

added that the work was allotted without calling tender because the rates of RO plants could have been higher had tenders been invited. The reply was not acceptable as the percentage of RO plants installed without calling tender ranged between 9 and 11 with reference to RO plants installed in the districts concerned (225 in Fazilka and 65 in Sangrur) and the rules ibid were also not followed by the department.

3.20.3.2 Low penetration level of ROs

(a) As per clause 1 of the agreement, the firms were required to carry out extensive Information, Education and Communication (IEC) activities, awareness campaign and any other related works/activities as may be necessary for successful operation of RO Plants. The Secretary, DWSS fixed (September 2012) the targets to increase the penetration level up to 50 *per cent* by December 2012. Further, the CE prepared a composite action plan[85] and circulated (October 2013) the same for increasing the penetration level and directed all the field offices to take necessary action. However, during test check of records of the selected divisions, it was noticed that no activity had been undertaken at divisional level to implement the composite action plan which is evident from the low penetration level of the RO Plants as reported by the firms to the Department in the selected districts as depicted in **Table 3.2.**

Table 3.2: Penetration level of the selected RO Plants

No. of RO Plants test checked	Level of penetration (in *per cent*)					
	Zero	One to 25	25-50	51 to 75	76 and above	Closed
1601	37	354	617	375	199	19[86]

Source : Departmental figures

It is evident that out of 1601 RO Plants installed in the selected districts, the target to cover 50 *per cent* population was achieved only in respect of 574 RO Plants (36 *per cent*). The penetration level ranged between one and 50 *per cent* in 971 RO Plants (61 *per cent*). Test check of records (February and March 2014) of nine EEs[87] showed that 37 RO Plants costing ₹ 4.25 crore had zero penetration level ever since installation due to 'Nil' connection, rendering the expenditure unfruitful.

The low penetration level indicated that necessary awareness among the villagers was not created to consume RO treated water, defeating the very

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85 The action plan comprised of (i) Social Marketing tools to be used for motivating the villagers to buy RO treated water from community RO Plants; (ii) Training of trainers; (iii) Training of grass root level staff; (iv) Activity matrix of capacity building activities to be taken up at village block, district and zonal level; (v) Technical improvement needed for increasing the acceptability of RO Plants; and (vi) Monitoring and evaluation.

86 19 RO Plants installed in Bathinda -1, Bathinda-2 and Bathinda-3 divisions were non-functional due to non-maintenance by the firms as discussed in Para 3.20.3.3.

87 (i) Bathinda-I : four; (ii) Bathinda-3 :one; (iii) Fazilka: nine; (iv) Abohar: 10; (v) Mansa-I :two; (vi) Mansa-2 :one; (vii) Muktsar-1: one; (viii) Malout: eight; and (ix) Sangrur : one.

objective of the scheme. On being pointed out (February and May 2014) the EEs stated that efforts were being made to increase the penetration level. The replies of the EEs have to be viewed in light of the fact that even after two to five years from the date of installation of RO Plants, the penetration level has not touched the desired level.

(b) A visit to 46 RO Plants site by Audit Party along with representatives of the Department showed that the contractual agencies submitted incorrect reports. In 33 RO Plants, the number of users of RO treated water was reported in excess, while in nine RO Plants, number of users was reported less. **(*Appendix-3.3*)**. It was further noticed that in respect of RO Plants at Ashpal (one) and Khokar Kalan villages (one) of Mansa district the penetration level was reported between 39 and 42 *per cent* whereas these RO Plants were not functional from the date of commissioning (March 2012). Thus, not only the expenditure of ₹ 22 lakh incurred on installation of these RO Plants proved unfruitful, but raises doubt about the reliability of the reports being furnished by the contractual agencies to the concerned divisions.

The Department while admitting the facts attributed (February 2015) the reasons for low penetration to lack of awareness among the people and also added that the department is planning to create awareness among the rural masses about the availability and benefits of RO water.

3.20.3.3 Ungainful expenditure on non-functional RO Plants

As per agreement of the installation of RO Plants, the contractual agency was responsible for O&M of RO Plants for seven years and to provide the treated water to general public at the rate of 10 paisa per litre.

Test check of records of EEs of WSSD Nos 1, 2 and 3, Bathinda showed that the work of installation of 19 RO Plants was allotted (March 2009) to Shivam Water Treaters Pvt. Ltd., Ahemdabad which was completed during 2010. However, these RO Plants were not functioning as the firm had stopped maintaining the RO Plants since June 2012 and due to pending electricity bills required to be paid by the contractual agency, the electricity supply of four RO Plants had been disconnected. No concrete efforts to run the RO Plants to provide treated water to general public was made by the divisional officers. Thus, the expenditure of ₹ 1.62 crore incurred on installation of these 19 RO Plants was rendered ungainful.

The Department stated (February 2015) that action had been taken against the defaulter firms by forfeiting the bank guarantee and efforts will be made to get the RO plants functional by inviting other parties to operate these plants.

3.20.4 Monitoring mechanism

3.20.4.1 Non-testing of RO treated water

As per clause 7.2.4 and 7.2.8 of the agreement, the bidders should have their own testing facilities to analyse the water sample for all parameters as per Bureau of Indian Standards (BIS 10500) norms in a month and TDS of product water shall be between 100 to 250 mg/l in any case. The water quality was also required to be tested in the laboratories of the department.

Test check of records (January to May 2014) of 15 divisions showed only three divisions viz., Faridkot, Mansa-II and Moga were testing the samples of RO treated water. In Moga, the treated water matched the BIS standards in all the RO Plants (as per district lab reports), in Faridkot out of 148 RO Plants water samples of only 72 RO Plants were got tested in November 2012, of which the TDS of 70 RO Plants ranged between 28 and 90 mg/l which was less than the prescribed limits (100 to 250 mg/l). Similarly in Mansa-II, the tests were conducted only in 58 out of 113 RO Plants of which TDS level of 19 RO Plants ranged between 62 and 98. It was, further, observed that where RO treated water was not found to be as per BIS standards, the matter was not taken up with the contractual agencies for taking corrective measures.

The EEs stated (January to May 2014) that the tests are being conducted both by the contractual agencies and at divisional level and reports would be submitted later on. The replies of the EEs were not based on the facts as during the joint visit of 46 RO Plants it was noticed that neither TDS meter was available at any of the plant site nor were there any records indicating testing of the samples of treated water done by the contractual agencies. However, during testing of samples of treated water by departmental representatives during visit to 22 RO Plants, it was noticed that the TDS level of treated water in 19 RO Plants ranged between 17 to 88 mg/l, which was far below the limits at which it was required to be kept.

The Department admitted the facts and stated (February 2015) that targets will be fixed for every laboratory to test the RO water.

Thus, deficient planning led to irregular/excess expenditure of ₹ 14.84 crore on installation of Reverse Osmosis Plants. Viability Gap Funding amounting to ₹ 2.71 crore was still recoverable and ₹ 0.52 crore already recovered were not deposited in the treasury by the concerned departmental officials. Expenditure of ₹ 4.25 crore RO Plants with 'Zero' penetration level was rendered unfruitful. Nineteen RO plants were found non-functional resulting in ungainful expenditure of ₹ 1.62 crore.

The matter was referred to Government in June 2014; reply was awaited (February 2015).

3.21 Implementation of Total Sanitation Campaign

Annual Implementation Plan was prepared without consolidation of GP/Block/District Plans. Non-utilization of funds of ₹ 13.57 crore, short achievement of targets and non-availability of mechanism of inspection was noticed which adversely affected the scheme. There was an excess expenditure of ₹ 0.92 crore under State Solid and Liquid Waste Management. Unreliability of data was noticed as there was a huge variation between MIS data and actual construction of IHHLs.

The Government of India (GOI) launched "Total Sanitation Campaign" (TSC) in 1999 for sustainable reforms in rural sanitation sector. The TSC was renamed (April 2012) as "Nirmal Bharat Abhiyan" (NBA) with the objective to accelerate sanitation coverage in rural areas to achieve the vision of Nirmal Bharat by 2022. To implement the project, State Water and Sanitation Mission (SWSM) and District Water and Sanitation Missions (DWSMs) were constituted (February 2000) at State and District level respectively. At block level, Block Resource Centres (BRCs) and at village level, Village Water and Sanitation Committees (VWSCs) were to be established but were not established.

Out of 20 districts, five districts[88], 10 Rural Blocks[89] (two in each district) and 100 Gram Panchayats (10 in each block) were selected by Probability Proportional to Size with Replacement (PPSWR) method and Blocks and Gram Panchayats (GPs) were selected by Systematic Random Sampling without Replacement (SRSWOR) method to check the records for the period 2009-2014. The records of the SWSM, Communication and Capacity Development Unit (CCDU) and records pertaining to the selected DWSMs were checked during May 2014 to October 2014. The important findings are as under:

Audit findings

3.21.1 Planning

3.21.1.1 Improper preparation of Plan

Para 18 of guidelines provides that the revision in any Project Implementation Plan (PIP)[90] could be attempted on the basis of Gram Panchayat (GP) wise data, which is then to be approved by State Scheme Sanctioning Committee (SSSC) before onward submission to National Scheme Sanctioning Committee (NSSC). Further para 12 of guidelines provides that Annual Implementation Plans (AIPs)[91] should be prepared by identification of GP to

[88] (i) Fatehgarh Sahib; (ii) Kapurthala; (iii) Ludhiana; (iv) Rupnagar; and (v) Tarn Taran.

[89] (i) Bassi Pathana and Sirhind; (ii) Kapurthala and Sultanpur Lodhi; (iii) Doraha and Pakhowal; (iv) Chamkaur Sahib and Rupnagar; and (v) Chola Sahib and Patti.

[90] The Project Implementation Plan (PIP) is a representation of project in a structured format which serves a baseline for monitoring the theme of a project in terms of its scope, schedule and budget.

[91] The Annual Implementation Plan (AIP) provides basis for monthly and quarterly monitoring of physical and financial progress during the course of the financial year vis-à-vis the planned activities.

be saturated for attaining the project objective which should be consolidated into Block Implementation Plans and then into District Implementation Plan. The SWSM would suitably consolidate the District Implementation Plans into State Implementation Plan.

Audit scrutiny showed that the SWSM prepared the revised PIP for the years 2012-17 for ₹ 1826.49 crore duly approved by SSSC and submitted (August 2013) to the Ministry of Drinking Water and Sanitation (MoDWS) for approval of the NSSC which is still awaited (September 2014). AIPs had been prepared by the SWSM up to 2013-14 after compiling the implementation plans forwarded by all the DWSMs without consolidation of GP Plans into Block Plans and further into District Plans.

The SWSM stated (September 2014) that AIPs at State Level were consolidated for implementation of the Project after getting feedback and AIPs from DWSMs. DWSMs stated (June to September 2014) that the AIPs were prepared on the basis of baseline survey 2012. Reply of the SWSM/DWSMs was not acceptable as the AIP was to be prepared on the basis of GP Plans to ensure community participation.

3.21.2 Financial management

As per Para 12 of Guidelines, the funds under TSC are being released to the SWSM with effect from June 2010. Prior to this, funds were released directly to the District implementing agencies. It was noticed that out of total available funds of ₹ 34.70 [92] crore, the SWSM utilized a sum of ₹ 21.13 crore (61 *per cent*) only during the period 2009-14 leaving unutilized funds of ₹ 13.57 crore.

Other irregularities

- AIPs for the years 2012-13 and 2013-14 for ₹ 89.72 [93] crore were prepared by the SWSM and sent to NSSC for approval but no funds were released by the GOI. Had the department fully utilized the available funds under the scheme, State could have also got the Central share of ₹ 64.04 crore[94].

The State Coordinator stated (June 2014) that as unspent balances accumulated at State level, further installments of Central share were not released by GOI.

- Cash book for the period June 2010 to May 2012 was not maintained by the SWSM. As such, authenticity of Central share, State share and interest thereon could not be verified in audit. Reasons for the same were not furnished.

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92 Opening balance: ₹ 14.91 crore + Central share: ₹ 16.35 crore + State share: ₹ 3.03 crore + Beneficiary share:₹ 0.41 crore.

93 Central share: ₹ 11.89 crore + State share: ₹ 5.21 crore in 2012-13 and Central share: ₹ 52.15 crore + State share: ₹ 20.47 crore in 2013-14.

94 ₹ 11.89 crore for 2012-13 and ₹ 52.15 crore for 2013-14.

As per Para 13.1 of guidelines, the SWSM would operate a single Savings Bank account in any Nationalized Bank or a bank authorised by the State Government to be operated for all transactions related to NBA. The details of the NBA account i.e. name of the Bank, IFSC Code and A/c No. etc. had to be communicated to MoDWS and was not to be changed during the implementation of the project without prior permission of MoDWS.

- The State Coordinator issued instructions (June 2012) to the DWSMs to deposit the unspent balance in Savings Bank account opened without permission of GOI, with the Axis Bank in addition to existing bank account with Punjab National Bank. Accordingly, a sum of ₹ 20.18 crore ***(Appendix-3.4)*** was deposited (between June 2012 and September 2013) by the DWSMs. Resultantly, the correct position of funds could not be communicated to GOI.

The State Coordinator stated (September 2014) that decision to deposit the unspent balance was taken in the SWSM meeting (July 2010) to implement TSC/NBA effectively. The reply of the Department was not acceptable as the funds refunded by DWSMs were still lying unutilized (September 2014).

It was observed that a sum of ₹ 2.88 crore was released (March 2014) to 14 Divisions of Water Supply and Sanitation Department for rejuvenation of village ponds under Solid Liquid Waste Management component (SLWM), out of which ₹ 1.99 crore were released to nine such Divisions which were not the implementing agencies under TSC/NBA scheme. An amount of ₹ 23.86 lakh released to test checked implementing divisions of Kapurthala and Fatehgarh Sahib remained un-utilized (August 2014).

The State Coordinator stated (September 2014) that funds were released to District Officers for construction of SLWM in the villages under their respective jurisdiction irrespective of these not being DWSM, as they were responsible for making payments as per Departmental norms and procedure and as such it was not irregular. Reply of the Department was not tenable as releasing the funds directly to such divisions which were not district implementing agencies was not in conformity with TSC/NBA guidelines.

It was observed in test checked districts that funds of ₹ 20 lakh and ₹ 78.40 lakh were transferred by the DWSMs Fatehgarh Sahib and Roopnagar respectively to other Divisions [95] temporarily for the construction of institutional toilets and irregularly shown as utilized without obtaining Utilization Certificates (UCs) from the concerned Divisions. The State Coordinator stated (September 2014) that reconciliation of figures would be carried out and discrepancy, if any, rectified besides asking concerned Divisions to furnish UCs.

[95] ₹ 20 lakh transferred to Water Supply & Sanitation Division No.2, Patiala and ₹ 78.40 lakh transferred to Water Supply & Sanitation Division, Sangrur.

3.21.3 Implementation of project

As per TSC/NBA Guidelines, PIP is prepared on the basis of baseline survey and targets under each component viz. Individual Household Latrine (Below Poverty Line), Individual Household Latrine (Above Poverty Line) Community Sanitary Complex (CSC), School Toilets, Anganwadi Toilets, Solid and Liquid Waste Management (SLWM) are fixed. The targets fixed and achievements under various components of TSC/NBA during 2009-14 are given in the **Table 3.3.**

Table 3.3 Targets and achievement under different components

Year	IHHL BPL		IHHL APL		CSCs		School Toilets		Anganwadi Toilets		SLWM	
	T	A	T	A	T	A	T	A	T	A	T	A
2009-10	116050	37397	86623	120663	411	0	2787	678	3247	456	0	0
2010-11	165215	71405	45894	47010	100	3	0	1000	2761	1951	85	0
2011-12	215328	9343	138332	23192	139	0	0	5	2389	1197	0	0
2012-13	155000	43101	2410	14320	141	34	114	345	906	620	171	0
2013-14	60000	1597	60000	2315	50	0	0	0	6566	21	0	87
Total	711593	162843	333259	207500	841	37	2901	2028	15869	4245	256	87
Percentage of Achievement		22.88		62.26		4.40		69.90		26.75		34.00
Percentage of Shortfall		77.12		37.74		95.60		30.10		73.25		66.00

Source: Departmental data
***T-Target, A- Achievement, IHHL=Individual Household Latrine; CSC-* Community Sanitary Complex; SLWM = Solid and Liquid Waste Management**

It could be seen from the table that shortfall ranged between 30 and 96 *per cent* in achievement of targets in various components of the scheme as discussed in the following paragraphs:

3.21.3.1 Non-construction of Individual Household Latrines

As provided in para 5.1. (e) of TSC guidelines, the construction of household toilets should be undertaken by the Below Poverty Line (BPL) household itself and on completion and use of the toilet by the BPL household, the cash incentive can be given in recognition of its achievement.

As per MIS data, against the State level target of 1044852 IHHLs, only 370343 IHHLs (35 *per cent*) had been shown as constructed under the scheme as of March 2014, whereas in the test checked five districts, against the targetted 269448, no IHHL was constructed but 167550 IHHL had been shown as constructed on MIS as of May 2014. TSC/NBA had not gained popularity in the State as the State Government implemented parallel scheme "National Agriculture Bank for Rural Development" (NABARD) XVI Project under which State Government met the entire cost of construction of toilets. Against the target of 100000 IHHL, 44537 have been constructed under

NABARD XVI project (November 2014). However, no IHHL was constructed under TSC/NBA, although an expenditure of ₹ 7.90 crore had been booked on this account under the scheme as shown in MIS.

The SWSM stated (September 2014) that IHHL constructed under other programme/State Schemes had helped in attaining the Nirmal Status in the State, expenditure on which was not done under NBA. Test checked DWSMs stated that due to less cost benefit under TSC/NBA scheme, people preferred other State schemes/programmes for construction of IHHL. The contention of the department was not convincing as the fact remains that as per baseline survey 2012, out of 3192091 households in the State, 792450 (25 *per cent*) and in test checked districts, out of 674557 households, 157444 (23 *per cent*) households were without toilet facility respectively. Reasons for booking expenditure of ₹ 7.90 crore under TSC/NBA (for IHHL Component) on MIS were not furnished though called for (October 2014).

3.21.3.2 Institutional Toilets

Audit scrutiny showed that as per MIS data, the achievement of construction of school toilets was 2028 (69.90 *per cent*) against the target of 2901 and that of Anganwadis toilets was 4245 (27 *per cent*) against the target of 15869 as of March 2014. In the test checked districts, 1,707 school toilets and 1,406 Anganwadi toilets were shown as constructed whereas only 710 school toilets and 769 Anganwadi toilets were actually constructed in these districts indicating incorrect reporting of achievements. It is, therefore, very probable that number of toilets reported as constructed in schools and Anganwadis throughout the State was also exaggerated. Reasons for variations between MIS data and actual construction were not furnished, though called for (December 2014).

3.21.3.3 Solid and Liquid Waste Management

As per para 5.9.1 of guidelines the SLWM was to be prioritized in identified GPs targeted for Nirmal status and those which had already been awarded Nirmal Gram Puraskar. Following discrepancies were noticed:

- Against 256 SLWM planned, only 87 SLWM (34 *per cent*) had been completed during 2009-14 after incurring an expenditure of ₹ 3.75 crore.

- GOI sanctioned (September 2008) the component SLWM at projected cost of ₹ 1.60 crore with the sharing pattern of 60:20:20 (GOI/State/Beneficiary). Against the Central Share of ₹ 28.80 lakh and Beneficiary Share of ₹ 6.40 lakh (total ₹ 35.20 lakh), an expenditure of ₹ 127.05 lakh had been incurred on component SLWM i.e. renovation of 28 ponds by diverting the funds from other components during 2009-11, resulting in excess expenditure of ₹ 91.85 lakh. The DWSM, Ludhiana stated (August 2014) that the expenditure under SLWM was incurred as per decision taken in the meetings of DWSM and as per actual requirement of works. Reply of the Department was not tenable as the expenditure was not in accordance with the terms and conditions of the sanction as no expenditure was incurred on other components.

3.21.3.4 Nirmal Gram Puraskar

The GOI launched 'Nirmal Gram Puraskar' (NGP) in October 2003 to give a fillip to the TSC which is given to those Nirmal Gram Panchayats, Blocks and Districts which had become fully sanitized and open defecation free. Random checks were to be carried out by the State Government to ensure that GPs maintain their open defecation free status. It was observed in the selected test-checked districts that 25 villages were awarded Nirmal Gram Puraskar during 2009-11. During field visits, it was noticed that no sustainability of NGP awardee villages was ensured by the authorities concerned. As per baseline survey 2012, in 22 NGP awardee villages with total 3302 households, 545 households were without toilets while 94 toilets were non-functional thereby defeating the very objective of the scheme.

It was further observed that ₹ 1.22 crore were released during 2009-11 to 147 GPs, but utilization certificates thereof had not been obtained from the concerned GPs even after the lapse of more than two years. Reasons for the same were not furnished though called for (October 2014).

3.21.4 Monitoring Mechanism and evaluation of the scheme

3.21.4.1 Improper monitoring mechanism

It was observed that neither any team of experts was constituted for the purpose nor proper mechanism of inspection existed to verify the progress of implementation of various components of the scheme at the grass root level as required under Para 15 of TSC/NBA guidelines.

The Department stated (September 2014) that due to low incentive cost under the scheme, IHHL could not be constructed as desired. Further it was stated that though SWSM was constituted in the year 2000, there was no monitoring due to slow pace of implementation of Scheme in the State and it did not affect the implementation of TSC/NBA. The reply is self contradictory because non-monitoring would result into slow pace of implementation.

3.21.4.2 Management Information System

As provided in para 19 of guidelines, the MoDWS had developed an online monitoring system for NBA. All NBA project districts are to submit the physical and financial progress reports online. It was observed that:

- As per MIS at the end of 2012-13, there was closing balance of ₹ 15.72 crore, but as per Annual Statement of Accounts (ASA) it was ₹ 19.72 crore. The difference of ₹ four crore was not reconciled. The ASA for the year 2013-14 had not been finalized so far (September 2014).

- The closing balance in five test checked districts was ₹ 7.01 crore as per MIS data whereas ASA showed ₹ 1.07 crore as closing balance leaving a difference of ₹ 5.94 crore. The DWSMs agreed to reconcile the figures.

- Variation of physical achievements under various components ranged between 42 to 100 *per cent* in the five test checked districts between the figures of MIS and the actuals. These variations were evident from the fact

that the MIS, developed as a part of online monitoring system for NBA, was unreliable and projected a picture which was vastly different from the situation prevailing on the ground.

Reasons for above variation in figures and shortcomings were called for from the SWSM (May 2014) and concerned DWSMs (June-July 2014). The SWSM/DWSMs stated (June 2014) that the figures would be reconciled and discrepancy, if any, rectified.

Thus, Annual Implementation Plan was prepared without consolidation of GP/Block/District Plans. Non-utilization of funds of ₹ 13.57 crore, short achievement of targets and non-availability of mechanism of inspection was noticed which adversely affected the scheme. There was an excess expenditure of ₹ 0.92 crore under State Solid and Liquid Waste Management. Unreliability of data was noticed as there was a huge variation between MIS data and actual construction of IHHLs.

The matter was referred to the Government in October 2014; reply was awaited (February 2015).

WELFARE OF SCHEDULE CASTE AND BACKWARD CLASSES, HEALTH AND FAMILY WELFARE, EDUCATION AND SOCIAL SECURITY AND WOMEN & CHILD DEVELOPMENT DEPARTMENTS

3.22 Implementation of the schemes for the welfare and protection of girl child

Financial assistance, under Shagun scheme, was provided to 106393 beneficiaries with a delay ranging between 12 to 48 months. Funds of ₹ 3.03 crore under Incentive to girls for secondary education scheme could not be disbursed to the beneficiaries. Undisbursed amount of ₹ 3.11 crore was irregularly retained by District Programme Officers under Kanya Jyoti Jagriti Scheme. Central assistance of ₹ 12.11 crore was not utilized during 2010-14 under Rajiv Gandhi scheme for empowerment of adolescent girls - SABLA.

The State Government and Government of India are implementing various schemes for the welfare and protection of the girl child. The main thrust of these schemes is to improve the skewed sex ratio, impart education to SC/ST/BC/EWS; to bring the girl child to school and ensure their retention up to 18 years of age in school, reduce school dropout, provide financial assistance to poor girls at the time of their marriage, uplift the social and educational status of girls and equip them to upgrade their home based and vocational skills to promote their overall development.

Ten schemes[96] relating to girl child between the age group of 0 to 18 years were selected. The records of the four Directorates and Controlling offices in six[97] (out of 22) districts were selected for test-checking for the period 2009-14 on the basis of Probability Proportional to Size Without Replacement.

Audit findings

The year wise detail of budget allotment has been depicted in ***Appendix 3.5.*** The audit findings in respect of selected schemes implemented by the State Government for the welfare and protection of girl child are discussed in succeeding paragraphs.

3.22.1 Implementation of the schemes

3.22.1.1 Shagun (State Funded scheme)

As per guidelines of the scheme financial assistance as *shagun* is provided to Scheduled Caste/ Christian, Backward Classes/Castes, economically weaker section girls, daughters of widows of any caste at the time of their marriage and Scheduled Caste widows/divorcees at the time of their re-marriage. Against the budget provision of ₹ 521.77 crore an expenditure of ₹ 405.76 crore was incurred during 2009-2014. Audit of record (April 2014) of Director Welfare of SC/BC, Punjab showed that:

- Financial assistance of ₹ 159.59 crore was provided to 106393 beneficiaries during the years 2009 to 2014 with a delay ranging from 12 to 48 months.

- Although 21053 applications pertaining to the year 2006-07 were pending, financial assistance amounting to ₹ 21.67 crore was disbursed (2009-10) to 14446 applicants pertaining to the year 2008-09.

The Department stated (November 2014) that the payment to pending applicants for the year 2006-07 was delayed as the Government decided priorities to clear the applications w.e.f. April 2007 onward, instead of clearing the arrears, whereas some cases of S*hagun* of 2006-07 and 2009-10 could not be cleared due to non-provision of funds by Finance Department.

3.22.1.2 Attendance Scholarship to SC/BC/EWS primary girl students (State Funded scheme)

The main objective of the scheme is to check drop-out tendency at primary

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[96] 1. Department of Welfare of SC/BC (i) Shagun Scheme; (ii) Attendance scholarship to SC/BC/EWS primary girl student; 2. Department of Health and Family Welfare (iii) Balri Rakshak Yojna; 3. Department of Education (iv) Incentive to girls for secondary education; (v) Construction and running of girls hostel for students of secondary and higher secondary schools; 4. Department of Social Security and Development of Women and Children (vi) Kanya Jyoti Jagriti/Bebe Nanki Ladli Beti Kalyan scheme; (vii) Mai Bhago Vidya Scheme; (viii) Attendance scholarship to handicapped girls students in rural area; (ix) Kishori Shakti Yojna and Rajiv Gandhi scheme for empowerment of adolescent girls (SABLA); and (x) Awareness programme for improving adverse sex ratio and female foeticide.

[97] (i) Ferozepur; (ii) Gurdaspur; (iii) Patiala; (iv) Pathankot; (v) Sangrur; and (vi) Tarn Taran.

stage and to provide attendance scholarship at the rate of ₹ 50 per student per month for 10 months in a year. Against the budget provision of ₹ 114 crore an expenditure of ₹ 33.86 *crore* was incurred during 2009-2014. Audit of records (April 2014) of the office of the Director, Welfare of SC/BC showed that:

- Funds of ₹ 10.35 crore were released to provide attendance scholarship to 369512 girl students belonging to SC category for the period of their attendance from April 2009 to October 2009 but the bills were not cleared by the treasury and this period was not included in the proposals for subsequent years (2010-14) resulting in denial of the benefits to the beneficiaries.

- Against 1128381 number of SC girl students enrolled during 2011-14 only 414741 students were given the benefit of the scholarship leaving 713640 students (including 224695 students of selected districts).

The Department of Welfare of SC/BC accepted (November 2014), the observations and assured better co-ordination between the Social Welfare and Educations Departments in future.

3.22.1.3 Incentive to girls for secondary education (Centrally sponsored)

As per guidelines of Ministry of Human Resource Development, GOI, an incentive of ₹ 3000 is admissible in the form of fixed deposit/warrants with the objective to reduce drop out from schools and to promote enrolment of girls belonging to SC/ST communities and to ensure their retention in the school up to 18 years of age. Total budget provision of ₹ 36.54 crore was utilized during 2009-12.

During test check of records of Director, Public Instructions (Secondary Education), it was noticed that

- During the years 2009-12, out of 121781 girl students incentive to 111698 girl students could only be disbursed leaving balance of 10083 students to whom an amount of ₹ 3.03 crore could not be disbursed due to reasons such as the girls could not pass matriculation, whereabouts of some of the girls not being known, death of the beneficiaries, etc.

The Department stated (November 2014) that the heads of the institutions had been requested (August and September 2014) to surrender the FDCs to the banks for transfer of unclaimed amount into the account of the Scheme.

- In spite of receipt of (July 2013) sanction of ₹ 12.49 crore to provide incentive to 41628 eligible SC girls students under the scheme for the year 2012-13, the lists of actual number of girls along with the details of the bank accounts were not sent to the bank (August 2014).

The Department stated (November 2014) that the list of the eligible beneficiaries had been sent to the bank in September 2014. However, the fact remains that the requisite lists were provided to the bank with a delay of 15 months.

3.22.1.4 Construction and running of Girls Hostel for Students of Secondary and Higher Secondary schools (GOI: 90/State:10)

The main objective of the scheme is to bring the girl child to school, retain her in school and to make secondary and senior secondary education accessible to a larger number of girl students belonging to SC/ST/OBC/Minority community and BPL families in the Educationally Backward Blocks (EBBs). Total 21 hostels were to be constructed in EBBs of seven districts i.e. Bathinda, Ferozepur, Mansa, Muktsar, Patiala, Sangrur and Tarn Taran. Against the budget provision of ₹13.67 crore, an expenditure of ₹ 12.68 crore was incurred during 2009-14.

The information/data collected from Additional Special Project Director (Civil Works), Rashtriya Madhyamik Shiksha Abhiyan, showed that:

- Out of 21 hostels, 17 hostels could be operationalised from 2014-15 session. However four hostels[98] remained unutilized due to reasons such as non-handing over of building to the school authorities by executing agencies, condition of building not being fit, occupied by the police department, etc.

- It was observed that hostel at Government Girls Senior Secondary School, Fazilka was running in the school building instead of the hostel building which had been occupied by the police department since July 2011.

The Department stated (November 2014) that 17 hostels have become functional and assured that action would be taken to vacate the hostel building at Fazilka occupied by the police department.

3.22.1.5 Balri Rakshak Yojana (State Funded scheme)

The main objective of the scheme is to improve skewed sex ratio, to stabilize population of the State and to reduce Infant Mortality Rate.

During test-check of records of the Director, Health and Family Welfare it was noticed that against the sum of ₹ 3.33 crore released by State Government, ₹ 0.94 crore only was spent due to non-clearance of bills by the district treasuries, resulting in depriving the incentive to eligible beneficiaries ranging between 35 and 471.

The Department stated (November 2014) that although the budget allotment was made by the Finance Department, the bills submitted by the Civil Surgeons were not cleared by the treasuries.

3.22.1.6 Kanya Jyoti Jagriti/Bebe Nanki Ladli Beti Kalyan Scheme (State Funded scheme)

The main objective of the scheme is to adopt measures to improve the adverse sex ratio in the state. Against the budget provision of ₹ 187.50 crore, an expenditure of ₹ 70.17 crore was incurred during 2009-14.

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[98] (i) Dharampura (Fazilka); (ii) Kundal (Fazilka); (iii) Rupana (Sri Muktsar Sahib); and (iv) Lehalkalan (Sangrur).

➢ During test check of record of District Programme Officers (DPOs) in six selected districts it was noticed that, scholarship amount of ₹ 3.11 crore was lying in current/saving bank accounts maintained by the DPOs.

The Department stated (November 2014) that instructions had been issued (November 2014) to the DPOs to refund the amount.

➢ During test check of records of Director, Social Security and Welfare of Women and Child, it was noticed that out of ₹ 62.50 crore released by GOI, ₹ 55.16 crore was released by State Government during 2012-14 and balance amount of ₹ 7.34 crore was lying unutilized with the State Government (July 2014). Due to non-utilization of entire funds during 2011-12, no further instalments were released by GOI in the subsequent years.

The Department stated (November 2014) that the balance funds of ₹ 7.34 crore have been released by the treasury during 2014-15 and the same would be utilised at the earliest. The Utilisation Certificate could not be sent to the GOI due to late release of funds.

3.22.1.7 Mai Bhago Scheme (State Funded scheme)

Under the scheme free bicycles were to be provided to all the girl students of 11th and 12th class in Government schools for better access to education and to check drop out rate at secondary and senior secondary level. Against the budget provision of ₹ 152 crore an expenditure of ₹ 70 crore was incurred during 2011-12 and 2013-14 (no budget allotment was made during 2012-13).

During test check of record of Director, Social Security and Welfare of Women and Child and District Programme Officers in selected districts it was noticed that:

➢ Against the total enrolment of 281427 girl students, only 252147 students were provided (2011-12 and 2013-14) bicycles leaving balance of 29280 (including 16363 girl students of the selected districts) students who were deprived of the facility.

➢ During 2012-13, 25937 girl students were enrolled in 10+1 who were provided bicycles during 2013-14. Thus, the girls were deprived of the facility during 2012-13 due to non-release of funds.

The Department stated (November 2014) that bicycles were purchased and distributed among the girl students to the extent funds were provided. No further funds were allocated to department under this scheme. Hence, some students were deprived of the facility.

3.22.1.8 Attendance scholarship to handicapped girl students in rural areas (State Funded scheme)

The main objective of the scheme is to uplift the status of the disabled girl students in the rural areas and also to make them self reliant. Against the budget provision of ₹ 1.80 crore, an expenditure of ₹ 0.77 crore was incurred during 2009-14.

Audit noticed that an amount of ₹ 0.77 crore was utilized against ₹ 1.46 crore sanctioned during 2009-14 to provide incentive to 5682 handicapped girls in the State. Due to improper maintenance of records at Directorate level, the total number of beneficiaries actually covered was not available with the department.

The Department stated (November 2014) that under this scheme the disbursement of scholarship to beneficiaries was done at school level. The District Social Security Officers have been directed to collect the list of beneficiaries from the concerned schools.

3.22.1.9 Kishori Shakti Yojana and Rajiv Gandhi scheme for empowerment of adolescent girls-SABLA scheme

A comprehensive scheme 'Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-SABLA' was launched by GOI in September 2010 merging erstwhile Kishori Shakti Yojana and National Programme for Adolescent Girls (NPAG) to address the multi dimensional programme of Adolescent Girls (11-18 years). In 14 districts Kishori Shakti Yojna and in six districts 'Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-SABLA' was being implemented. Against the budget provision of ₹ 56.34 crore, an expenditure of ₹ 18.70 crore was incurred during 2009-14.

During test check of records of Director, Social Security and Welfare of Women and Child, it was noticed that :

- An expenditure of ₹ 1.03 crore was incurred against provision of ₹ 1.91 crore during 2009-14 (in three selected districts where the scheme was in operation). However, days for which supplementary nutrition was provided to 48190 adolescent girls ranged between zero to 295 days only during 2009-2014 against the norms of 300 days.

- Against the budget provision of ₹ 41.34 crore under Nutrition and ₹ 9.23 crore under Non-Nutrition component, the GOI released (2010-14) funds of ₹ 16.97 crore under Nutrition and ₹ 3.08 crore under Non-Nutrition component against which an expenditure of ₹ 7.59 crore on Nutrition and ₹ 0.35 crore on Non-Nutrition component was incurred to provide various services. The remaining amount of ₹ 9.38 crore under Nutrition and ₹ 2.73 crore under Non-Nutrition component released by the GOI could not be utilised due to non-release of funds by the State Government.

- Further in selected districts against the allocation of funds of ₹ 24.14 crore under nutrition component, an expenditure of ₹ 8.24 crore *(34 per cent)* was incurred to provide supplementary nutrition to 300933 adolescent girls for 4 to 270 days (against 300 days) due to non-release of funds by the State Government.

The Department stated (November 2014) that amount could not be utilized due to non clearance of bills by the district treasuries.

3.22.1.10 Awareness programme for Improving Adverse Sex Ratio and Female Foeticide

The objective of the scheme is to curb the tendency of female foeticide and to improve the adverse sex ratio in the State by creating awareness among the masses through organising camps. Against the budget provision of ₹ 4 crore, an expenditure of ₹ 1.46 crore was incurred during 2009-14.

- During test check of record of Director, Social Security and Welfare of Women and Child it was noticed that against the proposed 530 camps and 18 seminars, the department organized only 418 camps and 2 seminars during 2010-11 and 2011-12 in spite of the availability of the funds of ₹ 55.03 lakh.

The Department assured (November 2014) that the balance funds lying will be utilized to organize camps/seminars.

3.22.2. Internal control mechanism

- Test check of records of the office of Director Public Instructions (Secondary), Punjab showed that quarterly progress reports of the schemes were not prepared by the District Education Officers and forwarded to Grant-in-Aid Committee for effective monitoring and evaluation of the scheme, as per the guidelines of the scheme -'Incentive to girls for Secondary Education'.

- The Department neither demanded the annual expenditure statement from LIC since March 2006 nor checked the unspent money retained by the DPOs, as per guidelines of 'Kanya Jyoti Jagriti' scheme.

- The online Banking Management System was not fully successful as the lists of the beneficiaries under *'Shagun'* Scheme sent by the District Welfare Officers were incomplete and had many discrepancies. There was no Management Information System (MIS) at Headquarter/districts to watch the progress of transfer of benefits to the beneficiaries. .

3.22.3 Impact of the schemes

There was no system in any of the departments to evaluate the impact of various schemes, being implemented by the Department, on the targeted beneficiaries. So far as the achievement of the intended benefits of the schemes relating to female foeticide is concerned, though the sex ratio in Punjab has improved from 798 in 2001 to 846 as per census 2011, yet it is below the national average of 940. Further, the data relating to the enrolment of SC girl students at primary level showed that the enrolment of girl students decreased from 383582 (2009-10) to 364936 (2013-14) even after implementation of various schemes. At secondary level, the enrolment of SC girl students decreased between 10 to 24 *per cent* during 2011-14.

It may be seen from the above paragraphs that the financial assistance, under *Shagun* scheme, to 106393 beneficiaries was provided with a delay ranging between 12 to 48 months thereby defeating the very objective of the scheme; funds of ₹ 3.03 crore under the scheme of Incentive to girls for secondary education could not be disbursed to the beneficiaries; undisbursed amount of

₹ 3.11 crore was irregularly retained by District Programme Officers under *Kanya* Jyoti Jagriti Scheme; and Central assistance of ₹ 12.11 crore was not utilized during 2010-14 under SABLA Scheme resulting in short coverage under the schemes despite availability of central funds under non-nutritional components.

The matter was referred to Government in August 2014; reply was awaited (February 2015).



CHANDIGARH **(JAGBANS SINGH)**
The 4 March 2015 **Pr. Accountant General (Audit), Punjab**

Countersigned



NEW DELHI **(SHASHI KANT SHARMA)**
The 5 March 2015 **Comptroller and Auditor General of India**