Chapter-III

Compliance Audit

CIVIL AVIATION, REVENUE, REHABILITATION & DISASTER MANAGEMENT AND FINANCE DEPARTMENTS

3.1 Avoidable payment of interest due to delay in payment of enhanced compensation

Delay in payment of enhanced compensation awarded by the Courts inflicted avoidable extra burden of ₹ 85.48 lakh on State exchequer on account of interest for the delayed payments. Besides, there was an overpayment of ₹ 5.12 lakh due to wrong calculation.

As per the Punjab Financial Rule 2.10 (b) (3), money indisputably payable should not be left unpaid and all inevitable payments should be liquidated at the earliest possible date.

Test check of records of the Director, Civil Aviation showed that the State Government acquired (between December 2001 and June 2010) land[1] for construction and development of Civil Enclaves each at Bathinda, Ludhiana and Pathankot. The land owners in case of all the three Civil Enclaves filed reference petitions under Section 18 of the Land Acquisition Act, 1894 (Act) for enhancement of the compensation awarded by the respective Land Acquisition Collectors. The Civil Courts of the respective districts enhanced (between February 2012 and February 2015) the compensation and allowed other benefits[2] payable under the Act on such enhanced value. It was, however, noticed that the payment of enhanced compensation ₹ 10.03 crore[3] including interest of ₹ 3.11 crore to the land owners as awarded by the respective Hon'ble Courts was delayed by period ranging between 351 and 996 days[4] resulting in avoidable payment of ₹ 85.48 lakh[5] on account of interest for 91 to 321 days.

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1 Measuring (i) 39 Acre, 5 Kanal and 15 Marla at village Virk Kalan, district Bathinda (March 2009); (ii) 7 Acre, 4 Kanal and 1 Marla at village Khakat and Nandpur, district Ludhiana (June 2010); and (iii) 27 Acre, 6 Kanal and 9 Marla at village Mehra Mahantan, district Pathankot (December 2001).

2 Interest at the rate of nine *per cent* per annum from the date of taking possession of the land to the date of payment. Where such excess or any part thereof was paid after expiry of a period of one year from the date on which possession was taken, interest at the rate of 15 *per cent* per annum was to be payable from the date of expiry of the said period of one year on the amount of such excess or part thereof which had not been paid before the date of such expiry.

3 Civil Enclaves:(i) Bathinda-₹ 5.18 crore during September 2014 to April 2016; (ii) Ludhiana-₹ 4.28 crore during March 2015 to July 2016; and (iii) Pathankot-₹ 0.57 crore during March 2015 to April 2016.

4 After excluding the month in which Court announced its decision plus one month thereafter except Pathankot court's decision dated 15 February 2012 where grace period of three months was allowed to make payment.

5 Civil Enclaves: (i) Bathinda-₹ 65.04 lakh; (ii) Ludhiana-₹ 19.03 lakh; and (iii) Pathankot-₹ 1.41 lakh.

It was further observed that Hon'ble Court of Pathankot also allowed 12 *per cent* per annum increase from the date of notification under Section 4 of the Land Acquisition Act till the date of the award of the LAC or taking possession, whichever was earlier. As the date of notification under Section 4 was 20 April 2001, date of taking possession was 10 October 2001 and the award was announced on 12 December 2001, the 12 *per cent* increase was payable from 20 April 2001 to 10 October 2001 i.e. for 174 days. However, the same was paid for 4,422 days from 20 April 2001 to 31 May 2013 resulting in overpayment of ₹ 5.12 lakh.

The Civil Aviation Department attributed (August 2017) the delay to various procedural formalities like time taken by the Land Acquisition Collectors (LACs) in submitting the calculation sheets for the additional compensation and Finance Department for according sanction of funds. Audit observed that the delays were avoidable and purely of administrative nature as the LACs took time ranging between 170 and 424 days in sending calculations sheets, Finance Department took from 50 to 372 days in according sanction of funds and clearance of bills by treasuries also took upto 98 days. As far as overpayment of ₹ 5.12 lakh is concerned, the LAC, Pathankot requested (September 2017) the Civil Aviation Department to initiate action for recovery of the overpayment.

Thus, delay in payment of enhanced compensation awarded by the Courts inflicted avoidable burden of ₹ 85.48 lakh on State exchequer on account of interest. Besides, there was an overpayment of ₹ 5.12 lakh due to wrong calculation.

EDUCATION DEPARTMENT

3.2 Implementation of EDUSAT programme in school education

Lack of planning and deficient monitoring severely affected the implementation of the EDUSAT programme. Many schools were yet to be covered under the programme and 25 to 100 *per cent* of 360 lectures delivered by the Punjab EDUSAT Society (PES) during the said period in the test checked districts were not attended by the students. Besides, all the Satellite Interactive Terminals (SITs) and many Receive Only Terminals (ROTs) were non-functional since June 2014. Generator sets were supplied to 56 schools which already had generators. Non-availability of required number of technical staff impacted the maintenance of equipment and hampered smooth running of the programme.

3.2.1 Introduction

EDUSAT was launched by Indian Space Research Organisation (ISRO) on 20 September 2004, exclusively for the education sector, as a collaborative project of Ministry of Human Resource Development, Government of India (GOI), Indira Gandhi National Open University and ISRO.

Realizing the importance of the EDUSAT project for addressing shortage of trained teachers, lack of quality teaching especially in the rural areas, teacher absenteeism and need for improvement in Science, Mathematics and English teaching, the Government of Punjab (GOP) set up (November 2007) the Punjab EDUSAT Society (PES) registered under Societies Registration Act, 1860 for providing quality education by Government educational institutions of Departments of School Education, Higher Education, Technical Education and Medical Education. The Director General, School Education, Punjab is the Chief Executive Officer of the Society. The EDUSAT network was dedicated to the State on 02 January 2008.

The PES has set up one Hub[6] and three studios in the premises of Punjab School Education Board. The schools are provided with Satellite Interactive Terminals (SITs) with the facility of two way communication through which students can watch/listen and interact with lecturers and Receive Only Terminals (ROTs) where students can only watch and listen to the lectures.

The audit of PES for the period 2014-17 was conducted by test check of records of PES and in 145 out of 813 High Schools/Secondary Schools (Schools) in five[7] (out of 22) selected districts. Districts were selected by adopting Probability Proportional to Size and Without Replacement (PPSWOR) method and 145 schools were selected by adopting Simple Random Sampling Without Replacement (SRSWOR) method to assess the achievement of deliverables[8] of EDUSAT programme which is common to all schools as laid down in the Memorandum of Association (MoA) of the PES.

Audit findings

3.2.2 Planning

3.2.2.1 Non-preparation of perspective/annual plan

The MoA was the principal document for implementation of EDUSAT programme in the state. No provision for preparation of action plan was incorporated in MoA. Audit observed that the PES had neither prepared any long-term plan nor any annual action plan to set out the agenda of programme to be pursued during the audit period.

Further Executive Committee, which is authorised to take decisions regarding the implementation and expansion of the project, was to meet as and when necessary but not later than once in a quarter. However, audit noticed that the Executive Committee met only once (October 2015) as against 12 meetings required to be held during the audit period. As all decisions regarding implementation of the project were to be taken by the Executive Committee, non-convening of its meetings caused it to lose opportunities for course corrections and initiate remedial measures on crucial fronts such as repair of

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6 Hub is a networking device that connects multiple computers or other network devices together.

7 (i) Fatehgarh Sahib; (ii) Gurdaspur; (iii) Jalandhar; (iv) Kapurthala; and (v) Moga.

8 Class-wise and subject-wise lectures.

key equipment, poor student participation, etc. as discussed in the succeeding paragraphs.

The PES stated (August 2017) that no perspective/annual plan was prepared. However, Project Director agreed to prepare the perspective/annual plan in future and conduct meeting of Executive Committee shortly to resolve the pending issues.

3.2.3 Financial management

As per clause (V) (a) of the MoA, the expenditure on IT Resources, operations and management of the PES was to be met from the State budget. In addition to this, Punjab Infrastructure Development Board (PIDB) was also funding the project. Budget provisions and expenditure incurred under the EDUSAT programme during the years 2014-17 is given in **Table 3.1** below.

Table 3.1: Funds proposed, allocated, released and utilized under EDUSAT programme

(₹ in crore)

Year	Opening Balance	Budget proposal	Approved by GOP	Released by GOP	From PIDB	Interest receipts	Total Funds	Funds Utilized (percentage)	Closing Balance
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2014-15	9.86	62.02	10.00	1.11	2.50	0.32	13.79	8.03 (58)	5.76
2015-16	5.76	30.95	2.00	1.73	0	0.44	7.93	1.09 (14)	6.84
2016-17	6.84	49.06	20.00	15.53	0	0.27	22.64	0.57 (3)	**22.07**
Total		**142.03**	**32.00**	**18.37**	**2.50**	**1.03**		**9.69**	

Source: Departmental data

The analysis of above brought out the following:

- During 2014-17, as against the budget proposal for ₹ 142.03 crore, only ₹ 32 crore (23 *per cent*) was approved. Out of which, ₹ 18.37 crore i.e. 13 *per cent* of the budget proposal and 57 *per cent* of the approved budget were released by GOP. However, no reasons for short release of the funds were intimated (November 2017).

- Out of available funds of ₹ 31.76 crore[9], expenditure of ₹ 9.69 crore (31 *per cent*) was incurred. Percentage of expenditure to available funds declined from 58 *per cent* in 2014-15 to three *per cent* in 2016-17.

Out of ₹ 5 crore sanctioned for 'Online Tutorial Programme and Career Counseling in 100 Schools', funds amounting to ₹ 2.50 crore released (November 2014) by PIDB were not utilized and were lying with PES (March 2017).

The PES stated (August 2017) that funds released by PIDB would be utilized after the decision of Executive Committee. Reply was not tenable as one meeting of the Executive Committee was already held in October 2015 i.e. one year after release of funds. Further, the reply was silent about reasons for short release of funds by PIDB and short utilisation of funds by PES.

[9] Opening Balance ₹ 9.86 crore *plus* Funds released ₹ 18.37 crore *plus* PIDB ₹ 2.50 crore *plus* Interest ₹ 1.03 crore=₹ 31.76 crore.

3.2.4 Programme implementation

A review of the implementation of EDUSAT programme in the State revealed that the programme had not been implemented in all the schools and even the schools covered had very poor student response as discussed in paragraph 3.2.4.2.

3.2.4.1 Uncovered schools

As per clause III (6) of the MoA, PES was required to make use of EDUSAT network and other technologies for all the 3,605[10] high schools and secondary schools of the State. However, Punjab EDUSAT Society in the year 2008 decided to provide SITs to all Sr. Secondary Schools having Science stream and ROTs were to be provided for students of Humanities stream.

Audit noticed that 436 schools had both SITs and ROTs and 3,289 schools had only ROTs. Besides SITs and ROTs, the schools were to be provided with E-Libraries for uniform quality education and Generator sets for uninterrupted power supply. However, out of 3,605 schools, E-Libraries were not available in 622 (17 *per cent*) schools and Generator sets were not provided in 2,602 (72 *per cent*) schools. Thus, shortage of key infrastructure, required for leveraging satellite technology for knowledge advancement, compromised the key objective of the EDUSAT programme.

The PES stated (August 2017) that uncovered schools would be identified and covered under EDUSAT programme in the next annual plan.

3.2.4.2 Poor attendance of students in EDUSAT programme

An amount of ₹ 1.98 crore was spent on content development during 2010-11 to 2016-17. As per EDUSAT time schedule, daily 7-8 lectures were delivered from the studio during 2014-17 by PES on all working days for 6th to 12th classes through ROTs.

As per information supplied by the 145 selected schools based on the attendance register of EDUSAT classrooms, in 91 schools (63 *per cent*), lectures delivered by the PES were not attended by the students during the period 2014-17. Audit verification of attendance register for the period December 2016 to February 2017 revealed that out of 145 selected schools, in 117 schools, 25 to 100 *per cent* of 360 lectures delivered by the PES during the said period were not attended by the students.

The Principals attributed (February-April 2017) non-attendance of lectures to signal problem and non-synchronization of lectures with syllabus. The PES stated (August 2017) that staff at field level would be deployed for monitoring attendance in EDUSAT classrooms.

[10] High schools:1,690 and Senior Secondary Schools:1,915.

3.2.4.3 Poor infrastructure

In 24 out of 145 test checked schools, audit observed that ROTs/SITs were installed in rooms having seating capacity of not more than 40 students, whereas the strength of students in classes 6th to 12th ranged between 101 and 1,009.

The PES stated (August 2017) that overcrowded schools would be identified and proper infrastructure provided.

3.2.4.4 Non-collaboration with other institutions

One of the objectives of the PES, as provided in clause III (4) of MoA, was to collaborate with other institutions such as Indira Gandhi National Open University, Central Institute of Educational Technology, National Institute of Open Schooling, etc. having similar objectives for availing benefits of various schemes and programmes and seeking their help, support, guidance, etc. in rolling out various activities of the PES.

Audit observed that PES had not collaborated with other institutions having similar objectives for leveraging benefits of various schemes and programmes being run by them, thus, depriving PES of an opportunity to build synergy with the efforts of peer institutions for adding value to the delivery of the programme.

3.2.5 Asset management

Status of the assets installed at the schools, as of March 2017, was as shown in **Table 3.2** below.

Table 3.2: Status of the assets installed at the schools as of March 2017

Item	In the State		Value (₹ in lakh)	In test checked schools	
	Installed	Non-working (percentage)		Installed	Non-working (percentage)
SIT	436	436 (100)	1469.17	27	27 (100)
ROT	3289	250 (8)	214.68	145	30 (21)
E-Library	2983	186 (6)	760.02	139	19 (14)
Generator set	1003	225 (22)	62.96	74	56 (76)

Source: Departmental data

Since the EDUSAT programme is technology driven, it is important that the equipment required for delivering the programme is managed effectively. However, Audit found severe deficiencies in the management of assets as discussed below:

3.2.5.1 Non-functional equipment

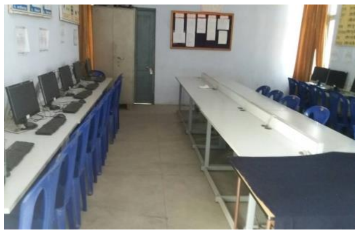
SIT equipment and Generator set lying non-functional at GSSS, Khosa Randhir, District Moga (08.03.2017)

The interactive part of the Hub installed (2007-08) in the Studio was non-functional since June 2014 for which no reasons were found on record. As a result, all the 516 SITs[11] (cost ₹ 14.69 crore) were rendered non-functional.

Annual Maintenance Contract (AMC) for 516 SITs and teaching end equipment was made (March 2012) with a firm[12] for a period of three years from 01 April 2012 to 31 March 2015 for ₹ 1.25 crore[13], which was terminated (February 2013) due to unsatisfactory performance. No fresh AMC was done thereafter. As such, ROTs costing ₹ 2.15 crore, in 30 (21 *per cent*) test checked schools were non-functional for want of repair and maintenance.

Non functional ROT at GSSS, Dhudike, Moga (08.03.2017)

As is evident from **Table 3.2**, an unusually high proportion of equipment, crucial for effective delivery of the programme, was non-functional.



Non functional E-Library at GSSS Naraingarh, District Fatehgarh Sahib (20.02.2017)

The PES stated (April 2017) that upgradation of network and Hub was under process. The reply was not convincing as the matter of upgradation of the network and Hub has been pending for more than three years. Such high incidence of equipment disrepair severely impacted the objective of providing extensive reach of quality education at all levels (May 2017).

3.2.5.2 Non-installation of ROT and E-Library

In two schools[14], ROTs provided during February 2012 and January 2013 and in two schools[15], E-Libraries provided in February 2012 and March 2012 were not installed due to non-availability of adequate space in the school buildings. The expenditure of ₹ 9.89 lakh[16] incurred on these equipment was, thus, yet to yield any benefits.

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11 (i) Department of School Education (436); (ii) Higher Education (47); (iii) Technical Education (29); and (iv) Medical & Dental Colleges (4).

12 M/s. Hughes Communication India Ltd.

13 No payment was made to the firm.

14 (i) Government High School, Bhulle, District Jalandhar; and (ii) Government Girls Senior Secondary School, Ghoman, District Gurdaspur.

15 (i) Government High School, Bhulle, District Jalandhar; and (ii) Government Senior Secondary School, Model House, Jalandhar.

16 ROT=₹ 85,871x2 and E-Library=₹ 4,08,616x2:Total= ₹ 9,88,974.

The PES stated (September 2017) that E-Library of Government High School, Bhulle had been shifted and installed in Government Senior Secondary School, Mullewal and E-Library of Government Senior Secondary School, Model House, Jalandhar and ROT of Government Senior Secondary School, Ghoman had been installed. The reply was silent as to whether these were functional or not.

3.2.5.3 Idle generator sets

Out of 145 selected schools, 74 schools were provided with Generator sets. However, in 56 schools (76 *per cent*), Generator sets (cost ₹ 15.67 lakh[17]) were lying idle since installation as these schools already had high capacity Generator sets. It showed that Generator sets were provided without ascertaining their demand. Had proper survey been conducted, these could have been shifted to other schools, which were in need of Generator sets.

The PES stated (August 2017) that the facts would be verified from concerned schools and thereafter plan would be made to shift the idle Generator sets to needy schools.

3.2.5.4 Loss due to non-renewal of Insurance Policies

The PES had signed agreements with two Insurance Companies *viz*. HDFC Ergo and United India Insurance Company for insurance coverage of furniture and fixtures, office equipment, computer batteries, Generator sets and studio equipment in respect of 516 SITs and 3,289 ROTs for the period from 09 June 2009 to 08 June 2010. On expiry, the policies were renewed and premium of ₹ 1.17 crore was paid (June 2009-December 2014) to the Insurance Companies. Thereafter, the policies were not renewed. During 2010-17, 513 cases of theft of equipment and accessories costing ₹ 80 lakh were reported. Of these, 207 cases were reported during the currency period of insurance, out of which 53 cases (₹ 12.17 lakh) had been settled and balance 154 cases were pending (May 2017). Remaining 306 theft cases (February 2017) were reported beyond the coverage period of insurance. It was also observed that no action was taken by the PES to replace the stolen equipment to run the programme smoothly. Since the stolen equipment included items like LED screens which were crucial for delivery of lectures, failure to replace the stolen items undermined the effectiveness of the programme.

The PES stated (January 2017) that efforts were being made to get the claims settled in pending cases from Insurance Companies. However, the reply was silent regarding the 306 cases which occurred outside the insurance period. Further, PES stated (August 2017) that rather than insuring all the equipment, proper arrangements would be made to replace the stolen items.

[17] ₹ 27,982 per unit x 56 Generator sets.

3.2.5.5 Non-conducting of physical verification of EDUSAT equipment

Rule 15.16 of the Punjab Financial Rules, Volume-I provides that physical verification of all stores and stock should be made at least once in a year. However, in 90 out of the 145 test checked schools, physical verification of EDUSAT equipment had not been conducted since its installation. The PES assured (August 2017) to carry out the physical verification.

3.2.6 Human resources management

Rule 14 (J) (i) of the Rules and Regulations of PES, as contained in the MoA, provides for deployment of operating, administrative, technical and other manpower on job work, contract or outsourcing basis on a case-to-case basis for ensuring the efficient operation and management of the EDUSAT programme.

Audit noticed that against the 32[18] sanctioned posts, only eight posts (25 *per cent*) were filled[19] (March 2017) for managing the network of SITs/ROTs. Out of 24 unfilled posts, 15 posts were those of technical staff, whose shortage affected the smooth running of the programme as was evident from the high incidence of equipment malfunction and disrepair.

The PES stated (August 2017) that proposal would be made to recruit the staff for proper implementation of the programme.

3.2.7 Internal control and monitoring

Internal control and monitoring is an essential component for the successful implementation of any programme. Effective mechanism of internal control and monitoring would ensure the achievement of the objectives of the programme.

However, PES had not formulated any internal control system for monitoring the implementation of the EDUSAT programme. As observed in the preceding paragraphs, this severely impacted the ability of PES to evaluate the effectiveness of the programme and design mid-course corrections to plug the gaps.

The PES stated (August 2017) that the subordinate staff would be directed to monitor the programme.

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[18] Co-ordination wing-Deputy State Project Director (01), Assistant Librarian (01), Data Entry Operator (02) Technical wing-General Manager, Tech. (01), Sr. Engineer (01), Studio Engineer (05), Junior Engineer (06), Technician (01), Electrician (01), Office Assistant (01) Data Entry Operator (02), Cameraman (02), Creative Auteur (01) Administrative & Finance wing-Assistant General Manager (01), Assistant Manager, Accounts (01), Assistant Manager, Admn. (01), Accountant-cum-cashier (01), Office Assistant (01), Data Entry Operator (02).

[19] Co-ordination wing–One Data Entry Operator, Technical Wing–one Studio Engineer, four Junior Engineers and one Electrician and Administrative wing–one Assistance General Manager (Finance).

3.2.8 Conclusion

Lack of planning coupled with the absence of a monitoring system severely affected the implementation of EDUSAT programme. The General Body of PES and its Executive Committee met only once during the period of this audit review. Many schools were yet to be covered and even in covered schools, student participation was poor. The upkeep of the equipment left a lot to be desired as all the Satellite Interactive Terminals and many Receive Only Terminals were non-functional since June 2014. E-Libraries were also not installed due to non-availability of adequate space in the school buildings. Generator sets were supplied to 56 schools, where these were already available. Non-availability of required number of technical staff impacted the smooth running of network of SITs/ROTs. Thus, the objective of the Punjab EDUSAT Society to provide extensive reach of quality education remained largely unachieved.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

GENERAL ADMINISTRATION DEPARTMENT

3.3 Implementation of the Punjab Right to Service Act, 2011

Out of 489 Designated Officers (DO) and 11 Controlling Officers (CO) test-checked, 422 DOs did not maintain record of services provided in the prescribed RTS-1 form. None of the DOs and Appellate Authorities displayed the requisite information on the notice boards for making the public aware of the services being rendered under Punjab Right to Service Act (RTS Act). As many as 419 DOs did not provide acknowledgements to the applicants and delay of up to 1,005 days was noticed in delivery of services. Besides, there was weak monitoring at the levels of Additional Deputy Commissioners, Director Governance Reforms and the Punjab Right to Service Commission in effective implementation of RTS Act.

3.3.1 Introduction

Government of Punjab (GOP) notified (July 2011) Punjab Right to Service Ordinance which came into force with effect from 28 July 2011 and notified Punjab Right to Service Act, 2011 (RTS Act) on 20 October 2011. The Act provides for ensuring delivery of public services to the people of the State of Punjab in a time bound and hassle free manner. It also provides a mechanism to redress grievances in case the timelines are not observed. For enforcing the provisions of the Act, GOP notified (May 2012) Punjab Right to Service Rules, 2012 (Rules). Subsequently, GOP notified (July 2011-January 2016) 351 public services spread across 28 Government departments, designated officers and appellate authorities along with specified time limit for providing such services to the eligible persons. The Principal Secretary, Governance Reforms (PSGR) is the administrative head and the Director, Governance Reforms (DGR) is the departmental head. Punjab Right to Service Commission (Commission) constituted in November 2011 is responsible for proper implementation of the Act and is also the highest forum of appeal under the Act. Governance Reforms Monitoring Unit (GRMU) under the control of DGR established in September 2014 is responsible for day-to-day monitoring and disposal of applications received under RTS Act, harmonizing the smooth and effective delivery of services and coordinates with all districts, other organizations[20] for collecting and collating the information in coordination with the concerned departments.

With a view to assessing the efficiency and effectiveness in implementation of the RTS Act, an audit for the period April 2014 to March 2017 was conducted by test-checking the records of 44 offices – 489 Designated Officers (DO) and 11 Controlling Officers[21] (CO) who are also the Appellate Authorities (AAs) – of the selected five[22] departments in the five[23] out of 22 districts. Further, one month[24] of each year in respect of five departments was selected, wherein 35 out of 110 notified services provided by 489 Designated Officers (DOs) were test-checked. Out of total 1,14,466 applications received in four (out of five) selected departments[25] during the selected months, only 10,290 applications were produced by the concerned departments, which were examined during the course of audit. As highlighted in the succeeding paragraphs, Audit observed that the Animal Husbandry Department was not maintaining records as required under the Rules as a result of which its compliance with the provisions of the RTS Act could not be verified in audit.

Audit findings

3.3.2 Implementation of the Act and the Rules

Section 4 of the RTS Act provides that the Designated Officers (DO) shall provide the service to the eligible person within the given timeline. Further, notification issued (May 2012) by GOP states that for all purposes with regard to the implementation of the Act, Additional Deputy Commissioner (General) (ADC) of the concerned district shall be the Nodal Officer in the district for all the departments whose services are notified under the Act.

Test-check of records in the selected districts revealed the following shortcomings in implementation of the RTS Act:

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[20] Departments which are not under the direct control of Deputy Commissioners of any district.

[21] Five Additional Deputy Commissioners (General) (ADC), two Sub-Divisional Magistrates (SDM) and four Controlling Officers (CO) of the Power Department.

[22] (i) Animal Husbandry Department; (ii) Home Department; (iii) Power Department; (iv) Revenue Department; and (v) Transport Department selected by adopting Probability Proportional to Size Without Replacement (PPSWOR) method, based on number of applications received under RTS Act.

[23] (i) Tarn Taran; (ii) Ludhiana; (iii) Mansa; (iv) SAS Nagar; and (v) Patiala selected by adopting PPSWOR method, based on number of applications received under RTS Act.

[24] July (Home Department); May (Revenue Department) selected by adopting PPSWOR method, on the basis of month-wise applications received; and December (Transport, Animal Husbandry and Power Departments) was selected at random.

[25] Animal Husbandry Department did not produce any application to Audit as it was not maintaining records as per RTS Act.

3.3.2.1 Non-adherence to the provisions of RTS Act

Audit observed that:

- As many as 422 out of 489 DOs of five[26] departments were not maintaining record of services in the prescribed RTS-1 form containing details such as name of applicant, type of service applied for, date of receipt of application, date of disposal of application and remarks for service provided or rejected with reasons, as required under Rule 4(1) of RTS Rules, 2012. Only 47 DOs were maintaining records in RTS-1 form. Remaining 20 DOs did not furnish the requisite information ***(Appendix 3.1)***.

- Contrary to provisions under Rule 4 (3) of RTS Rules, 2012, 167 (out of 489) DOs of three departments and two (out of 11) Appellate Authorities (AA) (ADC, SAS Nagar and Deputy Chief Engineer (Regulations) of Power Department) did not place any notice board for making the public aware of the requisite information[27] relating to the notified services, application form and documents required for the purpose. Further, 300 DOs of five departments and five[28] AAs did not display the complete information on the notice board. Remaining 22 DOs of four departments and four[29] AAs did not supply the requisite information ***(Appendix 3.2)***.

- Contrary to provisions under Rule 3 of RTS Rules, 2012, 419 out of 489 DOs of five[30] departments were not providing acknowledgment receipt specifying the document, if any, required from the applicant and timeline for delivery of service. As many as 50 DOs were providing the requisite acknowledgment. Remaining 20 DOs did not furnish the requisite information ***(Appendix 3.3)***.

Due to non-adherence to these provisions, there was inadequate dissemination of requisite information to public. Also, due to non-maintenance of records of services, DOs could not analyse the pendency as well as cause of delay, if any in providing services.

The Commission stated (November 2017) that requisite instructions had been issued to the concerned departments/authorities to adhere to the provisions of the Act.

[26] (i) Animal Husbandry Department; (ii) Power Department; (iii) Revenue Department; (iv) Transport Department; and (v) Home Department. Though 45 out of 49 DOs of Home Department were maintaining record in RTS-1 form, four DOs did not furnish the requisite information.

[27] (i) Logo of Right to Service Act; (ii) Serial Number; (iii) Service; (iv)Stipulated time limit; (v) Designated Officer; (vi) First Appellate Authority; (vii) Second Appellate Authority; and (viii) Telephone numbers of the helpline, as per instructions issued under RTS Act in October 2011.

[28] Three ADCs, Mansa, Tarn Taran and Patiala; SDM, Tarn Taran; and one SE (Headquarter) Ludhiana.

[29] (i) ADC Ludhiana; (ii) SDM, Mansa; (iii) Superintending Engineer (SE), Tarn Taran; and (iv) SE (Headquarter), Patiala.

[30] (i) Animal Husbandry Department; (ii) Power Department; (iii) Revenue Department; (iv) Transport Department; and (v) Home Department. Though 47 out of 49 DOs of Home Department were issuing requisite acknowledgements, two DOs did not furnish the requisite information.

3.3.2.2 Delay in delivery of services by the departments

Audit observed that out of 10,290 applications test-checked, in 364 applications, there was a delay of up to 1,005 days in providing services under the RTS Act, as detailed in **Table 3.3**. Further, the delay beyond the timeline was not being projected in the Management Information Statement (MIS) reports. Delay, if any, in respect of 6,808[31] applications could not be ascertained as the records produced to Audit did not depict the date of disposal of the applications (September 2017). There was no delay in disposal of 3,118 applications.

Table 3.3 : Delay in delivery of services

District	Department	Name of service	No of applications in which delivery of services delayed	Delay range (days)
Mansa	Home (SSP)	Character verification	15	1-1005
	Deputy Commissioner	Addition/Deletion of arms	36	2-62
		Issue of new arms licence	69	1-87
		Renewal of arms licence	129	1-147
Ludhiana	Revenue (SDM)	Natural heir	04	4-31
	Home (CP)	Entry of weapon on arms licence	04	6-19
SAS Nagar	Transport	Addition/Deletion of hire purchase	65	2-26
Patiala	Home (DC)	Renewal of arms licence	39	3-282
		Addition/Deletion of weapons	02	38 -134
		Entry of weapon on arms licence	01	64
Total			**364**	**1-1005**

Source: Departmental records

Examination of two out of 42 cases of Home Department, district Patiala, revealed that the Designated Officer i.e. District Magistrate (DM), Patiala received two requests (Application Nos. 1386808 and 1390121) for 'renewal of arms licence' on 11 June 2016 and 13 July 2016 respectively. As per notification under RTS Act, the service for this was to be provided within a period of 22 working days i.e. by 14 July 2016 and 12 August 2016 from receipt of applications. However, the same was actually provided on 28 February 2017 (i.e. after a delay of 228 days) and on 22 May 2017 (i.e. after a delay of 282 days) respectively. No specific reason for the delay was highlighted in the record of DM. Further perusal of case file (Application No. 1386808) revealed that the record being maintained by the Department indicated the date of receipt as 13 July 2016 i.e. after a lapse of 26 days from actual receipt on 11 June 2016.

Thus, there was delay in providing services without any justified reason which was not being projected in the MIS reports. This highlighted laxity on the part of respective departments in implementing the RTS Act.

[31] (i) Power Department (1,127); (ii) Revenue Department (150); (iii) Transport Department (2,952); and (iv) Home Department (2,579).

The Commission stated (November 2017) that it was monitoring the delivery of services through MIS reports being received from the ADC/Nodal Officers and issued directions by taking *suo motu* notice of the delay. It was added that all the concerned had been asked to send accurate MIS reports.

3.3.2.3 Monitoring mechanism

The RTS Act, notifications and decisions taken by the respective departments provide for a three tier mechanism system for monitoring its implementation, which comprises of the Commission, Additional Deputy Commissioner-General (ADC), Nodal Officer of the department concerned. Besides, GRMU under DGR has also been formed for day-to-day monitoring, harmonizing smooth and effective delivery and coordinating with all districts, other organizations for collecting and collating the information in coordination with the concerned departments. During test-check of records in the selected five districts, Audit noticed the following:

(i) Four[32] (out of five) selected ADCs and five[33] District Transport Officer (DTO) offices of Transport Department in the five selected districts were forwarding their MIS reports only to the Commission and not to DGR, in contravention of the decisions taken in the meetings held in August and September 2014 under the chairmanship of the Principal Secretary, Governance Reforms (PSGR) and the Chief Secretary respectively. Non-submission of MIS reports to DGR denied it the opportunity of monitoring the pendency and disposal of RTS services. Also there was projection of incorrect data in MIS reports as discussed in the succeeding paragraph. The reply of DGR in this regard was awaited (November 2017).

(ii) Though the respective Departments/DOs had received 1,43,561 applications between May 2014 and December 2016, the MIS reports compiled by the respective authorities depicted only 1,14,929 applications, as having been received during the same period, thereby disclosing less projection of 28,632 applications, as detailed in **Table 3.4** below.

Table 3.4 : Less projection of data in MIS reports

District	Department	Actual No. of application as per record of Department	Period to which the applications belong	No. of applications shown in the MIS reports	DO who compiled the data	Less projection
1	2	3	4	5	6	7 (3-5)
Ludhiana	Revenue	64723	May 2016	46872	ADC	17851
Mansa	Home	206	July 2014	73	SSP (District Saanjh Kendra)	133
Patiala	Revenue	4723	May 2015 and May 2016	3963	ADC	760

32 ADCs (i) Mansa; (ii) Patiala; (iii) SAS Nagar; and (iv) Tarn Taran. Fifth ADC, Ludhiana did not furnish any reply.

33 (i) Ludhiana; (ii) Mansa; (iii) Patiala; (iv) SAS Nagar; and (v) Tarn Taran.

District	Department	Actual No. of application as per record of Department	Period to which the applications belong	No. of applications shown in the MIS reports	DO who compiled the data	Less projection
1	**2**	**3**	**4**	**5**	**6**	**7 (3-5)**
Tarn Taran	Transport	4133	December 2015 and December 2016	4019	DTO	114
	Revenue	319	May 2016	157	Tehsildar City Tarn Taran	162
		12802	May 2014 and May 2015	10234	ADC	2568
	Home	2053	July 2015 and July 2016	1784	ADC	269
		1595	July 2016	1185	ADC	410
		4163	July 2014, July 2015 and July 2016	3505	SSP	658
	Power	48844	December 2016	43137	SE (H)	5707
Total		**143561**		**114929**		**28632**

Source: Departmental information

Thus, due to submission of incorrect picture in respect of the applications received at various levels, the fact of actual pendency and disposal of applications for delivery of various services under RTS Act was concealed from the authorities.

The Commission stated (November 2017) that requisite instructions had been issued to the concerned to ensure submission of correct figures to it.

(iii) Four out of five Deputy Directors[34] of Department of Animal Husbandry who are the district head responsible for implementation of the provisions of the Act, were sending nil MIS reports in respect of three[35] services notified (September 2013 and March 2015) under the RTS Act to the ADC-cum-Nodal officer during the period of audit, as the requests/ applications were not being received in the format prescribed under RTS Act. The record was being maintained in the respective hospitals and dispensaries manually in the registers prescribed by the Department. Despite receipt of nil MIS Reports, none of the monitoring agencies i.e. ADCs (Nodal Officers), GRMU (DGR) and the Commission enquired into the matter or directed the Animal Husbandry Department to adhere to the provisions of RTS Act to ensure delivery of public services within the specified time limit.

The Commission stated (November 2017) that the Animal Husbandry Department had been asked to maintain records as per provisions under the RTS Act.

(iv) With a view to develop a Web Based System for monitoring timely delivery and pendency of services provided by various Government departments for the services notified under RTS Act, Government of India (GOI)

[34] Except for Deputy Director, Animal Husbandry, Ludhiana, who had submitted the figures in respect of receipt and disposal of requests in the selected month (December) during 2015-17. But the record of applications received/disposed of was not being maintained as per provisions of the Act.

[35] (i) Supply of medicine/vaccine at designated hospital as decided by Government; (ii) To provide artificial insemination subject to availability of semen; and (iii) Issue of veterinary health certificate to livestock owner.

approved (February 2013) a project proposal of the State Government for development of Right to Service Information System[36] (RTSIS). The Empowered Committee of the Punjab Right to Service Commission (Commission) approved (June 2013) the proposal of the National Informatics Centre (NIC) for development of RTSIS. As per proposal of NIC, 13 modules[37] in four phases were to be developed to make the RTSIS functional. The project was to start on 01 July 2013 and scheduled to be completed in June 2014. However, no formal agreement was entered into with NIC for execution of the project.

Audit observed (August 2017) that out of 13, only nine[38] modules had been developed. Of these, six modules were not implemented at all and three modules were partially implemented for seven[39] (out of 28) departments only by integrating 53 services under RTS Act. It was, however, noticed in the selected two (out of five) departments *viz.* Home and Revenue that though 18 services had been integrated with RTSIS, data in respect of none of the services was being used for generating MIS reports as these services still required automated updation of pendency. Audit noticed that lack of coordination between the Commission and the respective departments through DGR and supervision of the Commission over NIC was the main cause for non-implementation of RTSIS application. Besides, due to non-execution of any formal agreement binding the NIC to execute the work in a time bound and efficient manner, the Commission had to extend timelines repeatedly as per proposals of NIC.

The Commission stated (November 2017) that the software could not be utilized as the Government had decided that all departments would utilize the network of Unified Citizen Service Delivery Centres (UCSDC) for rendering services to the citizens, for which detailed modalities would be worked out by DGR in consultation with the concerned departments. It was further stated that the RTSIS application had been integrated with various departments/ agencies. The reply was not acceptable as data in respect of none of the services integrated with RTSIS in the test-checked departments was being used for generating MIS reports.

Thus, RTSIS was an important tool to ensure extraction of factual position with regard to pendency and disposal of applications for delivery of various services under RTS, which was being otherwise concealed at various levels

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36 Web application for monitoring of delivery of services notified under Punjab Right to Service Act, 2011 and Establishment of Helpdesk (IVR) with Toll-free number.

37 (i) Service Request; (ii) Receipt; (iii) MIS; (iv) User Management; (v) Access Control; (vi) Master Data; (vii) Delivery/Rejection; (viii) Appellate-I Authority Escalation; (ix) Appellate-II Authority Escalation; (x) Commission Appeal Escalation; (xi) Data Integration; (xii) SMS Interface; and (xiii) Mobile Application Interface.

38 (i) Service Request; (ii) Receipt; (iii) MIS (partially implemented); (iv) Master Data (partially implemented); (v) Delivery/Rejection; (vi) Appellate-I Authority Escalation; (vii) Appellate-II Authority Escalation; (viii) Commission Appeal Escalation; and (ix) Data Integration (partially implemented).

39 (i) Health; (ii) Home; (iii) Housing and Urban Development; (iv) Local Government; (v) Revenue; (vi) Social Security; and (vii) Welfare of Schedule Castes and Backward Classes.

while submitting manual MIS reports to the authorities, as discussed in paragraph 3.3.2.3 (ii). Due to non-implementation of RTSIS even after three years of its scheduled completion, the objective for monitoring timely delivery and pendency of services provided under RTS Act could not be achieved (November 2017).

3.3.3 Conclusion

The provisions under the Punjab Right to Service Act which envisaged delivery of public services to the people of the State in a time bound and hassle free manner, were not being implemented fully and effectively. This is evident from the fact that record of services was not being maintained in the prescribed RTS-1 form by many departments. Requisite and complete information for making the public aware of the services being rendered under the RTS Act had not been displayed on notice boards. Acknowledgements to the applicants were not being issued and delay in delivery of services was noticed. Non-submission of MIS reports to the Director, Governance Reforms, projection of incorrect data in MIS reports, non-implementation of Web based monitoring system showed poor coordination and weak monitoring at the levels of the Additional Deputy Commissioners, Director Governance Reforms and the Punjab Right to Service Commission in effective implementation of the RTS Act.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4 Idle expenditure arising from non-functional healthcare machines

Eight healthcare machines received under Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) and National Programme of Family Planning (NPFP) could not be made functional even after the period ranging from 12 to 25 months from their receipt due to non-availability of skilled manpower. This not only resulted in idle expenditure of ₹ 7.21 crore, but the objective of providing quality medical education and tertiary healthcare under PMSSY and NPFP could also not be achieved in full measure.

(i) With a view to correcting regional imbalances in the availability of affordable/reliable tertiary healthcare services and augmenting facilities for quality medical education in the country, Government of India (GOI) launched Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) in the year 2003. The objectives of PMSSY were to be achieved through its two components *viz.* setting up of institutions like AIIMS and upgradation of Government Medical College institutions.

Test-check of records of Government Medical College (GMC), Amritsar showed that in accordance with a proposal submitted (February 2009) to GOI under PMSSY, 92 machines[40] valuing ₹ 49.20 crore were received (March 2012-January 2017) for upgradation of GMC, Amritsar. The proposal submitted to GOI *inter alia* included requirement of requisite medical and paramedical staff for making the machines functional. Audit noticed that as many as 49 out of 92 machines were installed/made functional after a period ranging from 2 to 44 months from their receipt. In addition, two machines[41] valuing ₹ 6.51 crore received from GOI during July-September 2016 could not be made functional even after more than 12 months from their receipt due to non-availability of technically qualified manpower[42]. It was noticed that though the process for procurement of Complete Cath Lab had started in June 2014, GMC took up the matter for creation of post of Lab Technician with the Department of Research and Medical Education (DRME) after more than two years i.e. in August 2016. Further, the Perfusionist for making the Heart Lung Machine functional could not be deployed in spite of taking up the matter for the same by GMC with DRME since October 2007 i.e. well before submitting the proposal to GOI in February 2009.

The Department attributed (September 2017) the reasons for non-availability of staff to less emoluments given to super-speciality faculty in public sector as compared to private sector. It, however, stated that efforts were being made to recruit staff to make the machines functional.

(ii) Test-check of records of the Punjab Health Systems Corporation (PHSC) showed that PHSC procured (July 2015) 23 Laparoscope machines for Civil Hospitals (CH) in 22 districts (two for Ludhiana district and one each for remaining 21 districts) at a cost of ₹ 2.70 crore under National Programme of Family Planning (NPFP). However, 6 out of 23 Laparoscope machines valuing ₹ 0.70 crore received/installed (September-October 2015) in six CHs[43] were not put to use due to non-availability of skilled manpower and the machines were lying idle for 24-25 months.

Thus, total eight healthcare machines (two under PMSSY and six under NPFP) could not be made functional even after the period ranging from 12 to 25 months from their receipt due to non-availability of skilled manpower. This not only resulted in idle expenditure of ₹ 7.21 crore, but the objective of providing quality medical education and tertiary healthcare under PMSSY and NPFP could also not be achieved in full measure.

The matter was referred to Government in May and June 2017; reply was awaited (November 2017).

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[40] Eighty six machines valuing ₹ 28.09 crore were procured by GMC, Amritsar out of the funds received from Government of India and six machines valuing ₹ 21.11 crore were received from Government of India under PMSSY.

[41] (i) Complete Cath Lab to visualize the arteries and chambers of heart (₹ 5.73 crore) received on 08.09.2016 and (ii) Heart Lung Machine for cardiopulmonary bypass (₹ 0.78 crore) received on 27.07.2016.

[42] Cath Lab Technician for Complete Cath Lab and Perfusionist for Heart Lung Machine.

[43] (i) Fazilka (Surgeon not trained); (ii) Ludhiana (shortage of skilled staff); (iii) Ropar (vacant post of surgeon); (iv) SAS Nagar (Gynecologist not trained); (v) Sangrur (Surgeon not trained); and (vi) Sri Muktsar Sahib (vacant post of Surgeon).

HIGHER EDUCATION DEPARTMENT

3.5 Non-levy of Stamp Duty and Registration Fee on a concession agreement

Non Levy of Stamp Duty and Registration Fee resulted in a loss of revenue amounting to ₹ 24.73 lakh to the State exchequer.

Under the provisions of Clause (d) of sub-section (1) of Section 17 of the Registration Act, 1908, leases of immovable property from year to year, or for any term exceeding one year, or reserving yearly rent are to be compulsorily registered. Schedule 1A of the Indian Stamp Act, 1899 stipulates that stamp duty at the rate of three *per cent* is leviable on lease deed on the value determined considering twice of average annual rent reserved, premium or fine paid and money advanced.

Scrutiny of records revealed that a Concession Agreement was entered into (August 2014) amongst Guru Nanak Dev University (Concessioning Authority) and Punjab Heritage and Tourism Promotion Board, Chandigarh (Confirming Authority) and M/s JMD Heritage Lawns Pvt. Ltd, New Delhi (Concessionaire) for "Operation and Maintenance of Heritage Village at Amritsar through Public Private Partnership mode", with a concession period of 30 years at an Annual Concession Fee (ACF) of ₹ 1.94 crore to be increased by 10 *per cent* after every 3 years, over the previous amount (Article 5.1.b of Concession Agreement).

Under the concession agreement, the Concessionaire had agreed to develop "Heritage Village" at Amritsar on 10 acres of land and was to enjoy the benefits of the project for a concession period of 30 years during which it would have the license to use the project to determine, demand, collect, enforce, retain and appropriate commercial charges. In lieu of this concession, the Concessionaire was to pay annual concession fee in accordance with the terms and conditions of the Concession Agreement. Thus, the Concession Agreement fell under the Indian Stamp Act and was also to be compulsorily registered as mentioned *ibid*.

However, the said agreement was not registered with the concerned registering authorities resulting in a loss of revenue to the State amounting to ₹ 24.73 lakh[44] on account of non-levy of Stamp Duty (₹ 18.55 lakh) and Registration Fee (₹ 6.18 lakh) as detailed in ***Appendix 3.4***.

The Assistant Registrar stated (December 2015) that the expenses pertaining to stamp duty and registration fee were not to be borne by the University as these were to be borne by the Concessionaire. The reply was silent about the reasons for not registering the said agreement and was not acceptable since the University failed to get the document registered as was required, as per Act *ibid*, thereby resulting in loss of revenue to the State Government.

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[44] Stamp duty calculated as per Schedule 1A of the Indian Stamp Act, 1899 and Registration fee on the basis of letter 25/46/13-ST.1/9812.13 dated 17 May 2013 of Revenue, Rehabilitation and Disaster Management Department, GOP.

The matter was referred to Government in February 2016; reply was awaited (November 2017).

HOME AFFAIRS AND JUSTICE DEPARTMENT

3.6 Enforcement of Narcotic Drugs and Psychotropic Substances Act, 1985

Action plans and annual plans were not prepared. Adequate surveillance and modern equipment and narcotic trained sniffer dogs were not available in the State. The Department was not equipped with trained staff to deal with cases under the Narcotic Drugs and Psychotropic Substances (NDPS) Act. As many as 532 accused were acquitted by the courts due to deficiencies in testimony statements of police officials. Samples of seized NDPS were sent to the laboratory with delay of up to 476 days.

3.6.1 Introduction

In order to control and regulate operations relating to narcotic drugs[45] and psychotropic substances[46], Government of India (GOI) enacted (September 1985) 'The Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985'. The Act extends to the whole of India and is the major legal instrument for curbing illicit drug trafficking and abuse.

The Narcotic Control Bureau (NCB) is the apex coordinating agency of GOI which exercises the powers and functions of the Central Government for taking measures with respect to coordination of actions by various offices, State Governments and other authorities in connection with the enforcement of the NDPS Act. At State level, the Additional Chief Secretary (ACS), Department of Home Affairs and Justice (DoHAJ), is the administrative head and Director General of Police (DGP) is the departmental head.

The Government of Punjab (GOP) constituted (September 2009) an Anti-Narcotic Task Force (ANTF) under the supervision of Additional Director General of Police (Intelligence) to establish coordination and sharing of information regarding drug trafficking and related crimes amongst various States and Central Law Enforcement Agencies. In addition, the Punjab State Narcotic Control Bureau (PSNCB) was also established (May 2015) under the control of Inspector General of Police-cum-Director to ensure strict implementation of NDPS Act.

As per report (2014) of the National Crime Records Bureau, Ministry of Home Affairs, Punjab was ranked first in the country for registering 31 *per cent* of the total cases under NDPS Act. Further, drug addicts ranging between

[45] Narcotics drugs means coca leaf, cannabis (hemp), opium, poppy straw and includes all manufactured goods.

[46] Psychotropic substance means any substance, natural or synthetic, or any natural material or any salt or preparation of such substance or material that changes brain function and results in alternations in perception, mood, consciousness or behaviour, included in the list of psychotropic substances specified in the Schedule to the NDPS Act, 1985.

1,80,825 and 2,86,936 were registered (January 2014[47] to March 2017) with Government Drug De-addiction Centres in the State. With a view to assessing the efficiency and effectiveness of the enforcement of NDPS Act, an audit for the period 2013-14 to 2016-17 was conducted by test-checking the records of PSNCB and seven[48] (out of 27) police districts.

In the selected police districts, 9,050 drug peddlers had been identified by the Police Department; drug addicts ranging between 214 and 44,561 were registered[49] with Government Drug De-addiction Centres; and 82,450 kg of NDPS[50] was seized during 2013-17.

Audit findings

3.6.2 Planning and financial management

3.6.2.1 Non-preparation of action plan

GOI launched (October 2004) a scheme for "Assistance to States and UTs" to finance State Governments to strengthen their enforcement capabilities for combating illicit drug trafficking for a period of five years i.e. till 31 March 2009, which was extended (November 2009) for a period of five years (2009-14) with an estimated budget of ₹ 15 crore. The Scheme was again extended (December 2014) for further three years i.e. from 2014-15 to 2016-17 with an estimated budget of ₹ 15 crore. As per guidelines of the Scheme, the State Government was to submit an action plan for five/three years' duration and split it up into annual plan in respect of each year for release of financial assistance under the Scheme. The action plan was to include *inter alia* identification of regions which were sensitive to drug trafficking, required focused attention and strategy for action in these regions.

Audit observed that PSNCB prepared an action plan for the period 2014-18 only at the instance of audit in March 2017 i.e. after a lapse of more than two years from the extension of the Scheme by GOI. It also did not mention the strategies of other agencies like Customs, Central Excise, Directorate of Revenue Intelligence, Border Security Force, Forests, State Excise etc. with a view to draw synergies with the efforts of these agencies. Though the action plan so prepared was submitted to DGP in March 2017, the same was not approved by the Department (April 2017). The annual plans for the years 2013-14 to 2016-17 which were to be derived from the action plans were also

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47 Information for the period April 2013 to December 2013 was not provided by the Department of Health and Family Welfare, Punjab. Data in respect of drug addicts registered with private drug de-addiction centres was not available (August 2017).

48 (i) Amritsar (Rural), (ii) Fazilka, (iii) Gurdaspur, all being border areas and (iv) Jalandhar due to higher number of NDPS cases reported, were selected; and (v) Bathinda; (vi) Hoshiarpur; and (vii) SAS Nagar were selected on the basis of Random Sampling method.

49 (i) Amritsar-Rural (peddlers:2,437 and addicts:6,475-11,830); (ii) Bathinda (peddlers:2,357 and addicts:214-40,367); (iii) Fazilka (peddlers:1,682 and addicts:16,115-42,543); (iv) Gurdaspur (peddlers:0 and addicts:4,236-44,561); (v) Hoshiarpur (peddlers:1,921 and addicts:600-9,839); (vi) Jalandhar (peddlers:653 and addicts:6,288-19,791); and (vii) SAS Nagar (peddlers:0 and addicts:1,473-6,103).

50 Heroin (498 kg); Opium (552 kg); Poppy Husk (81,386 kg); and Smack (14 kg) and other drugs *viz.* charas, ganja, pills/capsules, injections, etc.

not prepared for seeking financial assistance under the Scheme *ibid*. This showed laxity on the part of PSNCB/Department in combatting drug trafficking and drug abuse in the State.

The Inspector General of Police-cum-Director (IGP), PSNCB, instead of furnishing reasons for non-preparation and submission of action plan to NCB (GOI) timely, stated (August 2017) that the Police Department had prepared a comprehensive strategy for controlling supply by drug smugglers which aimed at ensuring zero tolerance towards this aspect.

3.6.2.2 Funding pattern

There was no separate allocation of budget for PSNCB, ANTF and the field units for enforcement of NDPS Act. The expenditure on salary and other office expenses was being met out of the general budget under the Police Head of Accounts. However, for procurement of surveillance and other equipment and vehicles, funds were being provided by GOI under the Scheme for 'Assistance to States and UTs' as per action and annual plans and by the State Government out of the Punjab State Cancer and Drug Addiction Treatment Infrastructure (CADA) Fund created with the Punjab Health Systems Corporation (PHSC), as per requirement.

The position of funds received for procurement of surveillance and other equipment and vehicles under the Scheme from GOI and out of CADA funds from the State Government (PHSC) is given in **Table 3.5** below.

Table 3.5: Details of funds received and expenditure incurred there-against during 2013-17.

(₹ in crore)

Year	Allocation of funds under		Funds released under		Expenditure		Balance	
	Scheme (GOI)	CADA (State)	Scheme (GOI)	CADA (State)	Scheme (GOI)	CADA (State)	Scheme (GOI)	CADA (State)
2013-14	--	--	--	--	--	--	--	--
2014-15	--	--	--	--	--	--	--	--
2015-16	--	--	--	--	--	--	--	--
2016-17	0.32	2.80	0.32	1.95	--	0.21	0.32	1.74
Total	**0.32**	**2.80**	**0.32**	**1.95**	**--**	**0.21**	**0.32**	**1.74**

Source: Departmental records

Audit observed that funds were neither received under GOI Scheme nor out of CADA funds during 2013-16 as the Department did not send any action/annual plan to NCB (GOI) or demanded funds out of CADA for procurement of surveillance and other equipment and vehicles for combating drug-trafficking and drug abuse in the State. However, on being asked (April 2015) by NCB (GOI), PSNCB submitted (January 2016) a proposal for obtaining financial assistance (₹ 10.04 crore) for the purpose under the Scheme. GOI sanctioned and released (October 2016) an amount of ₹ 0.32 crore[51] to be utilized within a period of 12 months from the date of

[51] Out of ₹ 32,15,500/- sanctioned (October 2016) by GOI, ₹ 2,041/- were released after revalidating/adjusting ₹ 32,13,459/- already lying unspent out of the earlier grants released in March and April 2011.

release i.e. by September 2017. However, the funds were yet to be utilized as the same were not released by the State Government to PSNCB (September 2017). An amount of ₹ 1.95 crore[52] was received (May and August 2016) out of CADA funds to strengthen the enforcement capabilities for combating illicit drug trafficking. However, only ₹ 0.21 crore were spent for the purpose, leaving a balance of ₹ 1.74 crore lying unspent with the Department. The implication of non-release/non-utilisation of funds of ₹ 2.06 crore (₹ 0.32 crore+₹ 1.74 crore) out of ₹ 2.27 crore (₹ 0.32 crore+ ₹ 1.95 crore) (91 *per cent*) has been discussed under paragraph 3.6.3.2.

3.6.3 Availability of capacity for combatting drug trafficking

Combatting illicit drug trafficking requires resources in terms of police personnel trained specifically to deal with the drug menace and suitable equipment for surveillance, detection and seizure of drugs. Audit observed that though the State of Punjab had been confronted with the drug problem for a while, it still lacked adequate resources to effectively combat this problem, as discussed below.

3.6.3.1 Lack of skilled manpower and inadequate training

As per para 2.1 of Annual Report of NCB (GOI), the task of combating drug trafficking is complex because of its linkages with other crimes like corruption, tax evasion, human trafficking, money laundering and crimes of violence including terrorism. It further stipulates that field experiences often show that lack of awareness of procedures and processes to be followed under NDPS Act results in poor investigation, improper and insufficient documentation and non-compliance of statutory provisions which ultimately lead to failure of the prosecution case thereby undermining the objectives of drug law enforcement. Therefore, it is necessary to build a team of dedicated officers in the field of drug law enforcement who are well trained and equipped with updated knowledge and allied skills to effectively combat this menace. To attain this objective, training programmes need to be conducted at all levels in order to enhance and hone the specialized skills required to improve performance and effectiveness of the personnel involved in drug law enforcement in India.

While reviewing the adequacy of the human resource available with the police force in dealing with the drug situation in the State, Audit noticed that though a dedicated ANTF (September 2009) and PSNCB (May 2015) had been established in the State besides availability of Anti Narcotic Wings in all police districts, no specialized and dedicated staff to deal with the enforcement of the provision of NDPS Act was provided at 107 police stations in seven test-checked police districts. The police officials dealing with drug law enforcement were also handling general duties of maintaining law and order.

[52] ₹ 0.75 crore (May 2016) (out of the sanctioned amount of ₹ 1.60 crore) for procurement of incinerators; and ₹ 1.20 crore (May and August 2016) for procurement of sniffer dogs out of CADA funds.

Further, only 1.26 to 17.89 *per cent* of the officers/officials posted in police stations of five[53] test-checked districts were imparted training on drug law enforcement. No training on the subject was imparted in remaining two test-checked districts i.e. Bathinda and SAS Nagar ***(Appendix 3.5)***.

The IGP, PSNCB stated (August 2017) that due to shortage of manpower in police stations, exclusive force had not been earmarked for investigation of cases under NDPS Act. However, police officials were exposed to legal, procedural and investigational aspects of dealing with such cases. Besides, short term trainings were also being conducted at training schools established at the district level. The reply was not acceptable as only 182 out of 3,739 police officers/officials (4.87 *per cent*) had been imparted training in the test-checked police districts during 2013-17.

Audit observed that lack of dedicated and trained staff severely compromised drug enforcement in the State as evidenced by large number of court cases being dropped due to improper testimony of police investigators, delay in sending samples for testing, inability of the force to use modern techniques etc., as discussed in the succeeding paragraphs.

3.6.3.2 Inadequate surveillance and other modern equipment and sniffer dogs

Section 42 of NDPS Act empowers the State Police to search, seize and arrest for NDPS in an enclosed place like a private house, godown, office or a garage, while Section 43 empowers them to search, seize and arrest in a public place like a railway station, bus terminus, airport and highways etc.

(i) Audit observed in seven test-checked police districts and PSNCB that no surveillance/modern equipment[54] useful for enforcement of illicit drug trafficking had been installed at the exit points of various vulnerable public places like railway station, bus terminus, highway, etc. as the Department did not prepare any action plan to seek requisite financial assistance under the scheme, "Assistance to States and UTs" during 2013-17. Even the grant of ₹ 0.32 crore sanctioned by NCB in October 2016 for the procurement of surveillance and other equipment and vehicles could not be utilized as the same was not released by the State Government till September 2017, as discussed in paragraph 3.6.2.2.

The IGP, PSNCB stated (August 2017) that the requisite equipment/technical gadgets were available in intelligence wing of Punjab Police for supplementing efforts of field units and they requisitioned these services for apprehending drug smugglers from time to time. It was added that installation of total vehicle scanners at interstate barriers was a highly expensive solution. The reply should be seen in view of the fact that the information/report on 'drug situation in Punjab' provided by PSNCB showed that Punjab State's international border was used for transiting heroin consignments to the

53 (i) Amritsar-Rural (1.26 *per cent*); (ii) Fazilka (3.74 *per cent*); (iii) Gurdaspur (17.89 *per cent*); (iv) Hoshiarpur (4.84 *per cent*); and (v) Jalandhar (9.73 *per cent*).

54 Full body vehicle scanners, flexible fibre optic scope, video scopes, ION scanners, Buster K910B Density Meter, X-ray machines, etc.

national and international market. Audit noticed that during 2013-17, 82,450 kg[55] of NDPS (heroin, opium, poppy husk, smack, etc.) was seized in seven test-checked police districts. In spite of availability of funds under GOI Scheme and CADA, the PSNCB/Department did not take steps to procure and install proper surveillance equipment, which could compromise its ability to effectively tackle the problem of illicit drug trafficking in the State.

(ii) As the two existing incinerators, one each in Mansa and Kapurthala, were not sufficient to dispose of the large quantity of NDPS lying in the *malkhanas*[56] in the State, an amount of ₹ 1.60 crore was sanctioned (April 2016) out of CADA Fund for procurement of four new incinerators to be installed at Amritsar, Ludhiana, Faridkot and Patiala. Out of the sanctioned amount of ₹ 1.60 crore, PHSC released (May 2016) ₹ 0.75 crore and the remaining funds of ₹ 0.85 crore were to be released as per requirement. However, the drug disposal incinerators could not be procured (November 2017). The Department attributed (June 2017) the reasons to non-participation of any bidder in the tenders floated twice for the purpose, as the terms and conditions of the tender did not have any provision for making advance payment to contractor, which was not acceptable to the bidders. It was added that the matter was under consideration and the tenders for the purpose would be called for again. Thus, the Department did not have sufficient number of incinerators to dispose of the NDPS[57] lying in *malkhanas* in spite of availability of funds under GOI Scheme and CADA Fund. Delay in destruction of contraband entails the risk of substance pilferage which could then again find its way into the markets.

(iii) NCB (GOI) in its handbook on Drug Law Enforcement stipulated that it would be extremely useful to carry a sniffer dog trained to detect drugs for search operations as dogs can smell drugs much faster and better than any human and hence the entire search operation can be completed much faster.

Audit noticed that there was no narcotic trained sniffer dog in the State (May 2016). The Department placed (May 2016) a supply order with the Commandant, Combined Punjab Home Guards and Civil Defence Institution (a canine training and breeding institute)[58] for procurement of 40 trained sniffer dogs for the entire State at a cost of ₹ 1.20 crore (₹ three lakh per dog). The funds for the purpose were received from CADA Fund in May 2016 (₹ 0.60 crore) and August 2016 (₹ 0.60 crore). However, as of March 2017, only seven trained sniffer dogs at a cost of ₹ 0.21 crore could be procured and the supply order for remaining 33 dogs was cancelled (December 2016), as these dogs could not pass the required trade test. It was further noticed that out of seven selected police districts, one sniffer dog each in only Bathinda and Jalandhar districts (temporarily deployed at Amritsar district) was available and no sniffer dog was deployed in police stations of remaining

55 2013-14 (60,435 kg); 2014-15 (10,040 kg); 2015-16 (8,466 kg); and 2016-17 (3,509 kg).

56 A *malkhana* is a store-room to preserve "case properties (evidence)" in all cases registered with a police station, till these are disposed of in court.

57 4,71,145 kg of poppy husk, heroin, ganja, etc.; 2,24,47,847 pills/capsules, 1,07,594 bottles, injections, vials; and 256 litres of intoxicant liquid of contrabands as of May 2017.

58 A joint venture with M/s. ESD Network Private Limited.

five selected police districts. Thus, out of three selected border districts, sniffer dog was temporarily deployed only in one border district of Amritsar in spite of the fact that these border areas were vulnerable to illicit drug trafficking in the national and international market.

The IGP, PSNCB stated (August 2017) that earlier (prior to May 2016) narcotics trained sniffer dogs were not sanctioned for PSNCB. Now, seven narcotics trained sniffer dogs were working with district police. However, the fact remains that Punjab Police initiated action for induction of sniffer dogs into the force only in 2016 and it was not yet equipped with sufficient narcotics sniffer dogs to combat illicit drug trafficking in the State.

3.6.4 Detection, investigation and prosecution

The fight against drugs requires a holistic approach with close coordination among all law enforcement agencies dealing with various aspects of this complex problem. Audit noticed the following weaknesses in the Department's actions to effectively detect, investigate and prosecute cases of illicit drug trafficking:

3.6.4.1 Non-application of controlled delivery technique for identifying real persons behind illicit drug trafficking

Section 50A of the NDPS Act, 1985 empowers the Director General, NCB to authorize controlled delivery[59] of any contraband drugs to India or abroad.

Audit observed in seven test-checked police districts that although PSNCB had been established specifically to focus on unearthing the network of smuggling from end to end (origin to final destination) by working out forward and backward linkages of the network, yet the Punjab Police never followed/adopted 'controlled delivery' technique to identify the real persons behind the operation and ultimate recipients of the illicit consignment during the period of audit.

The concerned Senior Superintendents of Police (SSP)/Commissioner of Police (CP) stated (April 2017) that the persons involved in illicit drug trafficking were arrested on the basis of information provided by the informers. They further attributed the reasons for non-adoption of controlled delivery technique to non-availability of vehicle and modern equipment; and also to the risk that information regarding impending raid might alert the accused who might escape from police by disposing or hiding the drug consignment.

[59] 'Controlled delivery' is a technique of allowing illicit or suspected consignments of narcotic drugs, psychotropic substances, controlled substances or substances substituted for them to pass out of, or through or into the territory of India with the knowledge and under the supervision of an officer empowered in this behalf or duly authorized under Section 50A, with a view to identifying persons involved in the commission of the offence under NDPS Act, 1985.

3.6.4.2 Delay in sending samples to laboratory for chemical test of NDPS

As per guidelines (March 2011) contained in the hand book on NDPS Act and Drug Trafficking[60], a sample of seized NDPS must be sent immediately and not later than 72 hours from the time of seizure to the proper and authorized laboratory as its report is essential for conviction.

Audit noticed in seven test-checked police districts that the samples of NDPS seized in 8,011 out of 10,642 cases (75 *per cent*) during the period 2013-17 were sent to the laboratory with a delay ranging up to 476 days ***(Appendix 3.6)***.

The IGP, PSNCB attributed (August 2017) the reasons for delay in sending samples to availability of only two laboratories in the State prior to November 2015, which used to accept samples only once in a week. It was added that in order to ensure timely acceptance and testing of samples, GOP had established (November 2015) new regional Forensic Science Laboratories at Ludhiana, Bathinda and Amritsar. Despite this Audit observed that there was delay ranging from 23 to 476 days in sending samples to laboratories in seven test-checked police districts during 2013-17, which refuted the contention of the IGP that delays were on account of the laboratories accepting samples only once in a week. Thus, due to time limit prescribed for sending samples to the laboratories not being adhered to delayed the criminal proceedings against the accused.

3.6.4.3 Follow-up of under-trial cases

PSNCB was established (May 2015) with the objective of ensuring that the field units conduct systematic and proper investigation of cases registered under the NDPS Act and present final reports of such cases before competent courts within stipulated period to obviate any default bail. PSNCB was further to ensure that proper follow up of under-trial cases registered under NDPS Act is done by the field units.

Audit observed in seven test-checked districts that during 2013-17, 5,099 accused were convicted and 756 were acquitted by the Courts, of which 532[61] (70 *per cent*) accused were acquitted on the ground that there was difference in the statements of the witnesses. It was further noticed that the witnesses in most of these cases were police officers/officials who were involved in arresting the culprits.

The IGP, PSNCB stated (August 2017) that the investigating officers dealing with cases registered under the provisions of NDPS Act were very well exposed to legal, procedural and all other aspects relating to investigation of these cases by arranging training courses at training schools, from time to time. Besides, every district had law officer to guide the investigating officers

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[60] This hand book has been brought out by the Punjab Police and contains the interpretations of the various provisions from the investigation and prosecution perspective for the agencies working in the field of checking illegal trafficking of narcotic drugs.

[61] (i) Amritsar-Rural (89); (ii) Bathinda (9); (iii) Fazilka (59); (iv) Gurdaspur (34); (v) Hoshiarpur (105); (vi) Jalandhar (188); and (vii) SAS Nagar (48).

regarding legal aspects of investigation. The fact, however, remains that 532 accused were acquitted during 2013-17 mainly due to deficiencies in the testimony statements of the investigating officials. As already pointed out, this was also corroborative of the fact that Punjab Police was not equipped with specialized, dedicated and trained staff to deal with cases under the NDPS Act to ensure that investigation process results in conviction.

3.6.5 Conclusion

Although the State of Punjab is ranked the highest in the country for drug abuse and shares a long international border which makes it particularly vulnerable to illicit drug trafficking in the national and international market, yet the enforcement of the NDPS Act left a lot of scope for improvement. Action and annual plans were not prepared. Adequate surveillance and other modern equipment and narcotic trained sniffer dogs were not available for effective policing. The Department was neither equipped with specialized staff nor did it impart adequate training to the existing police officials to deal with cases under the NDPS Act. As a result, as many as 532 accused were acquitted by the Courts due to deficiencies in testimony statements of police officials. Samples of seized NDPS were sent to the laboratory with a delay of up to 476 days, which in turn delayed the prosecution of the offenders.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

INDUSTRIES AND COMMERCE DEPARTMENT

3.7 Revenue from minor minerals

Government dues of ₹ 35.56 crore and interest of ₹ 12.61 crore thereon were not realised from the contractors of mines and Brick Kiln Owners. Measures for prevention of irregular mining were inadequate as agreements with the contractors were not entered into, returns regarding excavation of minerals were not obtained from the contractors, check posts for checking irregular mining were not set up, vital records were either not maintained or were in poor state, fines of ₹ 18.90 crore imposed for irregular mining were not enforced and meetings of State and District Mineral Foundations were not held at required intervals.

3.7.1 Introduction

As per Mines and Minerals (Development and Regulation) Act, 1957, minor minerals means building stones, gravel, ordinary clay, ordinary sand other than the sand used for prescribed purposes and any other mineral which the Central Government may by notification declare to be a minor mineral. Revenue from minor minerals mainly consists of royalty and various fee prescribed under Schedule C and D to the Punjab Minor Minerals Rules, 2013 (PMMR). The contractors are also required to contribute towards

Environment Management Fund, District Mineral Foundation, environment clearance expenses, fines and penalties, interest on delayed payments, etc.

With a view to assessing the efficiency and effectiveness in levy and collection of receipts from minor minerals, an audit covering the period 2014-17 was conducted (February-April 2017) by test checking the records of the Director Mining, Punjab under the Department of Industries and Commerce (Department) and five[62] out of 22 General Manager-*cum*-Mining Officers (GMs) were selected[63] on the basis of number of irregular cases reported by the Department during the last three years, who were managing 80 mines and 1066 brick kilns.

3.7.2 Audit findings

3.7.2.1 Amounts recoverable from contractors

Rule 4.1 of Punjab Financial Rules Volume I states that, "It is the duty of the Revenue or the Administrative Department concerned, to see that dues of Government are correctly and promptly assessed, collected and paid into the treasury." The rule further states that the Departmental Controlling Officers should see that all sums due to Government are regularly and promptly assessed, realised and duly credited into the treasury.

(i) In the five test-checked districts, an amount of ₹ 28.91 crore was recoverable as on 31 March 2017 from contractors on account of Contract Money, Environment Management Fund (EMF) , contribution towards District Mineral Foundation (DMF), Environment Clearance Expenditure (ECE), short collection of tax at source (TCS) and payment of land compensation as depicted in **Table 3.6** below.

Table 3.6: Details of various dues outstanding against contractors

(₹in crore)

Amount recoverable on account of	Description and Authority	District and number of mines	Amount recoverable as on March 2017	Total (number of mines)
Contract money	Rule 38(4) of PMMR read with paragraph 3 of Form L. For contracts<₹ 10 lakh, payable in advance within 2 days of provisional acceptance of bid in the first year and by 15 April in subsequent years. For contracts>₹ 10 lakh, payable in four quarterly installments.	Amritsar-5	4.89	**19.93 (64)**
		Ferozepur-20	4.07	
		Hoshiarpur-23	6.73	
		Moga-3	3.08	
		SBS Nagar-13	1.16	
Environment Management Fund	Equal to 10 *per cent* of contract money to be utilized for restoration, repair, reclamation and rehabilitation works, etc. of adjoining areas/external damages caused by the mining activities under Rule 70(1) and (2) of PMMR.	Amritsar-5	0.69	**3.50 (62)**
		Ferozepur-17	0.62	
		Hoshiarpur-25	1.52	
		Moga-2	0.34	
		SBS Nagar-13	0.33	

[62] (i) Amritsar (including Tarn Taran); (ii) Ferozepur (including Fazilka); (iii) Hoshiarpur; (iv) Moga; and (v) SBS Nagar.

[63] Selected by adopting Probability Proportional to Size With Replacement Method.

Amount recoverable on account of	Description and Authority	District and number of mines	Amount recoverable as on March 2017	Total (number of mines)
Contribution towards District Mineral Foundation	Equal to one-third of royalty as per notification dated 14.03.2016 of Government of Punjab to be utilized for an aim to check irregular mining in the district and take preventive measures from time to time.	Amritsar-3	0.27	**3.42 (53)**
		Ferozepur-17	0.80	
		Hoshiarpur-16	1.39	
		Moga-4	0.50	
		SBS Nagar-13	0.46	
Environment Clearance Expenditure	Expenses incurred on obtaining environmental clearance by the department to be recovered from the contractor and are to be deposited within 30 days of final approval of contract.	Amritsar-2	0.04	**0.82 (37)**
		Ferozepur-0	0.00	
		Hoshiarpur-32	0.74	
		Moga-2	0.03	
		SBS Nagar-1	0.01	
Short collection of income tax	Two *per cent* of the contract amount is to be collected at source as income tax as per Section 206C of Income Tax Act, 1961.	Amritsar-5	0.14	**0.47 (60)**
		Ferozepur-16	0.12	
		Hoshiarpur-23	0.11	
		Moga-3	0.08	
		SBS Nagar-13	0.02	
Land compensation	As per condition of e-auction notice (June 2011), the contractor shall pay land compensation to the General Manager to be paid to the owner of land wherefrom the minor minerals will be extracted.	Amritsar-1	0.01	**0.77 (9)**
		Ferozepur-7	0.25	
		Hoshiarpur-0	0.00	
		Moga-1	0.51	
		SBS Nagar-0	0.00	
Total				**28.91**

Source: Calculated on the basis of records of the Department

Out of ₹ 28.91 crore recoverable, an amount of ₹ 0.81 crore was pending in nine[64] cases since 01 April 2014, two[65] cases involving an amount of ₹ 4.19 crore was outstanding since cancellation (05 November 2014) of these contracts and ₹ 7.50 crore was pending in 18[66] cases pertaining to the period December 2014 to July 2015.

An analysis by audit of the reasons attributable for accumulation of such huge recoverable amount revealed that in a large number of mining contracts, the agreements had not been entered into, which deprived the Department of any legal remedies for recovering the outstanding amount. It was also observed that except in Hoshiarpur, the Department did not pursue the matter regularly with the defaulters. Basic records like cash books and contractors' ledgers were either not maintained at all or were in a very poor state which compromised the Department's ability to monitor and enforce recoveries.

In respect of recoveries other than on account of land compensation payments, the GM, Amritsar stated (February-March 2017) that two contracts had been cancelled and action was being taken to forfeit the security amount. The reply was not acceptable as the amount of security was much less (₹ 74 lakh) than

64 GM, Amritsar (one), Moga (one) and Ferozepur (seven).
65 Two cases of GM, Amritsar (Wazir Bhullar ₹ 2.05 crore and Gaggrewal ₹ 2.14 crore).
66 18 cases of GM, Hoshiarpur.

recoverable amount (₹ 4.19 crore). The rest of GMs stated (February-March 2017) that efforts were being made to recover the amounts.

As regards recoveries on account of land compensation, it was stated that as per decision taken in a meeting on 10 June 2015, the land compensation was to be paid directly by the contractors to the land owners. The reply was not acceptable as the amount of compensation was outstanding prior to the decision of 10 June 2015 and hence was to be deposited by the contractors with the Department for further payment to the land owners. No action was taken to suspend mining operations of those contractors who had defaulted in payment of compensation though a provision to this effect existed in Clause 29(d) of Form L of PMMR.

(ii) Further, as per condition 3A of Form L of PMMR, interest at the rate of 18 *per cent* was leviable on delayed or non-payment of Government dues by the contractors. The district-wise details of recoverable amount of ₹ 10.10 crore as on 31 March 2017 on account of interest on delayed or non-payment of dues against contractors are depicted in **Table 3.7** below.

Table 3.7: Outstanding interest against contractors as on 31 March 2017

(₹ in crore)

Sr. No.	Name of district	No. of cases	Outstanding against mines' contractors	Interest
1.	Amritsar	5	6.04	3.00
2.	Ferozepur	24	5.86	1.41
3.	Hoshiarpur	34	10.49	4.02
4.	Moga	4	4.54	1.27
5.	SBS Nagar	13	1.98	0.40
	Total	**80**	**28.91**	**10.10**

Source: Calculated on the basis of records of the Department

As shown in the table above, the GMs had neither levied nor recovered (March 2017) interest amounting to ₹ 10.10 crore on delayed receipt of Government dues of ₹ 28.91 crore from the contractors of 80 mines.

The replies of the GMs were same as discussed in the paragraph 3.7.2.1 (i). Although partial action was taken by the GM, Amritsar, however, the replies of the GMs were not acceptable as the Department had neither terminated the contracts nor forfeited the security nor encashed the performance guarantee as provided in paragraphs 17 and 17 A of Form L, thus extending undue financial favour to the contractors despite their continued default in payment of Government dues.

3.7.2.2 Non-realisation of dues from brick kiln owners

Rule 4.1 of Punjab Financial Rules Volume I requires the Revenue or the Administrative Department concerned to ensure that dues of Government are correctly and promptly assessed, collected and paid into the treasury. The rule further states that the Departmental Controlling Officers should see that all sums due to Government are regularly and promptly assessed, realised and duly credited into the treasury.

(i) As per the Schedule 'A' of PMMR, annual royalty[67] is fixed as per category of brick kiln. An amount of ₹ 6.65 crore was recoverable as on 31 March 2017, on account of royalty and EMF from Brick Kiln Owners (BKOs) as depicted in **Table 3.8** below.

Table 3.8: Outstanding dues in respect of BKOs

(₹in crore)

Amount recoverable on account of	Description and Authority	Districts and number of BKOs	Amount recoverable	Total (number of BKOs)
Royalty	Rule 27(1) of PMMR read with condition 11 of Form K (permit for brick earth). Royalty is payable in advance in quarterly installments.	Amritsar-398	3.43	**5.71 (1066)**
		Ferozepur-278	0.98	
		Hoshiarpur-122	0.46	
		Moga-192	0.32	
		SBS Nagar-76	0.52	
EMF	Equal to 10 *per cent* of royalty under Rule 70(1) and (2) of PMMR.	Amritsar-398	0.36	**0.94 (1066)**
		Ferozepur-278	0.24	
		Hoshiarpur-122	0.11	
		Moga-192	0.17	
		SBS Nagar-76	0.06	
		Total	**6.65**	**6.65 (1066)**

Source: Calculated on the basis of records of the Department

Out of the ₹ 5.71 crore recoverable from 1,066 BKOs on account of royalty, 231 BKOs had not deposited even a single quarterly instalment of royalty during 2014-17. As a result, ₹ 3.96 crore[68] were outstanding (March 2017) against these BKOs. The remaining 835 BKOs were not depositing the royalty quarterly in advance and as such, ₹ 1.75 crore[69] were outstanding (March 2017) against them. With regard to the outstanding amount of EMF, audit observed that, though, out of the recoverable amount of ₹ 0.94 crore, EMF had been received in some cases, but due to non-accountal of same in the ledger and non-maintenance of cash book, it could not be linked as to which BKOs had deposited the EMF.

As in the case with the dues from mining activities, audit observed that lack of regular and effective pursuance of the matter by the Department with the BKOs and poor maintenance of basic records like cash books and BKO ledgers and absence of internal control resulted in the non-recovery of Government dues. It was also observed that though the Department was responsible for managing the brick kiln operations, the permits for the same were being issued by the Food and Supplies Department. This created a

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67 Brick kilns category A:manufacturing>20 lakh bricks, category B:manufacturing 16.66-20 lakh bricks, category C:manufacturing 13.33-16.66 lakh bricks, category D:manufacturing 3.66-13.33 lakh bricks per annum.
Royalty for Brick kilns category A:₹ 36,000, category B:₹ 30,000, category C:₹ 24,000, category D:₹ 7,500 per annum.

68 Amritsar (including Tarn Taran)-₹ 2.75 crore, 131 BKOs; (ii) Ferozepur (including Fazilka)-₹ 0.48 crore, 45 BKOs; (iii) Hoshiarpur-₹ 0.27 crore, 18 BKOs; (iv) Moga-₹ 0.14 crore, 15 BKOs; and (v) SBS Nagar-₹ 0.32 crore, 22 BKOs.

69 (i) Amritsar (including Tarn Taran)-₹ 0.68 crore, 267 BKOs; (ii) Ferozepur (including Fazilka)-₹ 0.50 crore, 233 BKOs; (iii) Hoshiarpur-₹ 0.19 crore, 104 BKOs; (iv) Moga-₹ 0.18 crore, 177 BKOs; and (v) SBS Nagar-₹ 0.20 crore, 54 BKOs.

peculiar situation as it compromised the authority of the Department to enforce compliance with various conditions and to enforce recovery of outstanding Government dues by resorting to cancellation of permits or non-renewal of permits of defaulting BKOs.

(ii) Further, as per condition 11 of Form K of PMMR, interest at the rate of 15 *per cent* was leviable on delayed or non-payment of Government dues by BKOs. The district-wise details of recoverable amount of ₹ 2.51 crore, as on 31 March 2017, on account of interest on delayed or non-payment of dues against BKOs are depicted in **Table 3.9** below.

Table 3.9: Outstanding interest against BKOs

(₹ in crore)

Sr. No.	Name of district	No. of cases	Outstanding against BKOs (as per Table 3.8)	Interest
1.	Amritsar	398	3.79	1.69
2.	Ferozepur	278	1.22	0.32
3.	Hoshiarpur	122	0.57	0.20
4.	Moga	192	0.49	0.11
5.	SBS Nagar	76	0.58	0.19
	Total	**1066**	**6.65**	**2.51**

Source: Calculated on the basis of records of the Department

As shown in the above table, the GMs had neither levied nor recovered (March 2017) interest amounting to ₹ 2.51 crore on delayed or non-payment of Government dues of ₹ 6.65 crore from 1,066 BKOs on account of advance quarterly instalments of dues.

The GMs of the concerned districts stated that action would be taken and efforts would be made to recover the amount. The replies of the GMs were not acceptable as despite continued default by the contractors in payment of Government dues, the Department had not cancelled the permits of BKOs as provided in condition 13 of Form K, thus extending undue financial favour to the BKOs.

3.7.2.3 Non-obtaining of Environmental Performance Guarantee

Rule 57 of PMMR stipulates that Environmental Performance Guarantee (EPG), applicable to mines spread over an area of more than two hectares, at the minimum rate of ₹ 15,000 per hectare, was to be furnished by every mine contractor to cover all costs required to be incurred for the complete implementation of the approved Environment Management Plan. Further, as per e-auction notice, it is to be submitted to the competent authority within 30 days of final approval of the mineral concession.

Out of the five test checked GMs, record of four GMs showed that the successful bidders of 38 mines did not furnish (March 2017) EPG amounting to ₹ 78.70 lakh[70], in violation of the above rule. The replies of the GMs were

[70] (i) Amritsar (including Tarn Taran)-₹ 3.95 lakh in two cases; (ii) Hoshiarpur-₹ 64.96 lakh in 32 cases; (iii) Moga-₹ 6.56 lakh in three cases; and (iv) SBS Nagar-₹ 3.23 lakh in one case.

same as discussed in the paragraph 3.7.2.1 (i). Although partial action was taken by the GM, Amritsar, however, the replies of the GMs were not acceptable as the EPG was to be obtained within 30 days of final approval of the mineral concession.

3.7.2.4 Irregular retention of money outside Government account

In none of the five test checked districts, the amount received on account of EMF was being deposited into the treasury, in violation of Rule 70 of PMMR, but was being retained in bank accounts. In three districts, ₹ 1.29 crore[71] received (as of March 2017) on account of EMF was kept in separate savings/current bank accounts (Hoshiarpur-savings account and Amritsar and Ferozepur in current accounts), while in the remaining two districts (Moga and SBS Nagar), amount of EMF was kept in current account along with all receipts viz. contract money, auction and earnest money, etc. In the absence of separate accounting of EMF, the amount of EMF not deposited into treasury could not be ascertained.

The GM, Amritsar did not furnish any reply and the remaining GMs stated (March 2017) that needful would be done.

3.7.3 Inadequate measures for checking irregular mining

The Department is responsible for managing the entire mining operations in the State and is thus also responsible to ensure that no irregular mining takes place under its watch. Audit observed that the controls put in place to prevent irregular mining were inadequate, as discussed in the succeeding paragraphs.

3.7.3.1 Non-execution of agreement

Test check of records of five GMs showed that out of 73 (total 80 *minus* 7 were non-operational) contracts of mines operational during 2014-2017, agreements were not executed in 56 cases[72] (77 *per cent*) and the contractors carried out the mining operations without any agreement in violation of Rule 40 (1) of PMMR. This amounted to irregular mining. However, the GMs had not taken any action as required under the rules.

The reply of the GM, Amritsar was same as discussed in the paragraph 3.7.2.1 (i). The GM, Ferozepur did not furnish any reply, the GM, Hoshiarpur stated (March 2017) that the agreement could not be executed due to writ petition in the Hon'ble High Court. The GM, Moga stated (March 2017) that needful would be done and the GM, SBS Nagar stated (March 2017) that the matter was being pursued effectively, though no details of such pursuance or action were given. The replies also did not justify or explain the reasons for non-execution of agreements.

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[71] (i) Amritsar (including Tarn Taran)-₹ 71.78 lakh; (ii) Ferozepur (including Fazilka)-₹ 0.34 lakh; and (iii) Hoshiarpur-₹ 56.64 lakh.

[72] (i) Amritsar (including Tarn Taran)-five cases; (ii) Ferozepur (including Fazilka)-15 cases; (iii) Hoshiarpur-20 cases; (iv) Moga-three cases; and (v) SBS Nagar-13 cases.

3.7.3.2 Non-receipt of returns on excavation of minerals

In 73[73] mining contracts of the five test checked districts, though the monthly returns in Form N as per Rule 84 of PMMR were not furnished, the Department did not take any action to suspend mining operations as provided under Clause 29 (e) of Form L of PMMR. In the absence of monthly returns, the Department had no means to check the quantity of mineral excavated and possibility of excavation of minor minerals beyond permissible limits prescribed in the contracts could not be ruled out.

The reply of the GM, Amritsar was same as discussed in the paragraph 3.7.2.1 (i). The GM, Ferozepur stated (February 2017) that the point had been noted and action would be taken according to rules. The GM, Moga stated (March 2017) that the returns would be called for from the contractors. The GM, Hoshiarpur stated (March 2017) that letters were written to contractors to furnish the returns and the GM, SBS Nagar stated (March 2017) that efforts would be made. The replies confirm the inaction on the part of the Department to ensure the submission of requisite monthly returns and lack of initiation of necessary action to suspend mining operations in case of default.

3.7.3.3 Outstanding recovery of penalty for irregular extraction of minerals

Though five GMs reported 649 cases of irregular mining of minor minerals as of March 2017 and imposed fines and penalties amounting to ₹ 18.90 crore[74] as required under Rule 75 of PMMR**,** the penalty so imposed had not been recovered (March 2017). The GM, Amritsar stated (April 2017) that efforts were being made to recover the amounts. The GM, Ferozepur (February 2017) stated that matter was being taken up with the District Collector, Ferozepur and Tehsildar to recover royalties for irregular mining and that recovery was not effected due to shortage of field and office staff. The GMs, Moga, Hoshiarpur and SBS Nagar stated (March 2017) that efforts would be made to recover the outstanding amounts.

3.7.3.4 Non-setting up of check posts to check irregular mining

In spite of reporting of a large number of cases of irregular mining (as discussed in paragraph 3.7.3.3), check posts to check transportation and storage of minerals raised without lawful authority were not set up as required under Rule 74 (1) of PMMR, in all the five test checked districts. All five GMs attributed (February-March 2017) non-setting up of check posts to shortage of manpower. It was the responsibility of the Department to check irregular mining and thus had to make suitable manpower available for this purpose. Non-setting up of check posts was also an indication of the cavalier approach in which the matter of irregular mining was being handled by the Department.

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[73] (i) Amritsar (including Tarn Taran)-05; (ii) Ferozepur (including Fazilka)-17; (iii) Hoshiarpur-34; (iv) Moga-04; and (V) SBS Nagar-13.

[74] (i) Amritsar (including Tarn Taran)-₹ 5.12 crore; (ii) Ferozepur (including Fazilka)-₹ 8.55 crore; (iii) Hoshiarpur-₹ 0.83 crore; (iv) Moga-₹ 4.26 crore; and (v) SBS Nagar-₹ 0.14 crore.

3.7.4 Internal control and monitoring

3.7.4.1 Non-maintenance of cash books

In all the five test checked districts, neither any receipt was being issued to the contractors of minor minerals and Brick Kiln Owners on account of receipt of money (royalty, land compensation, interest, Environment/District Management Fund, etc.) deposited by them nor was the cash book maintained, in violation of Rule 2.2 of Punjab Financial Rules Vol-I. In the absence of cash books, reconciliation of amount actually received with those deposited in bank/treasury was not feasible. In reply, all the GMs stated (February-March 2017) that point had been noted for future compliance.

3.7.4.2 Non/improper maintenance of contractors' ledgers

Test check of records of five GMs showed that no contractor ledger was being maintained in respect of contractors of quarries except in Hoshiarpur district where the same was maintained from 2015-16 onwards; however, it was also incomplete as the amounts due on account of DMF and interest on delayed payments were not mentioned. In case of BKOs, ledgers maintained were incomplete as amounts of EMF and interest on outstanding amounts were not mentioned. In the complete absence of or improper maintenance of contractors' ledgers, exact amount due and amounts received from the contractors could not be ascertained. All the five GMs noted (February-March 2017) the point for compliance or stated that needful would be done.

3.7.4.3 Appointment of non-technical officers as mining officer

Of the five test-checked districts, only in one district *viz.* Hoshiarpur, the post of mining officer was filled with a technically qualified person whereas in other four districts, General Managers, District Industries Centres who did not possess the required qualifications[75] as prescribed by the Government, were working as GM-*cum*-Mining officers. The reply of the Director, Mining was awaited (October 2017).

3.7.4.4 Shortfall in meetings

Table 3.10: Details showing shortfall in meetings

Description and Authority	Level	During the period	Meetings required	Meetings Held	Short fall	Percentage of shortfall
Under Rule 66 (A) of PMMR, a State Level Environment Management Cell (SLEMC) was to meet every two months and approved a proforma for obtaining monthly reports from District Level Environment Management Cell (DLEMC) besides initiating steps for conducting Mineral Replenishment Study and Digital Mapping of Mining Sites.	State	2014-16	12	0	12	100
Vide notification dated 14 March 2016, the SLEMC was replaced with State Mineral Foundation (SMF) headed by Director, Mining which was to meet monthly.	State	2016-17	12	1	11	92

[75] For direct recruitment (i) a degree of Master of Science in Geology or a degree of B.Sc. in Mines from recognised university or institution; or (ii) a Diploma in Mining from the Indian Schools of Mines, Dhanbad. For promotion, from Technical Assistant working under the control of the Director, having experience of working as such for a minimum period of five years.

Description and Authority	Level	During the period	Meetings required	Meetings Held	Short fall	Percentage of shortfall
For 2014-16 Under Rule 66 (B) of PMMR, a District Level Environment Management Cell (DLEMC) in each district was to ensure compliance of conditions imposed in the environment clearance and mining plan and to submit the monthly monitoring reports of the quarries in operation to SLEMC in the prescribed Proforma. For 2016-17 Further, vide notification dated 14 March 2016, DLEMCs were substituted by District Mineral Foundation (DMF) headed by Deputy Commissioner to ensure compliance of conditions imposed in the environment clearance and mining plan and to check irregular mining in the district by holding monthly meetings.	Amritsar	2014-16	24	2	22	92
		2016-17	12	2	10	83
	Ferozepur	2014-16	24	0	24	100
		2016-17	12	2	10	83
	Moga	2014-16	24	0	24	100
		2016-17	12	1	11	92
	Hoshiarpur	2014-16	24	0	24	100
		2016-17	12	2	10	83
	SBS Nagar	2014-16	24	3	21	88
		2016-17	12	2	10	83

Source: Calculated on the basis of records of the Department

(a) From **Table 3.10**, it is evident that SLEMC had not met even once during 2014-16 whereas SMF met only once during 2016-17.

(b) In five test checked districts, there was a shortfall of 83 to 100 *per cent* in the number of meetings held during 2014-17.

Thus, shortfall in conducting meetings at state and district level had defeated the objectives of ensuring compliance of environmental conditions and initiation of action against irregular mining.

The GM, Amritsar and SBS Nagar stated (April 2017) that meetings could not be convened due to Vidhan Sabha elections in 2017. The GM, Ferozepur stated (April 2017) that meetings would be conducted monthly. The GM, Moga stated (April 2017) no reasons for shortfall in meetings. The GM, Hoshiarpur did not furnish a reply. The Director, Mining, who is responsible for review of the monthly reports submitted by the districts, also did not furnish any reply (July 2017).

3.7.5 Conclusion

The failure of Director to effectively monitor the activities related to mining resulted in mining being allowed to be carried out in the State without entering into valid legal agreements. Vital records like cash book, contractors' ledgers, which were essential for proper control over the receipt and accountal of Government dues were either not maintained at all or were in very poor state. As a result, Government dues of ₹ 35.56 crore and interest of ₹ 12.61 crore could not be realised from the contractors of mines and brick kiln owners. Measures for prevention of irregular mining were inadequate as agreements with the contractors were not entered into, returns regarding excavation of minerals were not obtained from the contractors, fines of ₹ 18.90 crore imposed for irregular mining were not enforced, check posts for checking of irregular mining were not set up and meetings of State and District Mineral Foundations were not conducted at required intervals.

The matter was referred to Government in July 2017; reply was awaited (November 2017).

3.8 Avoidable payment of interest due to delay in payment of subsidy

Delay in making committed payments of subsidy to industrial units as per the industrial policies of the State even after Court's order led to avoidable payment of interest amounting to ₹ 1.55 crore and additional liability of ₹ six crore.

As per Punjab Financial Rule 2.10 (b) (3), money indisputably payable should not be left unpaid; and all inevitable payments should be liquidated at the earliest possible date.

Audit scrutiny (January 2017) of records in the office of Director, Industries and Commerce, Punjab (Director) revealed that the State Government did not release the sanctioned amount of subsidy/incentive, admissible under various[76] industrial policies of the State Government to 1650 industrial units. Aggrieved by this, 70 industrial units filed 44 Civil Writ Petitions (CWP) in the High Court of Punjab and Haryana for release of subsidy. The Hon'ble Court in its decision (20 May 2011) stated that the State of Punjab had repeatedly admitted its liability to pay the amount of subsidy/incentive to the industrial units and sanctioned the amount but had not released the same on grounds of non-availability of funds and closure of some units in the meantime, etc. The High Court, therefore, directed the State Government to release the amount of subsidy/incentive and other benefits within a period of six months from the date of receipt of certified copy of the judgment, failing which, thereafter the petitioner industries would also be entitled to interest at the rate of six *per cent* per annum on the accrued benefits till the realization of the amount.

The Department filed (December 2011) 37 Letters Patent Appeals (LPA) along with applications for condonation of delay in filing appeals against the order dated 20 May 2011. The delay in filing LPAs ranged between 145 days and 396 days. The Punjab and Haryana High Court, on the request of Additional Advocate General, heard the matter on merits and dismissed the appeals vide its order dated 12 August 2013. The Department filed (12 February 2014) Petitions for Special Leave to Appeal (SLP) in the Supreme Court of India along with applications for condonation of delays[77] in filing SLP. The Supreme Court of India found no merit in these petitions and dismissed (05 September 2014) the same. The Department filed (24 December 2014) Review Petitions along with application for condoning the delay[78] in filing the review petitions which were also dismissed (March 2015) by the Supreme Court of India.

The Department paid (July 2015-May 2016) ₹ 8.17 crore to 62 industrial units on account of principal amount of subsidy along with interest of ₹ 1.55 crore

[76] Industrial Policies of 1978, 1987, 1989, 1992, 1996 and 2003.

[77] 94 days after allowing 90 days' time admissible for filing an SLP from the date of the order i.e. 12 August 2013.

[78] 80 days after allowing 30 days' time admissible for filing a Review Petition from the date of the order i.e. 5 September 2014.

to 52 industrial units for the period 20 May 2011 to 20 May 2015 for delay in payment of subsidy. It was further stated by the Department that payment of subsidy to the remaining 1,580 units amounting to ₹ 116.12 crore (including interest of ₹ six crore) was still pending.

The Department stated (June 2017) that the decision not to disburse subsidy to closed/sold/shifted units was taken in the meetings held on 28 August 2006, 13 November 2007 and 20 February 2009. As regards creation of liability, it was stated by the Department (June 2017) that Finance Department had been requested to allocate ₹ 50 crore in the annual budget for 2017-18. The reply was not acceptable as against the liability of ₹ 116 crore, only ₹ 50 crore was demanded from Finance Department which would further enhance the interest liability.

Audit observed that even in its averments made before the Hon'ble High Court, the Department had admitted its liability to pay the amount of subsidy/incentive to the industrial units and had also sanctioned the amount but had not released it due to non-availability of funds and on the grounds of some units having been closed down. There was also a lack of urgency in pursuing the cases, as at every stage, the Department took a long time in filing appeals, first in the High Court and then in the Supreme Court, which added to the interest liability of the State.

Thus, delay in making committed payments of subsidy to the industrial units as per the Industrial Policies of the State, even after the Court's order, led to an avoidable payment of interest amounting to ₹ 1.55 crore and to the creation of liability of ₹ six crore on account of interest on the outstanding payment of subsidy, besides resulting in wastage of Government's resources in unnecessary litigation which was delayed at each stage.

The matter was referred to the Government in March 2017; reply was awaited (November 2017).

INFORMATION AND PUBLIC RELATIONS DEPARTMENT

3.9 Advertisement and Publicity Campaigns of the Government of Punjab

An expenditure of ₹ 44 crore was incurred by the Director of Information and Public Relations, Punjab on advertisements and publicity campaigns which were not in conformity with the fundamental principles governing expenditure from public funds and the guidelines approved by the Hon'ble Supreme Court. Weak internal controls resulted in lack of assurance on the reasonability and justification for the expenditure incurred.

Under the provisions of advertisement policy of the Punjab Government Director of Information and Public Relations (DIPR) is the nodal agency for issuing advertisements by all departments and agencies of the Government of Punjab (GOP). The DIPR empanels agencies for design, production and release of advertisements/programmes/campaigns on the rates fixed by the Directorate of Advertising and Visual Publicity (DAVP) or Director Public

Relation (DPR). In February 2008, GOP set up 'Punjab State Media Society' under the Societies Registration Act, 1860 to route all the government advertisements through it.

The Hon'ble Supreme Court, in its judgment (May 2015), approved the 'Guidelines on Content Regulation of Government Advertising' with a view to preventing arbitrary use of public funds for advertising without any attendant public interest. The Hon'ble Supreme Court enunciated five principles of content regulation, *viz*. (1) advertising campaigns should be related to government responsibilities, (2) advertisement material should be presented in an objective, fair and accessible manner and should be designed to meet the objectives of the campaign, (3) advertisement materials should be objective and not directed at promoting political interests of ruling party, (4) advertisement campaigns should be justified and undertaken in an efficient and cost-effective manner, and (5) Government advertising must comply with legal requirements and financial regulations and procedures.

In pursuance of the directions of the Hon'ble Supreme Court, the Union Ministry of Information and Broadcasting instructed (May 2015) all Ministries/Agencies to issue suitable directions to take note of all aspects of the judgment for compliance. Subsequently, GOP constituted (November 2016) a five member committee to regulate advertisements in line with the directions of GOI and the Hon'ble Supreme Court. During the year 2015-17, an amount of ₹ 236.73 crore was spent on information and publicity out of which as much as ₹ 184.94 crore (78 *per cent*) was spent in 2016-17, which was also the election year for the State.

An audit of publicity campaigns and advertisements released during 2015-17 was conducted for assessing and evaluating whether these adhered to the guidelines and principles approved by the Hon'ble Supreme Court and Advertisement Policy framed by the Department, by test checking (April and May 2017) the records of the DIPR and all District Public Relation Officers (DPROs), Punjab. The results of this examination are discussed below:

3.9.1 Content of the publicity material

3.9.1.1 Projecting the ruling personalities/parties in advertisements

The guidelines (clause 6 (3)) of the Hon'ble Supreme Court stipulate that government advertisement materials should be objective and should not be directed at promoting political interests of ruling party.

(i) During April 2016 to January 2017, the DIPR, Punjab produced 60 video clips**,** on the social welfare schemes[79] of GOP out of which 27 video clips of duration ranging between 60 seconds and 5 minutes for television telecast at a cost of ₹ 2.12 crore and incurred ₹ 9.64 crore for telecast. These clips were telecast between April 2016 and January 2017 on different television channels. In 20 video clips, the personalities of Shri Parkash Singh Badal (referred to as Badal Saab) and Shri Sukhbir Singh Badal were depicted

[79] Atta Dal Scheme, Cancer treatment scheme, Bhagat Puran Singh BimaYojana etc.

and the social schemes highlighted in the clips were projected to be the personal initiatives of these two political leaders. In seven video clips, the Punjab Government was referred to as 'Badal Sarkar'.

(ii) In order to advertise the achievements/initiatives/policies/welfare schemes of the GOP, the DIPR started advertisement campaign (July 2016 to November 2016) by hiring 50 LED vans through a contract, to cover the rural/urban areas of the State. These vans showed an animated movie[80] which was interspersed with short videos that disseminated information about the schemes/achievements of the Government and four intervals were inserted by editing and re-voicing. In the first and second interval, Punjab Government was referred to as 'Badal Government' and individual personalities of Shri Parkash Singh Badal and Shri Sukhbir Singh Badal were projected. The DIPR incurred an expenditure of ₹ 12.52 crore[81] on the organization of 6,018 shows of the movie.

(iii) Test check of the advertisement vouchers (May 2016-July 2016) of the DIPR revealed that nine display advertisements with the title, 'Achievements of the GOP in the last nine years' and 'Gratitude to Prime Minister' were published in 85 editions (May to July 2016) of different newspapers, referring to the Punjab Government as 'Shiromani Akali Dal and Bhartiya Janata Party Government'. An expenditure of ₹ 66.05 lakh was incurred on these advertisements. Similarly, under the directions of the DIPR office, 14[82] out of 22 DPROs had installed 3,306 hoardings/banners during September 2016 to January 2017 to advertise the achievements/ programmes of the 'Shiromani Akali Dal and Bhartiya Janata Party Government' at a cost of ₹ 20.21 lakh.

(iv) The DIPR released and broadcast 11 audio clips through 234 broadcasts on seven radio stations (September 2016-December 2016) at the cost of ₹ 45.94 lakh for the advertisements of the schemes/programmes/ achievements[83] of the GOP. These audio clips referred to 'Punjab Government' as 'Badal Sarkar'.

Thus, the expenditure of ₹ 25.60 crore was incurred on projecting either the individual personalities of the leaders of the ruling party or the political party which was against the spirit of the guidelines of the Hon'ble Supreme Court.

Department stated (August 2017) that audit observations had been noted for future compliance and projection of the individuals in the advertisements would be avoided in accordance with the Hon'ble Supreme Court Guidelines.

[80] A religious 'Char Sahibzaade' movie provided free of cost by the 'Shiromani Gurudwara Parbandhak Committee'.

[81] ₹ 2.94 crore dated 12-08-16, ₹ 2.34 crore dated 21-09-16, ₹ 2.88 crore dated 18-11-16, ₹ 2.35 crore dated 10-01-17 and ₹ 2.01 crore dated 16-03-17 paid to the contractor.

[82] (i) Barnala; (ii) Bathinda; (iii) Fatehgarh Sahib; (iv) Ferozepur; (v) Kapurthala; (vi) Ludhiana; (vii) Mansa; (viii) Moga; (ix) Mohali; (x) Nawanshahar; (xi) Pathankot; (xii) Patiala; (xiii) Roop Nagar; and (xiv) Sri Muktsar Sahib.

[83] Atta Dal Scheme, Cancer patients facilities, Girls Empowerment scheme, achievements of the Government in last nine years, etc.

3.9.1.2 Inclusion of photographs of Ministers in advertisements

The guidelines (clause 6 (3) (iv)) of the Hon'ble Supreme Court stipulate that government advertisements should avoid photographs of political leaders and if it is felt essential for effective government messaging, only the photographs of the President/Prime Minister or Governor/Chief Minister should be used. Subsequently, the Hon'ble Supreme Court stated on 18 March 2016 in a review petition that in lieu of the photograph of the Chief Minister, the photograph of the departmental (Cabinet) Minister/Minister in charge of the concerned Ministry may be published, if so desired.

The DIPR, Punjab released 71 advertisements which were published in 943 editions of different newspapers during April 2016 to January 2017. These advertisements, highlighting the achievements of schemes/policies/ programmes of the GOP, carried the photographs of the Deputy Chief Minister, Member of Parliament (MP) from one of the constituencies of Punjab and Central Minister and Ministers of the GOP even though none of them held the charge of the concerned ministry or department to which these schemes pertained. As a result, the expenditure of ₹ 7.55 crore incurred on these advertisements was against the guidelines of the Hon'ble Supreme Court. Similarly, 18 DPROs[84] had also printed and installed 6,961 hoardings/banners costing ₹ 29.53 lakh with the photographs of Deputy Chief Minister and other ministers not holding the charge of the concerned ministry. Thus, the expenditure of ₹ 7.85 crore was incurred against the guidelines.

The Department stated (August 2017) that the photographs of the Union Minister were published in advertisements in public interest. Reply was not acceptable since as per the Hon'ble Supreme Court guidelines, the photograph of only the Chief Minister or Minister in charge of the concerned department was allowed to be displayed in advertisements.

3.9.1.3 Use of inappropriate phrase in the advertisements

A key premise of the clause 6 (I) of the guidelines was that publicity and advertisement campaigns must serve specific objectives and the content of

[84] (i) Amritsar; (ii) Barnala; (iii) Bathinda; (iv) Fatehgarh Sahib; (v) Fazilka; (vi) Ferozepur; (vii) Gurdaspur; (viii) Hoshiarpur; (ix) Jalandhar; (x) Kapurthala; (xi) Ludhiana; (xii) Mansa; (xiii) Moga; (xiv) Patiala; (xv) Pathankot; (xvi) Roop Nagar (xvii) Sangrur; and (xviii) Sri Muktsar Sahib.

advertisements should be relevant to the government's constitutional and legal obligations as well as citizen's rights and entitlements.

Audit observed that the DIPR had approved 114 advertisements (August 2016-November 2016) relating to the welfare schemes/programs/policies of the GOP which were published in 1,409 editions of different newspapers at the cost of ₹ 9.79 crore[85] contained the caption *"Punjab Punjabian Da"* (Punjab belongs to Punjabis) in contravention of the guidelines of the Hon'ble Supreme Court. Similarly, out of 22, 18[86] DPROs had also used the same phrase in the 13,669[87] display hoardings/banners on outdoor advertisements (June 2016-December 2016) at the cost of ₹ 46.60 lakh. The phrase used in the advertisements was inappropriate and against the spirit of the guidelines.

The Department stated (August 2017) that it was the policy of the State Government to promote the Punjabi language. It was further explained that no political party had objected to the use of the phrase 'Punjab Punjabian Da' or filed a suit in the Court/Election Commission against the Government. The reply was not acceptable since the Hon'ble Supreme Court guidelines stipulated that the content of advertisements should be relevant to the Government's constitutional and legal obligations as well as citizen's rights and entitlements.

3.9.2 Effectiveness of the advertisements

(i) As laid down in the guidelines of the Hon'ble Supreme Court (clause 6 (4) (a)), it should be the policy of Governments to use public funds in such a manner so as to obtain maximum value for tax payer's money.

While releasing advertisements for broadcast/telecast on radio and television channels under different advertisement campaigns from June 2016 to December 2016, the DIPR prescribed schedule in the release orders that the audio clips should be broadcast between 7 AM to 11 AM and 5 PM to 10 PM and video clips should be telecast between 6 AM to 11 PM. Audit noticed from the broadcast details of a radio station[88] that 181 audio advertisements were broadcast between 11:01 AM to 12:59 PM and 88 audio advertisements were broadcast from 10:02 PM to 12:24 AM from June 2016 to December 2016, costing ₹ 0.91 lakh. This resulted in broadcast of 269 clips beyond the scheduled time prescribed by the DIPR, though the total number of broadcast per day was kept as mentioned in the release orders. Similarly, a television channel[89] had also telecast 16 advertisements before the scheduled time (1:39 AM to 5:59 AM) and seven advertisements after the scheduled time

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85 47 advertisements having 494 editions costing ₹ 3.67 crore (out of ₹ 9.79 crore) is included in expenditure of ₹ 7.85 crore in paragraph 3.9.1.2.

86 (i) Amritsar; (ii) Barnala; (iii) Bathinda; (iv) Fazilka; (v) Ferozepur; (vi) Gurdaspur; (vii) Hoshiarpur; (viii) Jalandhar; (ix) Kapurthala; (x) Ludhiana; (xi) Mansa; (xii) Moga (xiii) Muktsar; (xiv) SBS Nagar; (xv) Patiala; (xvi) Pathankot; (xvii) Roop Nagar; and (xviii) Sangrur.

87 4013 hoarding/banners costing ₹ 17.25 lakh (out of ₹ 46.60 lakh) is included in expenditure of ₹ 7.85 crore in paragraph 3.9.1.2.

88 'Desh Bhagat Radio' station.

89 'Living India' television channel.

(11:01 PM to 12:25 Mid night), on which an amount of ₹ 0.57 lakh was spent. Due to non-adherence to the prescribed schedule for broadcasting/telecasting of advertisements, reduction in their impact and hence in their cost effectiveness could not be ruled out.

(ii) Test check of payment vouchers of the DIPR for the year 2016-17 revealed that certificates or broadcast details of the advertisements were not given by a Radio station[90] along with invoices. The payment of ₹ 13.79 lakh was made by the DIPR on the basis of list of broadcast programmes without the details/certificate. In the absence of proper certificate of same, it could not be ascertained whether the advertisements had actually been broadcast.

The Department stated (October 2017) that instructions have been issued to all the concerned radio stations and television channels to follow the time schedule specified by the DIPR.

3.9.3 Approvals for the design and content of hoardings and banners

(i) The work of printing and installation of hoardings and banners was got done from July 2016 to January 2017 by the DPROs in all the districts, under the direction of the DIPR, to advertise the achievements, policies and developmental works of the State Government. On being enquired about the procedure for approval of designs of hoardings and banners, the Department replied that the soft copy of the design of advertisement was sent to the Chief Minister, Deputy Chief Minister or the Minister concerned. After the verbal consent of Chief Minister, Deputy Chief Minister or the Minister concerned, the design was directly sent to all DPROs through e-mail or WhatsApp for printing and installation without any further approvals on paper. No approval of design was found on records produced to audit. The absence of policy/manual/guidelines for approval of designs and record thereof compromised internal control regarding payment of charges for the printing and installation of hoardings and banners. As a result, the authenticity of design and authorization of payment made by the DPROs of ₹ 2.43 crore made for printing and installation of 41,819 hoardings and banners could not be ascertained in audit.

(ii) Test check of records revealed that out of 22, nine DPROs[91] made payment of ₹ 1.24 crore relating to 22,771 hoardings/banners printing and installation to the various agencies during July 2016-January 2017 without any certificate of verification of approved design and actual installation of the banners and hoardings.

The Department stated (August 2017) that it was difficult to maintain approval files for design of each hoarding and banner. However, it agreed that there was a need to build internal controls to ensure that payments were released after ensuring that hoardings and banners were actually installed in accordance with the approved design, numbers and at requisite places.

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[90] Avtar Radio Station, Jalandhar.

[91] (i) Barnala; (ii) Bathinda; (iii) Fazilka; (iv) Ferozepur; (v) Kapurthala; (vi) Ludhiana (vii) Moga; (viii) SAS Nagar; and (ix) Sri Muktsar Sahib.

3.9.4 Non-deduction of tax at source

Under Section 194C of Income Tax Act, 1961, if payments of more than ₹ 30,000 are made to the contractors or sub-contractors for carrying out any work of Central Government/State Government/local Authority/Company, tax at the rate of 20 *per cent* is to be deducted at source (TDS) from each payment if firm/individual is not able to provide the Permanent Account Number (PAN). On production of PAN, TDS would be deducted at the rate of two *per cent* and one *per cent* from the firms and individual respectively.

Out of 22, 18[92] DPROs had not deducted tax at source in 65 bills of ₹ 1.61 crore from various contractors/firms. This resulted in a loss of ₹ 32.20 lakh to the Government exchequer.

The Department stated (October 2017) that the instructions had been issued to all the DPROs to deduct the due tax from the pending payments of the agencies.

3.9.5 Setting up of PUNMEDIA Society

Punjab State Media Society (PUNMEDIA) was established in February 2008 with various objectives[93]. As per the decision (August 2010) of the Punjab Government, advertisements of all departments were to be issued through PUNMEDIA and budgetary allocation of the DIPR Punjab in this regard was to be passed on to PUNMEDIA. The commission/facilitation charges (15 *per cent*) earned on the display advertisements published in vernacular newspapers would be retained by PUNMEDIA.

PUNMEDIA undertakes work of editing and publishing of two[94] magazines. As per decision (August 2010) of GOP, ₹ two crore and ₹ 9.09 crore were released by the DIPR during 2015-17 to PUNMEDIA as grant-in-aid and commission/ facilitation charges respectively as detailed in **Table 3.11** below.

Table 3.11: Details of receipts and expenditure of PUNMEDIA

(₹in crore)

Year	Grant-in-Aid	Commission	Total Receipt	Expenditure (percentage)	Balance
2015-16	1.00	1.90	2.90	1.96	0.94
2016-17	1.00	7.38	8.38	2.46	5.92
Total	**2.00**	**9.28**	**11.28**	**4.42 (39)**	**6.86 (61)**

Source: Information submitted by PUNMEDIA

92 (i) Amritsar; (ii) Barnala; (iii) Bathinda; (iv) Fazilka; (v) Ferozepur; (vi) Gurdaspur; (vii) Hoshiarpur; (viii) Jalandhar; (ix) Kapurthala; (x) Ludhiana; (xi) Mansa; (xii) Moga; (xiii) Pathankot; (xiv) Patiala; (xv) Roop Nagar; (xvi) Sangrur; (xvii) Sri Muktsar Sahib; and (xviii) Tarn Taran.

93 (i) To implement and carry out in a professional, creative technology driven manner, various activities related to various programmes of the DIPR; (ii) to assess creative, professionals and technical skills available in the media and communication sector and emerging new technologies in this field for improving the professional skills in the department and also the quality of message; (iii) to upgrade the professional skill of the department through training and orientation programmes; (iv) to carry out all activities incidental to all related to the above objects; the business of advertising agents and contractors; (v) to undertake any project, programme or activity which may be calculated to enhance the business of the Society; and (vi) to carry on the business of TV, internet, radio and wireless sets and its repair leasing business.

94 'Vikas Jagriti' (Hindi and Punjabi) and 'Punjab Advance'.

The above table showed that PUNMEDIA had spent only ₹ 4.42 crore (39 *per cent*) during 2015-17 out of ₹ 11.28 crore and an amount of ₹ 6.86 crore[95] (61 *per cent*) remained unutilized as of 31 March 2017.

Department stated (August 2017) that un-utilized money would be utilized. Reply was not acceptable as facilitation charges collected on display advertisements should be treated as Government revenue and deposited in the Government treasury since the expenditure on putting out advertisements was being met out of Government Budget.

The matter was referred to Government in July 2017; reply was awaited (November 2017).

IRRIGATION AND FINANCE DEPARTMENTS

3.10 Avoidable payment of interest due to delay in contractual payments to the contractor

Due to commencement of work during on-going inter-state dispute between Punjab and Jammu and Kashmir, funding required for settling the contractor's bills was stopped. As a result, the Department had to make an avoidable payment of interest of ₹ 2.17 crore to the contractor on account of delayed payments.

With a view to enhance their irrigation and power potential, states of Punjab and Jammu and Kashmir (J&K) signed an agreement (January 1979) to build two projects on river Ravi viz. Ranjit Sagar Dam (RSD) and Shahpur Kandi Dam (SPK), with both states providing land for the same. SPK was to be built downstream to RSD, it being the balancing reservoir for RSD and was to be synchronized with the construction of RSD. As per the agreement, construction and management of the projects was the responsibility of Punjab. Though RSD was completed in March 2001, Government of Punjab (GOP) failed to complete SPK due to paucity of funds, despite starting its construction by the Department of Irrigation, GOP in May 1999. To revive the project, SPK dam was declared National Project (February 2008)[96] and this led to restart of construction of SPK dam in February 2013. Meanwhile, GOP enacted the Punjab Termination of Agreements Act, 2004 which provided for terminating and discharging the GOP from its obligations under all previous agreements relating to the waters of the rivers Ravi and Beas. Passage of this act along with huge delay in construction of SPK by GOP and certain structural alterations by GOP in the original design of SPK led to reservations from J&K regarding sharing of water as envisaged in original agreement. This inter-state dispute finally led to stoppage of work in August 2014.

Test check of records (October 2016) of the Financial Advisor & Chief Accounts Officer, SPK Dam Project, Shahpurkandi (FA & CAO), showed that the Executive Engineer, SPK Dam Division No. IV awarded (February 2013-

95 ₹ 92 lakh was as opening balance as on 01 April 2015.

96 Under which the Government of India provides 90 *per cent* of the cost of the irrigation component (28.61 *per cent* of project cost) and the funds for other component *viz.* power component (71.39 *per cent* of project cost) are to be provided by Punjab State Power Corporation Limited.

March 2015) three works for a total cost of ₹ 110.01 crore[97] to a contractor, though the inter-state dispute had not been resolved yet. These works pertained to power component[98] being funded by Punjab State Power Corporation Limited (PSPCL) who in turn had tied up a loan for this purpose from Rural Electrification Corporation (REC). The sanction of loan by REC was subject to a pre disbursement stipulation that all pending issues with the J&K State would be resolved. However, this condition was relaxed and first disbursement of the loan was started in July 2014 with the condition that the pending issues with the J&K State would be resolved within six months i.e. up to 29 January 2015 which was further extended up to 29 May 2015. As the dispute was not settled, the flow of funds for the project was stopped (May 2015).

Clause 43 of the standard agreement with the contractor provides that if the employer makes a late payment, the contractor shall be paid interest on the late payment at the time of the next payment and interest shall be calculated from the date by which the payment should have been made up to the date when the late payment is made at 6 *per cent* per annum if any payment is delayed beyond a period of 90 days. It was noticed that payments of running bills of the contractor were delayed by periods ranging between 101 and 630 days beyond their due date. As a result of delay in payments, the Department had to pay (February 2017) an amount of ₹ 2.17 crore[99] as interest during 09 January 2014 to 15 February 2017 to the contractor.

The FA & CAO stated (October 2016) that the payments were not made to the contractor within the scheduled time due to non-receipt of funds. The Chief Engineer stated (July 2017) that J&K authorities had stopped the work in their territory and all out efforts were made to resume the work without success. It was also stated that the payments were being made on receipt of funds from PSPCL up to date of relaxation (29 May 2015). The reply was not acceptable as the dispute was in the knowledge of the Department since May 2012 i.e. well before the award of the works.

Thus, due to award and commencement of works without ensuring settlement of inter-state dispute eventually resulted in stoppage of works and consequent

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[97] (i) Construction of Shahpurkandi Hydel Channel from RD 41.825 M to RD 3172 M with concrete lining on item rate basis for ₹ 53.71 crore with time limit of 30 months from the date of start; (ii) Construction of Shahpurkandi Hydel Channel from RD 3936 M to RD 6283 M with concrete lining on item rate basis for ₹ 36.04 crore with time limit of 30 months from the date of start; and (iii) Construction of bridges, approaches and their allied works on EPC mode at RD 920 M, RD 2000 M, RD 4760 M and RD 5698 M of Shahpurkandi Hydel Channel for ₹ 20.26 crore with time limit of 24 months from the date of start.

[98] Having two components *viz.* (i) Irrigation; and (ii) Power.

[99] (i) Construction of Shahpurkandi Hydel Channel from RD 41.825 M to RD 3172 M with concrete lining on item rate basis: ₹ 1.28 crore for the period 09.09.2014 to 15.02.2017; (ii) Construction of Shahpurkandi Hydel Channel from RD 3936 M to RD 6283 M with concrete lining on item rate basis: ₹ 0.80 crore for the period 09.01.2014 to 15.02.2017 and (iii) Construction of bridges, approaches and their allied works on EPC mode at RD 920 M, 2000 M, RD 4760 M and RD 5698 M of Shahpurkandi Hydel Channel: ₹ 0.09 crore for the period 19.05.2016 to 15.02.2017.

freezing of funding required for settling the contractor's bills. As a result, the Department had to make an avoidable interest payment of ₹ 2.17 crore.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

LOCAL GOVERNMENT AND WATER SUPPLY AND SANITATION DEPARTMENTS

3.11 Construction of toilets under Swachh Bharat Mission

The State Swachh Bharat Mission was not set-up as was required as per guidelines. Shortfall in achievement of targets was noticed as Individual House Hold Latrine (IHHL) for 94,353 households and 1,146 Community toilets/Public toilets under Swachh Bharat Mission (Urban) and IHHL for 2,14,647 households under Swachh Bharat Mission (Gramin) in the State were yet to be constructed despite availability of funds.

3.11.1 Introduction

Government of India (GOI), Ministry of Urban Development and Ministry of Drinking Water and Sanitation launched (October 2014) the Swachh Bharat Mission (Urban) (SBM-U) and Swachh Bharat Mission (Gramin) (SBM-G) with the objective of eliminating, open defecation and manual scavenging by 02 October 2019 and to generate awareness about sanitation and its linkage with public health in the State of Punjab. Under SBM (G), Punjab has taken up Mission Swachh Punjab to make rural Punjab Open Defecation Free (ODF) by 31 December 2017 whereas the target date under SBM (U) continues to be 02 October 2019. Punjab Municipal Infrastructure Development Company (PMIDC) and Water Supply and Sanitation Department (WSSD) are the nodal agencies for SBM-U and SBM-G respectively.

To assess the efficiency and effectiveness of implementation of the SBM (U), an audit was conducted (December 2016-May 2017) by test check of records for the period 2014-17 maintained by PMIDC and 11[100] out of 164 ULBs selected by adopting Probability Proportional to Size without Replacement (PPSWOR) method, covering three components i.e (i) Household Toilets; (ii) Community Toilets; and (iii) Public Toilets. Similarly, under SBM(G), an audit was conducted by test check of records for the period 2014-17 of the office of the Director Sanitation, WSSD, Government of Punjab (GOP) and six[101] out of 22 districts selected by adopting PPSWOR method, covering two components i.e. (i) Individual Households Latrines; and (ii) Community Sanitary Complexes. Besides, 141 out of 12,012 beneficiaries of SBM (U) and 375 out of 48,912 beneficiaries of SBM (G) were selected by adopting Simple Random Sampling Method for physical verification which was carried out alongwith representatives of ULBs and WSSD respectively.

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[100] Municipal Corporations: (i) Amritsar; (ii) Bathinda; Municipal/Town Councils: (iii) Chauke;(iv) Fatehgarh Churian; (v)Mandi Gobindgarh; (vi) Kharar; (vii) Lohiankhas; (viii) Moonak; (ix) Nihal Singh Wala; (x) Rayya; and (xi) Zirakpur.

[101] (i) Fatehgarh Sahib; (ii) Gurdaspur; (iii) Pathankor; (iv) Patiala; (v) SAS Nagar; and (vi) Sri Muktsar Sahib.

Audit findings

3.11.2 Planning

3.11.2.1 Lack of mechanism for coordination

According to paragraph 7.3.1 of SBM (G) guidelines, State Swachh Bharat Mission (Gramin) (SSBM) was to be set up as a registered society at the State level for achieving co-ordination and convergence among State Departments. Further, paragraphs 10.1 to 10.3 provide that corporate houses were to be encouraged to participate in SBM (G) as an essential part of their Corporate Social Responsibility (CSR).

Scrutiny of records of Director Sanitation, Punjab (DSP) revealed that SSBM had not been set up in the State under the provision of guidelines. As a result, the State lacked a formal mechanism to ensure co-ordination between different departments. Further, a dedicated person was neither appointed at the state level nor at the district level to identify CSR projects to construct IHHL/community toilets, etc. as required under guidelines. However, in district Ludhiana, Bharti Foundation Airtel had constructed 17,628 Individual Household Latrines (IHHL) and 14 school toilets under CSR.

The Department stated (October 2017) that State Water and Sanitation Mission (SWSM) had been duly constituted through Government notification for doing all the work related to SBM (G) and there was no need to register it as a society. It further added that various corporate houses had now been involved in the programme under CSR. Moreover, the availability of funds under CSR was limited. The reply of the Department was not acceptable as the guidelines (paragraph 7.3) clearly provide that the SSBM was to be constituted separately. Besides, the SWSM was established for implementation of a world bank project[102].

3.11.3 Financial management

3.11.3.1 Funding pattern–SBM (U)

As per SBM (U) guidelines, GOI and Government of Punjab (GOP) were to provide funds in the ratio of 75:25. Accordingly, an incentive of ₹ 5,333 (₹ 4,000: GOI share and ₹ 1,333: GOP share) to each beneficiary was payable in two installments of ₹ 2,000 and ₹ 3,333 each. The second installment was to be released to the beneficiaries who had been verified to have physically completed the work with photographic evidence uploaded on the SBM Portal.

The position of budget allotment and expenditure during 2014-17 is given in **Table 3.12** below.

102 World Bank assistance project was started in 2015 for water supply schemes and other components.

Table 3.12: Budget allotment and funds released by PMIDC

(₹in crore)

Year	Opening balance	Central share	State share	Total (3+4)	Funds released	Savings(+) /Excess (-) (5-(6+2))
1	**2**	**3**	**4**	**5**	**6**	**7**
2014-15	-	-	-	-	-	-
2015-16	-	13.00	-	13.00	14.45	(-) 1.45[103]
2016-17	(-) 1.45	15.00	9.33	24.33	3.79	19.09
Total		**28.00**	**9.33**	**37.33**	**18.24**	

Source: Departmental Data

Against the available funds of ₹ 37.33 crore in respect of SBM (U), only ₹ 18.24 crore (49 *per cent*) were released by PMIDC to 163 ULBs.

In reply, PMIDC stated (January 2017) that the funds were not released because the ULBs had not demanded the same and evidence of construction of toilets was also not uploaded on SBM portal.

3.11.3.2 Non-release of financial incentive by PMIDC

The examination of records of PMIDC and 11 test-checked ULBs showed the following shortcomings:-

(i) PMIDC released ₹ 18.24 crore to 91,224 beneficiaries at the rate of ₹ 2000 each as 1st instalment out of central assistance between July 2015 and August 2016 to 163 ULBs. Out of 11 selected ULBs in 3 ULBs 1st installment of ₹ 2,000 each to 382 beneficiaries amounting to ₹ 7.64 lakh were not released even after a delay ranging between 670 and 802 days as of September 2017. This was in contravention of paragraph 4.4.2 of SBM (U) guidelines which provides that ULB shall verify each application before release of any incentives, verification of the application should be completed within seven working days of its submission of application by the beneficiary.

The concerned ULBs stated (January-May 2017) that funds were lying unspent due to furnishing of incorrect details such as bank account number/IFSC code by the beneficiaries. The reply of the ULBs should be seen in view of the fact that it was the responsibility of the ULBs concerned to disburse the incentive to the beneficiaries as per guidelines (Clause 4.3.1-IV). On enquiry about the efforts made by them to contact these deprived beneficiaries, the ULBs did not respond.

(ii) Audit examination of records of PMIDC showed (May 2017) that 18,671 out of 20,375 beneficiaries across the State who had completed the construction of IHHL as of May 2017 were denied the benefit of second instalment (₹ 3,333 each) of ₹ 6.22 crore. In selected districts, 6,486 beneficiaries were denied the said benefit of ₹ 2.16 crore.

[103] ₹ 1.45 crore were released out of funds of solid waste management component for SBM (U).

The PMIDC attributed (May 2017 and September 2017) non-release of funds to failure of the ULBs to upload requisite data on the SBM portal. It further stated that second installment to 1,704 beneficiaries of ₹ 3,333 each amounting to ₹ 56.79 lakh had been released to 12 ULBs who had uploaded the data and demanded second installment. However, audit noticed that though two out of eleven selected ULBs (Kharar and Fatehgarh Churian) had uploaded the pictures of all the 62 constructed IHHL[104] on the portal, yet the second installment had not been released (September 2017) to these ULBs.

(iii) Instructions were issued by PMIDC (October 2015) that a separate account would be opened by the ULB for SBM (U) and funds received under this scheme were to be maintained separately. Out of selected 11 ULBs, M.C Amritsar received an amount of ₹ 1.64 crore from the PMIDC, but neither separate cash book nor separate bank account was maintained for the funds received under SBM (U) for construction of IHHL, which was in contravention of the instruction issued by PMIDC (October 2015). The lack of this basic internal control increased the risk of diversion of funds.

The concerned ULB stated (February 2017) that the detailed reply would be furnished shortly. No reply was received (December 2017).

3.11.3.3 Issuance of incorrect utilization certificates by PMIDC

Under IHHL component, GOI released ₹ 13 crore in March 2015 to State Government who further released the same to PMIDC. It was observed that utilization certificate (UC) furnished (February 2016) by PMIDC to GOI for ₹ 13 crore was on the basis of funds released to ULBs whereas ₹ 1.27 crore were still lying with the ULBs (September 2017).

The PMIDC stated (January 2017) that the UC was submitted to GOI after the funds were transferred to ULBs. The reply was not tenable as the UC was to be issued as per actual expenditure incurred by the ULBs.

3.11.3.4 Funding pattern-SBM (G)

As per guidelines, an amount of ₹ 12,000 (₹ 9,000 by GOI, ₹ 3,000 by State Government) was to be given to the selected beneficiaries under SBM (G). However, the State Government was free to spend additional funds. State Government had provided incentive of ₹ 15,000 to each beneficiary. The budget allotment and expenditure during the period 2014-17 under SBM (G) is given in **Table 3.13** below.

[104] (i) Fatehgarh Churian:52; and (ii) Kharar:10.

Table 3.13: Budget allotment and expenditure (SBM (G))

(₹ in crore)

Year	Opening Balance		Funds received				Total	Expenditure		Total	Closing Balance	
			CS	SS	Interest			CS	SS			
	CS	SS			CS	SS					CS	SS
2014-15[105]	12.24	8.59	0	0	0.69	0.01	21.53	7.34	2.08	9.42	4.69[106]	7.42
2015-16	5.54	6.57	38.70	53.60	0.27	0.25	104.93	59.61	40.93	100.54	-15.10	19.49
2016-17	-15.10	19.49	197.02	141.88	0	0	343.29	163.70	161.37	325.08	18.22	0
Total			**235.72**	**195.48**	**0.96**	**0.26**	**469.75**	**230.65**	**204.38**	**435.04**		

Source: Utilisation certificates submitted to GOI

The above table shows that during the year 2015-16, against the total central funds of ₹ 44.51 crore (opening balance ₹ 5.54 crore + ₹ 38.70 crore received from GOI and ₹ 0.27 crore interest), ₹ 59.61 crore were spent on the scheme which resulted in excess expenditure of ₹ 15.10 crore from CS which was met out of the funds available for world bank project. In spite of this, the targets were not achieved fully, as discussed in paragraph 3.11.4.3.

3.11.3.5 Diversion of funds-SBM (G)

As per provision of sanctions issued (October 2015 to August 2016) by GOI, all funds were to be utilized for the purpose for which it was being released and no part of it shall be diverted for use under any other purpose.

Executive Engineers, Water Supply and Sanitation Division, (EE, WSSD), Fatehgarh Sahib diverted (May 2016) ₹ 9.59 lakh to make payment for construction of IHHL (₹ 9.59 lakh) under NABARD-XVI work, in contravention of the guidelines of SBM (G).

The Department stated (October 2017) that due to shortage of funds, the payment was made to the contractor temporarily utilizing the funds available under SBM (G) to comply with the orders of the court. The reply was not acceptable as diversion of funds was prohibited under the sanction.

3.11.3.6 Non-creation of revolving funds-SBM (G)

As per paragraph 5.6 of SBM (G) guidelines, a revolving fund was to be created by State Government out of SBM (G) funds at the district level to be given to societies, self help groups or other groups as decided by the State to be accessed by Above Poverty Line (APL) households not covered under incentive under the guidelines.

Scrutiny of records of selected districts revealed that neither the revolving fund was created nor any proposal for creation of revolving fund was included in the five year plan.

The Department stated (October 2017) that no revolving fund had been created in the districts and nor was it needed. The reply was not acceptable as

[105] Opening balance for the year 2014-15 was unspent balances lying with the State under Total Sanitation Campaign/Nirmal Bharat Abhiyan.

[106] Difference in CB/OB for ₹ 0.85 crore was due to transfer of funds from Central Share to State Share which was refunded and included in OB of 2015-16.

the revolving fund was required to be created as per provision of guidelines *ibid*.

3.11.4 Implementation

3.11.4.1 Money not-spent on public awareness in SBM (U)

An amount of ₹ 5.76 crore (GOI:₹ 4.32 crore and GOP:₹ 1.44 crore) was received by PMIDC during March 2016 and December 2016 under Information, Education and Communication (IEC) component of SBM (U). Under this component, the key strategy was to bring about behaviour change and ensure that sanitation as an issue was mainstreamed with general public at large. It was to cover issues of Open Defecation, prevention of manual scavenging, hygiene practices, proper use and maintenance of toilet facilities, etc.

During test check of records of eleven selected ULBs, it was noticed that funds amounting to ₹ 71.69 lakh were released by PMIDC to nine ULBs[107] for IEC and public awareness, out of which an expenditure of ₹ 17.23 lakh (24 *per cent*) only was incurred as of March 2017. No funds were released to two ULBs[108] (March 2017). This showed that efforts made by the Department to undertake a public awareness campaign on sanitation and establishing its link to public health were not adequate.

The PMIDC stated (August 2017) that the mission period would be over by 02 October 2019, and thus, the objective of public awareness already initiated would be achieved in due course. The reply was not acceptable because creating public awareness is crucial for the success of the scheme. Awareness camps should have been conducted prior to release of incentive to the beneficiaries, which would have resulted in better achievement of targets.

3.11.4.2 Non-creation of District Swachh Bharat Mission (G)

As per paragraph 7.4.1, District Swachh Bharat Mission (DSBM) was to be formed at the district level. This may be done by making suitable changes in the existing District Water and Sanitation Mission/Committee (DWSM/C). It was envisaged that the line departments[109] would play a catalytic role in implementation of the programme.

Scrutiny of records of Director Sanitation revealed that the requisite DSBM was not established. The role of DSBM was to involve all the concerned departments like Education, Women and Child Development, Rural Development, etc. at the planning stage and co-ordinate their efforts in achieving the objectives of SBM (G). As per information collected

[107] (i) Amritsar:₹ 45.29 lakh; (ii) Bathinda:₹ 11.43 lakh; (iii) Kharar:₹ 3.72 lakh; (iv) Zirakpur:₹ 4.78 lakh;(v) Mandi Gobindgarh:₹ 3.66 lakh; (vi) Fatehgarh Churian: ₹ 0.65 lakh; (vii) Rayya:₹ 0.73 lakh; (viii) Lohia Khas:₹ 0.52 lakh; and (ix) Moonak: ₹ 0.91 lakh.

[108] (i) Chauke; and (ii) Nihal Singh Wala.

[109] (i) Education; (ii) Women and Child Development; (iii) Rural Development Department, etc.

(May 2017) from Women and Child Development Department (WCDD), toilet facility was not available in 11,622 out of 26,656 Anganwadi centres. Thus, due to the absence of DSBM, a co-ordinating mechanism at the district level to build synergy between the efforts of different Departments was lacking.

The Department stated (October 2017) that District Water and Sanitation Committees (DWSC) had been constituted in every district and officers of Women and Child Development Department (WCDD) were its members. The reply was not acceptable as the requisite DSBM was not established. Further, in the notification regarding DWSC, the WCDD was not included as a member.

3.11.4.3 Short achievement of targets

Paragraph 4.3.3 of SBM (U) guidelines provides that the States and ULBs must ensure that the maximum number of beneficiaries for individual household toilets is limited to the numbers indicated in the census of India 2011 for each town who did not have access to toilets and defecate in open. GOI, while making (July 2016) revision/modification to the SBM guidelines, gave the State High Powered Committees the flexibility to re-determine the targets for IHHLs subject to state-wise availability of funds.

The PMIDC fixed the target of construction of 1,38,010 IHHL upto 02 October 2019 (i.e. mission period) against 1,96,654 beneficiaries as per census of India 2011. Out of this, the target of construction of 1,13,318 IHHLs was fixed for the period 2015-17.

Water Supply and Sanitation Department fixed target of SBM (G) of construction of 7,92,542 IHHL by 31 December 2017. Out of this, the target of construction of 3,99,851 IHHLs was fixed for the period 2015-17.

The status of construction of IHHLs under SBM (U) and SBM (G) against the targets fixed is given in **Table 3.14 to 3.17** below.

Table 3.14: Detail of target and achievement of SBM (U) during 2015-17

Year	IHHL under SBM (U)			Community &Public Toilets under SBM (U)		
	Target	Achievement	Shortfall (Percentage)	Target	Achievement	Shortfall (Percentage)
2014-15						
2015-16	47216	-	47216 (100)	1146	-	1146 (100)
2016-17	66102	18965	47137 (71)	1146	-	1146 (100)
Total	**113318**	**18965**	**94353 (83)**	**1146**	**-**	**1146 (100)**

Source: Departmental record

Table 3.15: Detail of target and achievement of selected ULBs during 2015-17

Sr. No.	Name of selected ULB	Target	Achievement	Shortfall (Percentage)
1	Municipal Corporation, Amritsar	7780	5943	1837 (24)
2	Municipal Corporation, Bathinda	1501	89	1412 (94)
3	Nagar Panchayat, Chauke	964	410	554 (57)
4	Municipal Council, Kharar	139	10	129 (93)
5	Municipal Council, Zirakpur	95	72	23 (24)
6	Municipal Council, Mandi Gobindgarh	87	9	78 (90)

Sr. No.	Name of selected ULB	Target	Achievement	Shortfall (Percentage)
7	Municipal Council, Fatehgarh Churian	392	52	340 (87)
8	Nagar Panchayat, Rayya	215	55	160 (74)
9	Nagar Panchayat, Lohiakhas	137	3	134 (98)
10	Nagar Panchayat, Moonak	454	196	258 (57)
11	Nagar Panchayat, Nihal Singh Wala	248	4	244 (98)
	Total	**12012**	**6843**	

Source: Departmental Data

Table 3.16: Details of target and achievement of SBM (G) during 2014-17

Year	IHHL under (SBM-G)		
	Target	**Achievement**	**Shortfall (Percentage)**
2014-15	Nil	9887	(+) 9887
2015-16	165002	71309	(-) 93693 (57)
2016-17	234849	104008	(-) 130841(56)
Total	**399851**	**185204**	**214647**

Source: Departmental record

Table 3.17: Details of targets and achievements of construction of IHHL (SBM-G) in selected districts

District	2014-15			2015-16			2016-17		
	Target	**Achieve-ment**	**Shortfall (percentage)**	**Target**	**Achieve-ment**	**Shortfall (Percentage)**	**Target**	**Achieve-ment**	**Shortfall (Percentage)**
Fatehgarh Sahib	1690	500	1190 (70)	3169	3416	0	12403	4497	7906 (64)
Gurdaspur	4950	923	4027 (81)	8017	5105	2912 (36)	23320	4028	19292 (83)
Pathankot	7526	0	7526 (100)	-	-	-	14201	1331	12870 (91)
Patiala	5000	1137	3863 (77)	6156	5135	1021 (17)	23974	2346	21628 (90)
SAS Nagar	3500	501	2999 (86)	957	4681	0	9079	6287	2792 (31)
Sri Muktsar Sahib	5000	371	4629 (93)	6801	4826	1975 (29)	24921	7260	17661 (71)

Source: Departmental data

Analysis of the above tables showed that:

- Against the target of construction of 47,216, no IHHL was constructed during 2015-16 under SBM (U). The shortfall in achievement of targets ranged between 71 and 100 *per cent* at state level and 24 and 98 *per cent* in test checked ULBs under SBM (U) during the years 2015-17.

- Despite lapse of more than two and half years, the PMIDC could only achieve 17 *per cent* (18,965 as of May 2017 against the target of 1,13,318) of the target fixed during 2015-17.

- The PMIDC set the target of construction of 1,146 toilets (646 community toilets and 500 public toilets) upto March 2017, against the target of construction of 6,435 toilets in the mission period i.e. 02 October 2019. However, no funds were released during 2015-16 to achieve the targets as stated in paragraph 3.11.3.1. No community or public toilets had been built so far (October 2017).

- The IHHL were constructed under SBM (G) without preparation of Annual Implementation Plan (AIP) during the year 2014-15. The shortfall of construction against targets ranged between 56 and 57 *per cent* during the years 2015-17. State Government had taken up Mission Swachh

Punjab to make it ODF by 31 December 2017. However, as against 3,99,851 households identified, only 1,85,204 (46 *per cent*) IHHL were constructed till 2016-17 with shortfall of 56 *per cent* (2,14,647).

- So far as target and achievement in selected districts of SBM (G) was concerned, shortfall ranged between 70 and 100 *per cent* during the years 2014-15, 17 and 36 *per cent* during 2015-16 and 31 and 91 *per cent* during 2016-17.

The PMIDC stated (June 2017) that concerned ULBs have been directed to fix responsibility and disciplinary action as deemed fit be initiated against those responsible for shortfall in achievement of targets. It was further stated by the PMIDC that one of the reasons for shortfall of achievement of targets was time taken by the beneficiaries to arrange funds in addition to the incentive amount of ₹ 2,000 for the completion of construction of toilets. The WS&SD stated that the shortfall was due to short release of funds.

3.11.4.4 Impact assessment by Audit through beneficiary survey

In order to assess the impact of SBM (U) on the urban population, Audit interacted with 141 out of 12,012 beneficiaries of 11 ULBs selected by Simple Random Sampling Method alongwith the representative of the Department. Responses of the beneficiaries to some important parameters relating to status of construction of toilets, receipt of instalments, satisfaction level, etc. are given below:

- Percentage of beneficiaries who had not started or completed the construction of household toilets was 19 and 41 *per cent* respectively, due to time taken by the beneficiaries to arrange funds in addition to the incentive for the construction of toilets. Besides this, the ULBs concerned did not conduct awareness camps before release of first instalment to the beneficiaries, which resulted in short achievement of targets

- Paragraph 4.2.2 of guidelines of SBM (U) provides that where the sewerage system is not available within 30 metres from the proposed houldhold toilet, the onsite treatment should be adopted by beneficiary himself. However, 71 *per cent* of proposed household toilets were beyond the 30 meters from the availability of sewerage system.

- Even where the sewerage system was available within 30 metres, 27 *per cent* (38 out of 141) of completed household toilets were not connected to the sewerage system.

- All the beneficiaries reported that the financial assistance of ₹ 5,333 was insufficient, quoting the minimum cost being ₹ 15,000 (as provided in the rural areas under SBM (G)) to construct the household toilet as per guidelines.

A similar survey and physical verification of 375 out of 48,912 beneficiaries under SBM (G) in the selected districts during December 2016 to April 2017, revealed the shortcomings in 53 cases (14 *per cent*) as given below:

- In seven cases, payment was made to the beneficiaries without completion upto the requisite stage.
- In 15 cases, the toilet was lying incomplete (May 2017) but the records showed the works as completed (April 2017).

House of Balwinder Singh at Jalbere (Fatehgarh Sahib) which was incomplete (11 January 2017)

- In nine cases, the payment was made to households which already had toilets.
- In four cases, the toilet was constructed in the vacant plot of the beneficiaries whereas they were not living there.
- In 14 cases, the toilets were being used as a store.
- In one case, the toilet was closed by the beneficiary.
- In three cases, though 1st installment of incentive was paid, work had not commenced.

The concerned EEs stated (December 2016 to April 2017) that facts would be verified and necessary action would be taken accordingly.

3.11.5 Other irregularities

The PMIDC issued instructions (December 2016) that notices be served to the beneficiaries for recovery of the already released funds for the households who had not completed the corresponding work within three months of release of funds. Audit observed that out of the total 12,012 beneficiaries in the 11 test-checked ULBs, as many as 5,169 had not constructed toilets within three months of incentive being released to them. Out of 11 ULBs, only four ULBs issued notices to 745[110] out of 2,139 beneficiaries who had not constructed the household toilets within three months of release of funds. Remaining seven ULBs did not issue any notices in spite of the fact that 3,030 beneficiaries had not completed the household toilets as of May 2017.

The concerned ULBs, while admitting (January-May 2017) the audit observation, did not submit any reasons for non-issue of notices.

3.11.6 Monitoring and evaluation

3.11.6.1 Non-conducting of evaluation of the programme

As per paragraphs 16.1 of SBM (G) guidelines, the State Government had to conduct periodical evaluation studies on the implementation of the SBM programme. Evaluation studies were to be conducted through reputed institutions and organizations as decided by the State.

[110] (i) Bathinda:18 out of 1,412; (ii) Kharar 129 out of 129; (iii) Fatehgarh Churian:340 out of 340; and (iv) Moonak:258 out of 258.

Scrutiny of records revealed that though the scheme was launched in October 2014 and 1,85,204 IHHLs had been constructed under SBM (G), however, no evaluation study had been conducted in the State to review the implementation of the scheme and initiate course of corrections in areas which required improvement. Audit had also physically verified 375 beneficiaries in selected districts under SBM (G) and 141 beneficiaries of 11 ULBs under SBM (U) and various shortcomings were noticed (as discussed in paragraph 3.11.4.4), which could have been flagged had the scheme been evaluated as prescribed.

3.11.7 Conclusion

State Swachh Bharat Mission was not set-up as per guidelines. Though Punjab had taken up Mission Swachh Punjab to make it Open Defecation Free by 02 October 2019 and 31 December 2017 under Swachh Bharat Mission (Urban) and Swachh Bharat Mission (Gramin) respectively, as of March 2017, Individual Household Latrines for 94,353 (83 *per cent*) households and 1,146 Community Toilet/Public Toilet (100 *per cent*) under Swachh Bharat Mission (Urban)and Individual Household Latrines for 2,14,647 households under Swachh Bharat Mission (Gramin) in the State were yet to be constructed. Thus, the target of making the State open defecation free by 02 October 2019 and 31 December 2017 in Rural and Urban areas appear to be hard to achieve.

The matter was referred to Government in May 2017; reply was awaited (November 2017).

PUBLIC WORKS (BUILDINGS AND ROADS) DEPARTMENT

3.12 Implementation of e-Procurement System in Public Works Department (Buildings and Roads)

Threshold limit for e-tendering was not brought down to ₹ one lakh as suggested by GOI. Various tender provisions in respect of resubmission and withdrawal of bids, opening of single bids in first instance, selection of bid openers, etc. were not mapped in the System. Instances of non-updation of tender status, inconsistencies between bill of quantity and tender summary report and other System related discrepancies were also noticed. Besides, non-secure use of private key for opening of bids, non-segregation of duties, non-execution of agreement with National Informatics Centre, etc. showed weak system control mechanism in the Department.

3.12.1 Introduction

The Government of Punjab implemented (July 2010) the e-Procurement System in Public Works Department (Building and Roads) (PWD-B&R) with a view to enhancing transparency in tendering process and non-discrimination amongst bidders. The System also enables free access to tender documents, clarifications, secure online bid submission and access to bid opening event to all from any place on 24x7 basis.

A generic e-Procurement software application, as a part of Mission Mode Projects (MMPs), called Government e-Procurement Solution of National Informatics Centre (GePNIC) was developed by the National Informatics

Centre (NIC) using web and portal technologies along with PostgreSQL as RDBMS[111]. The e-Procurement system (GePNIC) consists of the following processes: Registration (consists of departmental users as well as bidders), publishing of tender, bid submission, tender opening, technical evaluation, uploading of technical evaluation summary, financial bid opening, financial evaluation, uploading of financial summary and award of contract. The e-Payment gateway for online payment of tender fee and earnest money was implemented in May 2016.

The Secretary, PWD (B&R), Punjab is the administrative head and the Chief Engineer, PWD (B&R) is the departmental head, who is assisted by the Superintending Engineers and Executive Engineers at Circle and Divisional levels respectively. Besides, Punjab Roads and Bridges Development Board[112] (PRBDB) is the nodal agency for implementation of e-Procurement System in PWD (B&R).

The audit was conducted to assess the efficiency and effectiveness of implementation of the e-Procurement System in PWD (B&R) with regard to IT controls, mapping of business processes and functioning of system. The audit covered the period from July 2010 to December 2016[113] and was conducted between January 2017 and August 2017. IDEA (Interactive Data Extraction and Analysis) tool was used for the analysis of data, in respect of nine[114] out of 74 divisions of PWD (B&R), Punjab. Besides, records of PRBDB were also test-checked. The data dump provided to audit had 9,823 work items, in total. No assurance regarding completeness of data dump was provided by PRBDB.

The data relating to the test-checked divisions consisted of 2,381 work items. The attachments/information on the uploads by the departmental officers as well as bidders, were not furnished to Audit (July 2017). The audit findings were discussed with the Secretary, PWD (B&R) and NIC in October 2017 and the replies furnished by the Department have been suitably incorporated in the report.

Audit findings

3.12.2 Implementation issues

3.12.2.1 Non-execution of agreement with NIC

GePNIC application was got customized as per requirements of the Department. The roles and responsibilities of the stakeholders i.e. PWD, NIC

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111 Relational Database Management System.

112 PRBDB was constituted by GOP vide Punjab Act No. 22 of 1998 and notified (July 1998) as an undertaking of the State Government to act as a catalyst for infrastructure development in Road Sector in the State of Punjab.

113 The PRBDB provided (March 2017) data dump of e-Procurement System up to December 2016.

114 Construction Divisions No. 1 (i) Amritsar, (ii) Ferozepur, (iii) Hoshiarpur, (iv) Ludhiana, (v) Mohali; Provincial Divisions (vi) Amritsar, (vii) Ferozepur, (viii) Hoshiarpur and (ix) Ludhiana, selected on judgemental basis after analyzing the database.

and National Informatics Centre Services Inc. had been defined in the proposal of NIC which was duly accepted (May 2010) by the Department.

Audit observed that no documentation i.e. agreement or Memorandum of Understanding (MOU) for customization/implementation of the e-Procurement System was entered into with NIC for procuring its services. In response to an audit query on data backup and archiving of e-Tenders, PRBDB stated (February 2017) that database of the portal was being maintained and managed by NIC. Whereas, the proposal of NIC accepted by the Department vested the responsibility for maintaining data backup archives on the user department i.e. PWD.

The NIC stated (October 2017) that the agreement could now be made in respect of this application as it was being implemented in all other departments in the State as well.

3.12.2.2 Business Continuity Plan, Disaster Recovery plan and IT Security policy

The objective of having a Business Continuity and Disaster Recovery Plan and associated controls is to ensure that the organization can still accomplish its mission and it would not lose the capability to process, retrieve and protect information maintained in the event of an interruption or disaster leading to temporary or permanent loss of computer facilities. Audit, however, noticed that no such Business Continuity Plan, Disaster Recovery Plan and IT Security policy was formulated by the Department.

The Department stated (October 2017) that the draft IT policy was in process of formulation.

3.12.2.3 Segregation of duties and User Access

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

- It was seen that only two officers/officials *viz.* Executive Engineer (EE) and Superintendent or Senior Assistant of the respective divisions had been authorized to access the e-Procurement application, to whom five[115] common roles were assigned. In Construction Division No. 1, Ferozepur, only EE was authorized to access the e-Procurement application. Role of Auditor had not been assigned to any user in the test-checked divisions. Further, the System had no provision to capture transfer details of the officers/officials. As a result, in the hierarchy mapping, the officers remained mapped with the same division even after being relieved. Assigning common roles to all users defeated the purpose of role mapping and accountability thereby causing various inconsistencies in the System, as discussed in the report.

[115] Procurement Officers (i) Admin; (ii) Opener; (iii) Evaluator; (iv) Publisher; and (v) Generation of Departmental Reports.

The Department stated (October 2017) that these issues would be resolved after conducting a workshop on the same for awareness of the users. It was added that mapping of roles would be looked into and redefined.

- As per e-Procurement guidelines of Department of Electronics and Information Technology (DeitY), handing over of private key by one officer to another officer both in case of digital signature as well as in case of encryption should not be allowed. Further, Section 42(1) of the IT Act, 2000 prescribes that every subscriber is to exercise reasonable care to retain control of the private key corresponding to the public key listed in his DSC and take all steps to prevent its disclosure.

It was noticed that the private key of officials were used for opening the bids when they were on leave or had retired, in contravention of DeitY guidelines *ibid*. The Department, while admitting the audit observations, stated (October 2017) that such issues could be avoided if Aadhaar validation was introduced in the System.

- Bid opener is a departmental official selected by the Department at the time of tender creation, who is authorized to open bids received against the tender, both for technical as well as financial bids. The e-Procurement System contains four options for selection of number of bid openers i.e. 'two of two', 'two of three', 'three of three' and 'two of four'. However, NIC recommended selection of two of four option, as any two bid openers can open bids from the list of four officials configured during tender creation.

As per Standard Bidding Document (SBD) and approval (July 2010) of the Chief Engineer, PWD (B&R), Punjab, only two bid openers *viz.* the Executive Engineer and the Divisional Superintendent of the concerned division were selected as first and second bid openers respectively to open bids. Accordingly, the Department selected 'two of two' option. Audit noticed that due to non-selection of four bid openers, as recommended by NIC, in 579 instances the bid openers were opted from other Divisions/Circle to open the bids instead from the concerned Division, which was not in line with the SBD and orders (July 2010) of the Chief Engineer.

The Department assured (October 2017) that 'two of four' option would be operated in future.

3.12.2.4 Threshold values for e-tendering

The PWD (B&R), Government of Punjab (GOP) fixed (June 2010) a threshold limit of ₹ ten lakh for each tender in respect of e-tendering in the Department. Whereas, for the other application (Tender Wizard) implemented in other departments, the threshold limited was fixed (January 2011) at ₹ five lakh. Further, Government of India (GOI) suggested (March 2015) to bring down the threshold value for e-tendering to ₹ one lakh in a time bound and phased manner by March 2016 for uniformity.

Audit observed that there was no uniformity in threshold limit among the e-Procurement solutions implemented in the State and the Department did not take any action to bring down the threshold limit to ₹ one lakh as suggested by GOI (March 2015).

The Department agreed (October 2017) to bring down the threshold value to ₹ five lakh. However, compliance to GOI's suggestion was awaited (November 2017).

3.12.3 Non adherence to rules

Analysis of the data pertaining to nine test-checked divisions showed the following deficiencies:

3.12.3.1 Inadequate time for bidding

GOP notified (July 1996) bidding time of 10 days, 15 days and 21 days from the date of publication of tender notices for the works costing between ₹ 5 lakh to ₹ 50 lakh; ₹ 50 lakh to ₹ 2 crore; and above ₹ 2 crore respectively.

It was seen that out of 2,381 tender notices published on the portal, reduced duration for submission of bid to the extent of only three days were provided in 1,116 tender notices (47 *per cent*), as detailed in ***Appendix 3.7***, in contravention of the provisions *ibid*. Of these, in 480 tenders, number of bids received in each tender was less than three. Further, there was gap of one to four days and five to 11 days in 868 and 15 work items respectively between publishing and sale period. Audit noticed that the provisions of the notification (July 1996) were not mapped in the System, thereby giving inadequate time to contractors for bidding. The Department stated (October 2017) that the requisite timelines would be mapped in the System.

3.12.3.2 Opening of single bid in first instance

The Central Vigilance Commission (CVC) guidelines[116] prescribe that single bid shall not normally be accepted for the first time, and the same can be considered for acceptance only in emergent situations, that too subject to recording of detailed justifications in support of acceptance with the approval of competent authority. Paragraph 2.67 (3) of PWD Code specifies that should necessity arise of making any change in the specifications after tenders have been invited but before they have been received or accepted, fresh tenders should as a rule be invited. Further, as per instructions (October 2014) of GOP, registered Labour and Construction (L&C) Societies are to be preferred for works costing up to ₹ 40 lakh.

Analysis of database and its corroboration with manual records in respect of nine test-checked divisions revealed that single bids were received in 415 out of 1,743 work items (24 *per cent*) in first instance and contract was awarded in these cases. The said CVC guidelines had not been mapped in the System, in

[116] As referred to in the instructions issued (April 2008) by the Ministry of Shipping, Road Transport and Highways, GOI to the State PWDs and also in the circular dated 15.01.2013 of National Rural Roads Development Agency, Ministry of Rural Roads Development, GOI (under PMGSY).

the absence of which, neither did the System alert before opening[117] single bid nor was there any provision for posting of justification for considering/accepting single bid tenders. Corroboration with manual records in test-checked cases further revealed that for 26 work items, Detailed Notice Inviting Tender (DNIT) amount was revised twice, ranging between 7.15 *per cent* and 89.60 *per cent* after reducing the scope of work. The Department instead of retendering awarded the works after negotiating with the bidder on the basis of undertaking for acceptance of reduction in scope of work and DNIT amount, in contravention of the provisions *ibid*. In six[118] out of 26 cases, the revised DNIT amount came down to less than ₹ 40 lakh, but no opportunity was given to the registered L&C Societies as well as other bidders with lower bid capacity to participate in the tender.

The Department stated (October 2017) that the requisite feature would be incorporated in the System which would allow opening of singe bid in first instance only after posting the detailed justification along with approval of the higher authority. It was further added that in cases where scope of work had been reduced before award of contract, fresh tenders would be called for.

3.12.3.3 Provision for resubmission and withdrawal of bids

As per SBD for e-tendering, bid once submitted cannot be resubmitted or withdrawn.

Analysis of database revealed that resubmission of bids in 1,920 work items and withdrawal of bids in 1,018 work items was allowed[119] at the time of uploading tender. Audit noticed that the functionality of resubmission and withdrawal existed in the System as per DeitY guidelines[120]. However, the SBD provisions to which the Department was liable to follow during e-procurement process had not been mapped in the System.

The Department stated (October 2017) that the provision would be got mapped according to SBD so as to avoid such discrepancies in future.

3.12.3.4 Short period between uploading of technical bid evaluation summary on portal and opening of financial bid

Upon completion of technical evaluation of bids by the Tender Processing Committee (TPC), technical evaluation summary is uploaded on the portal after which, the bidder comes to know whether his bid has been technically

117 Ordinary text or plain text or other data is transformed into coded form by encryption (during uploading of bid); and translated back to plain text or data by decryption (during opening of bid).

118 Tender reference Nos. (i) 17.8 dated 24.10.2013; (ii) No. EE/Provl/Asr/33/11 dated 22.10.2013; (iii) No. 25 (B) dated 22.10.2013; (iv) No. 25 (D) dated 22.10.2013; (v) No. 25 (E) Dated 22.10.2013 and (vi) No. 25 (G) dated 22.10.2013.

119 Resubmission and withdrawal in Construction Divisions No. 1 (i) Amritsar (146 & 169); (ii) Ferozepur (313 & 141); (iii) Hoshiarpur (157 & 81); (iv) Ludhiana (148 & 86); (v) Mohali (151 & 80); Provincial Divisions (vi) Amritsar (214 & 94); (vii) Ferozepur (249 & 105); (viii) Hoshiarpur (228 & 106); and (ix) Ludhiana (314 & 156).

120 A bidder has a right to submit 'modification bid', 'substitution bid' or 'withdrawal bid' for all his bid submissions.

accepted/rejected by the TPC. As per guidelines (May 2013) for evaluation of bids and award of contract under Pradhan Mantri Gram Sadak Yojana (PMGSY) in respect of tenders published on GePNIC website, the process of technical evaluation in all cases was to be completed within a period of five workings days from the date of opening the technical bids. From 6th to 10th day, the period was required to be reserved for receiving complaints, if any, and the resolution of complaints was to be done between 11th and 15th day. This can be taken as a benchmark for good practice.

It was noticed that in 194 out of 2,381 cases (eight *per cent*), financial bids were opened in less than five days[121] from uploading the summary of technical bid evaluation on the portal, thereby not giving ample time to a bidder to represent against rejection. The Department assured (October 2017) that sufficient time would be given to a bidder for representing against rejection.

3.12.4 Other System related issues and discrepancies

3.12.4.1 Uploading of status of tender activities on portal

The results of an analysis of e-Procurement database in respect of nine test-checked divisions are summarized below:

- Status of processing tenders on the portal was not updated in 1,507 out of 1,743 work items (86 *per cent*) pertaining to the nine test-checked divisions.

- Portable Document Format (pdf) versions of non-related documents (documents containing designations of the committee members who evaluated the technical and financial bids, Detailed Notice Inviting Tenders, etc.) were uploaded[122] instead of proceedings of technical and financial committees.

This impaired the objective of the e-Procurement System of enhancing transparency in the tendering process. The Department stated (October 2017) that standard templates would be introduced in the System and it would be made mandatory to choose reasons for rejection after technical evaluation to make the System more transparent.

3.12.4.2 Inconsistency in values of bill of quantity and tender summary report

Bill of quantity (BoQ) is uploaded along with DNIT by the tender inviting authority at the time of publishing the tender. This is an Excel template in which the bidder has to quote the rates and this forms part of the bid. BoQ comparative chart is generated from the BoQ uploaded by the bidders.

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[121] Between 00:00:02:08 and 04:17:47:14 days.

[122] (i) Techsummary_9308.pdf (2016_CEPW_8729_1), techsummary_9309.pdf (2016_CEPW_8730_1), techsummary_9314.pdf (2016_CEPW_8735_1), finance_ 9308.pdf (2016_CEPW_8729_1), finance_9309.pdf (2016_CEPW_8730_1), finance_ 9314.pdf (2016_CEPW_8735_1); and (ii) Techsummary_10196.pdf (2016_CEPW_ 9548_1).

Test-check of documents available on public portal of e-Procurement System in respect of five test-checked divisions revealed that in 26[123] instances, the Tender Summary Report was depicting incorrect financial bid values or/and bid ranks. The financial bid values and bid ranks were being posted on portal under Tender Summary Report manually and the System was not publishing the same automatically from the BoQ comparative chart. Manual re-entry of data, which is already available in the system entails risk of errors in data capture making the system unreliable.

The Department admitted (October 2017) that in order to ensure data integrity, there should not be any human interface.

3.12.4.3 Absence of functionality in the system for generation of divisional record

Analysis of e-Procurement database and corroboration with manual records in respect of two[124] test-checked divisions revealed that there was no functionality in the System to generate divisional record (tender register report). The respective divisions were maintaining the tender register manually, in which following discrepancies were noticed:

- A tender[125] was published (February 2013) on the portal wherein bid was received and the technical bid was opened but entry in the manually maintained tender register had been made as "No tender received".

- In the tender register, under Tender Reference No. 12 dated 16.07.2015, details of some other tender (Tender Reference No. 15 dated 12.08.2015) had been shown. This showed that the manual tender register was not being maintained properly.

In the absence of generation of online tender register report from the System, the chances of missing entries or misleading status in respect of other tenders could not be ruled out and such inconsistencies defeated the objectives of the e-Procurement System.

The Department stated (October 2017) that suitable instructions would be issued in this regard to the concerned. Further action of the Department was awaited (November 2017).

3.12.4.4 Discrepancies in registration of bidders

The SBD prescribes that each bidder shall submit only one bid for one project/work/package. A bidder who submits more than one bid will cause all the proposals with the bidder's participation to be disqualified.

It was seen that multiple users were having common e-mail IDs and mobile numbers for correspondence (delivery of e-mails and SMS alerts). As many

[123] Construction Division No. 1 (i) Ferozepur (11), (ii) Hoshiarpur (1), (iii) Ludhiana (3), Provincial Division (iv) Amritsar (8) and (v) Ferozepur (3).
[124] Provincial Division (i) Ferozepur and (ii) Hoshiarpur.
[125] Tender Reference No. 16 dated 13.02.2013.

as 51 common e-mail IDs were used by 146 users where the System transmitted mail messages on these IDs. Similarly, in 18 work items, SMS alerts to two or more bidders (bidding for same work) were sent on the common mobile numbers.

In seven (out of nine) test-checked divisions users registered as bidders appeared to be related to each other directly or indirectly[126] via common e-mail IDs/mobile numbers/PANs. During analysis of bids table, 100[127] works were identified where two or more bidders having common e-mail IDs/mobile numbers/PANs had submitted bids for the same work. Out of these 100 works, bids in respect of 86 works[128] were technically or/and financially accepted by TPC.

The e-procurement System had a functionality of generating reports on cartel bidding. However, Audit did not come across any case where the bids were rejected on the basis of this report on Cartel bidding.

The Department stated (October 2017) that the specific cases would be looked into.

3.12.4.5 Other discrepancies

Data analysis of e-Procurement System in respect of nine test-checked divisions showed the following discrepancies:

- Analysis of login session details revealed that session ID 111888 was missing from the table. Further, in two instances (IDs 2658 and 86721), IDs generated by the System had timestamp earlier than that of the ID just preceding them.

- System creates a unique ID for every bid being submitted by the bidder. Analysis of bids table revealed two gaps in IDs (ID 4766 and 9007).

- Data analysis revealed that three bids (ID 3262, 9068 and 17623) were placed after the bid closing date and time. However, only one BID ID 17623 was generated by the system. The bid submission closing date/time was 04 August 2015 at 13:00:00 but the bid was placed on 04 August 2015 at 13:00:10. Further, the said bid with ID 17623[129] was considered and the work was awarded in this case. Reasons for this though called for from PRBDB, were awaited (November 2017).

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[126] Let there be three bidders A, B and C. The bidders A and B have same mobile numbers; and A and C have same email IDs. Though B and C have different mobile number and email IDs, they are related indirectly via A.

[127] Construction Division No. 1 (i) Amritsar (7); (ii) Ferozepur (27); (iii) Hoshiarpur (10); (iv) Ludhiana (1); Provincial Division (v) Amritsar (11); (vi) Ferozepur (37); and (vii) Hoshiarpur (7). In 100 works, 37 bidders were identified as directly related and 63 bidders as indirectly related to each other.

[128] Bids for 11 works were technically rejected and in three cases, bids status was blank in the System.

[129] Work Item Ref No. 2015_CEPW_7664_3.

- The System did not check the validation of e-mail IDs and mobile numbers entered by the users in the registration details, as dummy or invalid records in respect of e-mail IDs[130] (18 records) and mobile numbers (372 records) were identified in the user master.

- The digital signature stamp was not recorded in any of the corrigendum/addendum and other documents uploaded by the Department and the bidders respectively.

- There was no check available in the System to control duplicate user creation in case of departmental user, as user master had duplicate records where different User IDs had been allotted to the same user. Five users were identified with multiple User IDs.

- Fourth character of PAN can only be from the prescribed characters (A,B,C,F,G,H,L,J,P,T,K). It was seen that PAN details in 40 out of 3,502 records were invalid/blank. There was no check available in the System to validate PAN as per the prescribed format.

- The date of birth of the departmental users entered in the System had not been validated, as in four cases[131], the same was found as incorrect on corroboration with manual record. Correct date of birth is required to deactivate/block user post-retirement.

- There was no provision in the System for enlistment of vendors, so as to categorise the vendors based on past performance.

The Department stated (October 2017) that the discrepancies pointed out by Audit would be looked into. Further action/reply of the Department was awaited (November 2017).

3.12.5 Conclusion

The objective of implementing the e-Procurement System in PWD (B&R) to enhance transparency in tendering process and non-discrimination amongst bidders was not achieved satisfactorily. In order to maintain uniformity, threshold limit for e-tendering was not brought down to ₹ one lakh as suggested by GOI. Adequate time was not provided to the bidders for submitting their bids and for redressing grievances against rejection of technical bid. Various tender provisions in respect of resubmission and withdrawal of bids, opening of single bids in first instance, selection of bid openers, etc. were not mapped in the System. Functionality available in the System for generating reports on cartel bidding was not used or customized to detect possible cartelization amongst bidders. Instances of non-updation of tender status, inconsistencies between bill of quantity and tender summary report and other System related discrepancies were also noticed. Besides, non-secure use of private key for opening of bids, non-segregation of duties,

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[130] Having incorrect domain.
[131] User ID-3717, User ID-3285, User ID-1178 and User ID-309.

non-execution of agreement with NIC, etc. showed weak system control mechanism in the Department.

3.13 Unproductive expenditure on idle staff

Non-adjustment of idle staff of the Mechanical Circle, Patiala, its three Divisions and nine Sub-divisions, in other wings of the Department rendered the expenditure of ₹ 46.91 crore incurred on salary of the staff and office expenses, unproductive.

The Mechanical Circle, PWD (B&R)[132], Patiala, along with its three Mechanical Divisions and nine Sub-divisions, was established in 1973 and tasked with the procurement and distribution of new machinery and repair of government machinery. The Circle had two stone crushers, six hot mix plants, two diesel pumps and one foundry shop, which were used to supply/issue material to the contractors as per the practice in vogue at that time. Besides repair of government vehicles in its workshops, the Circle also supplied bituminous macadam and pre-mix carpet material for laying of roads. In July 2004, PWD dispensed with the practice of issuing material to the contractual agencies from the stores of PWD. Henceforth, the contractual agencies were to arrange material at their own level i.e. the works were to be executed on through rate basis.

Test check of the records (July 2017) of the Superintending Engineer, Mechanical Circle, PWD (B&R Branch), Patiala (SE) showed that due to introduction of through rate system, the assignment of work to hot mix plants for preparing and supplying material to the contractors, and procurement and repair of machinery had been stopped. As a result, the workshops had been left with no work and the two diesel pumps and the foundry shop had been shut down, thereby rendering the entire staff deployed on these works idle after 2007-08.

The SE informed (June 2011, March 2012, July 2012 and January 2013) the Engineer-in-Chief, Punjab PWD (B&R Branch), Patiala and the Secretary to Government of Punjab, PWD (B&R Branch), Chandigarh that the services of staff deployed in the Mechanical Circle/Divisions/Sub-divisions could be utilized gainfully in other wings of the Department. In view of the complete idling of the staff of the Mechanical Wing, the SE again sent (May 2014) a recommendation to the Chief Engineer (Headquarter) Punjab, PWD (B&R Branch), Patiala for converting the Mechanical Circle into Quality Control Cell or attaching it with the Technical Advisor to the Chief Minister, Punjab as the three[133] divisional offices under the circle were spread across the entire State which would facilitate checking quality of works, wherever required. Since the officers deployed in the Mechanical Wing were Civil Engineers, they were fully competent to perform the quality control duties. However, no action either to adjust the staff in other wings of the Department or to allot any work had been taken so far (November 2017) and the staff posted in the Mechanical Circle/Divisions/Sub-divisions continued to remain idle.

[132] Public Works (Buildings & Roads) Department.

[133] Mechanical Divisions at (i) Ferozepur; (ii) Jalandhar; and (iii) Patiala.

The Superintending Engineer, Mechanical Circle, PWD (B&R Branch), Patiala (SE) stated (November 2017) that the Mechanical Circle had no field work except maintaining the record of the departmental machinery, their condemnation, disposal, maintenance of vehicles of Head Office and checking of Hot Mix Plants and allied machinery for MORTH. It was thus clear from the reply that staff of Mechanical Wing had not been left with their mandated work. A proposal of Chief Engineer (Electrical) to transfer their work to Mechanical Wing in view of more work load than their available strength was stated to be under process for finalization. With regard to non-adjustment/allotment of any work to Mechanical Wing, the SE stated that reply was to be given by the Chief Engineer's office. The Chief Engineer's office, however, did not furnish any reply.

Thus, non-adjustment of idle staff of the Mechanical Circle, Patiala, its three divisions and nine sub-divisions in other wings of the Department rendered the expenditure of ₹ 46.91 crore[134] incurred on salary of the staff (ranging between 118 and 189) and other expenses[135] during April 2011 to October 2017 unproductive, which would further increase if the *status quo* continues.

The matter was referred to the Government in July 2017; reply was awaited (November 2017).

3.14 Undue burden on road users and financial benefit to concessionaires

Inclusion of bridges, not constructed by the concessionaires, in calculation of the toll rates put extra burden of ₹ 4.35 crore on users of the road and extended undue financial benefit to the concessionaires.

Protection of users' interests and the need to secure value for public money are the key elements to be kept in view while formulating Public Private Partnership (PPP) projects and the Government entities entering into PPP contracts should safeguard public interest by managing PPP economically, efficiently and effectively. Further, paragraph 21 of the policy (July 2004) of the Government of Punjab, Department of Public Works (B&R Branch) provides for collection of toll fee for only those bridges which are constructed, operated and maintained under the concession agreement.

The Chief Engineer (IP), Punjab PWD (B&R Branch) awarded (June 2011 and August 2012) two[136] works to two private agencies (concessionaires) on Design, Build, Finance, Operate and Transfer basis. As per the approved

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[134] Mechanical Circle, Patiala-₹ 6.07 crore; Mechanical Divisions at (i) Ferozepur-₹ 6.66 crore; (ii) Jalandhar-₹ 14.71 crore; and (iii) Patiala-₹ 19.47 crore (amount taken from April 2011 to October 2017).

[135] Expenses on Travelling, Medical, Telephone, POL, Rent, Rate and Taxes, Electricity and Water Charges, etc.

[136] (i) Morinda-Kurali-Siswan road upto Border of Himachal Pradesh (MDR-31); and (ii) Ropar-Chamkaur Sahib-Neelon-Doraha Road (upto NH-1).

Detailed Project Report of Morinda-Kurali-Siswan road, four existing minor bridges were to be retained and only repair as required was to be carried out. Similarly, in the project Ropar–Chamkaur Sahib–Neelon–Doraha road, two existing major bridges, being in good condition, were to be retained.

(i) Test check of records of the Executive Engineer, Central Works Division, Mohali (EE) showed (January 2017) that the EE declared Morinda–Kurali-Siswan road fit for entering into commercial operations with effect from 02 June 2015. Though the report submitted (February 2016) by the Sub-Divisional Officer confirmed construction of only two new bridges, yet rates for four[137] bridges, two of which were not new constructions, were included in the calculation of toll rates. This had inflicted extra burden of ₹ 3.56 crore on the users of the road during the period June 2015 to December 2016. The extra burden on road users would continue, unless rectified, till expiry of the concession period[138].

(ii) Similarly, test check of records of the Executive Engineer, Construction Division, Ropar (EE) showed (February 2017) that the EE provisionally declared Ropar–Chamkaur Sahib–Neelon–Doraha road fit for entering into commercial operations with effect from 09 November 2016. It was further noticed that rates for two existing bridges, which were not constructed by the concessionaire and were in good condition and, thus, were to be retained, were included in the calculation of the toll rates. This had inflicted an extra burden of ₹ 0.79 crore on the road users during November 2016 to February 2017. The extra burden on road users would continue, unless rectified, till expiry of the concession period[139].

In respect of Morinda-Kurali-Siswan road, the Deputy Secretary, PWD stated (July 2017) that out of six bridges on the road, the concessionaire constructed two new bridges and repaired and rehabilitated the remaining four. It was further stated that as per the agreement, only four bridges (two newly constructed and two upgraded) having length more than 50 metre were considered for calculation of toll rates, and the remaining two bridges each having length less than 50 metre were not considered. In respect of Ropar–Chamkaur Sahib–Neelon–Doraha road, the Deputy Secretary stated (July 2017) that out of five bridges on the road, only two having length more than 50 metre had been considered for calculation of toll rates while the remaining three each having length less than 50 metre were not considered. The reply was not acceptable as inclusion of those bridges, which were not constructed, in the calculation of toll rates was in violation of the said policy.

Thus, the Department failed to safeguard the users' interests and to ensure value for public money resulting in extra burden of ₹ 4.35 crore[140] on the users of the road, besides extending undue financial benefit to the concessionaires.

[137] (i) At km 10.738; (ii) at km 15.484; (iii) at km 24.283 ; and (iv) at km 26.833.

[138] Starting on and from the Appointed Date (23 December 2013) and ending on the Transfer Date. The concession period is 18 years commencing from the Appointed Date i.e. date of commencement of concession period.

[139] Starting on and from the Appointed Date (15 April 2013) and ending on the Transfer Date. The concession period is 16.5 years commencing from the Appointed Date.

[140] (i) Morinda-Kurali-Siswan road upto Border of Himachal Pradesh- ₹ 3.56 crore; and (ii) Ropar-Chamkaur Sahib-Neelon-Doraha Road- ₹ 0.79 crore.

PUBLIC WORKS (BUILDINGS AND ROADS) AND AGRICULTURE DEPARTMENTS

3.15 Follow-up audit on Performance Audit of Construction and improvement of rural roads under Pradhan Mantri Gram Sadak Yojna

Public Accounts Committee gave its recommendations on eight paragraphs out of which recommendations in four cases have been fully implemented and substantial progress was made in case of four recommendations.

3.15.1 Introduction

A Performance Audit on construction and improvement of rural roads under Pradhan Mantri Gram Sadak Yojna (PMGSY) featured in the Audit Report of the Comptroller and Auditor General of India on Social, General and Economic Sector (Non-Public Sector Undertakings) for the year ended 31 March 2012. The Public Accounts Committee (PAC) reviewed all paragraphs of the Performance Audit in its various meetings from November 2014 to 12 August 2016. The Performance Audit highlighted issues relating to progress of PMGSY works, financial management, maintenance and repair funds, target and achievements, programme execution, etc. With a view to assessing the implementation of recommendations made by PAC, an audit was conducted from October 2016 to March 2017 covering the period from January 2015 to March 2017.

3.15.2 Follow-up Audit

With a view to examining the corrective actions taken by the Departments on the recommendations of the PAC in respect of the issues raised in the Performance Audit, a Follow-up audit was conducted between October 2016 and March 2017 by examining the records of three[141] Chief Engineers.

There were 27 observations, of which PAC gave recommendations on eight observations, seven were still under consideration of PAC and the remaining 12 had been dropped by the PAC during various meetings on the basis of replies of the Department. The replies to the Follow-up audit/PAC recommendations were kept in view while finalizing this Follow-up audit. The status of action taken by the Department on recommendations has been categorised as follows:

- Insignificant/no progress
- Partial implementation
- Full implementation

3.15.3 Status of recommendations

The PAC gave recommendations against eight observations. With regard to implementation of PAC's recommendations, no case was found under the

[141] (i) Punjab Roads and Bridges Development Board (PRBDB), Mohali; (ii) Punjab Mandi Board, Mohali; and (iii) Public Works Department (B&R), Patiala.

category of insignificant or no progress, there are four cases under partial implementation and four cases under full implementation. One paragraph was settled without any recommendation by the PAC which has been taken under other category, as discussed below:

3.15.4 Audit findings

A. Insignificant or No progress

Nil

B. Partial implementation

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
2.1.8 Progress of PMGSY It was observed that seven habitations with population of above 1000 and 112 habitations with population 500-1000 were not connected under the PMGSY at the end of Tenth Five Year Plan (2002-07). Even after lapse of five more years (March 2012), these remained unconnected. Neither any physical target for preparation of DPRs for new connectivity was fixed nor any new habitation covered under the PMGSY during the period from 2007-08 to 2011-12.	The Committee ordered (December 2014) the Department to ensure construction of those roads for which funds are released by the Government. After discussion, the Committee decided to drop this paragraph.	The Secretary to Government of Punjab, PWD (B&R), Punjab took up (October 2016) the matter with the Ministry of Rural Development, Government of India to relax the condition of land width from 10 mtr to 8.38 mtr for upgradation of roads under PMGSY in Punjab.	Though the CE intimated (October 2017) that all feasible and unconnected habitations had been provided connectivity, this highlights poor planning during initial identification of core network as roads were identified without checking availability of land. The CE did not furnish any reply on the issue of poor planning during initial identification of core network. Further, as per the data downloaded from Online Management Monitoring System (OMMS) on 28 November 2017, eight habitations having population of 1,000 and above were still unconnected. Similarly, three habitations having population between 500 and 999 were still unconnected. When viewing details of these three habitations, OMMS displayed list of thirteen unconnected habitations of this category. From the above, it is clear that the State still had unconnected habitations.
2.1.9.1 Programme fund Phase-VII (63 works) and Phase-VIII (71 works) commenced in 2007-08 and 2009-10 respectively. All the works of Phase-VII were completed between January 2009 and November 2012. Of Phase-VIII, 64 works were completed	The Committee agreed that Forest department normally takes time for giving clearance, however, the Committee directed the Department to regularly monitor the progress of the incomplete work to ensure its completion. After discussion, the Committee decided to drop the paragraph.	The work stands completed on 31 December 2014.	Though the works pointed out in the observation had been completed but the similar lapse in other cases was still persistent. During audit of Construction Division, PWD (B&R), Mukerian, it was noticed that the works of two roads were allotted in June 2016 without obtaining forest clearance which was sought in March 2016 and actually received in July 2017 i.e. after lapse of the intended date of completion of the

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
(March 2012), one work was deleted and six works with sanctioned cost of ₹ 44.33 crore, were incomplete after incurring expenditure of ₹ 24.08 crore. No DPR was prepared for phase IX and no funds were therefore sanctioned. An expenditure of ₹ 1160.04 crore had been incurred against total receipt of ₹ 1311.10 crore during 2007-08 to 2011-12 leaving an unspent balance of ₹ 203.61 crore as of March 2012.			works (15 May 2017). The road length completed as per OMMS dated 27 November 2017 was 4.5 km out of 10.600 km in respect of 'Dagan to Budhabarh via Bhavnauli road' and 10.5 km out of 15.00 km in respect of 'Inspection road along Kandi Canal'. The CE admitted (October 2017) that the works had been delayed on account of delay in forest clearance which was received in July 2017.
2.1.13 Targets and Achievements It was observed that there was shortfall of 387.60 km and 319.37 km in upgradation of roads during 2007-08 and 2008-09 respectively. No targets were fixed for the year 2010-11 and 2011-12, yet 199.02 km roads were upgraded during 2010-11.	The Department admitted that some mistakes might have occurred at the time of uploading data on the website. The Committee directed the Department that such mistakes should not occur in future. After discussion, the Committee decided to drop the paragraph.	The Chief Engineer, Punjab Roads and Bridges Development Board (PRBDB) (CE) *cum* Nodal Officer of PMGSY, Punjab issued (March 2017) instructions to the Chief Engineers and concerned field units of PMB and PWD (B&R) to avoid the discrepancy in uploading the data on website in future.	Out of 131 roads sanctioned (07 March 2016) under PMGSY II, only 35 roads were completed as per OMMS data as on 27 November 2017. As per para 13.2 of PMGSY guidelines, these roads were to be completed upto 06 June 2017, within 15 months of sanction. Thus, 96 roads (73 *per cent* of the sanctioned roads) were still lying incomplete. In terms of kms, only 873.965 kms (65 *per cent*) out of 1347.28 kms sanctioned under PMGSY-II were completed. Further, discrepancies in data of OMMS were noticed as the State Rural Road Development Agency (SRRDA) intimated (February 2016) GOI that there was no unconnected habitation in the State having population of 1000 and above, and 500-999. However, OMMS data showed (28 November 2017) unconnected habitations under these categories (*details given under current audit findings/comment against paragraph 2.1.8- 'Progress of PMGSY' of Audit Report of the Comptroller and Auditor General of India on Social, General and Economic Sector (Non-Public Sector Undertakings) for the year ended 31 March 2012*).

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
2.1.15.2 Non-provision of insurance In four out of 14 selected divisions, insurance policies of 19 works with cost of ₹ 117.49 crore were not provided and the amount of ₹ 0.54 crore was not deducted by the divisions for non-compliance.	The Committee directed (January 2015) the Department to issue instructions to the field offices that insurance of the works should be ensured in future. The Department assured that it had been made compulsory to attach insurance of the work with the first bill of the contractor for release of payment. After this, the Committee decided to drop the paragraph.	The CE issued (March 2017) instructions to the Chief Engineers and concerned field units of PMB and PWD (B&R) to ensure compliance.	Despite assurance given to the Committee by the Department, the irregularity was still persisting as non-providing of insurance by the contractors and non-deduction of amount from their bills by the respective Executive Engineers for getting the insurance of the works was noticed in three PMGSY roads ***(Appendix 3.8)*** during recent audit of PWD divisions. The CE did not furnish (October 2017) reply. The Executive Engineer, Construction Division No. 1, Kapurthala stated (October 2017) in respect of work at Sr. No. 3 of the ***Appendix 3.8*** that the para was liable to be settled as the work was completed on 29 January 2014 i.e prior to review of the paragraph 2.1.15.2 by the PAC. The reply of the Executive Engineer was not acceptable as the work was financially completed on 15 January 2016 as per OMMS i.e one year after the PAC's recommendation on the para. Moreover, the CE had already directed (January 2015) not to repeat the mistakes pointed out in the Performance Audit. Thus, the EE had opportunity to recover the deductibles from the bills of the contactor on account of non-providing of insurance which was not done. Further, obtaining insurance from the contractor or deduction in lieu thereof from the bills required no special directions as it was to be done as per the agreement.

C. Full Implementation

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/ comment
2.1.11 Land acquisition from State funds Against the requirement of ₹ 135 crore for acquisition	The Committee ordered (December 2014) the Department to pay attention in	The Chief Engineer, PRBDB *cum* Nodal Officer of PMGSY issued (March 2017)	No further audit findings were noticed.

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/ comment
of 864 acre land for phase-VIII and IX, the GOP released ₹ 77.52 crore and land measuring 373.82 acre for Phase-VIII and IX was acquired for ₹ 68.09 crore. An amount of ₹ 10.81 crore remained unspent and balance 490.18 acre land for 41 works of phase-IX was yet to be acquired (March 2012) which had resulted in non-preparation of three DPRs and their non-submission to the GOI for approval.	future and dropped the paragraph.	instructions to the Chief Engineers and concerned field units of PMB and PWD (B&R) to ensure compliance.	
2.1.14.1 Execution of excess length than approved in Core Network In four divisions out of 14 selected divisions, it was noticed that against the approved Core Network length of 140.92 km, the execution of 169.53 km was done in 10 roads leading to excess execution of 28.61 km. Excess execution of 28.61 km resulted in irregular diversion of PMGSY funds amounting to ₹ 10.02 crore.	The Committee dropped (November 2014) this paragraph with an order to the Department to be more careful in future with regard to planning.	The Chief Engineer, PRBDB *cum* Nodal Officer of PMGSY issued (March 2017) instruction to the Chief Engineers and concerned field units of PMB and PWD (B&R) to ensure compliance.	No further audit findings were noticed.
2.1.14.7 Execution of work without sanction of estimates The record of the Chief Engineer, PWD (B&R) revealed that in seven districts, an expenditure of ₹ 40.23 crore was incurred on seven works without sanction of estimates by competent authority from 2006-07 to 2008-09 resulting in irregular expenditure.	The Committee directed (November 2014) the Department to be careful and avoid execution of work before sanction of estimates in future. After consideration, the Committee dropped the paragraph.	The Chief Engineer, PRBDB *cum* Nodal Officer of PMGSY issued (March 2017) instruction to Chief Engineers and concerned field units of PMB and PWD (B&R) to ensure compliance.	No further audit findings were noticed.

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/ comment
2.1.14.11 Sub-standard work The examination of records of the EE Construction Division, Muktsar disclosed that open graded 20 mm (PC) was laid (October 2006) in upgradation of Mahabadhar-Sammewali Road without laying of seal coat in contravention of the provisions, resulting in execution of sub-standard work of 20 mm PC of ₹ 0.58 crore.	The Committee directed (January 2015) the Department to issue warning to the concerned officers who prepared the deficient DPR and ordered that it should be taken care of in future from this angle. In view of reply of the Department, the Committee decided to drop the paragraph.	The Chief Engineer, (South II), Punjab PWD (B&R) issued (January 2015) instruction to the concerned Superintending Engineer (SE) for issue of warning to the concerned officers/officials involved in the matter. The SE had also issued (February 2015) the necessary warning.	No further audit findings were noticed.

D. Others

Besides above, in one case (detailed below), the PAC dropped the observation on the basis of the reply of the Department but the similar irregularity was still persisting.

Audit findings made in earlier Report	PAC recommendations	Current status as informed by Department	Audit findings/comment
2.1.15.3 Audit observed that in nine divisions, 30 works (Appendix 2.1) were completed with delay of upto 22 months.	The Committee decided to drop the paragraph after consideration.	Not required as there was no recommendation of the Committee.	Non-completion of PMGSY works within the stipulated time period was still persistent as nine PMGSY roads ***(Appendix 3.9)*** were noticed to have been completed with delay ranging between 190 and 1,111 days beyond the stipulated date of completion. The CE did not furnish reply (October 2017).

3.15.5 Conclusion

The follow up audit showed that though the Department had taken remedial action in some of the areas, concrete action was still to be taken in other areas as per the recommendations of the Public Accounts Committee. In some of the cases, action had been taken in individual cases only, as persistence of similar issues in divisions other than those mentioned in the observations of the Performance Audit indicated that action taken was deficient so far as eradication of these irregularities across the organization was concerned.

The Department should, therefore, develop a well formulated plan for taking prompt action on the audit observations and recommendations of Public

Accounts Committee for further improving its performance so as to avoid recurrence of the irregularities/deficiencies pointed out earlier by the audit.

The matter was referred (September 2017) to the Government for their comments; reply was awaited (November 2017).

PUBLIC WORKS (BUILDINGS & ROADS) AND CULTURAL AFFAIRS DEPARTMENTS

3.16 Construction of entrance plaza at Golden Temple, Amritsar

Due to deficient planning, scope of work was irregularly enhanced thereby vitiating the tendering process. Work of main plaza and additional work were allotted to an ineligible firm against single tender besides extending financial favour by pre-mature release of security deposit of ₹ 2.53 crore and non-obtaining of insurance cover. Overpayment of ₹ 86.11 lakh to the consultant and non-deduction of cultural cess of ₹ 1.06 crore from two contractors was also noticed.

For developing the open space in front of the Golden Temple, Amritsar into a plaza, Punjab Heritage and Tourism Promotion Board (PHTPB) appointed (January 2011) a consultant who prepared an estimate of ₹ 61 crore against which PHTPB invited (January 2011) tenders. Two agencies submitted their bids. Citing lack of competition, the Chief Secretary, Punjab ordered (March 2011) re-tendering. Cost of the project was revised to ₹ 78 crore on the basis of Delhi Schedule Rates[142] and PHTPB invited (April 2011) tenders. Seven firms purchased the tender documents and a pre bid meeting was held with these firms on 03 May 2011. In the meantime, it was decided (02 May 2011) to hand over the project to the Department of Cultural Affairs (DCA), Government of Punjab (GOP). Before expiry of the last date of receipt of tenders (20 May 2011), it was decided (12 May 2011) to get the work executed on turnkey basis for its expeditious completion and to ensure that only companies of highest standard who had undertaken works of similar nature in the past qualify. As a result, the tenders invited in April 2011 were also cancelled. For preparation of bidding documents on turnkey basis, a committee[143] was constituted. Based on its recommendations, DCA *inter alia* prescribed (June 2011) the eligibility/qualifying criteria for the bidders which included the condition of having executed at least one project having ornamental dome made up of RCC or structural steel. It was also decided that the project would be executed by PWD as the Department of Cultural Affairs had no technical staff. The funds were to be provided by Punjab Infrastructure Development Board. The Department of Cultural Affairs accorded (June 2011) administrative approval to the project for ₹ 77.84 crore and asked (June 2011) the Chief Engineer, PWD, Punjab (CE) to allot the work on turnkey basis.

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[142] It was decided (March 2011) to prepare the project on these rates since Public Works Department's common schedule of rates did not cater to all items of the work.

[143] (i) Technical Advisor to Chief Minister; (ii) Chief Engineer (Buildings), Punjab PWD (B&R); (iii) A Civil Engineer, (R&I), PHTPB; and (iv) Representative of the consultant.

During test check of records (July 2017) of the Executive Engineer (EE), Central Works Division No. 2, PWD, Amritsar and information collected from the Department of Cultural Affairs, the following was observed:

3.16.1 Allotment of work of construction of plaza on single tender and to an ineligible firm

The Chief Engineer, PWD invited (July 2011) tenders for the work of construction of plaza at main entrance of Sri Harmandir Sahib on item rate basis in violation of the decision taken on 12 May 2011 to allot the work on turnkey basis. It was further observed that the Tender Processing Committee (TPC) evaluated (August 2011) the technical bid of the sole bidder against Notice Inviting Tender (NIT) of July 2011 and declared it as technically responsive without considering the criteria of execution of work having ornamental dome made up of RCC or structural steel. The financial bid was opened on 18 August 2011. The rates quoted by the agency were 18 *per cent* above the NIT rates which after negotiations were reduced (25 August 2011) to four *per cent* above the NIT amount by the agency. The EE allotted (06 September 2011) the work to the agency for ₹ 78.09 crore to be completed within one year, which was subsequently enhanced to ₹ 94.48 crore in May 2015 due to change in scope of work. The work was completed on 15 September 2016 after five years from date of allotment at a cost of ₹ 94.84 crore against the stipulated time limit of 12 months.

Audit reviewed the process of award and planning of the work and observed as under:

- The first tender floated in January 2011 was cancelled owing to lack of competition as only two firms had participated. Yet, the work was finally awarded (September 2011**)** to an ineligible firm on the basis of a single bid and that too above the NIT rates. While presenting the case to the Council of Ministers (CoM) (February 2012**)** for their *post-facto* approval for the award of work on item rate basis instead of turnkey basis, it was mentioned that the rates at which the work was awarded were 1.24 *per cent* lower than the DNIT/present day market rates. CoM decided (February 2012) that the proposal be re-examined by the Chief Secretary, Punjab and the Technical Advisor to CM and submit the same to the CM who was authorised to take final decision in the matter. The proposal was finally approved by the CM on 02 March 2012.

It was, however, observed that the EE enhanced the DNIT rates (₹ 75.08 crore) to ₹ 78.02 crore on the basis of receipt of higher tendered rates. These were further increased to ₹ 79.06 crore by adding ₹ 1.04 crore[144]. These rates (₹ 79.06 crore) were assumed as present day rates without undertaking any analysis of prevailing market rates. The rates tendered by the contractual agency (₹ 78.09 crore) were then compared with these so called present day rates (₹ 79.06 crore) and were projected as being 1.24 *per cent*

[144] ₹ 0.78 crore on account of one *per cent* labour cess on the tendered rates and ₹ 0.26 crore on account of provision of disposal of 50 *per cent* earth free of cost by the contractor.

lower than the present day rates. Hence, the basis of the proposal submitted to the CoM stating that the rates tendered by the agency were 1.24 *per cent* below the present day market rates was misleading and without any rational basis. It is evident that the facts were falsified to justify and obtain approval for award of contract to the sole bidder.

➢ The second tendering process started in April 2011 was terminated in order to invite offers on turnkey basis to save time and also to ensure that only companies of highest standard participated in the tender. The whole process of calling bids on turnkey basis was nullified as the bids were eventually invited on item rate basis.

➢ From the bid documents furnished in support of fulfilment of eligibility criteria, audit observed that the sole bidding agency had not executed any project having ornamental dome made up of RCC or structural steel. This condition was specifically added **(**June 2011**)** after cancelling (May 2011) the earlier tender, to ensure that only the companies of highest standard and those which had undertaken works of similar nature could qualify. TPC altogether ignored (August 2011) this vital condition of execution of work having ornamental dome made up of RCC or structural steel while evaluating the technical bid and declared (August 2011) the agency technically responsive without considering eligibility of the agency against the said important criteria.

➢ The time limit of 12 months prescribed for completion of the work seemed inadequate as was evident from the fact that the work was actually completed on 15 September 2016 i.e. after five years from the date of allotment. The unrealistic time limit of 12 months might have acted as deterrent for other prospective bidders, since interest had been shown by two and seven firms during the initial biddings in January and April 2011 respectively.

➢ Besides the above, the work 'additional works for construction of plaza at main entrance of Sri Harmandir Sahib' was also allotted (February 2014) to the same agency for ₹ 39.10 crore against a single bid after giving only 10 days[145] for tendering against the minimum 21 days prescribed by PWD. Due to increase in scope of work in the shape of an additional dome in front of the Joda Ghar, the tendered amount of this work was also enhanced (02 October 2014) to ₹ 46.77 crore without calling fresh bids and the work was completed on 20 October 2014 at a cost of ₹ 46.76 crore.

The agency was eventually paid ₹ 141.60 crore[146] for the two works against their combined tendered cost of ₹ 141.25 crore[147]. This amounted to extending undue favour to the agency despite not meeting the crucial

[145] Tenders invited on 21.01.2014 were to be received by 31.01.2014.

[146] (i) ₹ 94.84 crore for 'construction of plaza at the main entrance'; and (ii) ₹ 46.76 crore for the work 'additional works of construction of plaza at main entrance'.

[147] (i) ₹ 94.48 crore (enhanced from ₹ 78.09 crore) for 'construction of plaza at the main entrance'; and (ii) ₹ 46.77 crore (enhanced from ₹ 39.10 crore) for the work 'additional works of construction of plaza at main entrance'.

eligibility criterion. The agency was also extended other financial favours as discussed in paragraph 3.16.4 below.

- Though an architectural consultant was appointed in January 2011 for designing the work but the scope of the work was not finalised prior to inviting tenders and was changed or enhanced frequently. Just after 10 days of allotment of the work (September 2011) to the contractor number of items[148] were added to the project at the instance of PIDB. During execution three[149] other works were also added (February 2014, March 2014 and July 2015) to this project by awarding these additional works to same agency (one work) and other agencies (two works). Even the scope of all the four individual works was enhanced. As a result, the administrative approval of the entire project was enhanced five times with the final value being ₹ 221.76 crore (July 2016) as compared to the initial amount of ₹ 77.84 crore (June 2011). Change in design and enhancement of scope of work after award of work reflects poor planning. Further, the enhanced scope of all the four individual works was got executed from the firms who were allotted the original work by enhancing their tendered value without inviting fresh bids, which not only vitiated the entire tendering process but was also in violation of the orders (August 2011) of PWD, GOP which *inter alia* prohibited any major increase in the scope of work after award. Even technical sanction which was required to be accorded prior to invitation of tenders was accorded in March 2013, much after award of work (September 2011) rendering it a mere formality.

3.16.2 Overpayment to the consultant

Para 3.01 of the agreement with the consultant provides that the consultant was to be paid at the rate of two and half *per cent* of the project cost restricted to a maximum project cost of ₹ 52 crore. For payment in respect of the additional works[150] not covered in the original scope of the consultant, the CE, PWD recommended (January 2015) that the fee be calculated at the agreed rate of 2.50 *per cent* of 50 *per cent*[151] of the actual work executed at site in respect of these additional works. Scrutiny of the last running bill[152] of the consultant paid so far (October 2017) showed that fee in respect of works in basement was calculated on the basis of the estimated cost of ₹ 62.85 crore instead of 50 *per cent* of the actual work executed at site which was ₹ 50.83 crore. This resulted in overpayment of ₹ 86.11 lakh ***(Appendix 3.10)***

148 (i) Provision for construction of Jorah Ghar on RHS; (ii) provision for dispensary; (iii) provision for locker room for deposit of weapons; (iv) provision for clock room for deposit of valuable items; (v) provision for tourist information centre fully equipped with touch screens (four nos.); (vi) design of water body on ground floor; (vii) interior design of plaza; (viii) provision for furniture and electronic equipment; and (ix) installation of informatory boards at different locations.

149 (i) 'additional works of construction of plaza at main entrance'; (ii) 'furnishing work of basement of plaza except four halls of interpretation centre at main entrance' (four halls were also added to the work later on); and (iii) 'providing, fixing and maintenance of outdoor fixtures'.

150 (i) On account of facade around the plaza; (ii) extension of facade connection the old Jorah Ghar and new Jorah Ghar; and (iii) architectural lighting, façade illumination and external lighting scheme.

151 Considering repetitive in nature of the work.

152 12th running bill paid in September 2016.

to the consultant. The Director, Cultural Affairs, Punjab admitted (November 2017) the fact of payment of consultancy fee at the rate of 100 *per cent* of the estimated value of the work and stated that matter was being verified with the executive agency. Final reply was awaited

3.16.3 Avoidable payment of price escalation

The work of construction of plaza at the main entrance allotted on 06 September 2011 for ₹ 78.09 crore was to be completed within one year i.e upto 05 September 2012. However, the work was delayed due to non-clearance of site, non-availability of layout as well as structural drawings, etc. and was completed on 15 September 2016. This resulted in payment of ₹ 34.73 lakh to the agency on account of price escalation for the period September 2012 to April 2014.

3.16.4 Undue favour to the contractors

(i) Non-deduction of cultural cess

Punjab Ancient, Historical Monument, Archaeological Sites, and Cultural Heritage Maintenance Board Act, 2013, notified on 15 April 2013, (as amended in December 2013) provides that cultural cess shall be levied on all buildings costing more than 15 crore constructed by the agencies of the State out of their own or state resources. However, cultural cess amounting to ₹ 1.06 crore at the rate of one *per cent* was not deducted from final payments of ₹ 105.87 crore[153] made (June 2015 and May 2017) to the contractors in respect of two works allotted at a cost of ₹ 105.93 crore[154] in violation of the instructions *ibid*.

(ii) Non-revalidation of bank guarantees

In respect of the work of construction of main plaza, performance security of ₹ 3.90 crore obtained from the agency was not got revalidated (June 2017) after its expiry (January 2015) though it was required to be revalidated up to 12 October 2017[155]. Similarly, in respect of the work 'additional works for construction of plaza', bank guarantee of ₹ 1.96 crore was not got revalidated after its expiry on 27 August 2014, which ought to have been revalidated up to 16 November 2015[156].

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153 (i) 'Additional works of construction of plaza at main entrance'-₹ 46.76 crore; and (ii) 'furnishing work of basement of plaza except four halls of interpretation centre at main entrance'-₹ 59.11 crore.

154 (i) 'Additional works of construction of plaza at main entrance'-₹ 46.77 crore (enhanced from -₹ 39.10 crore); and (ii) 'furnishing work of basement of plaza except four halls of interpretation centre at main entrance'-₹ 59.16 crore (enhanced from ₹ 50.83 crore).

155 28 days beyond the expiry of defect liability period which in turn was one year after actual date of completion i.e. 15 September 2016.

156 28 days beyond the expiry of defect liability period which in turn was one year after actual date of completion i.e. 20 October 2014.

(iii) Premature release of security

As per clause 45 of the agreement, the amount of security deposits deducted from the running payments of the agency were to be released[157] after successful completion of the work. However, the EE prematurely released (January 2014) security deposit of ₹ 2.53 crore[158] which should have been released only after three months of completion of the work i.e. September 2016. It was further observed that the security was released against two bank guarantees aggregating to ₹ 2.60 crore valid upto 07 July 2014 which were not got revalidated after 07 July 2014.

(iv) Non-provision of insurance cover

As per clause 15 of the agreement, the contactor was to provide an insurance cover[159] in the joint name of the employer and the contactor from the start date to the end of the defect liability period. Further, clause 15.3 of the agreement stated that if the contactor failed to provide such insurance cover, the employer could effect the insurance and deduct the premium from the bills of the agency as per the rates stated in the contract data.

However, neither the agency provided the insurance cover in case of the work 'additional works of construction of plaza at the main entrance of Sri Harmandir Sahib' nor the EE recovered the insurance premium from the bills of the contractors as required. In case of the work 'construction of main plaza at the main entrance of Sri Harmandir Sahib', the insurance cover was obtained for intermittent periods[160] and that too was not enhanced according to the enhanced value of the contract amount (from ₹ 78.09 crore to ₹ 94.48 crore). Further, in absence of rates of the deductibles in the agreement in case of non-providing of insurance cover, the amount required to be deducted from the agency's payments could not be worked out.

The Director, Cultural Affairs, Punjab while replying to paragraph 3.16.2 stated (November 2017) that the reply of the other paragraphs was to be furnished by PWD which had not furnished reply.

3.16.5 Conclusion

Despite hiring a consultant architect, the planning of the project was found deficient, as the works were irregularly enhanced after award without passing through a transparent process of tendering thereby vitiating the tendering process. The works of construction of main plaza and that of additional works were allotted to an ineligible firm against a single tender and was paid ₹ 141.60 crore as against the bid amount of ₹ 117.19 crore. Other financial favours were also extended to the same firm by way of premature release of

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157 50 *per cent* after three months of completion *viz.* 15 December 2016, and the balance after expiry of defect liability period *viz.* 12 October 2017.

158 Deducted from running payments No. 1 to 27 of the agency.

159 For (i) loss of or damage to the work; (ii) loss of or damage to equipment; (iii) loss of or damage of property in connection with the contract; and (iv) personal injury or death.

160 19 January 2012 to 18 January 2014 and 19 January 2016 to 18 January 2017.

security deposit of ₹ 2.53 crore and non-obtaining of insurance cover for the works. Overpayment of ₹ 86.11 lakh to the consultant and non-deduction of cultural cess of ₹ 1.06 crore from two contractors were also noticed.

The EE stated (July 2017) that detailed reply would be given after scrutiny of records.

The matter was referred to the Government in September 2017; reply was awaited (November 2017).

PUBLIC WORKS (BUILDINGS & ROADS) AND IRRIGATION DEPARTMENTS

3.17 Non-deduction of cultural cess

Cultural cess of ₹ 2.52 crore had not been deducted from the payments released to the contractors in violation of notification issued by the Department of Legal and Legislative Affairs, Punjab.

The Government of Punjab notified (15 April 2013) the Punjab Ancient, Historical Monuments, Archaeological Sites and Cultural Heritage Maintenance Board Act, 2013 (Punjab Act No. 29 of 2013) to provide for a dedicated fund for the conservation and preservation of the protected and unprotected built heritage of the State as well as funding for heritage memorials to be created/constructed and operation and maintenance thereof. The Act provides for the levy of one *per cent* cultural cess on the project cost of roads, bridges, flyovers, railway over bridges/railway under bridges undertaken, among others, by the Public Works Department (PWD) and the Irrigation Department out of their own or the State's resources. The cess is also leviable on all buildings costing more than ₹ 15 crore constructed by the agencies of the State out of their own or State's resources. The amount of cess so imposed and collected is to be deposited into the Consolidated Fund of the State.

Examination of records (April-June 2017) of six Executive Engineers[161] (EE), three of PWD (Buildings and Roads Branch) and three of Irrigation Department revealed that the cultural cess in respect of 24 works amounting to ₹ 2.52 crore[162] at the rate of one *per cent* from the total payments of ₹ 252.86 crore made to the contractors during June 2015 to October 2017, in respect of works awarded between July 2013 and June 2016, was not recovered/deducted from the contractors' bills by the concerned divisions in violation of the above notification. Out of 24 works, final bills of five works had already been paid (June 2015-October 2017) without deducting cultural

[161] EEs of B&R: (i) Central Works Division No. 2, Amritsar; (ii) Provincial Division, Mohali; (iii) Provincial Division, SBS Nagar; EEs of Irrigation Department: (iv) Bist Doab Division, Jalandhar; (v) Ropar Headworks Division, Ropar; and (vi) Kotra Canal Lining Division, Sangrur.

[162] EEs: (i) Central Works Division No. 2, Amritsar-₹ 87.17 lakh (one work); (ii) Provincial Division, Mohali-₹ 73.06 lakh (one work); (iii) Provincial Division No. 2, SBS Nagar-₹ 0.36 lakh (one work); (iv) Bist Doab Division, Jalandhar-₹ 68.35 lakh (12 works); (v) Kotra Canal Lining Division, Sangrur-₹ 5.63 lakh (five work); and (vi) Ropar Headworks Division, Ropar-₹ 16.95 lakh (four works).

cess of ₹ 1.27 crore[163]. In the remaining 19 works, the required deduction of cultural cess of ₹ 1.25 crore from the running bills of the contractors was yet to be recovered (November 2017).

The EEs without giving any reasons/justification for not deducting the cultural cess stated (April–June 2017) that matter would be examined and reply would be submitted later on. Final action taken by the EEs was awaited (November 2017).

Thus, non-deduction of cultural cess of ₹ 2.52 crore from the payments of the contractors led to undue financial benefit to them and loss to the State exchequer to that extent.

The matter was referred to the Government in July 2017; reply was awaited (November 2017).

REVENUE, REHABILITATION & DISASTER MANAGEMENT AND IRRIGATION DEPARTMENTS

3.18 Avoidable extra burden on State exchequer due to delay and overpayment of compensation

Delay of 12 and 24 months in announcement of award in two cases coupled with excess payment due to wrong computation of award inflicted avoidable extra burden of ₹ 2.35 crore on the State exchequer.

To eliminate the delay in land acquisition proceedings, the Government of Punjab, (Department of Revenue, Rehabilitation & Disaster Management) formulated (December 2006) a new policy for acquisition of land for public purpose under the Land Acquisition Act, 1894 (Act), which stipulates that declaration under Section 6 (declaration) of the Act is to be issued within six months of issue of notification under Section 4 (notification) of the Act and the award is to be announced within six months of issue of declaration under Section 6 of the Act. The District Land Price Fixation Committee (DLPFC) is to determine, within three months of the issue of notification, the market value of land as on the date of publication of such notification, which then is to be incorporated in the declaration. The onus for conducting meeting of DLPFC in a purposeful manner is on the Deputy Commissioner concerned. As per para 71 of the Standing Order[164] No. 28 (Land Acquisition No. 28), the payment of compensation of the acquired land is to be made at the time of announcement of award by the Land Acquisition Collector. 'Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013' (New Act) came into force with effect from 01 January 2014 which *inter alia* provided for payment of solatium amount equal to 100 *per cent* of the market value of land whereas under the previous act, solatium was payable at the rate of 30 *per cent* of the market value.

163 (i) Central Works Division No. 2, Amritsar-₹ 87.17 lakh (one work); (ii) Bist Doab Division, Jalandhar-₹ 27.05 lakh (two works); and (iii) Ropar Headworks Division, Ropar-₹ 12.43 lakh (two works).

164 Dealing with the acquisition of land for public purposes.

(i) Test check of records (March 2017) of the Executive Engineer, Drainage Construction Division, Faridkot at Gidderbaha (EE) revealed that the Department of Irrigation issued (18 February 2013) notifications under Section 4 of Act for acquisition of land measuring 26.80 acre falling in two villages[165] for construction of Kuttianwali Link Drain out falling into Wahabwala Drain. Declarations under Section 6 were issued on 02 August 2013 without incorporating the rates of land therein as required. The possession of land was taken on 04 June 2012 and 29 May 2012 respectively.

For acquisition of 18 acre land in village Khuban, DLPFC, Fazilka fixed the rates on 27 June 2014, after a delay of more than 13 months[166] from the stipulated period allowed for determining the rates. The Department of Irrigation, Government of Punjab, approved the rates in July 2014 and the Land Acquisition Collector, Abohar announced the award amounting to ₹ 7.39 crore on 02 February 2015 i.e. after 12 months from the stipulated date of 17 February 2014 (within one year of issue of notification under Section 4) which includes interest of ₹ 0.86 crore for the period 18 February 2014 to 02 February 2015. However, the amount could not be paid immediately due to non-availability of funds. As a result, there was further accrual of interest amounting to ₹ 0.82 crore for the period from 03 February 2015 to 31 December 2015. Payment of ₹ 8.20 crore[167] against the award was drawn from treasury on 25 July 2016 i.e. after 18 months from the announcement of award (02 February 2015). Had the award been announced within the stipulated period and payment made at the time of award as required, the Department would have saved ₹ 1.68 crore paid on account of 15 *per cent* interest for the period 18 February 2014 to 31 December 2015.

As regards acquisition of 8.80 acre land in village Kuttianwali (now Sheranwali), DLPFC, Sri Muktsar Sahib fixed the rates of the land on 28 November 2013 and submitted the proposal to the Department of Irrigation, which directed (March 2014) that payment of compensation be made as per the New Act, which had come into force with effect from 01 January 2014. The Deputy Commissioner of Sri Muktsar Sahib (DC) proposed (May 2015) the compensation in accordance with the New Act at the rate of ₹ 8,27,354.16 per acre worked out after multiplying the market value of ₹ 6,61,883.33 per acre with distance factor[168] of 1.25. The Department of Irrigation, Government of Punjab while approving the rate of ₹ 8,27,354.16 per acre in August 2015, mentioned that the multiplier, solatium and interest as per the New Act would be extra to this amount. Accordingly, the Land Acquisition Collector, Malout, while announcing (September 2016) the award, multiplied the rate of ₹ 8,27,354.16 per acre with distance factor of 1.25 which inflated

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[165] (i) 18 acre in village Khuban, Tehsil Abohar, District Fazilka; and (ii) 8.80 acre in village Kuttianwali (now Sheranwali), Sri Muktsar Sahib RD 12800-19500.

[166] Taken from 18 May 2013 i.e. three months from date of notification under Section 4.

[167] *Inter alia* including interest at the rate of 15 *per cent* amounting to ₹ 1.68 crore for the period 18.02.2014 to 31.12.2015. This interest is payable as per the Act, if the awarded compensation is delayed beyond a period of one year from the date of notification under Section 4.

[168] In accordance with the New Act and is based on the distance of project from the urban area.

the market value to ₹ 10,34,192.70 per acre instead of ₹ 8,27,354.16 per acre (since the distance factor was applied twice). Thus, application of distance factor twice resulted in excess payment of ₹ 4.14 lakh[169] per acre after adding 100 *per cent* solatium, paid as per the New Act. The excess payment for 8.80 acre aggregated to ₹ 36.43 lakh.

No reply regarding excess payment was furnished by the EE (November 2017).

(ii) Test-check of records (July 2016) of Sub-Divisional Magistrate-cum-Land Acquisition Collector (LAC), Rajpura revealed that a notification under Section 4 of the Act for acquisition of 9 bigha 19 biswa of land of village Neelpur falling under Tehsil Rajpura for construction of Sewerage Treatment Plant (STP) was issued on 17 November 2011. The DLPFC fixed the market value of the land at ₹ 0.70 crore per acre on 21 March 2012 i.e. after a delay of more than one month and sent (28 March 2012) the same for approval of the Principal Secretary, Local Government Department (PSLGD). The declaration under Section 6 was issued on 07 November 2012 with a delay of almost six months and that too without incorporating therein the market value of land as required under the policy. The LAC sent (11 March 2013) the draft award of 10 bigha 14 biswa land for ₹ 2.46 crore for approval of PSLGD increasing the area by 15 biswa than earlier notified. The PSLGD, after one year and three months from the date (28 March 2012) on which the DLPFC had sent to him the market value of land fixed by it and after more than three months from the sending (11 March 2013) of the draft award by the LAC for his approval, sought (02 July 2013) clarification from the Deputy Commissioner, Patiala (DC) about the basis for fixation of rate of ₹ 0.70 crore per acre of the land and increasing the area of land by 15 biswa respectively. The DC clarified (September 2013) that DLPFC, after reviewing the rate of land fixed earlier, had unanimously agreed to the rate of ₹ 0.70 crore per acre of land for the purpose. The matter regarding actual area of land to be acquired remained under consideration till January 2014 when it was decided in a meeting of Punjab Water Supply and Sewerage Board, to reduce the acquisition of land from 9 bigha 19 biswa to 7 bigha 17 biswa for construction of STP in Village Neelpur, Tehsil Rajpura.

In the meanwhile, the New Act came into force with effect from 01 January 2014. Accordingly, the market value of the land was re-fixed to ₹ 0.40 crore per acre under New Act. In addition to this, 10 *per cent* severance allowance, 30 *per cent* equity justice benefit on market value and 100 *per cent* solatium on total market value (including severance allowance and equity justice benefit) was also payable under the New Act 2013. Whereas, under the LA Act 1894, apart from the market value (i.e. ₹ 0.70 crore per acre), 10 *per cent* non-litigation compensation and 30 *per cent* solatium on market value was payable. Besides, 12 *per cent* interest for the delayed period was also payable under both the Acts. In accordance with the approval (04 November 2014) of PSLGD, LAC announced (05 November 2014) the award under New Act in respect of land measuring 7 bigha and 17 biswa for ₹ 2.05 crore and disbursed

[169] ₹ 10,34,192.70 *minus* ₹ 8,27,354.16=₹ 2,06,838.54 *plus* 100 *per cent* solatium i.e. ₹ 2,06,838.54=₹ 4,13,677.08 (Say ₹ 4.14 lakh).

the compensation to land owners in December 2014. Thus, due to laxity on the part of LAC and the Local Government Department, the award for acquisition of land was announced after a delay of about two years, in contravention of the provisions *ibid*, which resulted in excess payment of compensation amounting to ₹ 0.31 crore to land owners ***(Appendix 3.11)***.

The LAC stated (October 2016) that on receipt (11 December 2012) of copy of declaration under Section 6, the draft award was sent to PSLGD on 11 March 2013 for his approval, for which the Government was reminded from time to time. The PSLGD did not furnish any reply (June 2017). The reply of LAC was an admission of the delay. Had the award been announced within one year of the issue of notification under Section 4 as provided in the Policy *ibid*, extra expenditure of ₹ 0.31 crore on account of compensation to land owners could have been avoided.

Thus, delay in announcement of award beyond the stipulated period coupled with over payment due to application of distance factor twice inflicted avoidable extra burden of ₹ 2.35 crore on the State exchequer.

The matter was referred to the Government in April and June 2017; reply was awaited (November 2017).

REVENUE, REHABILITATION & DISASTER MANAGEMENT AND PUBLIC WORKS (BUILDINGS AND ROADS) DEPARTMENTS

3.19 Excess payment of solatium to land owners and loss of interest

Incorrect computation of solatium amount by Sub Divisional Magistrate resulted in excess payment of ₹ 5.24 crore to land owners. Further, non-adherence to the instructions of GOI by the Executive Engineer, Hoshiarpur to ensure credit of interest as applicable to a term deposit as per bank card rates resulted in loss of interest of ₹ 4.67 crore.

The Sub-Divisional Magistrate (SDM), Hoshiarpur, on behalf of Ministry of Road Transport and Highways (MoRTH), Government of India (GOI), acquired (April 2016) land for widening/four laning of National Highway (NH-70) (new NH-3) on a stretch from km 25.200 to km 59.000 in district Hoshiarpur. During test-check of records (April 2017) of SDM, Hoshiarpur, Audit noticed the following irregularities:

(i) As per decision (April 2015) of MoRTH, GOI, all the awards of compensation made on or after 01 January 2015 for acquisition of land under National Highways Act, 1956 (NH Act) will be as per the First Schedule of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act). Section 30 (1) read with the First Schedule of the RFCTLARR Act provides that the Collector having determined the total compensation to be paid, shall, to arrive at the final award, impose a "Solatium"[170] amount equivalent to

[170] Solatium is a sort of compensation given for consolation.

one hundred *per cent* of the compensation amount. Further, Section 30(3) of the RFCTLARR Act provides that in addition to the market value of the land provided under Section 26, the Collector shall, in every case, award an amount calculated at the rate of twelve *per cent per annum* on such market value for the period commencing on and from the date of the publication of the notification of the Social Impact Assessment (SIA) study under Section 4, in respect of such land, till the date of the award of the Collector or the date of taking possession of the land, whichever is earlier.

Audit observed that GOI authorized (November 2014) SDM, Hoshiarpur as Competent Authority, Land Acquisition (CALA) under NH Act for acquisition of the said land for widening/four laning of NH-70 (new NH-3) in district Hoshiarpur. GOI issued notifications under Sections 3(A) and 3(D) of NH Act in June 2015 and November 2015 respectively for acquisition of 41.6511 hectares of land in district Hoshiarpur. The notification for SIA study under Section 4 of RFCTLARR Act was issued by the Department of Revenue, Rehabilitation and Disaster Management, Government of Punjab (GOP) on 02 September 2015.

The CALA prepared the draft award of the said land for ₹ 286.36 crore in February 2016, which included a solatium amount of ₹ 143.15 crore computed as one hundred *per cent* of compensation amount plus interest payable under Section 30(3) of RFCTLARR Act, although it was payable only on the compensation amount[171] and not on the interest component. This resulted in inflating the solatium amount by ₹ 9.93 crore ***(Appendix 3.12)***. The GOI transferred (April 2016) funds of ₹ 286.36 crore in the bank account[172] of SDM, Hoshiarpur (i.e. CALA) who announced (April 2016) the final award of the land for ₹ 286.36 crore inclusive of solatium of ₹ 143.15 crore instead of ₹ 133.22 crore, thereby awarding inadmissible excess amount of solatium of ₹ 9.93 crore**,** in contravention of the provisions *ibid* of the RFCTLARR Act. As of September 2017, CALA had disbursed the compensation of ₹ 141.36 crore to the land owners involving excess payment of solatium of ₹ 5.24 crore.

The SDM, Hoshiarpur (i.e. CALA) stated (August 2017) that the error had been brought to the notice of the concerned higher authorities and further action would be taken on receipt of directions from them regarding this excess payment. Further reply of the Department was awaited (September 2017).

(ii) As per instructions issued (February 2008 and September 2014) by National Highways Authority of India (NHAI), MoRTH, GOI, the amount of compensation, as determined by the Competent Authority, Land Acquisition

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171 ₹ 133.22 crore (value of land: ₹ 124.07 crore + value of buildings and structures: ₹ 9 crore + value of trees : ₹ 0.15 crore).

172 Savings bank account No. 023601001762 with ICICI Bank Limited jointly operated in the names of SDM, Hoshiarpur and Executive Engineer, Central Works Division, PWD (B&R), Punjab, Hoshiarpur.

(CALA) and approved by NHAI (MoRTH) was required to be deposited in a savings bank account jointly operated by CALA and the Project Director (PD), NHAI. Further, with a view to avoiding idling of funds, PD before opening of such CALA account, was to interact with the bank and ensure that interest as applicable to a term deposit as per card rates was given by the bank to the CALA account.

Audit observed that in addition to authorizing (November 2014) SDM, Hoshiarpur as CALA under NH Act for acquisition of the said land for widening/four laning of NH-70 (new NH-3) in district Hoshiarpur, GOI had also notified (February 2016) the Executive Engineer (EE), Central Works Division (CWD), PWD, (B&R) Hoshiarpur as the authority for Highway Administration i.e. PD for this project. A savings bank account[173] in the joint names of SDM, Hoshiarpur (i.e. CALA) and EE, Hoshiarpur was opened but without getting the bank to agree that it would give interest as applicable to a term deposit as per card rates.

In accordance with the draft award prepared by CALA, GOI transferred (April 2016) funds of ₹ 286.36 crore in the jointly operated savings bank account. The CALA announced the final award of the land for ₹ 286.36 crore in April 2016. After incurring expenditure[174] on disbursement of compensation to the land owners and other expenses between 26 April 2016 and 06 July 2016, the balance amount of ₹ 146.23 crore[175] remained lying idle in the said savings bank account till 29 August 2017, out of which no further payment was made (September 2017). Subsequently, the Division started keeping the idle funds in FDRs with effect from 30 August 2017. During the period from 07 July 2016 to 29 August 2017, the bank kept crediting savings bank account interest at the rate of four *per cent* on the balance amounts, which otherwise would have earned higher rate of interest (i.e. 6.50 to 6.85 *per cent)* as applicable to a term deposit as per card rates during the same period. Non-adherence to the instructions *ibid* by EE, Hoshiarpur led to loss of interest of ₹ 4.67 crore during the period from 07 July 2016 to 29 August 2017 ***(Appendix 3.13).***

The EE, Hoshiarpur stated (September 2017) that the matter was taken up (May-June 2016) with the concerned bank for placing the entire amount in flexi/short term deposit.

Thus, failure of the EE to ensure at the time of opening of bank account that the bank would give interest as applicable to a term deposit as per card rates, resulted in loss of interest of ₹ 4.67 crore.

The matter was referred to the Government in July and August 2017; reply was awaited (November 2017).

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[173] Savings bank account No. 023601001762 with ICICI Bank Limited, which carried interest rate at the rate of four *per cent*.

[174] Compensation (₹ 141.36 crore); TDS deposited in advance (₹ 0.10 crore); office expenses (₹ 0.01 crore).

[175] Includes amount of ₹ 1.34 crore on account of interest credited by bank up to 28-06-2016.

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

3.20 Implementation of National Rural Livelihoods Mission

The Governing Body and Executive Committee of State Mission Management Unit (SMMU) held only one meeting each since their constitution in 2010 which showed inadequate monitoring of implementation of National Rural Livelihoods Mission in the State. SMMU could not have access to funds of ₹ 20.30 crore during 2014-17 due to huge unspent balance in previous years. Shortage of manpower ranging between 20 and 74 *per cent* at State, District and Sub-district levels adversely impacted implementation of the programme. Only 11 to 57 *per cent* of the targeted Self Help Groups could be provided with credit linkage through banks.

3.20.1 Introduction

The Ministry of Rural Development (MORD), Government of India (GOI) approved (December 2010) the Framework for Implementation of National Rural Livelihoods Mission (NRLM) and launched (June 2011) NRLM by restructuring Swarnajayanti Gram Swarozgar Yojna (SGSY) with the objective of reducing poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, by building strong grassroots institutions for the poor. The Mission envisages mobilizing poor women into functionally effective institutions by providing continuous support. This includes formation of Self Help Groups (SHG) to provide space, voice and resources to the poor for reducing their dependence on external agencies; capacity building of the members to provide them with the requisite skills for managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness; provision of revolving fund and capital subsidy to meet their credit needs in the long-run and immediate consumption needs in the short-run; and credit linkage to SHGs based on their micro-investment plans and marketing support.

At State level, Secretary, Rural Development and Panchayats Department (RDPD) is the administrative head and Joint Development Commissioner (JDC) is the departmental head, who is also the Director-cum-Chief Executive Officer of Punjab State Rural Livelihoods Mission Society[176] designated as State Mission Management Unit (SMMU), which functions as an apex coordinating organization for the implementation of NRLM in Punjab. The Scheme was initially implemented (up to November 2015) in five districts *viz.* Ferozepur, Gurdaspur, Patiala, Sangrur and Tarn Taran. Two additional districts (Bathinda and Muktsar) were covered from December 2015 and the remaining districts except for Hoshiarpur, Jalandhar, Kapurthala, Mansa and SBS Nagar were covered from the year 2016-17.

With a view to assessing the efficiency and effectiveness of implementation of NRLM, an audit for the period 2014-17 was conducted (November 2016–

[176] Registered in May 2011 under the Societies Registration Act.

July 2017) by test-checking the records of SMMU and three[177] (out of seven) District Mission Management Units (DMMUs) in the State. Further, records of 71 SHGs (out of 1,403), 41 village organizations (VO) (out of 107) [178] and all existing four cluster level federations (CLFs) and *one* block level federation (BLF) of the selected DMMUs were also test-checked ***(Appendix 3.14)***.

Audit findings

3.20.2 Financial management

Under NRLM, GOI and State Government provided funds[179] in the ratio of 75:25 (2014-15); and 60:40 (2015-17) on the basis of approved Annual Action Plans (AAP). The position of receipt and expenditure incurred by the Punjab State Rural Livelihoods Mission Society (SMMU) during 2014-17 is given in **Table 3.18** below.

Table 3.18: Details of receipt and expenditure incurred by SMMU during 2014-17

(₹in crore)

Year	Opening balance	Central share approved in AAP	Funds received from GOI	State share approved in AAP	Funds received from State	Other receipts (including interest)	Total funds available	Expen-diture	Closing balance (per-centage of total available funds)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8 (2+4+6+7)**	**9**	**10 (8-9)**
2014-15	16.65	6.28	0.00	2.82	0.00	2.87*	19.52	11.89	7.63 (39)
2015-16	7.63	7.27	3.13#	1.75	4.90$	0.65	16.31	11.55	4.76 (29)
2016-17	4.76	7.99	2.75@	2.31	1.55^	0.43	9.49	8.20	1.29 (14)
Total		**21.54**	**5.88**	**6.88**	**6.45**	**3.95**	**45.32**	**31.64**	

Source: Departmental data

**** include ₹2.08 crore refunded by districts to SMMU as unspent funds of SGSY.***

$ include ₹3.25 crore and ₹1.65 crore pertaining to the year 2012-13 and 2013-14, respectively.

 # include ₹0.85 crore pertaining to the year 2014-15.

^ include ₹0.82 crore pertaining to the year 2015-16 and excludes matching State's share of ₹0.12 crore received in July 2017.

@ include ₹1.22 crore pertaining to the year 2015-16.

Examination of receipt and expenditure under NRLM during 2014-17 revealed the following:

(i) In addition to the funds of ₹ 5.88 crore (**Table 3.18**), GOI also released (March 2017) ₹ 0.34 crore to GOP as second instalment of Central share under NRLM during 2016-17. However, GOP did not release the amount along with its own share of ₹ 0.23 crore to SMMU (July 2017), which was required to be released within three days from the date of receipt from GOI. The Special Secretary, RDPD stated (July 2017) that the funds were not sanctioned by the

[177] (i) Patiala, (ii) Sangrur and (iii) Tarn Taran selected by adopting Probability Proportional to Size Without Replacement method based on quantum of funds released by SMMU.

[178] 71 SHGs and 41 VOs were selected for test-check through Systematic Sampling Method.

[179] Except for Rural Self Employment Training Institutes (RSETIs) and Sale of Articles of Rural Artisans Society (SARAS) components for which 100 *per cent* central assistance was provided by GOI.

Finance Department despite regular efforts by Punjab State Rural Livelihood Mission (PSRLM) (SMMU).

(ii) Chapter-VIII of NRLM guidelines provides that the opening balance of SMMU should not exceed 10 *per cent* of the allocation of the previous year and in case the opening balance exceeds this limit, the Central share would be proportionally reduced.

Audit observed that SMMU could not spend the available funds and the opening balance during 2014-17[180] remained between 53 and 95 *per cent* of the allocation of the previous years. As per guidelines *ibid*, the amount retained by the Centre was to be allocated to better performing states. SMMU, therefore, lost the opportunity to have access to the financial assistance of ₹ 20.30 crore (Central share:₹ 15.32 crore[181] and State share:₹ 4.98 crore) under NRLM.

The Special Secretary, RDPD attributed (July 2017) the reasons for huge unspent balances to shortage of staff stating that NRLM was a programme which could not be implemented without human resource. It was added that with the recruitment of staff in the current financial year, the allocated funds would be utilized.

3.20.3 Planning and implementation

3.20.3.1 Non-preparation of State perspective and implementation plan

Chapter IX of the NRLM guidelines stipulates that SRLM (SMMU) shall prepare a State perspective and implementation plan (SPIP) for five to seven years for reducing poverty comprehensively in the State, outlining the results, core strategies and key activities in a phased manner. Based on the broad indication of resource availability to the State in a particular year, SRLM (SMMU) was to undertake a prioritization exercise and prepare Annual Action Plan (AAP) dovetailing it with SPIP.

Audit observed that though AAPs had been prepared during 2014-17 and submitted to NRLM (GOI) against which requisite funds were also received, SPIP for five to seven years as required under the guidelines *ibid* was not prepared. The AAPs so prepared were short term programmes and lacked a long term perspective, which impacted the implementation of NRLM in the State, as discussed in the succeeding paragraphs.

The Special Secretary, RDPD attributed (July 2017) the reasons for non-preparation of SPIP to shortage of staff and assured to prepare the same.

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[180] ₹ 16.65 crore (95 *per cent*) against the allocation of ₹ 17.56 crore in 2013-14; ₹ 7.63 crore (84 *per cent*) against the allocation of ₹ 9.10 crore in 2014-15; and ₹ 4.76 crore (53 *per cent*) against the allocation of ₹ 9.02 crore in 2015-16.

[181] Includes ₹ 0.44 crore (out of ₹ 0.70 crore) towards 100 *per cent* contribution of GOI on account of Sale of Articles of Rural Artisan Society fairs organized at Bathinda (₹ 0.09 crore out of ₹ 0.35 crore during 2014-15) and Hoshiarpur (₹ 0.35 crore during 2015-16).

3.20.3.2 Inter-loaning by Self Help Groups

Framework for Implementation of NRLM (June 2011) provides for reduction in poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor. It further provides that the poor move gradually on the continuum from consumption to debt swapping, to enhancement of existing livelihoods and thereafter, to diversification.

As of March 2017, 4,131 Self Help Groups (SHG) had been formed in the State. Test-check of records of 67[182] (out of 71) selected SHGs, each consisting of 10-15 members as of March 2017, revealed that 60 SHGs did inter-loaning of ₹ 73.58 lakh during 2014-17 out of corpus[183] created with each SHG, as detailed in **Table 3.19**. Seven SHGs did not do inter-loaning for any purpose till March 2017, out of which one SHG *viz.* Kalgidhar, district Patiala was not functional since December 2015.

Table 3.19: Details of inter-loaning done by selected SHGs during 2014-17

(₹in lakh)

District	Block	No. of SHGs, who did inter-loaning (Total No. of SHGs)	Amount of inter-loaning for		
			Domestic needs	Livelihood activities	Total
Patiala	Sanour	26(27)	29.47	7.46	36.93
	Patran	04(05)	0.59	0.05	0.64
Sangrur	Sunam	18(18)	19.04	7.49	26.53
	Sangrur	02(05)	0.50	0.05	0.55
Tarn Taran	Valtoha	10(12)	4.83	4.10	8.93
Total		**60(67)**	**54.43**	**19.15**	**73.58**

Source: Departmental information

During the period 2014-17, out of ₹ 73.58 lakh, inter-loaning of ₹ 54.43 lakh (74 *per cent*) was done by SHGs for fulfilling the domestic needs of the members and only ₹ 19.15 lakh (26 *per cent*) was used for livelihood activities. It was further observed that out of 60 SHGs:

- 29 SHGs[184] did inter-loaning of ₹ 16.37 lakh solely for meeting their domestic needs and no inter-loaning was done to enhance their livelihood activities for a period ranging up to 29 months from their formation (March 2017).

- 31 SHGs did inter-loaning of ₹ 57.22 lakh for both purposes, of which only ₹ 19.15 lakh (33 *per cent*) was used for livelihood activities. The

[182] Four SHGs did not provide data relating to inter-loaning.

[183] The corpus with SHG consists of their own savings, Revolving Fund, Community Investment Fund received under the Scheme and interest earned, if any.

[184] Two SHGs *viz.* Harkrishan and Jyoti of district Patiala were not functional since September 2016.

percentage of inter-loaning for livelihood activities by these SHGs ranged between 5 and 85 *per cent.*

Thus, a major portion of loaning catered only to consumption and not for creating livelihood opportunities that would enable the loanee to move up the livelihood ladder.

The State Programme Manager stated (July 2017) that NRLM's implementation had not gained proper momentum due to shortage of staff and with the recruitment of staff in 2017-18, efforts would be made to motivate SHGs for more inter-loaning towards livelihood.

3.20.3.3 Provision of credit linkage to SHGs

Chapter II of Framework for Implementation of NRLM provides that access to repeat finance at affordable price and in desired amounts and convenient repayment terms is critical for the poor to smoothen consumption, exit debt trap and invest in livelihoods assets. Making poor the preferred clients of the banking system and mobilizing bank credit is core to the NRLM financial inclusion and investment strategy. For this purpose, GOI approved (May 2013) interest subvention component for availing of loans by women SHGs from banks[185] (with effect from 1 February 2014) up to ₹ three lakh at seven *per cent* per annum. Besides, these SHGs would get further three *per cent* subvention on prompt repayment, thereby reducing the effective charge on all such loans to four *per cent* only.

The target vis-à-vis achievement in providing credit linkage to SHGs in the State during the period 2014-17 is given in **Table 3.20** below.

Table 3.20: Target vis-à-vis achievement in providing credit linkage to SHGs during 2014-17

Year	Total number of SHGs at the end of the year	Physical (No. of SHGs)		Percentage shortfall	Financial (₹ in crore)		Percentage shortfall
		Target	Achievement		Target	Achievement	
2014-15	961	200	114	43	2.00	1.54	23
2015-16	2218	403	89	78	2.02	1.08	47
2016-17	4131	1950	209	89	19.50	1.45	93

Source: Departmental data

It was observed that there was shortfall in achievement of physical and financial targets ranging from 43 to 89 *per cent* and 23 to 93 *per cent* respectively in providing credit linkage to SHGs during 2014-17.

Audit further observed that out of 71 selected SHGs, only six SHGs had availed credit linkage from banks. Of these, two SHGs[186] of Sunam block (district Sangrur) had repaid their loans timely and thus were eligible for interest subvention of ₹ 0.15 lakh. However, interest subvention was not

185 Public Sector Banks, Regional Rural Banks, Cooperative Banks and private banks.
186 (i) Baba Ravidass; (ii) Baba Balmik.

extended by SMMU to these two SHGs despite availability of ₹ 2.09 crore[187] for the purpose, thereby denying the financial assistance to SHGs under NRLM.

The Special Secretary, RDPD stated (July 2017) that NRLM was in initial stage of implementation in Punjab State and SHGs were not in a position to avail credit for projects which required preparation of Micro Credit Plans by them. It was added that bankers were also not familiar with NRLM and now steps were being taken to organize trainings of Bank Managers in this regard. It was further assured that during current financial year, the position of credit linkage would improve and interest subvention would also be granted to the eligible SHGs. The reply needs to be seen in light of the fact that NRLM had been in operation since 2011-12 and the key to its success was the provision of access to the SHGs to micro credit, which could not be achieved satisfactorily in the State.

3.20.3.4 Non-release of community investment fund to SHGs

Paragraph 3.2 of Community Operational Manual (COM) stipulates that before formation of Cluster Level Federation (CLF)/Village Organisation (VO), the Mission gives one instalment of Community Investment Fund (CIF) to SHGs against their Micro Credit Plans (MCPs). Once VO is formed and prepares its own MCP (aggregation of all SHGs' MCPs), it would receive the next instalments of CIF. The VO then disburses the CIF to SHGs as per the MCPs. Similarly, when CLF is formed, the fund is disbursed to the CLF (against MCP) which in turn disburses it to VOs.

Audit observed that DMMU, Tarn Taran released (March 2015-March 2016) CIF amounting to ₹ 68.75 lakh to eight test-checked VOs for disbursement to 83 SHGs. Five[188] out of eight VOs did not disburse CIF of ₹ 36.96 lakh to 48 SHGs[189]. Of these, three VOs transferred (March-April 2016) ₹ 22.90 lakh[190] to Valtoha cluster level federation and VO Gajjal disbursed ₹ 2.60 lakh to six SHGs for whom CIF was not sanctioned by DMMU. However, VO Gajjal did not produce MCPs in respect of these six SHGs to Audit. Remaining amount of ₹ 11.46 lakh was still lying with these VOs (May 2017).

The DMMU, Tarn Taran, while admitting the fault on the part of VOs, stated (August 2017) that the credit needs of SHGs to whom the CIF was not released would be assessed afresh. It was added that the MCPs in respect of six SHGs were not traceable and the same would be supplied to Audit, which

[187] SMMU received ₹ 1.57 crore received from GOI (75 *per cent)* on 07 November 2013 and ₹ 0.52 crore from GOP (25 *per cent*) on 22 January 2016.

[188] (i) Eknoor (Gharyala Khurd):₹ 7.96 lakh (out of ₹ 13.20 lakh) to 12 SHGs; (ii) Gajjal (Gajjal):₹ 8 lakh (out of ₹ 11 lakh) to 10 SHGs; (iii) Khalsa (Bhura Khona): ₹ 2.13 lakh (out of ₹ 4.95 lakh) to five SHGs; (iv) Lucky (Mastgarh):₹ 7.87 lakh (out of ₹ 9.90 lakh) to 11 SHGs; and (v) Azad (Ratoke):₹ 11 lakh (out of ₹ 19.25 lakh) to 10 SHGs. Besides, one VO Nari Shakti (Mehdipur) did not produce record in respect of eight SHGs to Audit.

[189] No CIF was released to 27 SHGs and partial CIF was released to 21 SHGs.

[190] (i) Azad: ₹ 11 lakh; (ii) Gajjal: ₹ 5.40 lakh; and (iii) Lucky: ₹ 6.50 lakh.

were awaited (October 2017). Thus, the SHGs were deprived of adequate financial assistance under NRLM.

3.20.3.5 Non-implementation of Mahila Kisan Sashaktikaran Pariyojana

To improve the present status of women in Agriculture and to enhance the opportunities for their empowerment, GOI announced (December 2010) the Mahila Kisan Sashaktikaran Pariyojana (MKSP) as a sub-component of NRLM and asked (January 2011) the State Government to submit its proposals to GOI for providing financial support[191] under the Scheme.

Audit observed (January 2017) that the Department did not initiate any action to implement MKSP to enhance productive participation of women in agriculture and to create sustainable agricultural livelihood opportunities for them even after about six years from launching the Scheme by GOI due to non-availability of manpower (June 2017).

The Special Secretary, RDPD stated (July 2017) that two blocks, namely Dhariwal in Gurdaspur district and Valtoha in Tarn Taran district, had been selected under MKSP in the current financial year and the Scheme would be implemented as per the guidelines of GOI. The fact, however, remains that action was taken by SMMU only after being pointed out in audit, which was indicative of a casual approach of SMMU/Department in the implementation of an important sub-component of NRLM in the State.

3.20.3.6 Shortage of staff

As per Chapter VI of Framework for Implementation of NRLM, the success of the Mission is critically linked to the quality and professional competence of dedicated sensitive support structures at various levels and their staff.

The position of staff under NRLM at State, District and Sub-district levels during 2014-17 is given in **Table 3.21** below.

Table 3.21: Position of staff under NRLM at State, District and Sub-district levels during 2014-17

Level	Position as of	Sanctioned strength	Men-in-position	Shortage (*per cent*)
State (SMMU)	March 2015	14	9	5 (36)
	March 2016	14	6	8 (57)
	March 2017	16	8	8 (50)
District (DMMU)	March 2015	25	19	6 (24)
	March 2016	29	18	11 (38)
	March 2017	32	21	11 (35)
Sub-district (BMMU)	March 2015	60	48	12 (20)
	March 2016	67	51	16 (24)
	March 2017	172	45	127 (74)

Source: Departmental data

[191] Sharing pattern of 75:25 (Centre:State), revised to 60:40 (Centre:State) w.e.f. 01 April 2015.

Audit noticed that there was shortage of staff ranging between 20 and 74 *per cent* at State, District and Sub-district levels during 2014-17. Though this remained one of the main causes for weak implementation of NRLM in the State, the issue of shortage of staff was not taken on agenda in the only meeting of Executive Committee of SMMU held (August 2015) during 2011-17, wherein the matter regarding salary of staff only was discussed.

The SMMU attributed (July 2017) the reasons for inadequate manpower to non-finalization of Human Resource (HR) Manual. It was stated that the HR Manual had been approved by the Executive Committee of PSRLM Society in May 2017 and adequate staff would be recruited during 2017-18. Thus, in spite of NRLM having been launched in June 2011 and the Framework of its Implementation prescribing the State to have its own HR Policy and Manual, the same was approved only in May 2017 i.e. after six years from the launch of the Scheme.

3.20.3.7 Impact assessment

In order to assess impact of NRLM on SHGs, Audit along with the District Programme Manager of the three test-checked DMMUs interacted with members of 16 out of 71 selected SHGs[192] (23 *per cent*). Response of SHGs with respect to some important parameters under NRLM are discussed as under:

- No collective initiatives for social and economic development were taken by any of the SHGs, as required under paragraph 2.1 of Community Operational Manual (COM).

- Five SHGs were released Revolving Fund[193] (RF) of ₹ 10,000 each against the stipulated amount of ₹ 15,000 as per paragraph 3.2 of COM.

- As many as 13 out of 16 SHGs were released RF with delay ranging up to 225 days from the dates on which SHGs became eligible[194] for RF.

- One SHG (Nagar Khera of Patiala district) reported that it had not received Community Investment Fund (CIF) despite submission of micro credit plan to Village Organization (Marda Heri).

No reply was furnished by SMMU (July 2017) to the issues brought out in the survey.

3.20.4 Lack of monitoring at State level

As per Chapter VI of Framework for Implementation of NRLM, the State Rural Livelihood Mission Society's (SMMU) Governing Body under the

[192] Selected by adopting 'Systematic Sampling' method.

[193] As per guidelines, Revolving Fund would be provided to SHGs as an incentive to inculcate the habit of thrift and accumulate their own funds towards meeting their credit needs in the long-run and immediate needs in the short-run.

[194] SHGs which are six months old (practising panchasutra for the last 15 weeks w.e.f. 05.01.2015) and SHGs three months old w.e.f. 10.08.2015 and adhering to panchasutra (i.e. regularity in meetings, savings, internal lending, repayment and book-keeping), having active savings bank account and minimum three days of training on SHG concept, leadership and functioning.

chairmanship of the Chief Minister or the Chief Secretary and the Executive Committee under the chairmanship of the Chief Secretary or Development Commissioner with the Principal Secretary, Rural Development as vice chairperson, are to provide guidance and advice in all aspects of planning and implementation of NRLM.

Audit observed that the Governing Body and Executing Committee of SMMU were constituted in December 2010. However, Governing Body met only once in January 2011 and no meeting was held thereafter against the requirement of meeting at least once in a year. Similarly, Executive Committee of SMMU met only once in August 2015 after four years of registration of Punjab State Rural Livelihood Mission Society (May 2011) against the requirement of meeting at least twice in a year.

The Special Secretary, RDPD stated (July 2017) that meeting of Executive Committee of SMMU was held in May 2017 and the meeting of Governing Body would be conducted shortly. Thus, the implementation of NRLM in the State lacked direction, monitoring and guidance from the top as the apex bodies meant to provide such interventions did not meet as envisaged.

3.20.5 Conclusion

The implementation of the National Rural Livelihoods Mission in the State suffered due to various reasons. The Governing Body and Executive Committee of SMMU held only one meeting each since their constitution in 2010 which indicated inadequate monitoring over implementation of NRLM in the State. In the absence of proper monitoring, NRLM did not take off and SMMU could not have access to funds of ₹ 20.30 crore during 2014-17 due to huge unspent balance in previous years. There was shortage of manpower ranging between 20 and 74 *per cent* at State, District and Sub-district levels combined with lack of capacity building of SHGs to enable them to avail the micro credit facility. As a result, only 11 to 57 *per cent* of the targeted SHGs could be provided with credit linkage through banks. Mahila Kisan Sashaktikaran Pariyojana under NRLM was not implemented even after six years of its launch by GOI.

The matter was referred to Government in June 2017; reply was awaited (November 2017).

3.21 Suspected misappropriation of funds

Failure of the Rural Development and Panchayats Department to adhere to the codal provisions/instructions/rules led to suspected misappropriation of funds amounting to ₹ 3.26 crore in the Panchayati Raj Division, Jalandhar.

Rule 7.130 of Departmental Financial Rules (DFR) provides that funds received by the Divisional Officer on account of Deposit Works should be credited in the accounts to the head “Public Works Deposits” against which all expenditure will be debited. The Finance Department (FD), Government of Punjab, had also issued (December 2004) instructions based on Rule 10 of Punjab Treasury Rules that no Drawing and Disbursing Officer (DDO) in the

State Government can open a bank account without the explicit permission of FD. Further, Rule 2.2 of Punjab Financial Rules (Volume-I) provides that every officer receiving money on behalf of the Government should maintain a cash book and all monetary transactions should be entered in the cash book as soon as they occur and should be attested by the head of the office in token of check.

Test-check of records (January 2017) in the office of Executive Engineer (XEN), Panchayati Raj Division (PRD), Jalandhar and examination of bank account statements revealed that PRD, Jalandhar had opened eight[195] bank accounts out of which five accounts in Axis Bank, HDFC Bank and Yes Bank had been disclosed whereas other three were not disclosed in official records. The requisite permission of FD for operation of any of these eight bank accounts was not shown to Audit.

Audit observed that XEN, PRD, Jalandhar reported (June 2016) refund of unspent funds of ₹ 1.02 crore (including interest) to Punjab Infrastructure Development Board (PIDB) pertaining to works of Small Bore Sewer System, vide cheque No. 605745 dated 30.06.2016 from savings bank account No. 007194600000340 operative in its name in Yes Bank and closed the cash book (June 2016) with Nil balance. The closing balance of cash book (cash in chest and bank) for the months July 2016 to December 2016 was also shown as Nil. However, examination of bank statement of the said account in Yes Bank revealed that the cheque No. 605745 dated 30.06.2016 was never presented in the bank for payment. Instead, payments amounting to ₹ 0.46 crore were made during August 2016 to September 2016, which were neither accounted for in the cash book nor were vouchers supporting thereof made available to Audit. The balance amount of ₹ 0.59 crore[196] (including interest and other deposits) was transferred (October 2016-January 2017) by XEN, PRD, Jalandhar to a new bank account No. 1488104000022862 opened in its name in IDBI Bank on 20 June 2016 and the savings bank account No. 007194600000340 of Yes Bank was closed in January 2017.

Further examination of IDBI Bank Account No. 1488104000022862 and other two bank accounts in Kotak Mahindra (Account No. 8911604645) and Axis Bank (Account No. 916010025439747) operational in the name of XEN, PRD, Jalandhar revealed that funds amounting to ₹ 2.80 crore received from various departments/agencies for deposit works and other receipts were deposited (June 2015-February 2017) in these bank accounts. Of this, ₹ 2.80 crore was paid (July 2015-February 2017) through cheques, leaving a balance of ₹ 577 in IDBI Bank account, as detailed in ***Appendix 3.15***. However, neither the cash book depicting entries of receipts/payments nor the vouchers supporting the payments of ₹ 2.80 crore[197] in respect of these three

[195] Axis Bank Account Nos. (i) 915010014422108; (ii) 914010055220807; (iii) 916010025439747 (disclosed by the Division vide its reply dated 28.04.2017 after being pointed out by Audit); (iv) HDFC Bank Account No. 50100073132685; IDBI Bank Account Nos. (v) 073104000049595; (vi) 1488104000022862; and (vii) Kotak Mahindra Bank Account No. 8911604645; and (viii) Yes Bank Account No. 007194600000340.

[196] ₹ 30,00,000 on 05.10.2016; ₹ 28,50,000 on 09.11.2016; and ₹ 20,233 on 16.01.2017.

[197] IDBI Bank:₹ 2,35,82,279; Kotak Mahindra Bank:₹ 19,13,655; and Axis Bank:₹ 24,61,418 (as confirmed (April 2017) by the Division with regard to non-accounting of transactions of Axis Bank account in cash book).

bank accounts were shown to Audit despite issue of reminders during February and November 2017.

On this being pointed out in audit (January 2017), the XEN, PRD, Jalandhar stated (April 2017) that an F.I.R. against the concerned Executive Engineer had been registered by the Superintending Engineer, PRD, Jalandhar on 07 March 2017. It was added that there was a high possibility of other accounts being operational in the name of XEN, PRD, Jalandhar without the knowledge of the division, for which the division had written to the lead bank, Jalandhar. Further reply of the Department was awaited (November 2017).

Thus, failure of the Department to adhere to the codal provisions/instructions/ rules *ibid* led to suspected misappropriation of funds amounting to ₹ 3.26 crore[198] in the Panchayati Raj Division, Jalandhar.

The matter was referred to Government in March 2017; reply was awaited (November 2017).

3.22 Loss of interest due to delay in renewal of Fixed Deposit Receipts

Inordinate delay in renewal of Fixed Deposit Receipts by the Director, Rural Development and Panchayats, in contravention of the Punjab Financial Rules and instructions of the Finance Department, resulted into loss of interest amounting to ₹ 1.50 crore.

Rule 2.10 of Punjab Financial Rules (Volume I) provides that every Government employee incurring or sanctioning expenditure from the revenue of the State should be guided by high standards of financial propriety. Each Head of Department is responsible for enforcing financial order of strict economy at every step. The Government of Punjab (GOP), Department of Finance issued (March 2001) instructions for placement of temporary surplus funds by the State Government Departments with scheduled commercial banks for best possible returns and safety of funds.

Test-check of records (September 2016) of the Director, Rural Development and Panchayats, Punjab (Department) revealed that the Department received (July 2008) funds of ₹ 80.48 crore from Sub-Divisional Magistrate-cum-Land Acquisition Collector, SAS Nagar for making payment of compensation to the claimants of village Jheourheri in lieu of their land acquired for construction of International Airport at Mohali (SAS Nagar). Audit noticed that out of ₹ 80.48 crore, the Department kept (July 2008) ₹ 76.48 crore in Fixed Deposit Receipts (FDRs) in Punjab National Bank (PNB), Chandigarh without looking for best possible return from other banks[199]. The remaining amount of ₹ 4.00 crore was transferred (July 2008) to Punjab and Sind Bank (PSB), Chandigarh on which interest of ₹ 0.64 crore was earned through FDRs till May 2011, as reported (October 2017) by the Department. The amount of

[198] Yes Bank: ₹ 45,50,496; IDBI Bank: ₹ 2,35,82,279; Kotak Mahindra Bank: ₹ 19,13,655; and Axis Bank: ₹ 24,61,429.

[199] Except for the period from January 2012 to February 2013 when the funds were kept in four different private banks at competitive interest rates.

₹ 4.64 crore was further kept (April-May 2011) in 13 FDRs having maturity value of ₹ 5.26 crore between November 2011 and August 2012. Thereafter, these FDRs were not renewed.

On this being pointed out (September 2016) in audit, the Department took up (October and December 2016) the matter with PSB for renewal of 13 FDRs amounting to ₹ 5.26 crore. The PSB, after giving credit of interest of ₹ 0.76 crore at the rate of four *per cent* (as per bank policy) on the maturity value (₹ 5.26 crore) of FDRs during the intervening period (November 2011-December 2016), renewed (December 2016) 13 FDRs amounting to ₹ 6.02 crore for one year i.e. up to December 2017. Had the Department renewed the FDRs immediately on their maturity between November 2011 and August 2012, it could have earned interest amounting to ₹ 2.26 crore at the rate 7.00 to 9.60 *per cent* ***(Appendix 3.16)***. However, the Department did not furnish reasons for not renewing the FDRs immediately on their maturity.

Thus, inordinate delay in renewal of FDRs by the Department, in contravention of the Rules and instructions *ibid*, resulted in loss of interest amounting to ₹ 1.50 crore, besides showing lack of internal control mechanism over financial transactions in the Department.

The matter was referred to Government in July 2017; reply was awaited (November 2017).

3.23 Idle expenditure on non-functional Village Haats

Due to non-formation of Rural Haat Management Committees and lack of monitoring by the Department, the Village Haats could not be made functional even after more than six years of their completion, thereby not only resulting in idle expenditure of ₹ 1.71 crore but also denying the rural masses of benefits under the Scheme.

With a view to providing permanent marketing centres to the rural artisans who did not have the wherewithal to market their products due to lack of adequate capacity, market intelligence and negotiation skills, Government of India (GOI), Ministry of Rural Development decided (February 2009) to set up Village Haats[200] (VH) for promotion of rural products at village, district and State levels under "Swarnjayanti Gram Swarozgar Yojana" (SGSY). As per guidelines, the funds were to be released for creation of VHs for an amount up to ₹ 15 lakh each, to be shared between Centre and the State in the ratio of 75:25. Further, a Rural Haat Management (RHM) Committee[201] was to be constituted, which would be responsible for management, maintenance and allotment of built-up VHs. The Department of Rural Development, Punjab was to monitor the progress of VHs periodically.

Audit examination of records of Additional Deputy Commissioners (ADC) Kapurthala (December 2015), Rupnagar (January 2016) and the Joint Development Commissioner, Department of Rural Development and

[200] A market, especially one held on a regular basis in a rural area.

[201] Comprising of Gram Pradhan, representatives of Gram Panchayat, representatives of Self Help Group/leader of Village Federation and Gram Panchayat Officer/Gram Development Officer.

Panchayat, Punjab (Department) (May 2016 and July 2017) showed that funds of ₹ 1.99 crore[202] were released (March 2009-March 2013) for construction of 15 VHs in five districts of Kapurthala, Muktsar, Rupnagar, Sangrur and Tarn Taran (three in each district) to be utilised by 31 March 2014. Audit observed that 14 (out of 15) VHs had been constructed (March 2011-August 2015) in these districts while one VH at Tarn Taran was incomplete (November 2017). Twelve out of the 14 VHs which were constructed with an expenditure of ₹ 1.71 crore had not been put to use after a period ranging from two to more than six years of their completion (***Appendix 3.17***). Of these, one VH at Amargarh, district Sangrur constructed (March 2011) with an expenditure of ₹ 0.15 crore had been demolished to construct a community centre.

Non-functional Village Haats

Village Haat at village Rampur Purkhali, District Rupnagar (17-07-2017)

Village Haat at village Jhabhal Khurd, District Tarn Taran (18-07-2017)

The Department attributed (July-November 2017) the reasons for non-functioning of VHs to non-formation of RHM Committees and non-allotment of VHs owing to closure/restructuring of SGSY and lack of funds for maintenance. The reply was not acceptable as the closure/restructuring of scheme had no impact on formation of RHM Committees and allotment of VHs.

Thus, the Department did not ensure that all conditions and requirements for operationalizing the VHs had been met. This resulted in idle expenditure of ₹ 1.71 crore besides denying the rural masses of the benefits under the Scheme.

The matter was referred to Government in June 2016; reply was awaited (November 2017).

WATER SUPPLY AND SANITATION DEPARTMENT

3.24 Ungainful expenditure due to non-finalisation of specifications of filtration plant

Non-finalisation of specifications of Pressure Sand Filtration Plant resulted in non-completion of work leading to blockade of ₹ 1.57 crore.

The work of construction of new water works for villages Jagga Ram Tirth and Jumber Basti was technically sanctioned (August 2014) for ₹ 277.06 lakh

[202] ₹ 1.52 crore (Central share) and ₹ 0.47 crore (State share).

to provide safe drinking water to these villages. The scope of work consisted of construction of inlet channel, storage and sedimentation tank, clear water tank distribution system, construction of Over Head Service Reservoir (OHSR) and Continuous Dyna Sand Filtration Plant, etc. The work was bifurcated into two packages i.e. providing of water supply scheme including OHSR (package-I), etc. and installation of Continuous Dyna Sand Filtration Plant (package-II).

Scrutiny of records (July 2017) of Executive Engineer, Water Supply and Sanitation Division No. 2, Bathinda (EE) revealed that the work of package-I was allotted (October 2014) to a contractor for ₹ 1.72 crore to be completed by July 2015. The work of package-I was completed (September 2017) after a delay of more than 26 months incurring expenditure[203] of ₹ 1.57 crore. Further, it was observed that the tender for package-II floated in November 2014 for installation of Continuous Dyna Sand Filtration Plant (CDSFP) could not be finalized as none of the bidders was found eligible. It was then decided to install Pressure Sand Filtration Plant (PSFP) instead of the earlier proposed CDSFP. The Detailed Notice Inviting Tender (DNIT) of package-II was submitted (September 2015) to the competent authority with the proposal of setting up of PSFP which was returned in February 2016 with the remark that the specifications were to be changed. The DNIT of filtration plant had not been finalized (November 2017). Thus, due to non-finalisation of the specification of filtration plant, the work of package-II could not be started (November 2017). Resultantly, the work done in package I could not be put to use even after lapse of 39 months of sanction of the estimate (August 2014).

Thus, non-finalisation of the DNIT of package-II not only resulted in ungainful expenditure on package-I but also deprived the people of the area of the benefits of the scheme.

The matter was referred to the Government in September 2017; reply was awaited (November 2017).

3.25 Misappropriation of pay and allowances

Failure to observe codal provisions by the Drawing and Disbursing Officer facilitated misappropriation of pay and allowances amounting to ₹ 1.22 crore.

Rule 215 and 219 of the Punjab Treasury Rules provide that the Drawing and Disbursing Officers (DDO) shall be responsible for the proper disbursement of funds drawn from the treasury. The vouchers must bear a pay order duly signed/initialed by the DDO specifying the amount payable both in words and figures which must be signed personally by hand in ink. Further, Rule 220 of the Punjab Treasury Rules provides that in case of an over charge, the responsibility shall rest primarily with the drawer of the bill and (failing recovery from him) the overcharges shall be recovered from the Treasury Officer or from the countersigning officer, only in the event of culpable

[203] Upto 6th running bill (June 2017).

negligence of either of them. Further, Rule 2.2 of the Punjab Financial Rules provides that all monetary transactions shall be entered in the cash book as soon as they occur and attested by the head of the office in token of check.

Test check of records (January 2017) of the Executive Engineer, Water Supply and Sanitation Division Malout (EE) revealed that a Junior Assistant, while preparing the pay bills (between October 2013 and March 2016), either inflated the gross total of the pay bills or inflated the pay of the employees by adding some amount to it before submitting the bills to the treasury online. The inflated amount was posted against his own name and got credited through treasury in his three different bank accounts[204]. This resulted in fraudulent drawal and disbursement of pay and allowances of ₹ 1.34 crore as the DDO did not exercise the prescribed checks as per rules before drawal and disbursement of the pay and allowances from treasury. Further, it was observed that out of misappropriated amount of ₹ 1.34 crore, ₹ 11.96 lakh were recovered (May 2016) from the Junior Assistant but no legal action against him was taken by the Department.

On this being pointed out in audit (January 2017), the Secretary, Water Supply and Sanitation Department constituted (16 March 2017) a committee to investigate the matter, which reported (19 May 2017) that the pay bills were prepared (October 2013 to March 2016) by inflating the pay of the most of the employees by adding some amount to the actual pay and while entering the data online, the inflated amount was got credited through treasury in his three bank accounts. The committee noted that no precautionary measures were adopted by the Divisional officer. The committee further observed that no cash book was maintained during the said period and the password of DDO was also passed on to the Junior Assistant. The committee also recommended that the matter was required to be investigated by the police after registering an FIR against the Junior Assistant and recovery suit should be filed in the competent court of law for recovery of the loss of government money. The Department lodged an FIR in October 2017 but no further recovery has been made (November 2017).

Thus, failure of the DDO to observe codal provisions facilitated misappropriation of pay and allowances amounting to ₹ 1.22 crore[205].

3.26 Ungainful expenditure due to non-laying of sewerage system

An expenditure of ₹ 1.27 crore incurred on a water supply scheme to run the sewerage system which was not laid even after a lapse of more than eight years, was rendered ungainful.

The work of augmentation of water supply scheme from the existing 70 litres per capita per day (lpcd) to 135 lpcd, at village Ghudda, Block Sangat, District Bathinda was administratively approved (February 2009) for ₹ 1.54 crore and technically sanctioned (October 2010) for ₹ 1.44 crore. The project had its

[204] (i) State Bank of India, Malout, Account No. 30684551376; (ii) Punjab and Sind Bank, Malout, Account No. 00331000113435; and (iii) HDFC Bank, Malout, Account No. 13441140001192.

[205] Total misappropriated amount:₹ 1.34 crore *minus* ₹ 11.96 lakh recovered form the official= ₹ 1.22 crore.

genesis in the 'sangat darshan' of the Chief Minister, Punjab (CM) held (February 2009) in village Ghudda, in which the CM approved the demand of the villagers to provide sewerage system in the village. However, as the existing water supply scheme of 70 lpcd, though adequate to meet the drinking water requirements of the village up to the year 2020, was not enough to sustain the sewerage system, the CM simultaneously approved the proposal to augment the water supply to 135 lpcd to run the sewerage system.

Test check of records (July 2017) of Executive Engineer, Water Supply and Sanitation Division No. 1, Bathinda (EE) revealed that after getting approval from the competent authority (October 2010) for augmentation of existing water supply scheme to 135 lpcd, the work was allotted to a contractor in January 2011 for ₹ 1.36 crore and completed (December 2011) with an expenditure of ₹ 1.27 crore. However, it was observed that the sewerage system, which was the prime requirement of the villagers and for which the existing water supply scheme was augmented, had not been laid (September 2017) in the village even after a lapse of more than five years. Thus, the expenditure of ₹ 1.27 crore incurred on the augmentation of water supply was rendered ungainful as the existing water supply scheme was sufficient to cater to the water requirements up to the year 2020 and as such, no augmentation for this purpose was required.

The EE stated (September 2017) that the Department had been directed by the CM to lay the sewerage system during 'sangat darshan' in February 2009 and water supply scheme was got approved with the expectation that the sewerage scheme would be approved. The EE, further stated (October 2017) that sewerage system was not got approved under any programme. However, no reasons were furnished by the Department for not moving ahead with the proposal for laying the sewerage system even after a lapse of eight years.

Thus, expenditure of ₹ 1.27 crore incurred on the water supply scheme was ungainful.

The matter was referred to the Government in September 2017; reply was awaited (November 2017).

3.27 Ungainful expenditure on non-functional water supply schemes

Failure of the Department to ensure all factors required for the successful operationalization of three water supply schemes not only rendered the expenditure of ₹ 82.45 lakh incurred on these schemes unfruitful as all three water supply schemes were non-functional, but also deprived the benefits of the schemes to the residents of the area.

Government of India launched (April 2010) the National Rural Drinking Water Programme to provide every rural person with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis. Accordingly, the works of construction of two water supply schemes in Dharamgarh and New Rakhra in Patiala district and 10 handpumps in Fatehgarh Sahib district were sanctioned for ₹ 22.58 lakh (June 2013),

₹ 51.16 lakh (January 2015) and ₹ 20 lakh (August 2010) respectively. The civil work, installation of tubewell and construction of Over Head Service Reservoir (OHSR) in New Rakhra were allotted in April 2015 to two contractors with stipulated date of completion upto October 2015. The hand pumps were allotted to various contractors and installed in May and July 2013 within stipulated time of completion. Audit findings are discussed in the succeeding paragraphs:

(i) Test check of records of Executive Engineer (EE), Water Supply and Sanitation Division, Rajpura (village Dharamgarh) and Water Supply and Sanitation Division No. 2, Patiala (village New Rakhra) revealed that the works of these water supply schemes were completed in May 2014 and January 2016 after incurring an expenditure of ₹ 21.36 lakh and ₹ 41.09 lakh respectively. During physical verification of these two projects (April 2017-May 2017) by Audit alongwith representatives of the Department, it was noticed that water supply scheme of village Dharamgarh was non-functional ever since its completion (May 2014) due to leakage in the already laid pipe lines of the existing distribution system, as it was very old[206]. Similarly, water supply scheme of village New Rakhra was also non-operational since January 2016 due to non-payment of electricity bills of the existing water supply scheme.

(ii) Similarly, 10 hand pumps installed (May and July 2013) at a cost of ₹ 20 lakh in District Fatehgarh Sahib by EE, Water Supply and Sanitation Division, Fatehgarh Sahib without testing of water sample of the area was also non-functional since August 2014 due to poor water quality and the residents were using water from their own source. The EE, Fatehgarh Sahib also admitted (September 2017) that water from these hand pumps was contaminated due to presence of lead, selenium, Total Dissolved Solids, etc. beyond the acceptable limits. Had the water quality of area been got checked by the Department before installation of hand pumps, expenditure of ₹ 20 lakh could have been avoided.

It was, therefore, apparent that the Department had undertaken these schemes without ensuring the capability of old pipe lines in village Dharamgarh to carry the water, clearance of electricity bills of old water supply scheme at village Rakhra and non-testing of quality of water prior to installation of hand-pumps. As a result, these schemes were non-functional for a period ranging between 22 and 42 months from their dates of completion and the expenditure of ₹ 82.45 lakh[207] incurred on these water supply schemes was rendered unfruitful.

[206] In Dharamgarh village, the water was being supplied to the villagers through old distribution system from Basantpura village (a multi village scheme) since March 2004. After construction of new water supply scheme in village in May 2014, it was connected with the old pipe lines already laid in the village since laying of new pipelines was not included in the scope of work. Due to leakage in pipe lines of the old distribution system, the new scheme could not be functional.

[207] Dharamgarh: ₹ 21.36 lakh; New Rakhra:₹ 41.09 lakh; and Fatehgarh Sahib: ₹ 20 lakh.

In respect of village Dharamgarh water supply scheme, the EE, Rajpura stated (April 2017) that efforts were being made to make the scheme functional. However, it was non-functional as of October 2017.

The matter was referred to the Government in September 2017; reply was awaited (November 2017).

CHANDIGARH **(JAGBANS SINGH)**
The 9 February 2018 **Principal Accountant General (Audit), Punjab**

Countersigned

NEW DELHI **(RAJIV MEHRISHI)**
The 13 February 2018 **Comptroller and Auditor General of India**