

Chapter-IV

Compliance Audit Observations (Departments)

This Chapter contains two observations covering compliance issues observed in Departments of the Government, involving financial implications of ₹ 20.89 crore. The replies of the Departments have been suitably incorporated in the observations.

HIGHER EDUCATION DEPARTMENT (PUNJABI UNIVERSITY, PATIALA)

4.1 Undue Financial Burden on Punjabi University, Patiala due to Payment of Goods and Services Tax and Interest from its Own Sources

Not complying with the provisions of the Central Goods and Services Tax Act, 2017 led to a payment of ₹ 2.19 crore (which includes interest of ₹ 1.08 crore) by Punjabi University, Patiala on collection of College Affiliation Processing Fee, from its own sources. Of this, ₹ 0.35 crore was recovered from certain colleges, leaving the University with a financial burden of ₹ 1.84 crore. Additionally, a liability of ₹ 0.12 crore remains outstanding due to pending GST payments along with accrued interest.

The Government of India (GoI) had implemented the Central Goods and Services Tax Act, 2017 (CGST Act) with effect from 1 July 2017. As per provisions of the notification (28 June 2017¹), issued by Ministry of Finance (Department of Revenue), GoI, followed by notification (30 June 2017²), issued by Government of Punjab, Goods and Services Tax (GST) at the rate of 18 per cent (i.e., nine per cent each Central Goods and Services Tax and State Goods and Services Tax) shall be levied on educational services, which *inter alia* included 'College Affiliation Processing Fee³'.

Test-check of records (June 2024) of the Punjabi University, Patiala (University) and subsequent information collected (up to April 2025) therefrom showed that the University had collected an amount of ₹ 6.84 crore on account of continuation fee (i.e., College Affiliation Processing Fee) from various colleges during the period from July 2017 to December 2020, but it had neither levied/collected any GST from the affiliated colleges nor had

¹ Under Sr. No.30, Heading 9992 of notification No.11/2017-Central Tax (Rate) dated 28 June 2017.

² Under Sr. No.30, Heading 9992 of notification No. SO 17/P.A.5/2017/Ss 9,11,15 and 16/2017 dated 30 June 2017.

³ In accordance with Sr. No.66, Heading 9992 of notification No.12/2017-Central Tax (Rate) dated 28 June 2017; and circular issued (September 2020) by Punjabi University, Patiala.

deposited any amount on this account with the Government, in line with the provisions of CGST Act *ibid*. After information sought (September 2023) by the Director General of GST Intelligence, Chandigarh Zonal Unit (GST Department) and based on the discussion with Senior Intelligence Officer, the University deposited (March 2024) GST of ₹ 2.19 crore (which included interest of ₹ 1.08 crore) on collection of ₹ 6.15 crore on account of continuation fee (i.e., College Affiliation Processing Fee) from various colleges for the period from July 2017 to March 2020. Subsequently, as per orders (March 2024) of the Vice-Chancellor, the University had recovered GST amount of ₹ 0.35 crore from some of the colleges (March 2025). However, GST of ₹ 0.12 crore on continuation fee of ₹ 0.69 crore collected from various colleges during the period from April 2020 to December 2020 was neither levied/collected nor was deposited with the Government. The University started levying and collecting GST from January 2021 onwards.

The University stated (March 2025) that as per the notification No. 12/2017 (June 2017), services provided by an educational institution to the students, faculty and staff were exempted from GST and due to lack of clarity in the matter, the University had neither levied nor had paid GST on various services rendered by them. It was added that on receipt (June 2021) of clarification from GST Department, they started levying GST. The reply of the University was not satisfactory as the University was already aware of levying GST on continuation fee, as is evident from collection and deposit of GST by them since January 2021, on the basis of a decision taken (June 2020) to levy/collect GST from August 2020, by a committee formed by the Vice-Chancellor, followed by a circular in this regard issued by the University in September 2020. Further, the notification No. 12/2017 did not provide for exemption of GST on College Affiliation Processing Fee, and they were required to deposit GST immediately with effect from July 2017.

Thus, not complying with the provisions of CGST Act led to a payment of ₹ 2.19 crore (which includes interest of ₹ 1.08 crore) by the University on collection of College Affiliation Processing Fee, from its own sources. Of this, ₹ 0.35 crore was recovered from certain colleges, leaving the University with a financial burden of ₹ 1.84 crore. Additionally, a liability of ₹ 0.12 crore remains outstanding due to pending GST payments along with accrued interest.

The matter was referred (January 2025) to the State Government; their reply was awaited (March 2025).

**PUBLIC WORKS (BUILDINGS & ROADS)
AND
TECHNICAL EDUCATION & INDUSTRIAL TRAINING
DEPARTMENTS**

4.2 Non-realisation of Intended Benefits due to Incomplete Buildings of Multi-Disciplinary Academy

Non-provision of adequate funds by the Department and IKGPTU coupled with allotment of work by EE before obtaining technical sanction and ensuring availability of sufficient funds from the client Department resulted in non-completion of work even after lapse of 14 years from the scheduled date of completion, thereby rendering the expenditure of ₹ 19.05 crore incurred on six incomplete blocks of Multi-Disciplinary Academy as idle, besides non-realisation of the intended benefits of improving the living standards of people in remote village areas through technical education.

Paragraph 2.89 of Public Works Department (PWD) Code stipulates that no work shall be commenced unless the estimates have been sanctioned and allotment of funds is made by the competent authority. Further, Paragraph 2.5 of PWD Code provides that administrative approval is the formal acceptance of the Administrative Department concerned of a proposal to incur expenditure in PWD on a work, initiated by, or connected with the requirement of such Administrative Department and is, in effect, an order to PWD to execute certain specified work at a stated sum to meet the administrative needs of the department requiring the work.

With the objective to uplift the living standard of the people of the remote areas of villages by providing technical education, Government of Punjab (GoP), Department of Technical Education and Industrial Training (Department) administratively approved (February 2009) the project of construction of Sardar Atma Singh Multi-Disciplinary Academy⁴ (MDA) at Village Jabbowal, Sultanpur Lodhi, Kapurthala for ₹ 34.23 crore⁵.

Test-check of records (January 2021) of the Superintending Engineer (SE), Electrical Circle, PWD (B&R), Chandigarh and further information collected (February 2022–March 2025) from the Executive Engineer (EE), Construction Division No. 2, PWD (B&R), Kapurthala and Department of Technical Education & Industrial Training (Department) revealed that EE allotted (September 2009) the work for ₹ 32.88 crore with completion date of March 2011 on the basis of the Administrative Approval (February 2009), but

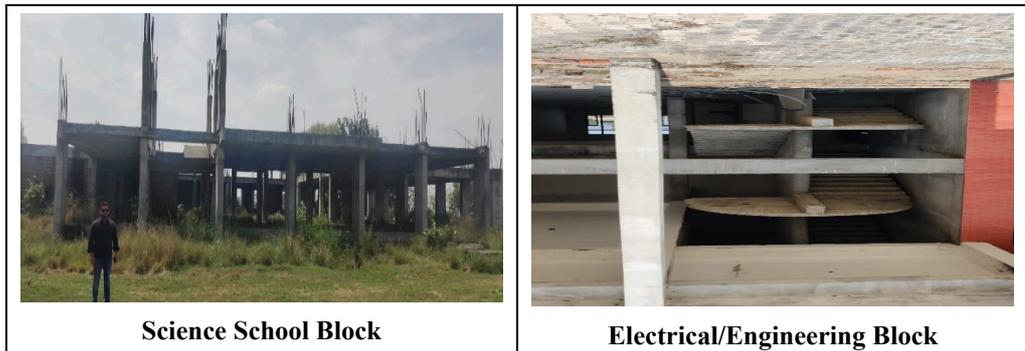
⁴ With provision of seven blocks viz (i) Computer Engineering & ECE Block; (ii) School Block; (iii) Polytechnic Block; (iv) IT Block; (v) Electrical Engineering Block; (vi) Administrative Block; and (vii) Lab Block.

⁵ The project was approved (December 2008) under National Bank for Agriculture and Rural Development (NABARD) tranche-RIDF XIV.

without obtaining the technical sanction⁶ and without ensuring availability of adequate funds prior to start of the work, in contravention of the codal provisions *ibid*.

Audit observed that the progress of work was slow due to shortage of funds as against the requirement of ₹ 32.88 crore, the Department provided ₹ 16.02 crore⁷ only between December 2009 and July 2011.

Thereafter, Government of Punjab (GoP) transferred (January 2012) the buildings of MDA to Inder Kumar Gujral Punjab Technical University (IKGPTU) (formerly known as Punjab Technical University) on “as is where is” basis with the directions to bear all capital and recurring cost on development and management of MDA by the University. Despite directives of GoP, IKGPTU released (December 2014 to October 2023) ₹ 10.52 crore⁸ only against the requirement of ₹ 16.86 crore; that too after delays ranging between 3 and 12 years. It was observed that out of seven proposed blocks, only one block *viz.* Computer Engineering & ECE Block was completed at a cost of ₹ 6.03⁹ crore and was being utilised since August 2019. However, other six blocks¹⁰ remained incomplete despite spending ₹ 19.05 crore thereon (March 2025) and could not be put to use as is evident from the following photographs:



In the meantime, the Chief Engineer ordered (December 2019) closure of the agreement on request of the contractor. No further efforts were made by the Department to complete the incomplete blocks of MDA since December 2019.

The Department stated (August 2023) that funds were released as per the demand of the executing agency after getting the funds from Finance Department. The EE stated (November 2024) that it was responsibility of the client department to provide funds after the administrative approval. The

⁶ The estimates of public health, civil and electrical components of the work were sanctioned in December 2010, April 2013 and September 2015 respectively i.e., after allotment of work.

⁷ ₹ 2.00 crore in December 2009, ₹ 3.00 crore in June 2010, ₹ 3.00 crore in September 2010 and ₹ 8.02 crore in July 2011.

⁸ ₹ 0.60 crore in December 2014, ₹ 1.32 crore in March 2015, ₹ 2.00 crore in October 2015, ₹ 4.50 crore in June 2016, ₹ 0.80 crore in May 2021, ₹ 0.04 lakh in March 2023 and ₹ 1.26 crore in October 2023.

⁹ It also includes expenditure of ₹ 2.90 crore on Boundary wall and Sub Station.

¹⁰ (i) School Block; (ii) Polytechnic Block; (iii) IT Block; (iv) Electrical Engineering Block; (v) Administrative Block; and (vi) Lab Block.

IKGPTU did not furnish reasons for non-release of adequate funds to complete the buildings of MDA.

The replies were not acceptable as non-release of adequate funds by the Department and IKGPTU coupled with allotment of work by EE before obtaining technical sanction and without ensuring availability of sufficient funds from the client department resulted in non-completion of work even after lapse of 14 years from the scheduled date of completion. Thus, the expenditure of ₹ 19.05 crore incurred on six incomplete blocks of MDA was rendered as idle. Besides, the intended benefits of improving the living standards of people in remote village areas through technical education were not realised.

The matter was referred (October 2022) to the State Government; their reply was awaited (March 2025).

Recommendation: The State Government may ensure strict adherence to financial and technical procedures by obtaining technical sanctions and confirming fund availability before awarding contracts, ensuring timely project completion and realisation of intended public benefits.



(NAZLI J. SHAYIN)

Chandigarh
The 20 November 2025

Principal Accountant General (Audit), Punjab

Countersigned



(K. SANJAY MURTHY)

New Delhi
The 28 November 2025

Comptroller and Auditor General of India