CHAPTER–III

CIVIL DEPARTMENTS

AUDIT PARAGRAPHS

Agriculture Department

3.1 Injudicious expenditure on summer moong seed

Popularisation of summer moong cultivation failed due to distribution of wrong seed variety and the injudicious expenditure was Rs. 29.75 lakh

To popularize the cultivation of summer moong and to increase the income of the farmers, free summer moong seed minikits were supplied to the farmers under the scheme **"Mission for second push in agriculture"**. State Government sanctioned (November 2000) Rs. 30 lakh for the purchase of minikits and Rs. 5 lakh for distribution of certified seed to the farmers.

Audit scrutiny of the records (May 2001 and January 2002) of the Director, Agriculture, Punjab and Deputy Director, Agriculture (Pulses), Bathinda revealed that instead of the recommended[1] variety of SML-32 and PS-16 summer moong seed for Punjab State, Deputy Director (Pulses), Bathinda purchased (March 2001) 17,000 minikits (5 kg each) of K 851 summer moong seed from Rajasthan State Seed Corporation Ltd., Jaipur despite knowing that its average yield was much less than SML-134 and PS-16 in Punjab State. The records of six[2] districts where 5,900 minikits had been distributed revealed nil yield and records of three[3] districts where 3,400 minikits were distributed revealed the yield as 738.73 qtls. against the expected yield of 3,584.23 qtls., depicting a shortfall of 79 *per cent*. In the remaining 8[4] districts also where 7,700 minikits were supplied, the yield was below average.

On being pointed out, Director, Agriculture, Punjab attributed (March 2002) the failure to early rains, humid conditions and attack of yellow vein mosaic. Further, it was stated that K-851 seed was purchased as it had an edge over SML-32 and PS-16 and these other varieties were not available. The reply was not tenable because the department did not indent any other variety and K-851 seed was not recommended by ICAR and the purchase and distribution of K-851 seed variety was stopped by the department in the subsequent year. Regarding adverse climatic conditions, the plea lacked documentary evidence.

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1 By Indian Council of Agriculture Research (ICAR).

2 Amritsar (1100), Gurdaspur (2400), Jalandhar (500), Kapurthala (800), Nawanshahar (300) and Ropar (800).

3 Faridkot (600), Ludhiana (800) and Patiala (2000).

4 Bathinda (1200), Ferozepur (2400), Fatehgarh Sahib (500), Hoshiarpur (500), Mansa (700), Moga (1100), Muktsar (300) and Sangrur (1000).

Despite an expenditure of Rs. 29.75 lakh[5], the objective of popularizing the cultivation of summer moong and thereby increase the income of the farmers could not be achieved.

The matter was referred (May 2002) to Principal Secretary to Department of Agriculture for a reply within six weeks and followed up demi-officially with reminder in May 2002. Reply, however, is awaited (July 2002).

Animal Husbandry, Fisheries and Dairy Development Department

3.2 Infructuous expenditure on Inland Fish Marketing

Twenty two shops, irregularly constructed out of Central funds, were not utilized for 3 years. Two insulated refrigerated vehicles were misutilised

Government of India (GOI), Ministry of Agriculture approved a scheme (June 1992) for strengthening of infrastructure for inland fish marketing with 100 *per cent* grant-in-aid towards capital cost of the following items with ceiling limits for (i) Fish handling sheds (Rs. 4.25 lakh), (ii) 5 tonne ice plant and 10 tonne cold storage (Rs. 28 lakh), (iii) 3 tonne insulated/ refrigerated transport vehicles (Rs. 11 lakh), (iv) Fish retail outlets/kiosks (Rs.4.50 lakh) and (v) Bicycles with insulated boxes (Rs. 0.90 lakh). No deviation was to be made without prior approval of Government of India.

Test check of records (September 2001) of Assistant Director, Fisheries, Ludhiana and information collected subsequently (April-May 2002) revealed that a project costing Rs. 45.66 lakh for Sangrur district was approved (August 1992) by GOI. The scheme was later (July 1993) shifted to Ludhiana district without the approval of GOI and Rs. 43.09 lakh was spent against the available grant-in-aid of Rs. 40 lakh[6]. Instead of building fish handling sheds/retail kiosks or ice plant/ cold storage, 22 shops were constructed at a cost of Rs. 29.19 lakh (August 1999) and Rs.13.90 lakh were spent (1993-95) on the purchase of two insulated refrigerated vehicles 4 to 6 years before the shops were completed. Audit scrutiny further revealed that 22 shops have not been leased out (July 2002) due to non-finalisation of terms and conditions. Further, one vehicle was transferred (December 1998) to Fish Farmer's Development Agency, Ropar district where no such scheme existed and the other was lying idle.

The Director stated (April-May 2002) that shops in a modern complex instead of sheds/ kiosks were constructed to give better look and ice plant/cold storage was not set up as there was no surplus fish for storage. The Government stated (July 2002) that efforts were being made to lease out the shops. As

[5] Paid in March 2001.

[6] Released by GOI Rs. 15 lakh (1992-93) and Rs. 25 lakh (1993-94) further released to FFDA, Ludhiana in 1993-94 & 1994-95 respectively.

regards purchase of vehicles, it was stated that purchases were made in anticipation of their use on the completion of fish market complex.

The reply was not tenable because the Government irregularly constructed shops which was a deviation from the approved project and without survey as to their commercial viability. Further, failure to finalise terms and conditions of lease for shops resulted in loss of rent since August 1999. Vehicles were purchased much before completion of fish marketing complex and, therefore, not used for fish marketing. Thus, the entire investment of Rs. 43.09 lakh proved infructuous.

Co-operation Department

3.3 Mis-application of National Cooperative Development Corporation loan meant for Markfed

Loan released by NCDC to Markfed was irregularly retained by State Government creating avoidable interest liability of Rs. 4.37 crore and loss of dividend of Rs. one crore

National Cooperative Development Corporation (NCDC), New Delhi sanctioned and released (November 2000) to State Government Rs. 80 crore for meeting working capital requirement of the Punjab State Cooperative Supply and Marketing Federation Limited (Markfed). Payment of interest at 13.5 *per cent* and repayment of principal was to be made by Markfed through State Government within a period of two years.

Audit scrutiny (July 2001) of the records of the Registrar, Co-operative Societies Punjab, Chandigarh revealed that the loan received by the State Government in November 2000, had not been released to Markfed (May 2002). Subsequently, the State Government repaid Rs. 40 crore to NCDC alongwith interest of Rs. 13.40 crore. On the balance loan of Rs. 40 crore, the State Government has a monthly interest liability of Rs. 54 lakh.

On being pointed out in audit, the Registrar, Co-operative Societies, Punjab stated (July 2001) that despite request, funds were not released by the State Government.

(ii) Similarly, NCDC sanctioned interest bearing loan of Rs. 5 crore each in March 1997 and March 1998 to State Government under Centrally sponsored scheme “Margin Money Assistance to State Level Federations in Developed States” for providing assistance in the shape of share capital to Markfed to enable its marketing and distribution activities.

Audit scrutiny (June 1999 and July 2000) revealed that although Rs. 10 crore was received by the State Government in March 1998, Rs. 9.02 crore thereof was released to Markfed only on March 31, 2000. The remaining amount of Rs. 0.98 crore had already been diverted to Spinfed in May 1999. Markfed declared 10 *per cent* dividend for the year 1999-2000 whereas no dividend was declared for the year 1998-99. Had Rs. 10 crore been released by the State Government to Markfed during 1998-99, State Government would have earned dividend of Rs. one crore, in 1999-2000. This could have also reduced the interest liability (Rs. 3.09 crore) sustained by the State Government on Rs. 10 crore.

On being pointed out (June 1999 & July 2000), Department of Co-operation and Registrar, Co-operative Societies, Punjab stated (June 1999 & July 2001) that reasons for retention of funds were awaited from the State Government.

The action of State Government did not reveal financial prudence. Retention of Rs. 80 crore was against the terms and conditions of the loan and proved expensive. Had the State Government availed overdraft of Rs. 80 crore from Reserve Bank of India instead of misapplying NCDC resources, it could have saved Rs. 4.37 crore being the difference between interest paid to NCDC and interest chargeable by Reserve Bank of India. Also the inability of the State Government to invest borrowed funds resulted in loss of Rs. one crore.

The matter was referred (May 2002) to Secretary, Department of Co-operation and followed up demi-officially with a reminder. Inspite of such efforts, no reply has been received (July 2002).

Education Department

3.4 Breach of Legislative Financial Control

Secretary Education violated financial rules and issued orders to credit Government receipts into separate bank accounts and incur expenditure therefrom breaching Legislative Financial Control

Financial Rules require that departmental receipts are credited into Government accounts. Further, utilization of these receipts towards expenditure is strictly prohibited.

Audit scrutiny (November 2001) of the records of Chairperson, Department Selection Committee-cum-Director Public Instruction (Primary) Punjab, Chandigarh revealed that on the orders (January 1996 & May 2000) of Secretary, Education Department, the application fee received from candidates for the posts of Junior Basic Training (JBT) Teachers was credited to accounts in various banks for creating a separate Fund. Over the period 1996-2002 (October 2001), an amount of Rs. 1.26 crore had accumulated in the Fund. The Secretary permitted the department to incur administrative expenditure like computerization and other necessary facilities in the office of Director Public Instruction (Primary) (DPI (Pr)), Punjab to facilitate subsequent selection process. Rs. 46.93[7] lakh was so utilized over the period 1996-2002. It was further seen in audit that the Fund had a closing balance of Rs. 79.35 lakh as of March 2002.

The orders of Secretary, Education to credit Government receipts into accounts other than Government accounts not only violated the financial rules but also had the effect of by-passing the authority of Legislature.

On being pointed out (November 2001), DPI (Pr) admitted the facts and confirmed that Government receipts were credited to bank accounts as per orders of Secretary, Education.

The matter was referred (January 2002) to Secretary, Education Department and Principal Secretary, Department of Finance, Punjab for comments and followed up demi-officially with reminder to Administrative Secretary in May 2002. Reply, however, is awaited (July 2002).

Health and Family Welfare Department

3.5 Avoidable loss of interest

Delayed depositing of Pay Orders valuing Rs. 48.05 crore under ESI scheme resulted in avoidable loss of interest of Rs. 23.65 lakh

State Financial Rules provide that departmental receipts should be deposited into the treasury on the same day or by the morning of the next day at the latest.

Funds required for implementation of Employees State Insurance Scheme are met by Employees State Insurance Corporation (ESIC) and the State Government in the ratio of 7:1. ESIC reimburses its share on quarterly basis through Pay Orders to the Principal Secretary, Health and Family Welfare Department, Punjab who endorses them for deposit into treasury.

Audit scrutiny (April 2002) of records of Director, Health Services (SI), Punjab and information collected subsequently (May 2002) from the office of the Principal Secretary, Health and Family Welfare Department revealed that

[7] Rs. 22.76 lakh were spent in connection with recruitment process.
Rs. 13.84 lakh were spent other than recruitment purposes.
Rs. 10.33 lakh could not be verified as details/ vouchers not made available to audit.

12 Pay Orders for Rs. 48.05 crore[8], received between May 1998 and February 2002 from ESI, were deposited into the treasury after 6 to 30 days of their receipt (excluding holidays). Scrutiny of records further revealed that the delay in the office of the Principal Secretary was 3 to 16 days and in the office of Director, Health Services (SI) Punjab 1 to 21 days. Had these Pay Orders been deposited within four days of their receipt, State Government could have avoided interest of Rs. 23.65 lakh on its borrowings from Reserve Bank of India.

The Government stated (July 2002) that the issue of cutting short delay in depositing Pay Orders is actively under consideration.

The reply is untenable as the delay in depositing Pay Orders has been persisting for long despite being pointed out in audit from time to time. The Government has failed to formulate remedial action to prevent recurrence.

Industries and Commerce Department

3.6 Payment of investment incentive to ineligible units

Eight cold storage units not engaged in any manufacturing/ production activities were irregularly allowed investment incentive of Rs. 1.14 crore

To attract industrial investment to the State of Punjab, Government introduced a package of incentives under Punjab Industrial Incentive Code 1992 and 1996 according to which industrial units starting commercial production on or after 1 October 1992/ 1 April 1996 in a specified area[9] were eligible for investment incentive at the rate of 20 or 30 *per cent* of their fixed capital investment depending on the area where the unit was located. As per the code, commercial production means commencement of manufacture and sale of product for which the unit was set up.

Audit scrutiny of records (April-May 2001) of Director of Industries, Punjab revealed that 8[10] small scale industrial units set up as cold storage units in the areas falling under category 'A' and 'B' were allowed investment incentive of Rs.1.14[10] crore on their fixed capital investment of Rs. 5.25 crore (Land :

8 Rs.326.76 (2.5.1998), Rs.326.76 (22.7.1998):Rs.326.76 (5.1.1999); Rs.604.39(13.3.1999); Rs.412.61 (29.4.1999); Rs.406.95 (9.7.1999); Rs.407.71 (2.12.1999); Rs.324.33 (8.5.2000); Rs.357.35 (31.7.2000); Rs.366.00 (20.8.2001); Rs.364.00 (30.10.2001); Rs.581.00 (17.2.2002).
(Rupees in lakh).

9 A category area @ 30 *per cent* of FCI (Maximum Rs. 50 lakh).
B category area @ 20 *per cent* of FCI (Maximum Rs. 30 lakh).

10 1. Navkiran cold storage Pvt. Ltd. Nakodar (Rs. 28.62 lakh), Khambra, Jalandhar (Rs.19.98 lakh), Trimurti, Abohar (Rs. 22 lakh), Jallaur, Rampura Phul (Rs. 12.11 lakh), Hemkunt, Nihal Singh Wala (Rs. 8.76 lakh) Karan, Jalalabad (Rs. 7.58 lakh), Sukhanand, Tapa Mandi (Rs. 7.48 lakh) Ashirwad, Jalandhar (Rs. 7.15 lakh).

Rs.6.95 lakh; Building : Rs. 3.49 crore and Plant & Machinery : Rs.1.69 crore) during the period March 2000 to April 2001. The release of investment incentive was irregular as these units were not engaged in any manufacturing/ production activities, and were engaged in providing only storage facilities for preserving food articles.

On this being pointed out in audit (April-May 2001), Joint Director (Inc.) stated that cold storages were not included in the negative list. The reply was not tenable because a reference to the negative list has no locus standi in the instant case. The provisions under the industrial codes clearly envisage that only those industrial units, which were engaged in manufacturing/ production activities for commercial sale, would be eligible for investment incentive. Since cold storage units do not manufacture/produce, the grant of investment incentive to such units was irregular.

The matter was forwarded to the Secretary to the Government in October 2001 for reply within six weeks. The Government did not offer any specific remarks nor give specific directions to the department to initiate recovery proceedings as arrears of land revenue.

3.7 Infructuous expenditure on idle staff

Heat Treatment Unit of Quality Marking Centre, Batala was closed in January 1998 but idle staff was paid salary for four years

To provide facilities of testing and quality marking to local industry, Government Industrial Development cum Quality Marking Centre (Engg.), Batala comprising three units viz Gear Grinding, Heat Treatment and Quality Marking was established with sanctioned strength of 35 technical and non-technical workers, against which 33 were in position (January 1998).

Scrutiny of records (February 2002) of Senior Technical Officer, Government Industrial Development cum Quality Marking Centre (Engg.), Batala revealed that on the orders (January 1998) of Director, Industries and Commerce, Punjab, the Heat Treatment Unit, having a strength of 8 technical/non-technical workers was closed till funds could be made available for installing a pollution control device as recommended by Punjab Pollution Control Board. Neither the device costing Rs.3 lakh had been installed nor the concerned staff diverted to other work for more than four years. Non-functioning of Heat Treatment Unit resulted in infructuous expenditure of Rs. 31.24 lakh on pay and allowances of the idle staff during April 1998 and February 2002.

On being pointed out, Senior Technical Officer stated (July 2002) that Heat Treatment Unit was closed down permanently as per instructions of the State Government and the staff had been diverted to other schemes in March 2002. The reply indicates that it took four years for the department to divert the idle staff. Further, during these 4 years the department failed to install a pollution control device costing Rs. 3 lakh to make the unit functional though it incurred infructuous expenditure of Rs.31.24 lakh on the idle staff.

The matter was referred (May 2002) to Principal Secretary, Department of Industries and Commerce for comments and followed up demi-officially in May 2002. Reply, however, had not been received (July 2002).

Printing and Stationery Department

3.8 Non-realisation of dues

Failure of Controller, Printing and Stationery Department to take effective steps to recover dues from various departments resulted in non-realisation of outstanding dues of Rs. 1.19 crore

Mention was made in paragraph 3.1.7 of Comptroller and Auditor General of India’s Report for the year 1991-92 (Civil) about the procedure for working out cost of printing and recovery of the outstanding dues of Rs. 82.23 lakh as of March 1992 on account of the services rendered by three presses. The Public Accounts Committee (PAC) in its 111th Report (1997-98) recommended evolving of a system to ascertain the cost of the job and also desired that it would like to be apprised of the position of the recovery of outstanding dues from various quarters.

The information collected (March 2002), however, revealed that for the services rendered by 3 Government Presses (Two at Patiala and one at SAS Nagar, Mohali), total amount pending recovery from various departments at the end of February 2002 was Rs. 1.19 crore. Age-wise analysis of the dues revealed that Rs. 43.46 lakh pertained to the period prior to 1991-92. Of these, Rs.37.33 lakh had been pending recovery for periods ranging between 36 and 13 years.

In reply, the Government stated (June 2002) that department had made every possible effort to recover the outstanding dues. It was further stated that Rs.1.05 crore recoverable from other departments of the State Government had no net effect on State exchequer, being book adjustment.

Reply was not tenable as no effective steps had been taken to recover outstanding dues. Besides, the delay in fixing overhead charges ranged between 16 and 76 months despite recommendation of Public Accounts Committee in its 111th Report (1997-98). This delayed the finalisation of claims. The plea of the department that outstanding dues had no effect on State exchequer being a book adjustment was also not tenable as in that case there is no point in levying any charges at all. Charges were being levied to ensure that the functioning of the Press was viable.

It was further noticed that Action Taken Note indicating action on the recommendations of Public Accounts Committee had not been forwarded by Printing & Stationery Department to Public Accounts Committee even after a lapse of more than four years. Inordinate delay on the part of the department in furnishing Action Taken Note to the Public Accounts Committee reinforced the impression that department was not serious in recovery of its outstanding dues.

Social Security and Women & Child Development Department

3.9 Retention of funds out of Government account

The authorities empowered to levy and collect cess under the Punjab Social Security Act (Act) continued to collect cess and kept the amount so collected out of Government account even after annulment of the Act by Hon'ble Punjab and Haryana High Court

With a view to extend assistance in the form of pension to senior citizens, disabled persons, dependent children and for any other social security measures, as approved by the Government, the State Legislature enacted Punjab Social Security Act 2000 (Act) which *inter alia* established Punjab Social Security Fund (Fund) through levy of cess at the rate of 10 *per cent* of the Sales Tax payable on the sales and purchases of goods under the Punjab General Sales Tax Act. The receipts were to be credited directly into the Fund maintained in the Scheduled Banks in the name of the Secretary, Department of Social Security and Women & Child Development.

An audit scrutiny (October 2001) and information collected subsequently (May & August 2002) from Director, Social Security and Women & Child Development Department, Punjab, revealed that cess, levied through the Act, aggregating Rs. 208.10 crore was credited to the Fund between October 2000 and August 2002[11], of which disbursement of Rs.196.56 crore was made upto December 2001 and balance funds amounting to Rs.11.54 crore (including interest of Rs. 20.46 lakh) was lying in the bank as of August 2002[11]. In the meanwhile, the Act was challenged through writ petitions and Hon'ble Punjab and Haryana High Court (hereinafter referred to as Court) on 27 September 2001 declared the Act as unconstitutional. Even thereafter, the Government continued to levy the cess and Rs. 34.78 crore was realized during October 2001 to August 2002 and Rs. 25.48 crore was disbursed during October-December 2001. Thereafter disbursement was stopped. The levy of cess, its collection and retention thereof in commercial bank after the annulment of the Act by the Court was irregular and so were the disbursements after the judgement. The amount of the cess so collected after the judgement of the Court and balance of cess lying in the commercial bank was required to be deposited in Government account.

The matter was brought to the notice of Director, Social Security and Women & Child Development Department, Punjab in October 2001 and May 2002 who stated (May 2002) that the collection of cess after the annulment of the

[11] 14 August 2002.

Act by the Court may be due to receipts in the pipeline on the date of decision or collection made by some dealers who may not be aware of the judgement.

The reply was not tenable as the department neither issued any instructions for discontinuance of cess in pursuance of judgement of the Court nor transferred the balance amount lying with the bank to Government account. Non-transfer of amount to Government account affected the ways and means position of the Government leading to creation of avoidable interest liability of Rs.26.36 lakh (Rs.46.82[12] lakh minus Rs.20.46 lakh) for the period October 2001 to July 2002.

The draft paragraph was sent to the Secretary to Government of Punjab, Social Security and Women & Child Development Department in May 2002 for reply within six weeks. Reply, however, has not been received so far (July 2002).

3.10 Unfruitful expenditure on Incomplete Juvenile Home and unutilisation of funds granted for construction of Observation Home

Failure of the State Government to contribute its share and release funds not only resulted in unfruitful expenditure of Rs.14.64 lakh on incomplete building of Juvenile Home for Girls at Rajpura but the Central Government grant of Rs. 9.03 lakh for Observation Home at Jalandhar also remained unutilized for over 9 years

The Centrally sponsored scheme "Prevention and Control of Juvenile Social Mal-adjustment" provides for setting up of Observation Homes, Juvenile Homes/Special Homes etc. The expenditure on the scheme was to be shared 50:50 between Central and State Governments.

Government of India provided Rs. 21.53 lakh (February 1993) and Rs. 3.60 lakh (September 2000) as Central share for setting up an Observation Home at Jalandhar (Rs. 9.03 lakh) and Juvenile Home for Girls at Rajpura (Rs. 16.10 lakh).

Audit scrutiny of records of the Director of Social Security and Women & Child Development, Punjab in July 1999 and information collected subsequently (January 2002) revealed that funds amounting to Rs. 14.64 lakh (Central and State share Rs. 7.32 lakh each) were spent during 1992-2002 for the construction of Juvenile Home for girls at Rajpura. While the building at Rajpura was still incomplete (May 2002), the construction of building at Jalandhar could not be taken up as further funds were not released by the State Government. The failure of the State Government to release the Central funds of Rs.17.81 lakh and to contribute its share not only resulted in unfruitful expenditure of Rs.14.64 lakh but grant amounting to Rs.17.81 lakh contributed

[12] Interest worked out by adopting balance amount at the end of each month. Rate of interest applied as applicable in ways and means advances.

by the Central Government also remained unutilized for over 9 years, which defeated the objectives of the scheme to cater for the care, protection, development and rehabilitation of both neglected and diligent children.

On being pointed out (July 1999), the Director, Social Security and Women & Child Development, Punjab admitted the facts and stated that despite best efforts, the Government did not release necessary funds due to financial crisis.

The draft audit paragraph was forwarded to the Secretary to the Government in January 2001 and April 2002 for reply within six weeks and followed up demi-officially with reminder in May 2002. However, no reply has been received (July 2002).

Technical Education and Industrial Training Department

3.11 Unfruitful expenditure on incomplete buildings

Unfruitful expenditure of Rs. 7.30 crore on buildings of abandoned Industrial Training Institutes

State Government approved the construction of buildings of 6[13] Industrial Training Institutes (ITIs) at an estimated cost of Rs.10.61[1] crore in rural areas. The work of construction was entrusted to State Public Works Department between January 1995 and March 1996.

Audit scrutiny (January 2001) of the records of the Director, Technical Education and Industrial Training, Punjab revealed that after incurring an expenditure of Rs. 7.30[2] crore, work was stopped in December 1998 as the State Government decided (September 1998) to explore the possibility of leasing out the partially completed buildings to private institutions/ industry/ individual or organizations for starting technical training courses. Thus, the work had been at standstill for more than three years, rendering the entire expenditure of Rs.7.30 crore unfruitful.

Director intimated (May 2001) that the buildings could not be completed as further funds had not been released by the State Government. It was further stated (April 2002) that against the earlier decision of leasing out incomplete buildings, decision was taken (February 2001) to start trades (courses) in these 6 ITIs by making arrangements in academic session 2001-2002. But such arrangements also could not be finalized. Audit scrutiny, however, revealed that neither the buildings had been completed (May 2002) nor any plan/ scheme to utilize the incomplete buildings had been worked out. Thus, the

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13 Abohar (Rs.323.26[1]/168.44[2] lakh); Khadoor Sahib (Rs.115.18[1]/115.20[2] lakh); Maksoodpur (Rs.84.63[1]/ 41.87[2] lakh); Mukerian (Rs.172.41[1]/151.78[2] lakh); Nathana (Rs.181.31[1]/136.87[2] lakh) & Shahkot (Rs.184.14[1]/ 115.60[2] lakh).

abandonment of these ITIs reflected Government's poor commitment to technical education and deprived nearly 1492[14] aspirants per year the benefit of industrial education and training in rural unrepresented areas.

The matter was referred (March 2002) to Principal Secretary, Department of Technical Education and Industrial Training and Principal Secretary, Department of Finance, Government of Punjab for comments within six weeks and followed up with reminder in May 2002. Reply, however, has not been received so far (July 2002).

Welfare of Scheduled Castes and Backward Classes Department

3.12 National Scheme of Liberation and Rehabilitation of Scavengers

3.12.1 Introduction

With a view to liberate scavengers from the existing hereditary and inhuman occupation of manually removing night soil and filth and to engage them in alternative and dignified trades/ occupations, Government of India launched National Scheme of Liberation and Rehabilitation of Scavengers (NSLRS) in 1980-81. The scheme was bifurcated in 1991-92 and Ministry of Urban and Rural Development became responsible for conversion of dry latrines into wet latrines, while the rehabilitation of scavengers was entrusted to Ministry of Social Justice and Empowerment.

The main components of the scheme were:

i) Time bound programme for identification of scavengers/their dependents and their aptitude for specific alternative engagement.

ii) Training in identified trades for scavengers and their dependents.

iii) Rehabilitation of scavengers by providing financial assistance.

Punjab State Scheduled Castes Land Development and Finance Corporation (SCDC) is the chief agency for the implementation of the scheme in the State. At district level, Deputy Commissioner alongwith District Managers (DM) of SCDC were responsible for implementation.

[14] Approved seats as per project reports of 6 ITIs.

3.12.2 Financial arrangements

The scheme provided that financial assistance for training of scavengers was to be met wholly by Central Government. Assistance for rehabilitation of scavengers was to be shared by Central Government, State Government, SCDC and nationalized banks. Project costing upto Rs. 50,000 per beneficiary out of which 50 *per cent* of the project cost with maximum ceiling of Rs.10,000 as subsidy would be provided by Government of India (GOI), 15 *per cent* of the project cost at 4 *per cent* rate of interest as a margin money loan (MML) would be shared by GOI and State Government in the ratio of 49:51 respectively and remaining project cost would be met through bank loan for which SCDC would stand surety. The expenditure on survey for identification of scavengers was to be met by the State Government from Special Central Assistance provided by the Ministry of Welfare.

The financial assistance and expenditure was as under:

(Rupees in lakh)

Year	**Funds released by GOI**	**Releases by State Govt. to SCDC**	**Expenditure**		**Closing balance**	**Loan Contribution**	
			Subsidy	**Training**		**MML**	**Bank Loan**
1992-1996-97	663.10	408.00	229.39	20.41	158.20	73.54	173.59
1997-98	-	-	14.25	-	143.95	7.85	6.41
1998-99	-	-	17.61	-	126.34	9.41	8.20
1999-2000	-	-	15.85	-	110.49	8.94	7.26
2000-01	-	-	6.20	-	104.29	3.36	2.94
2001-02	-	-	7.35	-	96.94	2.52	5.53
Total	**663.10**	**408.00**	**290.65**	**20.41**			

(i) This reveals that out of Rs.4.08 crore released by State Government, expenditure of Rs.3.11 crore was incurred and balance of Rs.0.97 crore was lying with SCDC. The effective expenditure on the scheme was Rs.2.84 crore and the balance expenditure of Rs. 27.13[15] lakh was irregular on various accounts.

Rs.2.55 crore provided by GOI not released by State Government

(ii) The financial assistance of Rs. 2.55 crore provided by Government of India for training of 4,000 scavengers and rehabilitation of 3,000 scavengers during 1995-96 was not released by the State Government. Reasons for non-release of funds were not on record.

(iii) The expenditure incurred under the scheme was low and exhibited a declining trend from 1998-99 onwards.

(iv) Despite no additional release of Central assistance in the last six years, there was still a balance of Rs. 96.94 lakh.

15 (a) Expenditure Rs. 11.49 lakh on survey was irregularly debited to the Central assistance (as discussed in Para no. 3.12.5).
(b) Wasteful expenditure Rs.3.24 lakh on training of scavengers (as discussed in Para no. 3.12.6(b))
(c) Wrong booking of expenditure Rs.1.05 lakh (as discussed in Para no.3.12.7(b)(ii))
(d) Cheques for Rs.11.35 lakh issued by SCDC but not disbursed to beneficiaries (as discussed in Para no. 3.12.7(b)(iii))

(v) Interest earned on the above balances have not been accounted for.

(vi) The share of the State Government in emancipating the scavengers was minimal.

3.12.3 Central assistance and interest earned remained unutilized

Rs.65.17 lakh earned by SCDC as interest was not accounted for and utilized on the scheme

As per guidelines, the financial assistance received from Government of India was required to be kept in the Government treasury or Personal Deposit Account and unspent amount was to be revalidated if not surrendered to the Central Government. Rs. 4.08 crore provided by Government of India in 1992-93 were released by the State Government to SCDC, which were kept in a commercial bank and earned interest of Rs. 65.17 lakh up-to March 2002. The interest was not accounted for and utilized on the scheme.

3.12.4 Non-recovery of Margin Money Loan

Margin money loan of Rs. 90.77 lakh granted for the purpose of rehabilitation was yet to be recovered

The scheme provides for funding of projects costing upto Rs. 50,000 per beneficiary and also for margin money loan to the extent of 15 *per cent* of the project cost at 4 *per cent* interest. Margin money loan was to be provided by SCDC. Its recovery was to start after 3 or 6 months from the date of disbursement. Rs. 1.06 crore was provided to 2,988 scavengers during 1992-2002 to meet project costs. Out of this, Rs.14.85 lakh had been recovered and SCDC have issued demand notices/ show cause notices where recovery is due.

3.12.5 Doubtful revised survey

The objective of the scheme was to provide alternative, dignified and viable trade/ occupation to each scavenger and his dependents. As such, the beneficiary was not only the scavenger but also each dependent of the scavenger. In view of this, it was essential to conduct a survey to identify each individual scavenger and his dependents alongwith their aptitude for specific alternative engagement.

Identification of only 531 scavengers was not authentic as 25,140 dry latrines were yet to be converted into wet latrines

District Managers of SCDC conducted a survey in June 1992 and identified 12,444 families having 31,290 scavengers {15,621 (Males) and 13,727 (Females) in urban areas and 995 (Males) and 947 (Females) in rural areas}. Survey was again conducted in 2000-2001 but only 531 scavengers were identified. However, the survey of 2000-01 does not appear authentic as 25,140 dry latrines in the State were yet to be converted into wet latrines as of March 2002.

As per scheme guidelines, expenditure on survey was to be met from Special Component of Central Assistance. On the contrary, Rs.11.49 lakh spent on pay, traveling allowance and publicity for conducting survey during 1992-93 were irregularly debited to the head ‘Training’ and deducted from the financial assistance of Rs. 4.08 crore.

In reply, General Manager SCDC stated (April 2002) that expenditure on survey was to be met from Special Central Assistance and as such it was met from this Central assistance. The reply was not tenable, as the Central assistance of Rs. 4.08 crore was not meant for survey related expenditure.

3.12.6 Training

Training to scavengers was proposed to create or upgrade the skill for self-employment. For imparting training, trades were also to be identified which may be suited to the aptitudes of scavengers and their dependents. Training programmes were to be implemented by the training institutes set up by Government of India, State Government/ UT Administration. The entire cost of the training was to be borne by the Government of India.

a) Shortfall in training programme

No training was imparted during 1995-2002 inspite of scavengers identified and availability of funds

Out of 31,290 scavengers identified in June 1992, only 14,283 scavengers opted for training but training was provided to only 4,523 scavengers during the period 1992-95. Thus, 2,369 scavengers were given training in farm based sectors like dairy, piggery, poultry etc. and 2,154 in other trades. No training was imparted during 1995-2002 though funds were available. Thus, either the statistics were wrong or the SCDC was not interested in the programme. Rs.8.92 lakh spent on 4,523 scavengers was indicative of poor performance by the SCDC. In reply, SCDC stated that scavengers were not interested in training. This was not tenable since 14,283 scavengers opted for training.

b) Training and rehabilitation mis-matched

Out of 4,523 scavengers trained 2,883 were rehabilitated. 1,640 scavengers who were trained at a cost of Rs.3.24 lakh could not be rehabilitated. The reasons for non-rehabilitation of trained scavengers were not on record and SCDC had not examined the reasons. However, a sample study was conducted by the SCDC in 7 districts to see whether the scavengers had taken up trades in which they were trained. The study revealed that only 66 scavengers out of 114 cases test checked had taken up the trades in which they were trained. It indicated that training was imparted without keeping in view the aptitude/ interest of the scavengers and scope of the trade.

c) Non-adoption of TRYSEM norms for training

Government of India decided to adopt the norms of Training for Rural Youth for Self Employment (TRYSEM), which was notified by the Ministry of Rural Development for selection of beneficiaries, training institutes etc. These norms were required to be strictly followed. SCDC was authorized to take steps to constitute State and district level coordination committees on TRYSEM pattern for various aspects of training. Test check of records revealed that TRYSEM norms for training were not adopted in Punjab. SCDC offered no comments.

3.12.7 Rehabilitation of scavengers

a) Shortfall in rehabilitation

Only 2,988 out of 31,290 identified scavengers were rehabilitated

4,523 scavengers, having been imparted training were required to be rehabilitated. It was, however, noticed that 3,849 applications for financial assistance were received of which 2,988 were admitted and granted financial assistance upto March 2002.

Targets and achievements of rehabilitation during 1997-2002 were as under:

(Rupees in lakh)

Year	Targets				Achievements				Shortfall		Parentage of shortfall	
	Physical (in number)	Financial* (in rupees)			Physical (in number)	Financial* (in rupees)			Physical (in number)	Financial* (in rupees)	Physical (in number)	Financial* (in rupees)
		Subsidy	MML	Total		Subsidy	MML	Total				
1997-98	2000	200	60	260	143	14.25	7.85	22.10	1857	237.90	92.85	91.50
1998-99	2000	200	60	260	177	17.61	9.41	27.02	1823	232.98	91.15	89.61
1999-2k	2000	200	60	260	159	15.85	8.94	24.79	1841	235.21	92.05	90.47
2000-2k1	531	53.10	15.93	69.03	61	6.10	3.33	09.43	470	59.60	88.64	86.34
2k1-2k2	**				75	7.45	2.55	10.00	-75	-10.00		
Total	**6531**	**653.10**	**195.93**	**849.03**	**615**	**61.26**	**32.08**	**93.34**	**5916**	**755.69**	**90.58**	**89.00**

***Based on Rs. 20,000 project cost**

*****531 scavengers identified in survey conducted in 2000-01 were to be rehabilitated in 2000-01 itself. As such, no target for rehabilitation was fixed for 2001-02 and achievement made in that year has been shown as minus entry in shortfall column***

The rehabilitation of identified scavengers was much below the targets. The shortfall was 90.58 *per cent* (5,916 of 6,531 scavengers) during 1997-2002 but overall shortfall was 90.45 *per cent* (28,302 of 31,290 scavengers) during 1992-2002 despite availability of funds. Though the survey conducted in 2000-01 identified only 531 scavengers awaiting rehabilitation indicating success of the scheme, the survey itself appears doubtful due to existence of 25,140 dry latrines as of March 2002. Further, only less than 10 *per cent* of scavengers identified were rehabilitated over the period 1992-2002.

b) Wrong booking of expenditure

(i) As per scheme, the maximum project cost for rehabilitation was Rs.50,000. SCDC, however, adopted project cost of Rs.20,000 as maximum cost for which Government of India was to give subsidy of Rs.10,000 and margin money loan of Rs.1,470 i.e. 49 *per cent*. The remaining margin money loan of Rs.1,530 i.e. 51 *per cent* and balance of Rs.7,000 would be met by SCDC and bank respectively.

During 1997-2002, 222 identified scavengers were rehabilitated at a cost of Rs.44.50 lakh. Out of this, Rs.22.25 lakh as subsidy was to be paid by the Government of India and margin money loan of Rs.6.71 lakh was to be shared between Government of India and State Government in the ratio of 49:51. Remaining loan of Rs.15.54 lakh was to be paid by the commercial banks. But instead of approaching banks, SCDC on its own granted the loan and irregularly debited Rs.7.65 lakh to Central assistance. Reasons for irregular debit of expenditure to Central Government were awaited.

(ii) SCDC had shown Rs.4.03 lakh as paid (subsidy Rs.10,000 and margin money loan Rs.3,000 per beneficiary) to 31 beneficiaries by taking project cost of each beneficiary as Rs.20,000. Test check, however, revealed that actual project cost of the above beneficiaries varied between Rs.14,000 and Rs.18,000 and actual expenditure on subsidy/margin money loan worked out to Rs.2.98 lakh (Rs.9,100 in the case of project of Rs.14,000 and Rs.11,700 in the case of project of Rs.18,000 per beneficiary respectively). Thus, Rs.1.05 lakh was booked in excess against assistance received from the Government of India. The reply of the department was awaited.

(iii) An expenditure of Rs. 11.35 lakh was booked for the period 1993-98 relating to subsidy and margin money loan in respect of 92 scavengers of Gurdaspur, Hoshiarpur and Jalandhar districts. But all the cheques/drafts were cancelled and received back from banks/ district managers. The expenditure of Rs. 11.35 lakh was yet to be written back.

(iv) The MML and loan should be in the ratio of 3:7 but the MML as indicated in accounts was far in excess. SCDC has not reconciled this as indicated in para 3.12.2.

(v) The MML is to be shared between Central and State Government in the ratio of 49:51 but the Central Government has been debited higher amount. This is yet to be reconciled by SCDC. In sum, SCDC has not maintained proper accounts and Central Government has been debited with inflated figures.

c) Sanitary marts not opened

Government of India approved establishment of sanitary marts to rehabilitate the scavengers. Accordingly, Rs.17.50 lakh for 10 sanitary marts were sanctioned (September 2000) by National Safai Karamchari Finance and Development Corporation, New Delhi. But SCDC failed to set up sanitary marts on the pleas that (i) number of scavengers in the State was small and (ii) only Rs.1,200 per month was to be provided to a mart employee working as supervisor, mart manager and accountant and no one would like to work on such a low salary. Hence, the financial assistance was not availed of by SCDC.

3.12.8 Rehabilitation of scavengers without conversion of dry latrines into wet latrines

Scavengers can successfully be rehabilitated only when dry latrines on which they are employed are converted into wet latrines otherwise new scavengers will take their jobs and as such there will be no reduction in the number of scavengers. This would perpetuate the practice of scavenging. For this purpose, effective integration and dovetailing of the programme with the bodies or agencies engaged in the conversion of dry latrines into wet latrines was required.

The review of records maintained in the office of Punjab Water Supply and Sewerage Board, Chandigarh revealed that 1,86,626 dry latrines were

25,140 dry latrines were yet to be converted into wet latrines as of March 2002

converted into wet latrines upto March 2002 against the target of 2,11,766. Thus, 25,140 dry latrines were yet to be converted into wet latrines. Non–conversion of dry latrines indicated that scavenging continued. Hence, the contention of SCDC as intimated (June 2000) to Government of India that no scavenger remained to be rehabilitated was not based on facts and was far from reality.

The above points were referred to the Secretary to Government of Punjab, Welfare of Scheduled Castes and Backward Classes Department and followed up demi-officially with reminder in May 2002. In spite of such efforts, reply has not been received so far (July 2002).

3.13 Idle investment on incomplete Dr. B. R. Ambedkar Bhawans

Construction of Dr. B. R. Ambedkar Bhawan buildings remained incomplete even after a lapse of 8 years and expenditure of Rs. 1.50 crore because of failure to release further funds by the District Planning Boards

To highlight and disseminate the ideals and philosophy of Dr. B.R.Ambedkar, State Government formulated a scheme to build Baba Sahib Dr. B. R. Ambedkar Bhawans in each district headquarter during 8th Five Year Plan. Accordingly, approval(s) for Rs. 2.42 crore were accorded (January 1994 and August 2000) for construction of Ambedkar Bhawan buildings at Ludhiana (Rs.93.21 lakh), Mansa (Rs.74.87 lakh) and Nawanshahar (Rs. 74.10 lakh).

Test check of records and information collected from Directorate of Welfare of Scheduled Castes and Backward Classes, Punjab during June 2001 to May 2002 revealed that Rs. 1.93[16] crore was released for construction during the period 1993-2000 against which an expenditure of Rs. 1.50[17] crore was incurred. However, construction of these Ambedkar Bhawans was not completed. Rs.43.42[18] lakh was lying in 8443-Civil Deposit Accounts of Public Works Department. District Planning Boards also did not release further funds of Rs. 49 lakh for the completion of these Bhawans.

On being pointed out, Deputy Controller (F&A), Welfare of Scheduled Castes and Backward Classes, Punjab stated (May 2002) that the matter had already been taken up with the Government. The reply did not explain the failure to release Rs. 43.42 lakh kept in the Civil Deposit Accounts for more than three years. The failure resulted in incomplete Ambedkar Bhawan buildings with idle investment of Rs. 1.50 crore and non-achievement of the objective of propagation of the ideology and philosophy of Dr. B. R. Ambedkar among the masses.

The matter was referred (February 2002) to Principal Secretary to Government of Punjab, Welfare of Scheduled Castes & Backward Classes Department for

[16] Ludhiana (Rs.58 lakh); Mansa (Rs. 74.87 lakh), Nawanshahar (Rs.60.08 lakh).
[17] Ludhiana (Rs.58 lakh); Mansa (Rs. 50.31 lakh), Nawanshahar (Rs.41.22 lakh).
[18] Mansa (Rs.24.56 lakh); Nawanshahar (Rs.18.86 lakh).

reply and followed up demi-officially with reminder in May 2002. Reply, however, is awaited (July 2002).

3.14 Drawal of funds in advance of requirement

Rs. 64.80 lakh of Central assistance for strengthening of community centers could not be utilized as purchase formalities were not completed

Financial Rules provide that money should not be withdrawn from Government treasury unless it was required for immediate disbursement and unspent balance, if any, should be refunded into the treasury promptly.

Test check (September 2001) of the records of Director, Welfare of Scheduled Castes and Backward Classes, Punjab, Chandigarh revealed that Government sanctioned (March 2000) Rs. 64.80 lakh under 100 *per cent* Centrally sponsored scheme for strengthening of 108 Community Centers by providing equipment and raw material for training in cutting, tailoring, embroidery etc. to below poverty line Scheduled Castes women/ girls. Sewing machines were also to be provided on successful completion of the training so that beneficiaries may start work. The Director drew the entire amount from the treasury in March 2000 and kept it as a bank draft in favour of Deputy Controller (F&A). The amount was lying unutilized as of July 2002.

On being pointed out, Deputy Controller (F&A) stated (July 2002) that the tenders called (May 2000) for the purchase of sewing machines were rejected due to technical reasons and fresh tenders called in April 2002 were yet to be finalized by the purchase committee. The reply was not tenable as Rs. 64.80 lakh were not only blocked for more than two years but intended benefits to 2,160 trainees were also denied.

The matter was referred (April 2002) to Secretary, Department of Welfare of Scheduled Castes and Backward Classes for comments with a reminder in May 2002. Reply has not been received so far (July 2002).

General

3.15 Follow-up action on Audit Reports

a) Outstanding action taken notes

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. Finance Department, Government of Punjab issued instructions (August 1992) to all the Administrative Departments to submit explanatory notes indicating corrective/remedial action taken or proposed to be taken on paragraphs and reviews included in the Audit Reports within three months of their presentation to the Legislature, without waiting for any notice or call from the Public Accounts Committee (PAC).

Though the Audit Reports for the years 1993-94, 1994-95, 1995-96, 1996-97, 1997-98 and 1998-99 were presented to the State Legislature in March 1995, September 1996, March 1997, July 1998, September 1999 and September 2000 respectively, 22 departments out of 27 departments which were commented upon did not submit explanatory notes on 62 out of 283 paragraphs/ reviews as on March 2002 as indicated below.

Year of the Audit Report (Civil)	Total Paragraphs/ Reviews in Audit Report	No. of paragraphs/reviews for which explanatory notes were not received
1993-94	37	2
1994-95	58	2
1995-96	47	9
1996-97	56	16
1997-98	37	6
1998-99	48	27
Total	**283**	**62**

** The position regarding 1999-2000 and 2000-2001 has not been included as these Reports were presented on 21 June 2002 and the explanatory notes there to are not yet due.*

Department-wise analysis is given in ***Appendix XXV***. Departments largely responsible for non-submission of explanatory notes were Public Works, General Administration, Social Welfare and Health and Family Welfare Departments. Government did not respond to even reviews having important issues like system failures, mis-management and misappropriation of government money. Absence of replies hampered the work of the PAC.

(b) Outstanding Reports of Public Accounts Committee.

Replies to 175 paragraphs pertaining to 21 Reports presented to the State Legislature between March 1986 and March 2001 had not been received as on March 2002 as indicated below:

Year of the PAC Report	Total number of Reports involved	No. of paragraphs where replies not received
1985-86	1	2
1994-95	2	4
1995-96	6	21
1997-98	3	22
1998-99	5	49
2000-2001	4	77
Total	**21**	**175**

The replies to 175 paragraphs were required to be furnished within 6 months from the presentation of the Reports. This has resulted in non-compliance of the observations made by Public Accounts Committee.