सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Social, General, Revenue and Economic Sectors
(Non-Public Sector Undertakings)
for the year ended 31 March 2019

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of Punjab
Report No. 1 of the year 2021

Report of the
Comptroller and Auditor General of India
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for the year ended 31 March 2019

Government of Punjab

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Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2019 has been prepared for submission to the Governor of Punjab under Article 151 of the Constitution of India. This Report contains two parts.

Part-I of the Report contains significant results of the performance audit and compliance audit of the departments/autonomous bodies of Government of Punjab under the Social, General and Economic Sectors (Non-Public Sector Undertakings).

Part-II contains significant findings of audit of receipts and expenditure of major revenue earning departments under Revenue Sector.

The instances mentioned in this Report are those, which came to notice in the course of test audit done during the period 2018-19 as well as those which came to notice in earlier years, but could not be reported in previous Audit Reports; instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

This Report comprises two parts containing two performance audits and 28 paragraphs. Part-I pertains to Social, General and Economic Sectors (Non-Public Sector Undertakings) and contains one performance audit on "Soil and water conservation in Punjab for sustainable agriculture" and 10 paragraphs involving money value of ₹ 726.23 crore as detailed below:

Year	Performance Audit		Paragraphs	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)
2018-19	01	93.01	10	633.22

Part-II pertains to Revenue Sector and contains one performance audit on "Working of Forests and Wildlife Preservation Department" and 18 paragraphs relating to non/short levy of value added tax/central sales tax, excess refunds in VAT, short deposit of special development fee/assessed fee, non/short levy of stamp duty, non/short realisation of motor vehicle tax and non-realisation of entertainment duty involving financial effect of ₹ 194.29 crore as detailed below:

Year	Performance Audit		Paragraphs	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)
2018-19	01	14.10	18	180.19

PART - I
Social, General and Economic Sectors
(Non-Public Sector Undertakings)

PERFORMANCE AUDIT

SOIL AND WATER CONSERVATION, AND AGRICULTURE AND FARMERS' WELFARE DEPARTMENTS

Soil and water conservation in Punjab for sustainable agriculture

Soil and water are two natural resources which play a vital role in agriculture. A Performance Audit was conducted to analyse the soil and water conservation activities for sustainable agriculture in the State which highlighted various deficiencies in planning, financial management and implementation of schemes. Some of the significant audit findings are given below:

State does not have an agriculture policy and long term plan for conservation of soil and water, nor does it have a complete inventory of soil, for taking forward soil and water conservation effectively.

(Paragraphs 2.1.6.1 and 2.1.6.2)

Even after spending ₹ 274 crore on Crop Diversification Programme, sown area of paddy increased by 7.18 *per cent* during 2014-19, adversely affecting the consumption of groundwater.

(Paragraph 2.1.7.1(v))

Cases of stubble burning increased from 43,660 in 2017-18 to 49,905 in 2018-19, owing to lack of systemic spread of awareness amongst stake holders.

(Paragraph 2.1.7.2(iv))

Implementation of Soil Health Card Scheme remained ineffective due to inefficient flow of funds, deficient planning for providing financial assistance for recommended nutrients and non-planning for training and workshops.

(Paragraph 2.1.7.3(i to iv))

The State was deprived of conserving 972.04 lakh cubic metre water despite spending ₹ 37.16 crore on Underground Pipeline Scheme during 2014-19.

(Paragraph 2.1.7.6(ii))

Internal control and monitoring mechanism was found deficient as the Department of Soil and Water Conservation (DS and WC) and Department of Agriculture and Farmers' Welfare (DA and FW) did not review the reasons for shortfall in achievement of targets under any of the schemes.

(Paragraph 2.1.10)

COMPLIANCE AUDIT

CIVIL AVIATION DEPARTMENT

Non-realisation of outstanding Government dues

Allotment of land without demarcation and Hangar No. 2 without fixation of rent/lease amount and terms and conditions to M/s Birmi Flying Academy Private Limited by the Department of Civil Aviation, Government of Punjab led to litigation for more than ten years, while lack of prompt action delayed the recovery of outstanding dues of ₹ 0.83 crore and kept the piece of land blocked without any economic return for the last fifteen years.

(Paragraph 3.1)

HEALTH AND FAMILY WELFARE DEPARTMENT

Suspected misappropriation of user charges

Failure of the Drawing and Disbursing Officer to adhere to codal provisions and compromise of the internal control mechanism, facilitated suspected misappropriation of user charges amounting to ₹ 1.02 lakh in Civil Hospital, Mansa.

(Paragraph 3.2)

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

Optimum Utilisation of Vacant Government Lands

Sixty-one *per cent* residential, 73 *per cent* commercial and 91 *per cent* other properties identified under the Optimum Utilisation of Vacant Government Lands scheme for sale during 2016-19 had remained unsold. The scheme had a deficit of ₹ 1,158.63 crore which was met with market loans by mortgaging the scheme properties. Cancellation of an auction despite getting a bid above the reserve price, deprived revenue of ₹ 335.57 crore. Offer of plots for allotment without mutation of land had blocked ₹ 25.52 crore. Urban *Haat*, Amritsar constructed at a cost of ₹ 8.40 crore had remained non-functional, depriving the handicrafts artisans/handloom weavers of direct marketing facilities round the year.

(Paragraph 3.3)

PERSONNEL, AND HOME AFFAIRS AND JUSTICE DEPARTMENTS

Irregular operation of posts under Apex Scale and Higher Administrative Grade

Operation of 1-9 ex-cadre posts of Chief Secretary Grade in Level 17 (Apex Scale) and 1-7 ex-cadre/deputation posts of Director General of Police in Level-16 (Higher Administrative Grade) under State Deputation Reserve in excess of prescribed limit, without prior approval of the Central Government, involving an amount of ₹ 10.31 crore on account of pay drawn during the period from January 2016 to June 2020, was irregular.

(Paragraph 3.4)

PUBLIC WORKS DEPARTMENT

Incomplete work due to non-providing of encumbrance free site

Failure of the Public Works Department to ensure encumbrance free site prior to award of work of periodical repairs of the road "Babanpur Bridge to Jourepul, Major District Road (MDR-78)", had resulted in non-completion of work despite spending ₹ 3.61 crore, besides denial of short route to the public of Jarag-Khanna area.

(Paragraph 3.5)

REVENUE, REHABILITATION AND DISASTER MANAGEMENT DEPARTMENT

Excess payment of financial assistance from the State Disaster Response Fund

Non-adherence to the norms of assistance from the State Disaster Response Fund by the Revenue, Rehabilitation and Disaster Management Department with regard to provision of input subsidy to the farmers subject to a ceiling of two hectare of affected land per farmer, resulted in excess payment of financial assistance of ₹ 1.38 crore.

(Paragraph 3.6)

SCHOOL EDUCATION AND FINANCE DEPARTMENTS

Suspected fraudulent drawal and disbursement of pay and allowances

Failure of the Drawing and Disbursing Officers and the Treasury Officers to exercise prescribed checks on the bills presented to treasury as required under the Punjab Financial Rules and Punjab Treasury Rules, coupled with the absence of mapping of employees' master data in Integrated Financial Management System, resulted into suspected fraudulent drawal and disbursement of pay and allowances amounting to ₹ 1.16 crore in Government High School, Kulgran and Government Senior Secondary School, Panjola.

(Paragraph 3.7)

TECHNICAL EDUCATION AND INDUSTRIAL TRAINING, AND FINANCE DEPARTMENTS

Idle expenditure arising from incomplete work for setting up of Institute for Training of Trainers

Due to delayed/non-release of adequate funds by the Finance Department, Institute for Training of Trainers at Lalru could not be made functional, thereby not only rendering the expenditure of ₹ 6.34 crore idle, but the intended objective of having trained and qualified instructors under the Craft Instructor Training Scheme could not be achieved.

(Paragraph 3.8)

WATER RESOURCES DEPARTMENT

Undue extra burden on the State exchequer

Due to non-valuation of the structures on the acquired land before announcing an award by the Land Acquisition Collector, Shahpurkandi, the Water Resources Department had to pay compensation for structures through a supplementary award, resulting into avoidable payment of ₹ 3.26 crore on account of solatium, besides the Department also paid inadmissible amount of ₹ 1.69 crore towards additional increase on the value of structures.

(Paragraph 3.9)

WATER SUPPLY AND SANITATION, HOUSING AND URBAN DEVELOPMENT, AND FINANCE DEPARTMENTS

Ungainful expenditure on a non-functional sewerage scheme

Preparation of a project "Providing sewerage system and sewerage treatment plant" in Baghapurana town of Moga district by the Water Supply and Sanitation Department, without making provision for digging of a toll road coupled with non-ensuring of sufficient funds, resulted into non-commissioning of the sewerage system even after lapse of more than seven years, beyond its stipulated date of completion. This not only rendered the expenditure of ₹ 18.95 crore ungainful but also led to continued exposure of the residents of Baghapurana town to unhygienic conditions.

(Paragraph 3.10)

PART - II

Revenue Sector

The total receipts of the State Government for the year 2018-19 were ₹ 62,269.08 crore. The Government raised ₹ 39,156.57 crore, comprising tax revenue of ₹ 31,574.28 crore and non-tax revenue of ₹ 7,582.29 crore. The State Government received ₹ 12,005.14 crore as State's share of divisible Union taxes and ₹ 11,107.37 crore as Grants-in-aid from the Government of India.

(Paragraph 1.1.1)

Test check of the records of 314 units out of total auditable units of 451, administering Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles, Forest Receipts and other Departmental offices, conducted during the year 2018-19 showed under assessment/short levy/loss of revenue aggregating ₹ 481.56 crore in 21,637 cases. The Departments recovered ₹ 11.84 crore in 2,719 cases during 2018-19, out of which ₹ 0.55 crore in 39 cases was pointed out during 2018-19 and the remaining in earlier years.

(Paragraph 1.10.1)

TAXES/VAT ON SALES AND TRADE

In four Assistant Commissioners of State Tax offices, the Designated Officers allowed irregular exemption/concession of ₹ 0.61 crore on the basis of 19 non-genuine 'C' forms which were not obtained from prescribed authority of the concerned State.

(Paragraph 2.3)

In Assistant Commissioner of State Tax Ludhiana-II, input tax credit of ₹ 0.57 crore was reversed on account of tax free sale against the reversible input tax credit of ₹ 1.02 crore, resulting in short levy of tax of ₹ 0.45 crore.

(Paragraph 2.4)

In Assistant Commissioner of State Tax Mohali, the Designated Officer, instead of creating additional tax demand, reduced the amount of unutilised input tax credit for the year 2010-11 from ₹ 4.58 crore to ₹ 3.67 crore, whereas input tax credit of ₹ 4.58 crore was already utilised by the dealer in 2011-12, resulting in short levy of tax of ₹ 0.91 crore.

(Paragraph 2.6)

Application of incorrect provision relating to levy of interest in assessment orders in six Assistant Commissioners of State Tax, resulted in short levy of interest of ₹ 2.51 crore in six cases.

(Paragraph 2.8)

The Designated Officer allowed inadmissible input tax credit of entry tax, paid on interstate purchase of furnace oil in four cases, resulting in short levy of tax of ₹ 46.81 lakh.

(Paragraph 2.9)

In 36 assessment cases under four Assistant Commissioners of State Tax, the Designated Officers did not levy or short levied fee of ₹ 12.38 crore under the Punjab Infrastructure (Development and Regulation) Act.

(Paragraph 2.10)

STATE EXCISE

Assistant Excise and Taxation Commissioner Gurdaspur short realized Special Development Fee of ₹ 0.20 crore on Punjab Medium Liquor and Beer from three retail vends.

(Paragraph 3.3)

Assistant Excise and Taxation Commissioner Gurdaspur failed to recover assessed fee of ₹ 0.78 crore from six retail vends on un-lifted quota of 5,05,861 bulk litre of beer.

(Paragraph 3.4)

Twenty four AETCs did not take cognizance of a notification issued by the Department of Local Government designating them as collection authority for Cow Cess on sale of liquor in municipal areas falling under their jurisdiction, due to non-inclusion of the same in the Excise policy. Consequently, ₹ 97.24 crore due on this account was not collected.

(Paragraph 3.5)

STAMP DUTY

Sub Registrar Bathinda short levied stamp duty, registration fee and infrastructure development fee of ₹ 12.69 lakh in a case due to non-application of minimum market rate fixed by the Collector.

(Paragraph 4.4)

Nineteen SRs/JSRs allowed inadmissible remission of additional stamp duty, Social Infrastructure Cess and Infrastructure Development fee of ₹ 1.92 crore in 99 cases where instruments were executed a) in favour of Charitable Institutions, b) for purchase of land by owner whose land was acquired for public purpose and c) on instruments executed in favour of persons for purchase/lease of land for setting up a project duly approved by the Punjab Energy Development Authority (PEDA) under the New and Renewable Sources of Energy Policy, 2012.

(Paragraph 4.5)

Four Sub Registrars short levied stamp duty, registration fee and infrastructure development cess of ₹ 1.36 crore in seven cases, due to application of lower rates than were applicable as per the Collector rate or status of properties at the time of registration.

(Paragraph 4.6)

The Indian Stamp Act empowers all public officers to impound the instruments, chargeable with duty but not duly stamped, which are produced or come before them in the course of performance of their functions, however, the public officers did not impound and refer insufficiently stamped instruments to the Collectors for assessment of stamp duty. The public officers and Banks also did not ensure that the lease agreements were duly stamped. Stamp duty and registration fee of ₹ 59.42 crore on 1,720 out of 1,800 lease instruments examined in audit was not paid. Further, stamp duty and registration fee of ₹ 0.41 crore was short levied in 244 out of 3,893 instruments presented for registration before 32 SRs/JSRs.

(Paragraphs 4.7.2 to 4.7.3)

TAXES ON VEHICLES

In two Regional Transport Authorities, Motor Vehicle Tax of ₹ 34.97 lakh was short realized from three bus operators plying stage carriage buses in Punjab.

(Paragraph 5.3)

FORESTRY AND WILDLIFE

Performance audit on "Working of Forests and Wildlife Preservation Department" revealed the following significant findings:

State Forest Policy was not framed to create a road map and strategy for achievement of long term goals regarding preservation, protection and restoration of forest cover and ecological balance in the State.

(Paragraph 6.3.6.1)

Due to removal of interest clause from the revised royalty policy 2009, the department could not charge interest of ₹ 3.29 crore from the Punjab State Forest Development Corporation.

(Paragraph 6.3.7.2)

Undue benefit of ₹ 6.91 crore was extended to the Punjab State Forest Development Corporation due to short claim of royalty.

(Paragraph 6.3.7.4)

Non-harvesting of bamboo resulted in deferring of revenue of ₹ 1.16 crore.

(Paragraph 6.3.11.2)

Boundaries of Sanctuaries and Zoological Park were not demarcated.

(Paragraph 6.3.15.1)

OTHER TAX AND NON-TAX RECEIPTS

Six Assistant Commissioners of State Tax took no steps to recover entertainment duty from 408 cable operators, resulting in non-realisation of entertainment duty of ₹ 45.93 lakh.

(Paragraph 7.3)

PART - I

Social, General and Economic Sectors

(Non-Public Sector Undertakings)

Chapter - I

Introduction

Chapter-I

Introduction

1.1 Budget profile

There are 40 departments and 42 autonomous bodies functioning in the State[1]. The position of budget estimates and actual expenditure there-against by the State Government during 2014-19 is given in **Table 1.1.**

Table 1.1: Budget and actual expenditure of the State during 2014-19

(₹ in crore)

Expenditure	2014-15		2015-16		2016-17		2017-18		2018-19	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General Services	22,781.77	23,043.09	24,324.90	24,713.44	28,964.59	28,487.93	34,091.34	34,499.50	37,493.10	36,930.51
Social Services	15,659.68	13,729.05	16,845.48	14,897.86	17,872.31	15,672.10	19,072.44	15,469.74	20,097.54	18,320.37
Economic Services	10,073.54	9,237.32	11,011.59	9,756.04	13,859.37	10,217.61	15,341.16	11,194.41	21,185.35	17,888.17
Grants-in-aid and Contributions	467.75	604.03	982.56	706.15	2,037.53	918.41	2,676.96	1,301.20	3,541.98	2,264.66
Total	**48,982.74**	**46,613.49**	**53,164.53**	**50,073.49**	**62,733.80**	**55,296.05**	**71,181.90**	**62,464.85**	**82,317.97**	**75,403.71**
Capital Outlay	3,948.28	3,118.44	4,353.57	3,059.42	6,117.46	4,346.30	4,388.76	2,352.08	4,871.57	2,412.24
Loans and Advances disbursed	326.89	270.27	445.20	5,968.59	42,870.86	41,364.12	2,197.12	760.05	1,602.64	1,361.05
Repayment of Public Debt (including Ways and Means Advances)	21,673.04	23,074.72	20,636.48	22,051.13	32,791.86	32,443.29	35,029.64	34,969.58	38,623.32	37,770.93
Contingency Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Account disbursements*	40,593.44	40,526.50	46,227.64	53,446.58	51,520.73	50,599.95	13,238.24	45,525.90	18,282.51	62,271.76
Closing Cash Balance	-	(-) 137.76	-	(-) 14.63	-	395.28	-	488.45	-	1,324.83
Total	**66,541.65**	**66,852.17**	**71,662.89**	**84,511.09**	**1,33,300.91**	**1,29,148.94**	**54,853.76**	**84,096.06**	**63,380.04**	**1,05,140.81**
Grand Total	**1,15,524.39**	**1,13,465.66**	**1,24,827.42**	**1,34,584.58**	**1,96,034.71**	**1,84,444.99**	**1,26,035.66**	**1,46,560.91**	**1,45,698.01**	**1,80,544.52**

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the Government of Punjab
**** Excludes transactions of investment of cash balances and departmental cash in chests.***

1.2 Application of resources of the State Government

As against the total budget outlay of ₹ 1,45,698.01 crore, the application of resources was ₹ 1,80,544.52 crore during 2018-19. The total expenditure[2] of the State increased by 58.35 *per cent* from ₹ 50,002 crore to ₹ 79,177 crore during the period 2014-15 to 2018-19 while the revenue expenditure increased by 61.76 *per cent* from ₹ 46,614 crore to ₹ 75,404 crore during the same period. The revenue expenditure constituted 85 to 95 *per cent* of the total expenditure (except for the year 2016-17 when it was 55 *per cent*) while the capital expenditure was three to six *per cent* during the period from 2014-15 to 2018-19.

During the period from 2014-15 to 2018-19, the revenue expenditure increased at an annual average growth rate of 12.69 *per cent* whereas revenue receipts grew at an annual average rate of 12.21 *per cent*.

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[1] Pertaining to Social, General and Economic Sectors (Non-Public Sector Undertakings).
[2] Total of Revenue Expenditure, Capital Outlay and Loans and Advances.

1.3 Persistent excess expenditure

During the last five years, in three cases (**Table 1.2**), there was persistent excess expenditure of more than ₹ 10 crore in each case. In two cases (Sr. No. 2 and 3), the expenditure was incurred without any budget provision during 2014-19.

Table 1.2: List of cases having persistent excess expenditure during 2014-19

(₹ in crore)

Sr. No.	Number and Name of the grant/case	Amount of excess expenditure				
		2014-15	2015-16	2016-17	2017-18	2018-19
	Revenue-Voted					
	08-Finance					
1.	2071-Pensions and Other Retirement Benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pensions and Other Retirement Benefits	407.74	664.92	697.98	616.95	290.39
	21-Public Works					
2.	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for works done by that Department	97.77	108.53	136.71	146.84	97.58
3.	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054	19.79	135.53	94.10	141.29	169.87

Source: Appropriation Accounts

1.4 Grants-in-aid from the Government of India

The Grants-in-aid (GIA) from the Government of India (GoI) increased by ₹ 3,456 crore (45.18 *per cent*) in 2018-19 over the previous year as shown in **Table 1.3**.

Table 1.3: Grants-in-aid received from Government of India

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Non-plan Grants	2,003.87	1,274.64	1,610.35	0.00*	0.00
Grants for State Plan Schemes	3,597.61	2,320.12	2,523.14	162.81	241.34
Grants for Central Plan Schemes	80.06	341.76	78.65	3,096.13	3,091.70
Grants for Centrally sponsored Plan Schemes	188.41	237.20	563.69	(-)0.63	(-)74.21
Finance Commission Grants	-	-	-	355.69	719.54
Other Transfer/Grants to States (GST Compensation)	-	-	-	4,037.00	7,129.00
Total	**5,869.95**	**4,173.72**	**4,775.83**	**7,651.00**	**11,107.37**
Percentage of increase over previous year	72.58	(-)28.90	14.43	60.20	45.18
Percentage of Total Grants to Revenue Receipts	15.04	10.05	9.95	14.43	17.84

Source: Finance Accounts

**** Non-plan and plan grants merged with effect from 01 April 2017.***

The increase in GIA during 2018-19 was due to substantial increase in GST compensation by ₹ 3,092 crore (76.59 *per cent*) over the previous year.

In addition to the above, the GoI had been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes. The GoI decided to route these funds through State budget from 2014-15 onwards. However, during 2018-19, the GoI transferred ₹ 2,508.36 crore directly to various implementing agencies/Non-Governmental Organizations of the State.

1.5 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies and schemes/projects which involves assessing the criticality/complexity of activities, the level of delegated financial powers, internal controls and concerns of stake holders and previous audit findings. Based on the risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing audit findings is issued to the head of the office with the request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India which are to be submitted to the Governor of Punjab under Article 151 of the Constitution of India.

During 2018-19, compliance audit of 1,494 Drawing and Disbursing Officers (DDOs) and 26 autonomous bodies of the State under Sections 19(2), 19(3) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, was conducted by the office of the Principal Accountant General (Audit), Punjab. In addition, performance audit on 'Soil and water conservation in Punjab for sustainable agriculture' was also conducted.

1.6 Significant audit observations and response of the Government to audit

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments which have negative impact on the success of programmes and functioning of the departments. The focus was on offering suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens. The departments are required to send their responses to draft performance audit reports/draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks.

Part-I of the Audit Report contains one performance audit and 10 compliance audit paragraphs which were forwarded to the concerned Administrative

Secretaries. The total financial implication of these is ₹ 726.23 crore. Replies from the administrative departments have been received for three compliance audit paragraphs[3], which have been suitably incorporated in the Audit Report.

1.7 Recoveries at the instance of audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Government departments were referred to the various departmental Drawing and Disbursing Officers for confirmation and further necessary action under intimation to Audit. An amount of ₹ 12.23 crore was recovered during 2018-19 by various departments after being pointed out by the Audit through Inspection Reports.

1.8 Responsiveness of the Government to audit

1.8.1 Inspection Reports

After periodical inspection of the Government departments, the Principal Accountant General (Audit), Punjab issues the Inspection Reports (IR) to the head of offices audited, with copies to the next higher authority. The executive authorities are expected to promptly rectify the defects and omissions pointed out and report compliances to the Principal Accountant General (Audit) within four weeks. Half-yearly reports of IRs pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

As of June 2019, 15,549 IRs containing 49,344 paragraphs (issued up to March 2019) having money value of ₹ 16,557.27 crore were outstanding, of which 9,742 IRs containing 23,492 paragraphs having money value of ₹ 4,156.28 crore pertained to the period prior to April 2014 i.e. were more than five years old. The year-wise position of outstanding Inspection Reports/paragraphs along with their money value is given in **Table 1.4**.

Table 1.4: Outstanding Inspection Reports/Paragraphs

Particulars	Prior to April 2014	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Inspection Reports	9,742	1,042	1,081	1,086	1,266	1,332	**15,549**
Paragraphs	23,492	3,414	3,894	4,504	6,708	7,332	**49,344**
Money value (₹ in crore)	4,156.28	596.11	2,445.33	2,062.35	6,089.70	1,207.50	**16,557.27**

Source: Office records

Pendency of such large number of paragraphs indicated lack of responsiveness of the Government departments to Audit.

1.8.2 Follow-up action on Audit Reports

At the instance of the Public Accounts Committee (PAC), the Finance Department issued (August 1992) instructions to all the administrative

[3] (i) Irregular operation of posts under Apex Scale and Higher Administrative Grade.
(ii) Suspected fraudulent drawal and disbursement of pay and allowances - Part-(i).
(iii) Undue extra burden on the State exchequer.

departments to initiate *suo motu* action on all audit paragraphs and reviews (performance audits) figuring in the Audit Reports of the Comptroller and Auditor General irrespective of whether the cases were taken up for examination by the PAC or not. The administrative departments were also required to furnish detailed notes to the PAC, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature.

As regards the Audit Reports relating to the periods 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 which have been laid before the State Legislature, detailed notes in respect of eight performance audits and 41 paragraphs had not been received in the Audit office as on 31 March 2020 ***(Appendix 1.1)***.

1.9 Status of placement of Separate Audit Reports of autonomous bodies in the State Legislature

Several autonomous bodies have been set up by the Government in the fields of Home Affairs and Justice, Labour Welfare, Industries, etc. Twenty-one Separate Audit Reports (SARs) in respect of six autonomous bodies, as detailed in **Table 1.5**, issued between July 2015 and August 2019 were pending for placement before the State Legislature.

Table 1.5: Details of SARs pending for placement before the State Legislature as on 31 March 2019

Sr. No.	Name of autonomous body	Years for which SARs were pending for placement before the State Legislature
1.	Punjab Legal Services Authority	2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17
2.	Punjab Khadi and Villages Industries Board	2012-13, 2013-14, 2014-15 and 2015-16
3.	Punjab State Human Rights Commission	2016-17 and 2017-18
4.	Punjab Labour Welfare Board	2003-04, 2004-05 and 2005-06
5.	Punjab Building and Other Construction Workers' Welfare Board	2013-14, 2014-15, 2015-16 and 2016-17
6.	Punjab State Electricity Regulatory Commission	2016-17 and 2017-18

Source: Departmental information

Chapter - II

Performance Audit

Chapter-II

Performance Audit

SOIL AND WATER CONSERVATION, AND AGRICULTURE AND FARMERS' WELFARE DEPARTMENTS

2.1 Soil and water conservation in Punjab for sustainable agriculture

Soil and water are two natural resources which play a vital role in agriculture. A Performance Audit was conducted to analyse the soil and water conservation activities for sustainable agriculture in the State which highlighted various deficiencies in planning, financial management and implementation of schemes. While the total financial implication of this performance audit is ₹ 93.01 crore, some of the significant audit findings are given below:

Highlights

- **State does not have an agriculture policy and long term plan for conservation of soil and water, nor does it have a complete inventory of soil, for taking forward soil and water conservation effectively.**

  (Paragraphs 2.1.6.1 and 2.1.6.2)

- **Even after spending ₹ 274 crore on Crop Diversification Programme, sown area of paddy increased by 7.18 *per cent* during 2014-19, adversely affecting the consumption of groundwater.**

  (Paragraph 2.1.7.1(v))

- **Cases of stubble burning increased from 43,660 in 2017-18 to 49,905 in 2018-19, owing to lack of systemic spread of awareness amongst stake holders.**

  (Paragraph 2.1.7.2(iv))

- **Implementation of Soil Health Card Scheme remained ineffective due to inefficient flow of funds, deficient planning for providing financial assistance for recommended nutrients and non-planning for training and workshops.**

  (Paragraph 2.1.7.3(i to iv))

- **The State was deprived of conserving 972.04 lakh cubic metre water despite spending ₹ 37.16 crore on Underground Pipeline Scheme during 2014-19.**

  (Paragraph 2.1.7.6(ii))

- **Internal control and monitoring system was found deficient as the Department of Soil and Water Conservation (DS and WC) and Department of Agriculture and Farmers' Welfare (DA and FW) did not review the reasons for shortfall in achievement of targets under any of the schemes.**

  (Paragraph 2.1.10)

2.1.1 Introduction

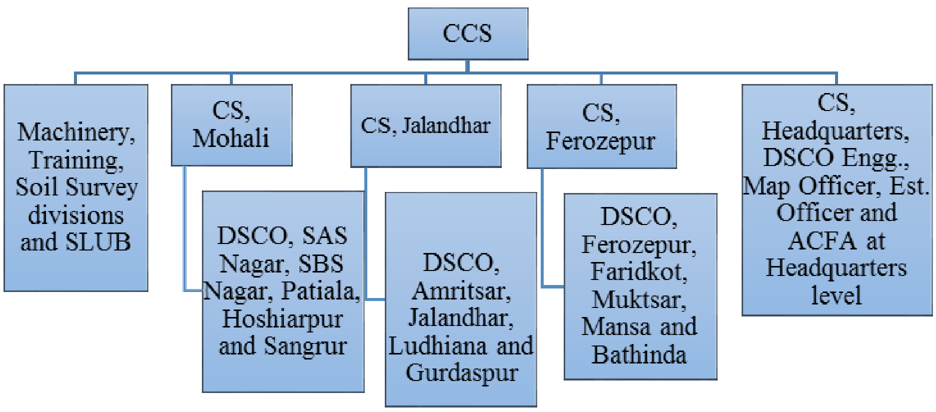
Punjab has 50.33 lakh hectare geographical area out of which, 41.25 lakh hectare (82 *per cent*) is cultivable. Continuous wheat-paddy rotation to get maximum food production has depleted the macro/micro nutrients, organic contents, minerals and trace elements of the soils. Out of the total irrigated area in the State, 71 *per cent* of the area is being irrigated by extracted groundwater and 29 *per cent* by surface water through canals. Unchecked use of groundwater for agriculture had brought the State on the verge of a serious water crisis as 96.59 *per cent*[1] of extracted groundwater in the State was utilised for irrigation due to which 79 *per cent* blocks in the State, covering an area of 38.04 lakh hectare area (75.58 *per cent* of total geographical area of Punjab) were assessed as over-exploited, against 17 *per cent* in the country. With a view to improve the sustainability of agricultural productivity in Punjab, various schemes were introduced by the Centre/State Government.

Considering the importance of water, United Nations Member States jointly committed (September 2015) to the Sustainable Development Goal-6 (SDG-6) which, *inter alia*, provides for ensuring availability and sustainable management of water and sanitation. Besides, SDG 2.4 provides for implementation of resilient agricultural practices that help to maintain the ecosystem and SDG 6.4 provides for substantial increase in water use efficiency across all sectors. The Department of Soil and Water Conservation (DS and WC) and the Department of Agriculture and Farmers' Welfare (DA and FW) failed to achieve the United Nations sustainable development goals as both the departments did not fix specific targets for achievement of SDGs during the period 2015-19.

2.1.2 Organisational set-up

The DS and WC and the DA and FW are working under the administrative control of the Secretary and the Additional Chief Secretary respectively. The organisational set-up of these departments was as under:

(i) Soil and Water Conservation Department



Chief Conservator of Soils (CCS); Conservator of Soils (CS); Divisional Soil Conservation Officer (DSCO); Assistant Controller of Finance and Accounts (ACFA); State Land Use Board (SLUB).

[1] As per Groundwater Resources Report 2017.

(ii) Agriculture and Farmers' Welfare Department

The Director (Agriculture) is in-charge of four wings[2] of the Department and each wing has its own Joint Director. Chief Agriculture Officer (CAO) is in-charge of each district of the State, who is assisted by Statistical Officer, District Training Officer, Project Officer, Assistant Agriculture Engineer (Implements) and Agriculture Officer.

2.1.3 Audit objectives

The audit objectives of this performance audit were to ascertain whether:

- schemes/projects were planned in an adequate, comprehensive and effective manner;
- financial management was effective i.e. allocation, release and utilisation of funds earmarked for various schemes was adequate, effective and judicious;
- implementation was done according to the planning in an effective, efficient and economic manner; and
- adequate monitoring and internal control mechanism was in place.

2.1.4 Audit scope and methodology

In order to check the implementation of various schemes relating to soil and water conservation for sustainable agriculture, the Performance Audit covering the period 2014-19 was conducted in DS and WC, and DA and FW between August 2019 and March 2020. Records of the Chief Conservator of Soils, Soil Survey Division, seven[3] out of 14 Divisional Soil Conservation Officers (DSCO) of the DS and WC were test-checked. Besides, records of the Director and the Chief Agriculture Officers of seven districts[4] of the DA and FW were also test-checked. The selection was made by adopting the stratified random sampling method. Implementation of all the seven schemes[5] was examined and survey in respect of 743 sampled beneficiaries in three[6] selected schemes was also conducted. Besides, views of Kisan Unions were obtained and incorporated in the PA. Further, in order to substantiate the audit findings on technical issues, a domain expert[7] was consulted and his views were also taken into consideration.

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[2] (i) Administrative; (ii) Statistical; (iii) Geological; and (iv) Engineering.

[3] Divisional Soil Conservation Officers (i) Amritsar; (ii) Bathinda; (iii) Hoshiarpur; (iv) Patiala; (v) Sangrur; (vi) SAS Nagar; and (vii) Sri Muktsar Sahib.

[4] (i) Amritsar; (ii) Bathinda; (iii) Hoshiarpur; (iv) Patiala; (v) Sangrur; (vi) SAS Nagar; and (vii) Sri Muktsar Sahib.

[5] (i) Four schemes viz. Crop Diversification Programme (CDP) (Centrally Sponsored Scheme), Promotion of agricultural mechanism for *in-situ* management of crop residue (CRM) (Central Sector Scheme), Soil Health Card (SHC) and Soil Health Management (SHM) (both Centrally Sponsored Schemes) were implemented by Department of Agriculture and Farmers' Welfare; and (ii) three schemes viz. Underground Pipeline Projects (UGPL) (State Sponsored Scheme), Integrated Watershed Management Programme (IWMP) (Centrally Sponsored Scheme) and Micro Irrigation (Centrally Sponsored Scheme) were implemented by Department of Soil and Water Conservation.

[6] (i) Crop Diversification Programme (CDP); (ii) Promotion of agricultural mechanism for *in-situ* management of crop residue (CRM); and (iii) Soil Health Card (SHC).

[7] Former Professor, Punjab Agricultural University, Ludhiana.

An entry conference was held (August 2019) with the Chief Conservator of Soils and the Director, Agriculture and Farmers' Welfare, Punjab wherein audit objectives, scope and methodology were discussed. The audit findings of the performance audit were discussed in the exit conference held (July 2020) with the Conservator of Soils, DS and WC and the Director, DA and FW. The replies of the departments have been suitably incorporated in the Report.

2.1.5 Audit criteria

Criteria, against which the audit findings were benchmarked, were derived from the following sources:

- Guidelines of the selected schemes;
- Guidelines/instructions/orders issued by the Government of India (GoI) and the Government of Punjab (GoP); and
- Punjab Financial Rules and Punjab Treasury Rules.

Audit findings

2.1.6 Planning

2.1.6.1 Soil Survey

The soils in the State of Punjab are of alluvial origin and generally sandy loam[8] to loamy sand in texture. Adoption of green revolution technologies, introduction of intensive cropping patterns and access to irrigation water has led to astronomic mining of nutrients, which has made the soils deficient in certain essential micronutrients. Further, there was heavy dependence on groundwater for irrigation, which increases with increase in paddy cultivation.

Continuous wheat-paddy rotation to get maximum food production has also contributed in depleting the macro/micro nutrients, organic contents and minerals of the soils. Keeping in view the significance of soil in productivity of crops, the DS and WC has a Soil Survey Division to prepare the inventory of soils in the State after conducting detailed survey. It analyses the samples collected from various places of the State and advises the other departments for efficient use of the soils for sustainable agriculture by sowing appropriate crops.

Audit observed that:

- out of 41.25 lakh hectare (Ha) area under agriculture (as on March 2018), the Soil Survey Division had covered 8.37 lakh Ha under semi detail survey (7.39 lakh Ha) and fertility status survey (0.98 lakh Ha) during 2011-13. Further, the division covered only 7.99 lakh Ha (19.37 *per cent)* under semi detail survey and 4.98 lakh Ha (12.07 *per cent*)

[8] A loam consisting clay less than 7 *per cent*, silt less than 50 *per cent* and sand between 43 and 50 *per cent*.

under fertility status survey in only four districts[9] during 2014-19 due to non-preparation of long term plan for conservation of soil and water in the State.

➢ though the Division had a soil testing laboratory, no budget provision was made by the DS and WC despite repeated requests by the Division. Therefore, the laboratory had remained idle during 2014-18.

➢ the Division did not have any vehicle and Global Positioning System Locator in workable condition for collecting the soil samples to prepare the soil maps of the State. Though the Division submitted (August 2018) proposal for purchase of Geographic Information System (GIS) Software/plotter to the CCS, the same was pending as of November 2020.

However, the Department did not explore the possibility to decentralise the work of preparation of inventory of soils through outsourcing agencies although the work of testing of soil samples during 2017-19 for issuing of Soil Health Cards was completed by the Department by outsourcing the work.

The Conservator of Soils (CS) stated (July 2020) that the remaining districts could not be covered due to shortage of staff as well as non-availability of funds. In the absence of soil survey of the entire State, however, the mandate of advising other departments for efficient use of soils remained to be fulfilled.

2.1.6.2 Non-formulation of Agriculture Policy

With a view to formulate an agriculture policy, the State constituted (April 2012) a committee which was to submit its report within three months. The committee submitted draft agriculture policy to the State Government in March 2013. The salient features of the draft agriculture policy were:

- ➢ to ensure a faster and sustainable agriculture development to address interlinked concerns of sustainability of current cropping pattern and stagnating farm incomes;
- ➢ to enact a legislation for management of crop residue to check their burning;
- ➢ to provide state incentives *viz.* capital assistance, subsidies and assured pricing and marketing for alternate crops to the farmers to diversify from paddy to mitigate the over exploitation of groundwater; and
- ➢ research activities need to be strengthened to provide requisite technology for pulses and oilseeds as well, so that these also become economically competitive with rice.

Audit, however, observed that draft agriculture policy was yet to be approved by the State Government (November 2020). In the absence of state agriculture policy, there was no regulatory control for the use of natural resources.

The Director stated (July 2020) that the draft agriculture policy was submitted to the Government in March 2013; approval of which was still awaited. The reply was not acceptable because due to absence of agriculture policy,

[9] (i) Hoshiarpur; (ii) Patiala; (iii) Ropar; and (iv) Sangrur.

unchecked use of groundwater as well as over-use of fertilisers could not be controlled.

The domain expert engaged for this project also opined that increased production of paddy and wheat in the State had seriously impacted natural resources and sustainability of agriculture.

Recommendation: The State Government may formulate/approve the Agriculture Policy along with a road map for its implementation.

2.1.7 Programme implementation

2.1.7.1 Crop Diversification Programme

The Government of India launched Crop Diversification Programme (CDP) in 2013-14 to diversify area from paddy to alternate crops i.e. maize, kharif pulses (*arhar, moong bean, urd* bean, cluster bean), oilseeds (soyabean and *til*), etc. The need for this arose due to continuous cultivation of water guzzling crops like paddy and frequent flood irrigation which resulted in depletion of groundwater in the State besides continuous cultivation of rice-wheat cropping pattern witnessed the stagnancy in crop yield.

The main objectives of the scheme were to improve soil fertility, maintain dynamic equilibrium of the agro-ecosystem, arrest depletion of groundwater to enhance the farm income and promote technological innovations for sustainable agriculture. To achieve these objectives, various incentives were to be provided to the farmers under the scheme viz.:

- cash support to farmers for land development charges and marketing support;
- organisation of cluster demonstration and to provide subsidy/subsidised inputs such as seeds, pesticides, insecticides, etc. for adoption of alternate crops; and
- assistance for procurement of crop specific farm machinery, etc.

Audit, however, observed various deficiencies in planning, financial management and implementation of the scheme, as discussed in succeeding paragraphs.

(i) Non-constitution of State Level Committee and Programme Management Groups

As per CDP guidelines, a State Level Committee (SLC) was to be constituted for approval of district specific programme, implementation and monitoring of the programme. At district level, a Programme Management Group[10] (PMG) was to be constituted to identify the beneficiaries for cluster demonstrations[11] of crops alternative to paddy and collaborate with other stakeholders for

[10] Under the chairmanship of Additional Collector and District Agriculture Officer (DAO) as Secretary and representative of Forest Department, Department of Food Processing, State Agriculture University and KVK (Crop Production).

[11] Cluster demonstration unit (1 unit=10 Ha).

implementation of programme at field level and one progressive farmer was to be designated as the group leader for organisation of cluster demonstration.

Audit observed that SLC was not constituted in the State. In six[12] out of seven test-checked districts, PMGs were not constituted whereas in one district Patiala, though PMG was constituted, no meeting was held for identification of beneficiaries. Thus, due to non-formation of PMGs, neither the beneficiaries were identified as per scheme guidelines nor were the clusters formed by designating a progressive farmer as the group leader. As a result, the objective of the scheme to diversify from paddy to alternate crops could not be achieved.

The Director, DA and FW stated (July 2020) that PMGs would be constituted at district level as per guidelines of the scheme. With regard to the selection of beneficiaries, it was stated that they were selected on the basis of application submitted by the farmers. The fact remains that due to non-constitution of SLC and PMGs and non-identification of beneficiaries for cluster demonstrations as per guidelines of the scheme, the benefits could not be transferred to the eligible beneficiaries which reflects lack of vision and non-seriousness of the Department to implement the scheme effectively.

(ii) Irregular coverage of safe blocks with adverse results

As per CDP guidelines, the programme was to be implemented in the notified over-exploited and critical blocks of major paddy growing districts of each State based on recommendation of Central Groundwater Board.

Audit observed that despite 79 *per cent* blocks covering 38.04 lakh hectare area in the State being over-exploited, the DA and FW spent ₹ 25.22 crore in 14 safe blocks[13] of four[14] (out of seven) selected districts on various components *viz.* providing subsidy/subsidised inputs such as seeds, insecticides, pesticides to individual farmers, farm mechanisation, site specific activities, awareness training, etc. But no diversification took place and the area under paddy increased from 3,54,000 Ha to 4,52,000 Ha during 2014-19. Moreover, two[15] of these blocks degraded to semi critical from safe as per Groundwater Resources Report, 2017. This reflects that the Department lacked adequate planning and vision to implement the scheme efficiently.

The Director stated (July 2020) that the expenditure on the safe blocks was incurred to implement the scheme equally in all the districts. The reply was not acceptable as despite spending huge amount on safe blocks, the Department was not able to address the problem of depletion of groundwater.

[12] (i) Amritsar; (ii) Bathinda; (iii) Hoshiarpur; (iv) Sangrur; (v) SAS Nagar; and (vi) Sri Muktsar Sahib.

[13]

Stage of groundwater extraction	Category
≤70%	Safe
>70% and <90%	Semi Critical
>90% and <100%	Critical
>100%	Over-exploited

[14] (i) Bathinda; (ii) Hoshiarpur; (iii) SAS Nagar; and (iv) Sri Muktsar Sahib.

[15] (i) Nathana; and (ii) Talwara.

As a result, in four selected districts, groundwater extraction stage has increased between 5.38 *per cent* and 21.43 *per cent.*

(iii) Non-provision of budget for cash support to farmers

As per CDP guidelines, assistance of ₹ 2,500 per hectare (Ha) for land development and ₹ 2,500 per Ha for marketing support was to be given to farmers in cash, to support the losses incurred due to diversion of area from paddy to alternate crops.

Audit observed that cash support was not provided to farmers on account of land development charges and marketing support, in seven selected districts, as no budget provision was made for the purpose, due to which no motivation to farmers was provided to diversify from paddy to alternate crops.

The Director stated (July 2020) that the budget provision was not made with the presumption that the charges would be paid after diversification of crop. As no farmer approached the department, no assistance was provided to them. The Department assured that the budget provision for the purpose would be made in future. The fact, however, remains that due to absence of advance planning by motivating the farmers for crop diversification and identifying eligible beneficiaries, the department did not assess the budget requirement towards financial assistance to the farmers.

(iv) Budget allotment and expenditure

CDP guidelines provide that the funds are to be released on the pattern of Rashtriya Krishi Vikas Yojna (RKVY). Paragraph 10.3 of RKVY stipulated that the State Government was required to utilise 100 *per cent* of funds released up to the previous financial year, 60 *per cent* of funds released during the current year and submit the quarterly physical and financial progress report in time to the GoI for obtaining second installment. The position of funds released *vis-à-vis* expenditure incurred during 2014-19 is given in **Table 2.1**.

Table 2.1: Budget allotment and expenditure incurred during 2014-19

(₹in crore)

Year	Approved Action Plan		Central Share		State share due	Fund released by State		Total release	Fund position of DA and FW					
	Centre Share	State Share	Release	Short release	Due	Centre share	State share		OB	Funds received	Interest earned	Total funds available	Exp.	CB
2014-15	250.00	0	155.00	95.00	0	125.00*	0	125.00	26.68	125.00	0.25	151.93	123.21	28.72
2015-16	75.00	75.00	37.50	37.50	37.5	67.50	0	67.50	28.72	68.50#	1.66	98.88	57.00	41.88
2016-17	77.96	51.97	6.79^	38.98	25.98	0	25.00	25.00@	41.88	25.00	1.10	67.98	46.77	21.21
2017-18	17.60	11.73	0	0	0	6.79^	25.98	32.77$	21.21	32.77	0.25	54.23	14.09	40.14
2018-19	7.06	4.70	3.53	3.53	2.35	3.53	0	3.53	40.14	3.53	0.69	44.36	32.66	11.70
Total	427.62	143.40	202.82	175.01	65.83	202.82	50.98	253.80		254.80	3.95		273.73	

Source: Departmental data

Note: During 2014-15, the scheme was 100 per cent centrally sponsored, during 2015-16, it was 50:50 and during 2016-2019, it was 60:40.

****Out of ₹155.00 crore released by GoI, ₹30.00 crore were not released during the year but released during 2015-16.***

#This includes ₹one crore received back from Principal Chief Conservator of Forest (PCCF) which was transferred directly by Director, Agriculture to PCCF during 2013-14 and ₹30.00 crore pertaining to 2014-15.

@ ₹25.00 crore released against the State share of ₹37.50 crore pertaining to the year 2015-16.

$ ₹32.77 crore include ₹6.79 crore GoI share and ₹25.98 crore State share pertaining to the year 2016-17.

^Unspent balance of 2015-16 ₹32.19 crore was adjusted against the first installment.

Analysis of the above table showed that against the available funds of ₹ 285.43 crore during 2014-19, an expenditure of ₹ 273.73 crore was made as on March 2019.

- Due to non-fulfillment of conditions of scheme i.e. non-utilisation of previous balance, non-submission of utilisation certificate (UC) in time, central assistance of ₹ 224.80 crore[16] was lost.
- Out of State share of ₹ 65.83 crore, the GoP did not release ₹ 14.85 crore during 2014-19.

Besides, Audit observed the following irregularities:

(a) The DA and FW transferred an amount of ₹ 16 crore[17] to Punjab Mandi Board (PMB) for procurement of two Maize dryers. In the revised approval, two more Maize Dryers were approved (February 2014) by the GoI and instructed to ensure the details of operationalisation and utilisation certificate (UC) from the implementing agency before the funds were released. But the DA and FW had released ₹ 16 crore for additional Maize dryers in May 2014 without ensuring the details of operationalisation and UCs. PMB failed to purchase the additional two Maize dryers and returned the excess amount of ₹ 16 crore in parts with a delay ranging between 14 and 27 months, leading to loss of interest of ₹ 1.04 crore.

(b) As per approved Annual Action Plan, the Joint Director, Agriculture (JDA) transferred (October 2014) ₹ 25 crore to PMB for purchase of five Maize Dryers[18] towards 50 *per cent* subsidy limited to maximum of ₹ five crore per maize dryer. Audit noticed that PMB purchased (between June 2015 and June 2016) five maize dryers for ₹ 36.84 crore against which subsidy of ₹ 18.42 crore was admissible to PMB. The excess amount of ₹ 6.58 crore was lying blocked with PMB for the last more than five years. Though, after being pointed out (October 2019), the Department had asked (June 2020) PMB to refund the excess amount but it was yet to be recovered (November 2020).

(c) During 2014-19, the Director, DA and FW irregularly spent ₹ 0.63 crore on advertisement published in newspaper not related to CDP. The Director, while admitting the facts (July 2020), noted the point for future compliance.

(v) Increase in area under paddy

With the aim to improve soil fertility and arrest depletion of groundwater, a target to divert 1.40 lakh hectare paddy cultivated area (at least five *per cent* of area under paddy in identified blocks) with alternate crops during 2013-14 was fixed.

However, it was noticed that the sown area of paddy increased by 7.18 *per cent* during 2014-15 to 2018-19 and the sown area of other crops

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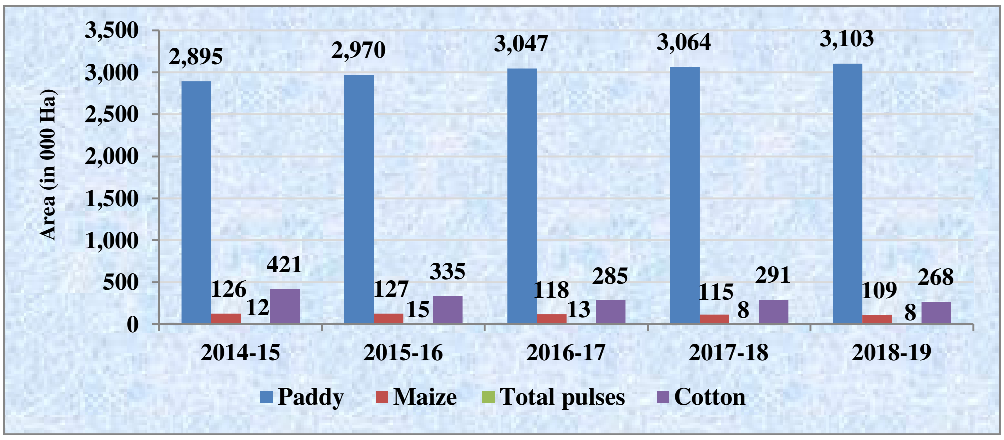
16 ₹ 175.01 crore due to non-release of 2nd installment, ₹ 32.19 crore adjustment of unspent balance and non-allocation of ₹ 17.60 crore during 2017-18.

17 ₹ 16 crore on 13.11.2013.

18 Maize dryer is machine used to reduce moisture contents to the prescribed rate to maximise the storage period.

decreased by 13.49 to 38.02 *per cent* during 2014-15 to 2018-19 in Punjab as given in **Chart 2.1**.

Chart 2.1: Showing increasing trend of area under paddy during 2014-19 in Punjab



Source: Departmental data

Despite spending ₹ 273.73 crore during 2014-19, the DA and FW could not achieve the intended objective of diverting the area from paddy to alternate crops. Rather, area under paddy increased as discussed earlier. Consequently, over-exploited blocks had increased from 76 *per cent* to 79 *per cent* against the National average from 16 to 17 *per cent* during 2014-17, defeating the objective of arresting depletion of groundwater through CDP. Due to inefficient implementation of CDP, the area covered under oilseeds (Kharif) decreased (48 *per cent*) from 8,000 Ha to 4,200 Ha and production was reduced (40 *per cent*) from 5,700 tonne to 3,400 tonne in the State, which would necessitate additional import/procurement of oilseeds. The import of oilseeds had in fact, increased by 25 *per cent* from 14.69 million tonne to 18.41 million tonne, during the period 2014-19, indicating at increased gap between demand and production.

The domain expert also opined that assured market, access to irrigation water, high crop yields and greater economic returns are some of the factors leading to increase in area under paddy. In order to encourage farmers to grow alternate crops including oilseeds and pulses, there should be assured market and the economic returns from the other crops must be similar to that from paddy.

The Director stated (July 2020) that despite all efforts of the Department, farmers were reluctant to diversify as they earned more profits from paddy than alternate crops. The reply did not explain the inadequacy of efforts made by the State Government in encouraging the farmers to grow alternate crops including oilseeds and pulses, with assured market and economic returns at par with that of paddy.

(vi) Non-organisation of cluster demonstrations and non-distribution of farm machinery on custom hiring basis

(a) As per guidelines, cluster demonstration of units[19] of the identified alternate crops in each district would be organised through identified beneficiary groups by designating a progressive farmer. Under the scheme

[19] One unit = 10 Ha.

subsidy on critical inputs viz. seeds, pesticides and insecticides was to be provided at the rate of ₹ 5,000 per Ha.

Audit observed in selected districts that neither the clusters were formed for demonstration nor were progressive farmers designated as group leaders. Further, subsidy on seeds of alternate crops was distributed to individual farmers during 2014-19 without ensuring diversion from paddy to alternate crops. An expenditure of ₹ 25.33 crore was incurred on providing subsidy/subsidised inputs such as seeds, insecticides, pesticides, etc. to individual farmers in the selected districts.

While cross checking the records of beneficiaries, regarding sowing of crops, with revenue records in four districts[20], it was noticed that out of 60, only 29 farmers cultivated alternate crops for which subsidy on seeds was provided, whereas 31 farmers did not cultivate the alternate crops despite getting subsidy. For the remaining three districts, data was not received[21] (November 2020). In the absence of the PMGs, utilisation of subsidy provided was left to the farmers without any follow up.

(b) As per Paragraph (iv) of CDP guidelines, crop specific farm machinery would be provided to the farming community (group of 10 farmers) on custom hiring basis. Further, as per the GoI instructions (June 2013), assistance on farm machinery is limited to ₹ 30,000 per unit for individual beneficiary and more than ₹ 30,000 is admissible only for group of farmers for sharing or custom hiring basis.

Audit observed that subsidy amounting ₹ 14.01 crore (out of which ₹ 4.32 crore was in excess of admissibility) was provided to 3,232 individual farmers for the machinery costing more than ₹ 30,000 in contravention of scheme guidelines in the selected districts and that too without ensuring sowing of alternate crops by the beneficiaries. In selected districts, area under paddy increased from 10.36 lakh Ha to 11.54 lakh Ha during 2014-19, which reflected that subsidy was not utilised for the intended purpose.

While cross checking the records of beneficiaries, regarding sowing of crops, with revenue records in four districts[22], audit noticed that out of 40, only one farmer increased his sowing area under alternate crop i.e. cotton from four acres in 2016-17 to 16.4 acres in 2018-19.

The Director stated (July 2020) that although the clusters were not formed, yet the farmers were motivated to grow alternate crops and subsidy on seeds was provided to them on the basis of applications submitted by them. Farmers did not apply in groups for subsidy on machinery, so subsidy on machinery was provided to individual farmers as per their demand, instead of farming community. The reply was not acceptable as the Department provided subsidy to individual farmers contrary to the scheme guidelines, but did not follow up actual utilisation in terms of crop diversification.

(vii) Irregular distribution of subsidy beyond approved action plan

As per the guidelines, assistance on crop specific farm machinery, at the rate

[20] (i) Bathinda; (ii) Patiala; (iii) Sangrur; and (iv) Sri Muktsar Sahib.
[21] Tehsildars: (i) Amritsar; (ii) Hoshiarpur; and (iii) SAS Nagar.
[22] (i) Bathinda; (ii) Patiala; (iii) Sangrur; and (iv) Sri Muktsar Sahib.

of 50 *per cent* of the cost of machine, limited to certain extent for different machines[23] was to be provided.

Audit observed that during 2014-19, in six out of seven selected districts, subsidy of ₹ 26.32 crore was disbursed under crop specific farm machinery, out of which ₹ 1.50 crore[24] was disbursed on the implements[25] which were not approved in the Annual Action Plan (AAP) of CDP.

The Director stated (July 2020) that matter would be examined and instructions will be issued to field units to adhere to the scheme guidelines.

Thus due to lack of vision and intention on the part of Department/ Government causing inefficient implementation of scheme, area under paddy cultivation in the State increased by 7.18 *per cent* during 2014-19.

2.1.7.2 Promotion of agricultural mechanisation for in-situ management of crop residue

The Government of India launched (2018) a special 100 *per cent* central sector scheme to address air pollution, to mitigate the incidences of stubble burning and to provide subsidised machinery required for *in-situ* management of crop residue. The scheme was also meant for preventing the loss of nutrients and soil micro-organism, promoting *in-situ* management of crop residue by retention and incorporation into the soil, promoting custom hiring centres (CHCs) and creating awareness among stakeholders. A State Level Executive Committee (SLEC) was to be constituted to implement the scheme. The GoP prepared annual action plan for 2018-19 comprising of: (i) Establishment of farm machinery banks or custom hiring centres; (ii) Procurement of agricultural machinery and equipments; and (iii) Information, education and communication (IEC) activities for providing awareness to the farmers.

Audit, however, observed various deficiencies in implementation of the scheme, as discussed in the succeeding paragraphs.

(i) Setting up of Custom Hiring Centres

Paragraph 10.1.3 (viii) of the Scheme guidelines provides that the project cost of the CHC should not be less than ₹ 0.10 crore. However, this limit would not apply to the co-operative societies of farmers, registered farmers societies/farmers groups who already possess other implements, provided that the project cost includes more than two equipments for crop residue management.

Audit, however, observed that in Bathinda, 173 CHCs were established during 2018-19. Of these, 137 CHCs established with only one-two equipments of

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[23] ₹ 25,000 for Maize Sheller, ₹ 5.00 lakh for portable maize dryer, ₹ 3,000 for powered sprayer, ₹ 25,000 multi-crop thresher, ₹ 2.00 lakh for portable cleaner cum grader for pulses and ₹ 10.00 lakh maize processing unit, etc.

[24] (i) Amritsar: ₹ 43.02 lakh; (ii) Bathinda: ₹ 24.57 lakh; (iii) Hoshiarpur: ₹ 19.58 lakh; (iv) Patiala: ₹ 9.02 lakh; (v) SAS Nagar: ₹ 26.84 lakh; and (vi) Sri Muktsar Sahib: ₹ 27.00 lakh.

[25] Such as Straw Reaper, Potato Planter, Potato Digger, Straw Chopper, Reaper Binder, etc.

crop residue management. Despite that, financial assistance of ₹ 3.12 crore was provided, in contravention of the Scheme guidelines.

The Director stated (July 2020) that in order to cover maximum beneficiaries, subsidy for one and two implements was also provided. The reply of the Director was not in line with the Scheme guidelines.

(ii) Distribution of farm machinery

Paragraph 5.3.1 of the Scheme guidelines provides that SLEC was empowered to make changes up to 10 *per cent* in the component-wise allocation approved by the GoI, keeping in view the ground requirements. The GoI made following allocations/releases under the Scheme during 2018-19 as given in **Table 2.2.**

Table 2.2: Budget allotment and expenditure incurred during 2018-19

(₹ in crore)

Year	Total releases	Establishment of CHCs		Distribution of machinery		IEC activities		Flexi funds		Total exp
		Release	Exp	Release	Exp	Release	Exp	Release	Exp	
2018-19	269.38	176.00	174.30	71.30	82.26	16.80	8.65	5.28	1.41	266.62

Source: Departmental data

Examination of records in audit revealed that under the component-'distribution of machinery', diversion of ₹ 10.96 crore (15.37 *per cent*) was made from other components of the Scheme, against the permissible limit of 10 *per cent*. Despite achieving the targets[26] under the 'distribution of machinery', the Department failed to control/reduce the number of cases of stubble burning.

It was further noticed that in 10 districts, the number of stubble burning cases increased between 10 and 124 *per cent* (124 *per cent* increase was noticed in Fazilka) from 2017-18 to 2018-19. Whereas, in remaining 12 districts, a decrease ranging between one *per cent* and 68 *per cent* was noticed during the same period. Further, in three selected districts[27], despite spending ₹ 11.77 crore, stubble burning cases increased between 15 and 79 *per cent.* This reflects that the Department failed to monitor and review the progress and performance of the scheme.

The Joint Director, Agriculture (Engineering) admitted (November 2020) the facts and stated that expenditure would be got regularised.

(iii) Irregular disbursement of subsidy

Paragraph 10.2.3(ii) (b) and (d) of the guidelines of the Scheme provides that farmers not having machinery and equipment and farmers who had not already availed any subsidy during the last two years under any of the scheme of DA and FW for machinery and equipments would be identified for *in-situ* crop residue management.

Audit observed that subsidy of ₹ 0.24 crore[28] was irregularly disbursed to 36 farmers in six selected districts for machinery and equipments during

26 Targets: 24,979 and Achievements: 28,609.

27 (i) Amritsar: ₹ 1.95 crore; (ii) Bathinda: ₹ 6.90 crore; and (iii) Sri Muktsar Sahib: ₹ 2.92 crore.

28 (i) Amritsar: ₹ 1.78 lakh (three farmers); (ii) Bathinda: ₹ 4.37 lakh (seven farmers); (iii) Hoshiarpur: ₹ 0.76 lakh (one farmer); (iv) Sri Muktsar Sahib: ₹ 2.50 lakh (four farmers); (v) Patiala: ₹ 10.68 lakh (16 farmers); and (vi) Sangrur: ₹ 3.73 lakh (five farmers).

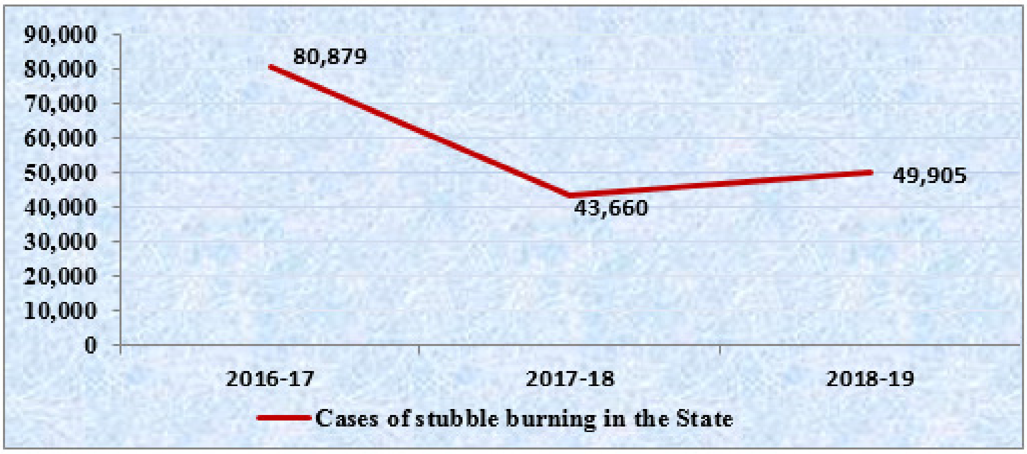
2018-19 who had already availed the subsidy during 2016-18 under another scheme[29]. Whereas ₹ 1.28 crore[30] were disbursed to 210 farmers repeatedly under this Scheme during 2018-19, in contravention of the guidelines of the Scheme.

The Director did not furnish (July 2020) reply relevant to the observation.

(iv) Inadequate IEC activities

One of the most important components of the scheme is IEC activities to create awareness among farmers/stakeholders about stubble burning. The department set annual targets of 4,000 numbers each for demonstration and training activities against which 3,007 (75 *per cent*) and 384 (10 *per cent*) demonstration and training activities respectively were conducted. It was seen that cases of stubble burning increased post launch of the scheme (2018-19) as compared to 2017-18. A trend of stubble burning cases during 2016-19[31] is given in **Chart 2.2.**

Chart 2.2: Trend of stubble burning cases during 2016-19 in Punjab



Source: Data from Punjab Pollution Control Board

The Director stated (July 2020) that narrow season and the ongoing programmes for other components in the Agriculture Sector did not facilitate conducting the trainings and demonstrations. The reply was not acceptable as the objective of the scheme was to reduce the incidences further from the level achieved in 2017-18 which, however, increased to 49,905 during 2018-19. As such, awareness activities conducted by the Department were inadequate and ineffective.

Thus, despite the fact that the State was using Central funds under the Scheme, but due to lack of proper planning and effective efforts at the State level, the stubble burning cases in the State continued, as 49,678 incidences of stubble burning were reported during 2019-20.

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29 Sub mission on agriculture mechanisation.

30 (i) Amritsar: ₹ 3.33 lakh (six farmers); (ii) Bathinda: ₹ 54.51 lakh (90 farmers); (iii) Hoshiarpur: ₹ 3.78 lakh (five farmers); (iv) Sri Muktsar Sahib: ₹ 18.27 lakh (33 farmers); (v) Patiala: ₹ 16.07 lakh (24 farmers); (vi) Sangrur: ₹ 29.85 lakh (49 farmers); and (vii) SAS Nagar: ₹ 1.79 lakh (three farmers).

31 Data prior to 2016-17 was not available with the Punjab Pollution Control Board.

2.1.7.3 Soil Health Card Scheme

The Soil Health Card (SHC) Scheme was launched in February 2015. Under the scheme, soil health cards were to be issued at least once in every three years to all farmers, so as to provide a basis to address nutrient deficiencies in fertilisation practices, strengthen functioning of Soil Testing Laboratories (STL), and diagnose soil fertility related constraints with standardised procedures for sampling uniformly across the State, analysis and design *taluqa*/block level fertiliser recommendations for the targeted districts.

In order to capture the soil fertility changes occurring due to plant uptake or other natural causes, more attention is required on the follow up measures on the soil nutrient deficiencies identified in soil health cards. For effective implementation of the scheme, farmers were to be provided financial assistance, training through workshops to identify the deficiencies in soil and recommend nutrients for specific types of soils.

Following irregularities and deficiencies were noticed in implementation of the scheme:

(i) Non-conducting of training and workshops

Paragraph 17.1 of the guidelines of the Scheme provides that orientation for technical and line staff along with the State Agriculture University (SAU)/Indian Council of Agriculture Research was to be conducted by the State. Further, the training was to be given to farmers, officers and staff as per norms of assistance of different components.

Audit observed that in six[32] out of seven districts, neither any orientation for technical or line staff was conducted nor was any training imparted to farmers, officers and staff during 2014-19. Due to lack of capacity building, information about utilisation of soil health cards, promotion of best nutrient management practices and judicious use of fertilisers could not be disseminated.

The Director admitted (July 2020) that targets for training and workshops fixed during 2015-16 and 2018-19 were not achieved. It was further stated that a State level workshop for field staff was held in 2017-18 at the Punjab Agricultural University, Ludhiana on soil sample collection methodology on the basis of grids. However, efforts would be made to conduct training for technical and line staff as well as farmers in future as per the Scheme guidelines.

(ii) Budget allotment and expenditure

Under the Scheme, funds were to be released by the GoI to the GoP in installments. The State was required to submit utilisation certificate, annual physical and financial progress reports and annual audited statement of accounts. Funds were to be issued by the GoI and the GoP in the ratio 75:25

[32] (i) Amritsar; (ii) Bathinda; (iii) Hoshiarpur; (iv) Patiala; (v) SAS Nagar; and (vi) Sri Muktsar Sahib.

during 2014-15 and 60:40 during 2015-19. The details of funds received and expenditure incurred during 2014-19 is given in **Table 2.3**.

Table 2.3: Budget allotment and expenditure incurred during 2014-19

(₹in crore)

Year	Budget allocation (pattern)		Total	Funds released by GoI	Funds released by FD		Total funds released by FD	Interest earned	Total funds available with department	Exp	Unspent balances	Savings against available funds (in *per cent*)
	CS	SS		CS	CS	SS						
2014-15	0.26	0.09	0.35	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015-16	4.24	2.83	7.07	3.05	1.99	0.09	2.08	0.02	2.10	0.34	1.76	83.80
2016-17	9.58	6.39	15.97	0.00	0.00	0.00	0.00	0.05	1.81	0.27	1.54	85.08
2017-18	7.52	5.01	12.53	0.00	0.00	0.00	0.00	0.05	1.59	1.56	0.03	1.89
2018-19	8.12	5.41	13.53	2.97	1.07	1.47	2.54	0.01	2.58	2.54	0.04	1.55
Total	**29.72**	**19.73**	**49.45**	**6.28**	**3.06**	**1.56**	**4.62**	**0.13**		**4.71**		

Source: Departmental data

Analysis of the above table showed that:

- Out of total releases of ₹ 6.28 crore by the GoI, the GoP did not release ₹ 3.22 crore during 2014-19 for implementation of the Scheme.
- Out of the Central allocation of ₹ 29.72 crore, the GoI did not release ₹ 23.44 crore due to non-submission of UCs for the previous releases.
- Out of the State allocation of ₹ 19.73 crore, only ₹ 1.56 crore (eight *per cent*) were released by the GoP.

Audit observed that in two[33] out of seven test checked districts, there was short utilisation of released funds ranging between 23 and 100 *per cent*[34] during 2015-16 to 2018-19.

The Director stated (July 2020) that funds were not utilised during 2015-17 due to indecision about the sampling methodology. Due to non/short utilisation of funds in these years, the balance allocated funds were not released by the GoI. As regards the State share, it was stated that adequate funds were not released by the Finance Department (FD).

The reply was not acceptable and it confirmed the slack approach of the Department in implementing the Scheme at every level, right from delay in decision on the sampling methodology to short release of funds by the State FD, and short utilisation of the limited funds released, which adversely affected the scheme objective of assessment and improvement of soil health.

(iii) Non-achievement of intended objective

The Scheme guidelines provide that diagnostic soil health assessment of fields of the farmers was to be taken up periodically, so as to issue soil health cards at least once in three years to the farmers. In the irrigated areas, samples would be drawn in a grid of 2.5 Ha and in rain fed areas, sampling would be done in a grid of 10 Ha area. Paragraph 14.4 (ii) of the guidelines provides that in irrigated areas, large, medium and semi-medium holdings would be sampled and tested holding-wise. A cycle consisting of two years was fixed

[33] (i) Patiala; and (ii) SAS Nagar (Mohali).

[34] (i) Patiala: 23-79 *per cent* during 2016-17 to 2018-19; and (ii) S.A.S Nagar: 24-100 *per cent* during 2015-16 to 2018-19.

for soil samples testing. The expected outcome of the scheme was to reduce the consumption of chemical fertilisers by 20 *per cent*.

The details of targets and achievements of soil samples testing during 2014-19 is given in **Table 2.4**.

Table 2.4: Targets and achievement of soil testing

Year	Target of Soil Samples to be tested	Soil samples tested	Soil Health Card Issued	Short achievement of target	Short fall (in *per cent*)
2014-15*	Nil	Nil	Nil	Nil	Nil
2015-16 (cycle I)	4,17,763	1,75,000	1,85,500	2,42,763	58
2016-17(cycle I)	4,17,763	1,81,200	1,95,800	2,36,563	57
2017-18 (cycle II)	4,17,763	1,71,500	1,92,200	2,46,263	59
2018-19 (cycle II)	4,17,763	8,34,544	15,15,852	Nil	Nil

Source: Departmental data
**** Scheme was launched in February 2015.***

Audit observed a shortfall of soil sample testing ranging between 57 and 59 *per cent* during 2015-16 to 2017-18 in the State. In three selected districts[35], shortfall in soil samples testing ranged between 14 and 79 *per cent* during 2015-16 to 2017-18. Punjab has a total 41.25 lakh Ha cultivable area and 10.51 lakh farmers. The department issued 3.81 lakh SHCs only during 2015-2017 (1st cycle) and 17.08 lakh SHCs during 2017-19 (2nd cycle).

During the first cycle i.e. 2015-17, the soil samples were collected and tested without forming the grid as provided in the guidelines. As a result, the department did not have the data about the grid (area) from which the samples were drawn. However, during the second cycle i.e. 2017-19, the soil samples were collected by forming a grid of 5 Ha area of land against the norms of 2.5 Ha fixed by the GoI. Moreover, it was not ensured to prepare the grid according to the land holding (i.e. large, medium and semi-medium) to collect the samples as the department did not maintain such data. Though the department has covered the entire cultivable area of 41.25 lakh Ha during the second cycle, yet the changes in status of soil could not be compared even after completion of two cycles due to non-formation of grid in 1st cycle coupled with non-maintenance of data regarding the samples of soils tested during the 1st cycle.

Further, it was noticed that the consumption of Urea and Di-Ammonium Phosphate (DAP) was in the proportion of 80:20 in the State during 2014-19. Audit noticed a meagre reduction of seven *per cent* (from 31.35 lakh metric tonne in 2014-15 to 29.15 lakh metric tonne in 2018-19) in the consumption of urea (a major fertiliser consumed in the State). Due to non-achievement of target of soil samples, the objective of the scheme to reduce the consumption of chemical fertilisers by 20 *per cent* was not achieved. Consequently, farmers were deprived of the potential benefit in terms of reduction in input cost on account of fertilisers, and enhanced yield by adopting correct quantity of fertiliser suited to the soil type. This was endorsed in the beneficiary survey where 61 *per cent* of farmers had adopted the recommended quantity of

[35] (i) Mohali: 24 to 48 *per cent*; (ii) Patiala: 26 to 72 *per cent*; and (iii) Sri Muktsar Sahib: 14 to 79 *per cent*.

fertilisers as per the soil health card. 56-58 *per cent* of farmers surveyed informed that they achieved higher yield with the use of recommended fertilisers.

The expert opined that comparison of soil test reports after a period of three years could provide information regarding aggrading or degrading of soils which is an important indicator of sustainability. This enables the department to adjust fertiliser dose with respect to change in soil nutrients.

The Director stated (July 2020) that targets of testing of soil could not be achieved due to shortage of staff and infrastructure in the laboratories at field level. However, targets of soil samples testing were achieved during the second cycle by outsourcing the soil samples testing. The department admitted that although the overall reduction in fertilisers consumption was 8.84 *per cent* but reduction in DAP was about 19 *per cent.* The reply was not acceptable because due to non-achievement of targets during first cycle, the results of second cycle could not be compared to ascertain the changes in soil nutrients. As a result, the Department did not recommend the optimum dose of fertilisers according to the soil nutrients. Consequently, a meagre reduction in the consumption of urea was noticed during the period under audit. Therefore, the objective of the scheme to capture soil fertility changes occurring over a period of time and taking appropriate remedial measures could not be achieved.

(iv) Deficient planning in financial assistance for recommended nutrients

Paragraph 16.2 of the guidelines provides that the financial assistance for soil test based nutrient balancing was to be provided in the targeted villages as detailed in Annexure V of the guidelines.

Audit observed that 20,89,352 SHCs were issued to the farmers in the State during 2014-19. However, it was noticed that in none of the districts, Annual Action Plan (AAP) was prepared for compilation at the State level for release of financial assistance for recommended nutrients under the scheme. As a result, no expenditure was incurred against ₹ 0.32 crore released by the GoI during 2015-16 and 2018-19. Therefore, no further funds were released by the GoI. Thus, failure of the department to ensure preparation of AAP led to non-utilisation of available funds and consequently further releases from the GoI were denied which resulted into denial of financial assistance to the farmers for balanced nutrients in their farms. This indicated at the non-seriousness of the Government in implementing the scheme to achieve the intended benefits.

The Director agreed (July 2020) with the audit observation.

(v) Non-analysis of all the parameters of soil samples

Paragraph 14.5 (i) of the guidelines of the Scheme provides that soil samples should be processed by following the standard procedures and analysed for various parameters namely, pH[36], Electrical Conductivity (EC), Organic Carbons (OC), available Phosphorus, Potassium, Sulphur, Magnesium, Calcium and micronutrients (such as Zinc, Ferrous, Manganese and Copper).

[36] Power of Hydrogen.

Audit observed that 21 Soil Testing Laboratories (STL) falling under the jurisdiction of seven selected districts, had tested 5,54,692 soil samples but against the prescribed 12 parameters, only three to nine parameters were tested which were not sufficient to recommend the micronutrients required to maintain good health of soil. The domain expert, while disclosing various deficiencies[37] in soil nutrients of Punjab, opined (June 2020) that at least 10 parameters[38] were required to maintain the fertility of soil for a long period.

The Director admitted (July 2020) the facts.

Thus, due to failure of the Department to efficiently implement the Crop Diversification Programme to diversify the area to alternate crops, depletion of micro/macro nutrients and ameliorants[39] of soils could not be preserved for maintaining good soil health.

Recommendation: The Department should ensure to address the critical issue of maintaining good soil health for sustainability of soil conservation by collecting and testing the samples as per the scheme guidelines.

2.1.7.4 Soil Health Management Scheme

The Government of India launched Soil Health Management Scheme in 2014 with the objective of strengthening Soil Testing Laboratories (STL), capacity building through training of STL staff/ extension officers/ farmers and field demonstration/ workshops, etc. on soil health management/ Integrated Nutrient Management/ balanced use of fertilisers, creation of data bank for site specific balanced use of fertilisers and strengthening of fertiliser quality control system.

Funds were to be released by the GoI to the State on the basis of progress report, submission of utilisation certificates of earlier sanctioned projects, specific emergent needs, etc. During 2014-15 and 2015-19, ratio of funding by the GoI and the GoP was 75:25 and 60:40, respectively. The budget allotment and expenditure for the last five years is given in **Table 2.5**.

Table 2.5: Budget allotment and expenditure incurred during 2014-19

(₹in crore)

Year	Budget allocation (pattern)		Total	Funds released by GoI	Funds released by State		Total funds released by State	Interest earned	Total funds available with department	Expen diture	Unspent balances	Savings against available funds (in *per cent*)
	CS	SS		CS	CS	SS						
2014-15	3.91	0.00	3.91	1.51	1.51	0.00	1.51	0.00	1.51	0.00	1.51	100
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	1.57	0.57	1.00	63.70
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00	100
2017-18	9.87	6.58	16.45	2.47	0.00	0.00	0.00	0.00	1.00*	0.00	0.00	0.00
2018-19	5.67	3.78	9.45	0.99	1.30	0.10	1.40	0.00	1.40	1.40	0.00	0.00
Total	**19.45**	**10.36**	**29.81**	**4.97**	**2.81**	**0.10**	**2.91**	**0.06**		**1.97**		

Source: Departmental data

**** ₹99.50 lakh returned to GoI during 2017-18.***

Analysis of the above table showed that:

- against the budget allocation of ₹ 3.91 crore by the GoI during 2014-15, no allocation was made by the GoP during 2014-17. As a result, the GoI did not allocate any further funds during 2015-17;

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37 Organic Carbon (33 *per cent*); Sulphur (25 *per cent)*; Zinc (22 *per cent*); Phosphorous (15 *per cent*); Manganese (11 *per cent*); etc.

38 Apart from Calcium and Magnesium.

39 A substance that helps plants to grow by improving the physical condition of soil.

- against the allocation of ₹ 10.36 crore towards the State share during 2017-19, only ₹ 0.10 crore (one *per cent*) were released by the GoP during 2018-19;
- against the releases of ₹ 1.51 crore by the GoI during 2014-17, the department utilised only ₹ 0.57 crore and returned the balance ₹ 1.00 crore (including interest of ₹ 0.06 crore) to the GoI during 2017-18; and
- out of ₹ 3.46 crore released by the GoI during 2017-19, the State FD released only ₹ 1.30 crore.

Audit further observed that an amount of ₹ 1.40 crore transferred to the Punjab Agri Export Corporation Limited (PAGREXCO) in January 2019 for purchase of ICP[40] was still lying with them as the purchase was under process (November 2020). Interestingly, the UC of this amount had already been submitted to the GoI by the Department without ensuring its utilisation.

The Director admitted the facts and stated (July 2020) that efforts would be made to utilise the funds.

(i) Ineffective implementation of the Soil Health Management Scheme

Out of 61 STLs in the State, only 17 were equipped with Atomic Absorption Spectrophotometer (AAS) required for estimation of micro nutrients of soil samples solution. Out of 21 functional laboratories in seven selected districts, 15 were not equipped with AAS and these were not capable of analysing the various parameters of soil such as: Zinc, Iron, Copper, Manganese, etc.

Audit observed that:

- In five[41] districts, demonstration was not given on the balanced use of fertilisers during 2014-19 except 2015-16. In SAS Nagar and Sri Muktsar Sahib, it was not given at all.
- In six[42] districts, no training was imparted during 2014-19.
- In six[43] districts, farmers' fair for awareness about the scheme was not organised.
- No assistance for micro nutrients was provided to the farmers during 2014-19 in any of the selected districts.

The Director stated (July 2020) that the process was initiated for strengthening of STLs and it would be completed shortly. Regarding the training and demonstrations, the department stated that the funds were not released for training and demonstration by the State Government. The reply was not acceptable because despite availability of funds, the department failed to purchase ICP; consequently targets of strengthening of laboratories were not achieved to provide the valuable inputs to farmers for maintaining good soil health.

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[40] Inductively Coupled Plasma Spectrophotometer (ICP).
[41] (i) Amritsar; (ii) Bathinda; (iii) Hoshiarpur; (iv) Patiala; and (v) Sangrur.
[42] (i) Amritsar; (ii) Bathinda; (iii) Hoshiarpur; (iv) Mohali; (v) Patiala; and (vi) Sri Muktsar Sahib.
[43] (i) Amritsar; (ii) Bathinda; (iii) Hoshiarpur; (iv) Mohali; (v) Sangrur; and (vi) Sri Muktsar Sahib.

Thus, lack of intention to implement Crop Diversification Programme efficiently coupled with non/short release of funds by the State as provided in the Soil Health Card and Soil Health Management Schemes led to inadequate infrastructural facilities for analysing/maintaining the soil health.

Recommendation: The Department should ensure sufficient funds and utilise them to strengthen the STLs in the State so that the farmers could be advised about the optimum use of fertilisers.

2.1.7.5 Micro irrigation

The Government of India (GoI) launched (2010) the National Mission for Micro Irrigation with the objective to increase the area under micro irrigation through improved technology, increase water use efficiency and to promote, develop and disseminate micro irrigation technology for agriculture/ horticulture development with modern scientific knowledge. Under the mission, 40 *per cent* of the cost of micro irrigation system would be provided by the GoI, 10 *per cent* by the GoP and the remaining 50 *per cent* would be borne by the beneficiaries. However, under Paragraphs 6.1 and 6.2 of the guidelines, the State Government was free to provide additional financial assistance[44] to lessen the burden on an individual beneficiary. Accordingly, the GoP provided additional financial assistance restricted to maximum area of five hectare per beneficiary after taking loans from NABARD during 2014-19.

(i) Budget allotment and expenditure

The funds allocated and expenditure incurred under the scheme during 2014-19 is given in **Table 2.6**.

Table 2.6: Funds allocated and expenditure incurred during 2014-19

(₹in crore)

Year	Approved outlay			Funds released		Opening balance with the depart-ment	Funds released by the FD					Expen-diture	Closing Balance
	CS	SS	NABARD	CS	NABARD		CS	SS	NABARD	Interest	Total		
2014-15	7.06	3.25	9.33	0.00	9.20	12.87	0.00	2.59	0.00	0.28	15.74	6.45	9.29
2015-16	5.89	0.66	10.10	0.00	0.00	9.29	0.00	0.56	6.7	0.3	16.85	10.12	6.73
2016-17	5.00	2.53	9.19	1.18	15.53	6.73	0.00	2.25	8.1	0.18	17.26	10.74	6.52
2017-18	1.53	0.44	2.50	0.00	0.00	6.52	0.38	0.44	2.5	0.09	9.93	3.13	6.80
2018-19	3.00	1.23	10.00	6.00	0.00	6.80	0.78	1.21	8.27	0.00	17.06	9.69	7.37
Total	**22.48**	**8.11**	**41.12**	**7.18**	**24.73**		**1.16**	**7.05**	**25.57**	**0.85**		**40.13**	

Source: Departmental data

Audit observed that:

- due to non-fulfillment of conditions of the scheme such as non-submission of the UCs in time, non-utilisation of previous instalments, short release of the State share (₹ 1.06 crore), the State could not avail the Central assistance of ₹ 15.30 crore during 2014-19.
- out of ₹ 7.18 crore released by the GoI, the State FD had released ₹ 1.16 crore only during 2014-19.

[44] 95 *per cent* borne by GoP through NABARD loan and 5 *per cent* was to be paid by the beneficiary.

The Conservator of Soils (CS) stated (July 2020) that the GoI funds could not be utilised in time due to non-release of funds by the FD. Reply from State FD was awaited (November 2020).

(ii) Non-achievement of targets

The scheme provides that the coverage of one Ha of area under micro irrigation would conserve 4,000 cum of water. The State had assessed (2007-08) 3.80 lakh Ha of potential area which could be conserved under micro irrigation. Out of this, the Department had already covered an area of 27,979 Ha up to 2013-14. Target and achievement of area covered under micro irrigation during 2014-19 is given in **Table 2.7**.

Table 2.7: Target and achievement of area covered under micro irrigation

Year	Target (in Ha)	Achievement (in Ha)	Shortfall	Shortfall (in *per cent)*
2014-15	5,000	875	4,125	82.50
2015-16	4,133	1,799	2,334	56.47
2016-17	3,000	1,951	1,049	34.97
2017-18	1,300	600	700	53.85
2018-19	1,300	507	793	61.00
Total	**14,733**	**5,732**	**9,001**	**61.09**

Source: Departmental data

Against the target of 14,733 Ha area to be covered under micro irrigation during 2014-19 in the State, the Department could cover only 5,732 Ha (38.91 *per cent*) leaving shortfall of 61.09 *per cent*. The reasons as observed in audit were non/short release of the Central and the State share which in turn denied Central assistance of ₹ 15.30 crore.

Audit observed that in selected districts, against target of 6,782 Ha, fixed in the Annual Action Plan, only 2,408.34 Ha (35.51 *per cent*) area could be covered, resulting into a shortfall of 4,373.66 Ha (64.49 *per cent*).

The Conservator of Soils stated (July 2020) that the progress was low due to delayed and inadequate availability of funds. Moreover, the actual market cost of micro irrigation system was higher than the GoI cost norms. The reply was not acceptable because the department even failed to mobilise the available resources efficiently (*as depicted in **Table 2.6***).

Due to non/short release of funds, the targets of Annual Action Plan could not be achieved, consequently depriving the State of conserving 36 million cum[45] water.

2.1.7.6 Underground Pipeline Scheme

To improve the yield and quality of farm produce with the efficient use of surface as well as ground water resources, the following projects were implemented in the State by raising loan from NABARD (95 *per cent*) and five *per cent* to be contributed by the State Government. Financial assistance was to be provided to farmers for adopting underground pipeline system to irrigate their fields under the projects.

[45] One Ha conserves 4,000 cum water per annum; and 9,001 Ha. (the shortfall) would conserve 36 million cum water per annum.

Details of projects of Underground Pipeline Scheme and targets

Name of the project	Details of Project and targets
Rural Infrastructure Development Fund (RIDF) XVII	The project was for judicious use of available water and harvesting of rainwater for enhancing irrigation potential in the State by constructing rainwater harvesting structures. Under the scheme, 12 districts were selected with the aim to cover 30,577 Ha area and it was to be completed at a cost of ₹ 130 crore up to 31 March 2014.
RIDF XVIII	The project was for laying of underground pipeline for irrigation from sewage treatment plants (STP).
RIDF XXI	The project was for providing assured irrigation water to the waterlogged areas in south western districts of the State. The aim was to cover 7,551 Ha area up to 31 March 2018 at a cost of ₹ 60 crore.
RIDF XXII	The project was for laying of underground pipeline system for conveyance of irrigation water in canal command areas. The project was started in 11 districts of the State which was to be completed at a cost of ₹ 116.96 crore up to 31 March 2019.

(i) Details of available funds and expenditure

Details of funds available and expenditure incurred on the above mentioned projects during 2014-19 is given in **Table 2.8**.

Table 2.8: Funds available and expenditure incurred on four projects of UGPL Scheme during 2014-19

(₹in crore)

Year	Opening Balance	Funds released by NABARD 95 *per cent*	State Share five *per cent*	Total releases	Total Funds available	Funds released by FD/Try.	Funds not released	Expenditure	Unutilised	Percentage of unutilised funds
	1	**2**	**3**	**4 (2+3)**	**5 (4+1)**	**6**	**7 (5-6)**	**8**	**9 (6-8)**	**10**
2014-15	49.71	0.00	0.00	0.00	49.71	21.16	28.55	20.52	0.64	3
2015-16	28.55	30.26	1.59	31.85	60.40	21.26	39.14	20.49	0.77	4
2016-17	39.14	60.76	3.19	63.95	103.09	32.81	70.28	31.59	1.22	4
2017-18	70.28	0.00	0.00	0.00	70.28	19.86	50.42	18.03	1.83	9
2018-19	50.42	18.76	0.98	19.74	70.16	37.47	32.69	21.45	16.02	43
Total		**109.78**	**5.76**	**115.54**		**132.56**		**112.08**	**20.48**	

Source: Departmental data

- The State did not release ₹ 32.69 crore during 2014-19 though the funds were released by NABARD to the FD.
- Utilisation of released funds ranged between 91 and 97 *per cent* during 2014-18 which came down to 57 *per cent* in 2018-19.

Due to short release and non-utilisation of funds, the projects could not be completed as of March 2019.

The CS stated (July 2020) that the projects could not be completed as the entire funds were not released by FD/NABARD.

(ii) Non-achievement of targets

- **Rural Infrastructure Development Fund (RIDF) XVII project** was to be completed by March 2014. Under the project, 30,577 Ha area was to be covered but only 28,187 Ha (92 *per cent*) area was covered upto March 2019, despite delay of more than five years from the scheduled date of completion due to non/short release of funds from the State.

- **Under RIDF XVIII** project, 40 UGPL schemes for irrigation from sewerage treatment plants (STP) were to be completed to cover 13,060 Ha area. However, it was noticed that only 29 projects were completed upto March 2019 in the State at an expenditure of ₹ 21.69 crore. Out of 11 incomplete projects, six[46] were in the five selected districts where expenditure of ₹ 2.29 crore was incurred. Against the target to conserve 176.10 million litre water per day (MLD), only 125 MLD water could be conserved.

- **Under RIDF-XXI** project, against the target area of 7,551 Ha, only 2,316 Ha (31 *per cent*) was covered under UGPL up to March 2019 at an expenditure of ₹ 25.75 crore in the State. Therefore, the Department failed to conserve 143.96 lakh cum (5235 x 2750[47]) water per annum. Due to non-completion of project, farmers/beneficiaries were also deprived of the accrued benefits of ₹ 18.61 crore (₹ 35,545 per Ha x 5,235) per annum. Whereas, in Sri Muktsar Sahib, against the target of 6,922 Ha, only 1,806 Ha (26 *per cent*) area was covered up to March 2019.

- **Under RIDF–XXII** project, as of March 2019, the Department achieved the physical target of 2,880 Ha (9 *per cent*) only against the total target of 32,992 Ha in the State after spending ₹ 11.41 crore. Non-completion of the project not only deprived the farmers/beneficiaries of the intended benefits of ₹ 107.03 crore (₹ 35,545 per Ha x 30,112 Ha) per annum on account of accrued income, but the State was also deprived of conserving 828.08 lakh cum (2,750 cum/Ha x 30,112) water which would affect the long term sustainability of agriculture in the State. In four selected districts, against the total target of 2,075 Ha, only 1,299 Ha (63 *per cent*) area was covered after spending ₹ 3.21 crore (March 2019).

The CS stated (July 2020) that the projects could not be completed due to non-release of the entire funds by the Finance Department/NABARD. However, reply of the FD was awaited (November 2020).

(iii) Supply of polluted water to farmers

As per terms and conditions of Schedule II of RIDF-XVIII approved (February 2013) by NABARD, drawals for UGPL may be permitted only after submission of completion certificate of Sewerage Treatment Plant (STP)

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46 (i) Sangat; and (ii) Rama Mandi (Bathinda); (iii) Khanauri (Sangrur); (iv) Rajpura (Patiala); (v) Sadabarat (SAS Nagar); and (vi) Jalalabad road Muktsar (Sri Muktsar Sahib).

47 Covering one Ha area under scheme conserves 2,750 cum water per annum.

along with Water Quality Report from the Punjab Pollution Control Board (PPCB), certifying its fitness for irrigation purpose, besides frequent quality checks of the treated water would be carried out by the Department.

Under RIDF-XVIII, the Department spent ₹ 21.69 crore (March 2019) on completion of 29 UGPL projects for providing treated water from STPs for irrigation but did not ensure the requisite Water Quality Report from the PPCB certifying fitness of the treated water for irrigation purpose.

Audit observed that the PPCB conducted tests on completed UGPL projects during March 2018 and June 2019. The test reports showed unsatisfactory water quality as the value of prescribed parameters was found beyond normal values in respect of 3 to 15 completed projects during tests in March 2018 and in 3 to 25 completed projects during June 2019 as given in **Table 2.9**.

Table 2.9: Tests conducted in March 2018 and June 2019

Name of parameter[48]	Parameters fixed		Parameters found				No. of STPs in which test failed			
	For raw crops[49]	For cooked crops[50]	March 18		June 19		March 18		June 19	
			For raw crops	For cooked crops	For raw crops	For cooked crops	For raw crops	For cooked crops	For raw crops	For cooked crops
Power of Hydrogen (pH)	6.5 to 8.3		**8.6 to 8.9**		8.47 to 9.46		**3**	**3**	**3**	**3**
Chemical Oxygen Demand (COD)	Not specified	30	**---**	**33 to 366**	---	32 to 384	Not specified	14	Not specified	21
Bio-chemical Oxygen Demand (BOD)	10	20	**12 to 120**	**38 to 120**	11 to 145	25 to 145	12	8	16	12
Total Suspended Solids (TSS)	Nil	30	**10 to 164**	**32 to 164**	8 to 238	38 to 238	15	9	25	10
Faecal Coliform	Nil	230	**920 to 3100**	**920 to 3100**	280 to 1,40,000		**15**	**15**	**25**	**25**

Source: Departmental data

Analysis of the above table showed that the Department failed to ensure the quality of treated water before being supplied to farmers.

48

pH and TSS Power of Hydrogen and Total Suspended Solids	Irrigation with water of high power of Hydrogen (**pH**) and total dissolved salts can affect soil health depending on the type of salts present. Long term use of these water can affect physical properties of soil particularly related to soil moisture characteristics.
COD and BOD Chemical Oxygen Demand and Bio-Chemical Oxygen Demand	COD and BOD are attributes indicating the presence of bacteria and chemicals in the water that influence oxygen supply. Drinking polluted water affects human health but no direct hazard implications can be associated with these.
Faecal coliform	Faecal coliform are indicative of the extent of pathogen present in the water that affect human and animal health.

49 These are crops which are eaten in raw form such as tomato, onion, radish, etc.

50 These are crops which are eaten after cooking such as rice, wheat, pulses, etc.

The CS stated (July 2020) that it had laid the infrastructure of UGPL system for use of treated water of STPs for irrigation. Further, the operation, maintenance and ensuring quality of treated water is the responsibility of concerned local body/sewerage board operating the STP and water user society of the concerned UGPL project. No damage to crops was noticed at any site due to supply of treated water. The reply was not acceptable because it was responsibility of the Department to obtain Water Quality Report from the PPCB certifying its fitness for irrigation purpose besides ensuring the quality through drawing random samples frequently. But the DS and WC did not ensure provision of hygienic water for irrigation purpose, despite spending ₹ 21.69 crore on the project.

2.1.8 Human Resource Management

Availability of sufficient manpower is a pre-requisite for successful implementation of any project/scheme. Shortage of manpower was noticed in Soil Survey Division and Soil Testing Laboratories as discussed below:

(i) Soil Survey Division

Audit observed that there was shortage of staff in Soil Survey Division as given in **Table 2.10**.

Table 2.10: Sanctioned Strength and Person in Position in Soil Survey Division

Name of the Post	Sanctioned Strength (SS)	Person in Position(PIP)	Vacancy	Shortfall *(in per cent)*
Soil Conservation Officer	08	04	04	50
Surveyor	12	07	05	42
Laboratory Attendant	01	0	01	100
Khalasi	09	02	07	78
Total	**30**	**13**	**17**	

Source: Departmental data

An overall shortage of 57 *per cent* in the Soil Survey Division was noticed. The Division had taken up the issue of shortage of staff with the Department in its monthly returns. However, the matter was taken up with the higher authorities only in July 2020. But the fact remains that the posts are still lying vacant (November 2020). It showed that the department had not taken soil survey work on its priority for preparation of soil map work.

(ii) Soil Testing Laboratories

Agriculture Development Officer (ADO) is posted in Soil Testing Laboratory to test the soil samples. He also maintains the stock register of chemicals, glassware and machinery. Laboratory Assistant is to prepare the chemical solution for soil testing and assists ADO in testing. Laboratory Attendant is to receive the soil samples from the farmers and enter in the Sample Receiving Register and give the soil health card to the concerned farmer. The Sanctioned Strength (SS) and Person in Position (PIP) in four technical cadres in the seven selected districts is given in **Table 2.11**.

Table 2.11: Sanctioned Strength and Person in Position in four technical cadres

Name of post	SS	PIP	Vacancy	Shortfall *(in per cent)*
Soil Testing Officer	12	11	1	8
Agriculture Development Officer	18	14	4	22
Lab Assistant	20	12	8	40
Lab Attendant	24	10	14	58

Source: Departmental data

- Shortage of technical staff in four cadres ranged between eight and 58 *per cent*. Therefore, out of seven selected districts, in three districts shortfall in soil testing ranging between 14 and 79 *per cent* was noticed during 2015-16 to 2017-18.
- Audit observed that there was no sanctioned post of four technical cadres in nine STLs of seven selected districts. However, these laboratories were functioning with the help of other non-technical staff of Agricultural Technology Management Agency (ATMA) scheme.

The Departments stated (July 2020) that the matter would be taken up with higher authority to fill the vacant posts. However, the fact remains that shortage of staff had affected the testing of soils.

2.1.9 Impact assessment

2.1.9.1 Beneficiary survey conducted by audit

Audit along with concerned officials of DA and FW, and DS and WC visited 470 villages to conduct beneficiary survey of various schemes. Besides, nine Kisan Unions were also approached to obtain their comments about implementation of various schemes and to know the grievances of the farmers with regard to getting the benefits of the schemes. However, comments from only four[51] Kisan Unions were received and these have also been incorporated in the succeeding paragraphs.

(i) Crop Diversification Programme

Out of 450 selected beneficiaries under CDP, 254 were enquired and it transpired that:

- Area under paddy cultivation increased in 14 cases (5.5 *per cent*), remained stagnant in 200 cases (79 *per cent*) and decreased in 14 cases (5.5 *per cent*) in six districts during 2014-19 whereas 26 farmers did not respond.
- Sowing of paddy was preferred by 207 farmers (81 *per cent*) due to assured marketing, Minimum Support Price (MSP) and assured yield. Of 207 farmers, 49 had also cited free power supply as one of the reasons for sowing of paddy whereas, 47 farmers gave various reasons for sowing paddy.

[51] (i) Bharti Kisan Union Ekta, Ugraha; (ii) Bharti Kisan Union, Lakhowal; (iii) Bharti Kisan Union, Rajewal; and (iv) Azad Kisan Sangharsh Committee, Jaitakalan (Amritsar).

- 247 farmers (97 *per cent*) stated that they would prefer to grow alternate crops in case the Government provides assured marketing, higher MSP and viability gap funding, whereas seven farmers did not respond.

- Subsidy on machinery was paid to 254 farmers individually (100 *per cent*) instead of paying it to farming community (group of 10 farmers) for alternate crops.

- 151 farmers (59 *per cent*) were interested to grow paddy even without power subsidy. 48 farmers (19 *per cent*) were not interested to grow paddy if power subsidy was not available. 55 farmers did not respond.

- Before sowing of crops, 236 farmers (93 *per cent*) were aware about MSP.

- 136 farmers (53 *per cent*) had electric tube-well in their fields, whereas 112 farmers (44 *per cent*) had both canal fed supply and electric tube-well supply in their fields.

- 197 farmers (78 *per cent*) stated that they would grow alternate crops, if profits (as in the case of paddy) are assured.

(ii) In-situ management of crop residue

Out of 708 selected beneficiaries under the scheme, 320 were enquired and it was observed that:

- To manage crop residue in their fields, 305 farmers (95 *per cent*) used the machinery provided under the scheme. Out of 305 farmers, 264 farmers had stopped stubble burning.

- Before receipt of subsidised machinery, 279 farmers (87 *per cent*) were burning their crop residue.

- 250 farmers (78 *per cent*) stated that stubble burning was the easiest way to dispose of the crop residue.

- To promote *in-situ* management of crop residue, 212 (66 *per cent*) farmers wanted cash incentive along with MSP from the Government.

- Out of 273 farmers to whom training was imparted, 265 (97 *per cent*) were satisfied with the training/awareness camps organised under the scheme.

- 282 (88 *per cent*) farmers were satisfied with the approved dealers regarding quality and pricing of the machinery in comparison to other dealers.

(iii) Soil Health Card Scheme

Under the scheme, 743 beneficiaries were enquired and it transpired from the survey that:

- 452 farmers (61 *per cent*) had received soil health cards.
- Fertiliser consumption was reduced in case of 410 (55 *per cent*) farmers.
- Training for use of soil health card/soil fertility map was imparted to 449 (60 *per cent*) farmers.
- Due to soil health cards and soil fertility maps, 482 farmers (65 *per cent*) were benefitted in selection of source and amount of fertiliser application.
- 451 farmers (61 *per cent*) used fertilisers in their field as per recommendations of the soil health cards.
- Use of fertilisers as recommended in the soil health card had increased the yield of paddy for 251 farmers (56 *per cent*) and yield of wheat for 262 farmers (58 *per cent*).

The following shortcomings in implementation of schemes were brought to the notice of audit by four Kisan Unions:

i. The diversification from paddy to other crops was not done as paddy and wheat were procured on MSP and in spite of MSP of other alternate crops, the same were not procured on MSP as the market price was less than the MSP.

ii. There was no assured marketing in respect of alternate crops.

iii. The distribution of soil health card was not upto mark as these were being distributed by villagers instead of departmental officers.

iv. In view of very high cost of machinery provided under *in-situ* management of crop residue scheme, the marginal and small farmers were not capable to purchase and use the machinery.

2.1.10 Monitoring, Internal Control and Evaluation

In **Crop Diversification Programme**, the State Level Committee was not constituted under the scheme due to which the monitoring mechanism was ineffective. Further, due to non-submission of the UCs to the GoI, the State was denied Central assistance of ₹ 224.80 crore under the scheme. Thus, due to non-monitoring, the scheme was not showing the desired results.

The Director admitted (July 2020) the facts.

***In-situ* Management of Crop Residue Scheme** provides for third party assessment of efficacy, performance, outcome and shortcomings to take corrective measures. However, no such assessment was made to review the scheme implementation efficiency.

The department admitted the facts and stated (June 2020) that third party assessment would be conducted in current year.

Under Soil Health Card Scheme, in seven selected districts, one *per cent* random checking of analysed samples, as provided in the guidelines, was not done by the external agency for ensuring the quality of soil analysis. Similarly, in all the selected districts (except Amritsar), no joint certificate regarding satisfactory collection of soil samples was issued by CAO, *Sarpanch* and *Gram Sevak,* as provided in the guidelines. As a result, the Scheme could not be implemented effectively.

The Director admitted (July 2020) the facts.

Under Soil Health Management Scheme, the State Standing Technical Committee was not formed for monitoring of the Scheme due to which the ICP/AAS were not purchased. Consequently, strengthening of soil testing laboratories could not be made.

The Director stated (July 2020) that State level committee was constituted under National Mission for Sustainable Agriculture (NMSA). The reply was not acceptable as State Standing Technical Committee was required to be constituted.

2.1.11 Conclusions

The DS and WC, and the DA and FW had under-performed in restoring the ecological balance of soil and water conservation for sustainable agriculture in the State despite spending ₹ 699.24 crore on the various schemes. The State was yet to enact legislation to protect regional specific ecological and national resource management besides addressing depletion of groundwater, soil degradation and climate change. Soil Survey Division did not have adequate infrastructure to conduct effective soil survey. Crop Diversification Programme, did not make any impact as there was an overall increase in the sown area of paddy (7.18 *per cent*) while that of alternate crops decreased up to 38.02 *per cent*. Cases of stubble burning increased post implementation of the Scheme to mitigate the issues relating to crop residue. Implementation of Soil Health Card Scheme remained partial and achieved reduction in consumption of fertilisers of 8.84 *per cent* against the target of 20 *per cent*. The soil testing laboratories lacked requisite infrastructure, due to which valuable inputs to the farmers regarding soil health could not be provided. The DS and WC did not cover 35,347 Ha target area in Underground Pipeline Scheme, thereby not conserving 972.04 lakh cum water per annum. Besides, shortage of staff and inadequate monitoring at the State level also contributed to ineffective implementation of the various schemes.

2.1.12 Recommendations

In the light of audit findings, the State Government may consider to:

(i) formulate State Agriculture Policy urgently so that assured marketing for alternate crops could be provided to achieve the target of crop diversification besides ensuring a roadmap for implementation of all the schemes;

(ii) ensure preparation of inventory of soils for the entire State and regular updation thereof to facilitate efficient use of the soils;

(iii) take effective measures to check over-exploitation/extraction of groundwater in the State;

(iv) implement Crop Diversification Programme as per the scheme guidelines under institutional monitoring, for actual utilisation of the assistance provided, at the same time economic viability of adopting diversification of crops must be examined and appropriately communicated to the farmers;

(v) evaluate the effectiveness of awareness programmes in minimising the cases of stubble burnings and revise the level and frequency accordingly for the desired impact;

(vi) re-evaluate prices of machines for *in-situ* management of crop residue for small and marginal farmers;

(vii) motivate the farmers to participate in various schemes to maintain/improve the soil fertility and to prevent depletion of groundwater;

(viii) strengthen the laboratories for testing of all parameters of soil by updating the mapping and inventory of State soil for regulating the quantity of fertilisers used in the fields; and

(ix) strengthen the monitoring and internal control mechanism for effective implementation of the schemes.

The matter was referred to Government in May 2020, their reply was awaited (December 2020).

Chapter - III

Compliance Audit

Chapter-III

Compliance Audit

CIVIL AVIATION DEPARTMENT

3.1 Non-realisation of outstanding Government dues

Allotment of land without demarcation and Hangar No. 2 without fixation of rent/lease amount and terms and conditions to a Flying Academy led to litigation for more than ten years, while lack of prompt action delayed the recovery of outstanding dues of ₹ 0.83 crore and kept the piece of land blocked without any economic return for the last fifteen years.

Rule 4.1 of Punjab Financial Rules (PFR) Vol-I provides that it is the duty of the Revenue or the Administrative Department concerned, to see that dues of the Government are correctly and promptly assessed, collected and paid into the treasury.

The Government of Punjab, Department of Civil Aviation allotted (March 2005) land measuring 120x150 feet at Patiala Airport for construction of a hangar[1] on lease for 33 years to M/s Birmi Flying Academy Private Limited (Academy) for development of aviation activities with the condition that all the terms and conditions of lease agreement would be finalised by the Public Works Department (PWD). In the meantime, Hangar No. 2 (Hangar) at Patiala Aviation Complex was allotted (April 2005) to the academy for three years to start its operations till construction of its own hangar. As per the conditions of the allotment, PWD was to assess/fix the rent/lease amount on market rates and the Academy would submit a Bond on Stamp Paper for the assessed amount.

Test-check of records (November 2018) of the Director, Civil Aviation, Punjab, Chandigarh highlighted the following points/lapses in executing the proposal:

I. Possession of Hangar No. 2 was handed over to the Academy on 08 April 2005 on rental basis, but the rent was finalised by the PWD (September 2006) with a delay of more than a year;

II. The Academy performed aviation related activities for 18 to 24 months, but the Department neither marked any land to be handed over to the Academy for construction of a hangar nor any rent was recovered;

III. Allotment of the piece of land and Hangar was cancelled (July 2007) by the Department on the basis of decision (June 2007) taken by the

[1] A hangar is a closed building structure to hold aircraft or spacecraft. Hangars are built of wood or concrete. These are used for protection from the weather, direct sunlight and maintenance, repair, manufacture, assembly and storage of aircraft.

Council of Ministers. The Academy filed a Civil Writ Petition (CWP[2]) in the Punjab and Haryana High Court against the decision and the High Court stayed (April 2008) the dispossession of the Hangar;

IV. The matter remained sub-judice from April 2008 to October 2015, however, the High Court directed (November 2011) the Department to recover rent of the Hangar from the Academy for the period when the lease was originally proposed with a further provision for escalation[3] on rent amount till conclusion of the proceedings. Further, it was advised that in case of a default in payment, the State could approach the High Court. As the Academy did not make any payment of rent, the High Court authorised (October 2015) the Department to take possession of the Hangar from the Academy;

V. The Department took possession of the Hangar on 30 January 2016 including the assets of the Academy, referred the matter to the Deputy Commissioner (Collector), Patiala to recover the outstanding rent of ₹ 81.84 lakh for the period 2005-06 (8 April 2005) to 2015-16 (till January 2016) as arrears of land revenue by disposing of the assets lying in the Hangar; and

VI. After 2 ½ years, the Collector expressed (September 2018) inability in assessing the price of unserviceable aircrafts due to technical nature of the property and suggested the Department to auction the aircrafts on their own. But no further progress was made in this matter due to which recovery of outstanding rent of ₹ 81.84 lakh and electricity bills of ₹ 1.03 lakh paid to the Punjab State Power Corporation Limited remains pending ***(Appendix 1.2)***.

The Department attributed (May 2019) the non-recovery to the Collector's inability (September 2018) to recover outstanding Government dues. The reply was not acceptable as no progress was made by the Department for assessment of market value of the assets through constitution of a Technical Experts' Committee (November 2020) to dispose of the assets.

Thus, inaction on the part of the Department to mark a piece of land to be allotted to the Academy coupled with non-recovery of rent led to protracted litigation, while delay in disposal of assets kept the dues of ₹ 0.83 crore outstanding, and added to further depreciation of the assets reducing the prospects for appropriate recovery. Further, land in question was lying unutilised which could have been put to alternate economic use.

The matter was referred to the Government in June 2019; their reply was awaited (December 2020).

Recommendation: The Government/Department may fix a time bound action plan as per financial rules to realise the Government dues.

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[2] CWP No. 10382 of 2007.

[3] At the rate 10 *per cent* per annum.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Suspected misappropriation of user charges

Failure of the Drawing and Disbursing Officer to adhere to codal provisions and compromise of the internal control mechanism, facilitated suspected misappropriation of user charges amounting to ₹ 1.02 lakh in Civil Hospital, Mansa.

Rules 98 (1) of the Punjab Treasury Rules provides that the head of an office or the person so authorised, before signing the receipt and initialing the counterfoil, shall satisfy himself that the amount has been properly entered in the cash book. Rule 2.4 of the Punjab Financial Rules (PFR) stipulates that at the close of the day, while signing the cash book, the head of the office should see that the departmental receipts collected during the day are credited into the Government account on the same day or on the morning of the next day.

The Government of Punjab had allowed (February 1997) the Punjab Health Systems Corporation (PHSC) to retain user charges collected from the patients at the point of collection and use the same for meeting non-salary expenditure. The PHSC instructed (February 2013) that user charges collected by the field offices should be deposited on a daily basis in a separate savings bank account. It was further directed that no expenditure should be made out of the cash collections and the expenditure should be incurred after depositing the collections in the bank.

Mention was made in the Comptroller and Auditor General of India's Report on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2015 – Government of Punjab (Paragraph 3.8), regarding misappropriation of user charges of ₹ 19.88 lakh in Civil Hospital, Mansa. While discussing the paragraph, the Public Accounts Committee (PAC) recommended (July 2018) that a foolproof mechanism be evolved which would facilitate the Drawing and Disbursing Officers (DDO) to ensure adherence to PFRs, to prevent recurrence of such irregularities in future.

Test-check of records (June 2018) and subsequent information collected (September 2018-March 2019) from the Civil Hospital (CH), Mansa, under the jurisdiction of the PHSC, revealed that out of the user charges of ₹ 8.72 lakh collected by the Radiographer from the patients between April 2017 and January 2018, an amount of ₹ 1.02 lakh was neither accounted for in the daily collection register (DCR) and cash book nor was it deposited into the bank account being operated in the name of Senior Medical Officer (SMO), CH, Mansa ***(Appendix 1.3)***. The SMO, holding the charge of DDO, did not ensure that all the user charges so collected by the Radiographer had been accounted for in the DCR/cash book and remitted into the bank account.

On this being pointed out (June 2018) in audit, the PHSC stated (November 2020) that out of ₹ 1.02 lakh, the delinquent official had deposited (June 2018 - January 2019) ₹ 0.91 lakh. It was added that the Director, Health and Family Welfare had issued charge-sheet to the concerned official and enquiry in the case was under process.

Thus, failure of the DDO to adhere to codal provisions, *ibid*, and compromise of the internal control mechanism facilitated suspected misappropriation of user charges amounting to ₹ 1.02 lakh, though an amount ₹ 0.91 lakh had been recovered from the concerned official after being pointed out by Audit.

The matter was referred to Government in August 2018; their reply was awaited (December 2020).

Recommendation: The State Government may impress upon all the concerned to ensure strict compliance to the codal provisions, *ibid*, to have a strong and reliable internal control mechanism with a view to prevent recurrence of such cases of suspected misappropriation of Government money, as also recommended by the Public Accounts Committee.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.3 Optimum Utilisation of Vacant Government Lands

Sixty-one *per cent* residential, 73 *per cent* commercial and 91 *per cent* other properties identified under the scheme for sale during 2016-19 had remained unsold. The scheme had a deficit of ₹ 1,158.63 crore which was met with market loans by mortgaging the scheme properties. Cancellation of an auction despite getting a bid above the reserve price, deprived revenue of ₹ 335.57 crore. Offer of plots for allotment without mutation of land, blocked ₹ 25.52 crore. Urban *Haat*, Amritsar constructed at a cost of ₹ 8.40 crore had remained non-functional, depriving the handicrafts artisans/handloom weavers of direct marketing facilities round the year.

3.3.1 Introduction

With a view to optimise utilisation of vacant and under-utilised Government lands, the Government of Punjab (GoP), Department of Housing and Urban Development (DHUD) formulated a scheme 'Optimum Utilisation of Vacant Government Lands' (OUVGL) in June 1997. The Punjab Urban Development Authority (PUDA) was designated as nodal agency for overall planning, management and marketing of vacant Government lands. The complete proprietary rights were given to the PUDA to sell, lease, mortgage and otherwise dispose of the properties in whatsoever manner deemed fit as per the decision of the Empowered Committee[4] (EC) constituted by the Government.

With a view to assess the adequacy, efficiency and effectiveness of implementation of the scheme, an audit covering the period 2016-19 was conducted (between October 2018 and December 2019) by test checking the records of Additional Chief Administrator (Projects), PUDA, Mohali, and all the six[5] development authorities. The developmental works with expenditure

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[4] Chief Secretary; Financial Commissioner, Revenue; Principal Secretary, Finance; Principal Secretary, Local Government; Principal Secretary, Housing and Urban Development; and Secretary of the department whose land is identified for disposal under the scheme.

[5] (i) Amritsar Development Authority (ADA); (ii) Bathinda Development Authority (BDA); (iii) Greater Mohali Area Development Authority (GMADA); (iv) Greater Ludhiana Area Development Authority (GLADA); (v) Jalandhar Development Authority (JDA); and (vi) Patiala Development Authority (PDA).

of ₹ 25 lakh and above, executed during 2016-19 were selected for test-checking during the audit.

Audit findings

3.3.2 Planning

3.3.2.1 Absence of aggressive marketing techniques and proper planning for sale of properties

The scheme guidelines provide that against the usual method of disposing the lands locally through open auctions, aggressive marketing techniques should be employed to dispose of the properties by inviting competitive bids from reputed domestic and international private developers. Further, with a view to maximise profits, the PUDA was authorised to adopt a professional approach for special planning and marketing in consultation with reputed agencies in the real estate business to get specialised services and expertise in the planning and methodology for the marketing of these properties. In view of slow disposal of properties, the Principal Secretary, Housing and Urban Development directed (June 2015) the development authorities to send the site-wise proposal of those properties which could not be sold even after repeated advertisements. The EC transferred (between 1997 and 2016) 90 sites to PUDA involving lands measuring 1,450 acres for marketing and sale.

Audit noticed that during the period covered under audit, only 39 *per cent* residential plots, 27 *per cent* commercial and nine *per cent* chunk sites carved out from 21 sites by the PUDA could be sold as of March 2019 ***(Appendix 1.4)***. Further analysis showed that following factors contributed to the poor disposal of land:

I. Ignoring the scheme guidelines regarding adopting new marketing initiatives, the PUDA continued to adopt traditional system of sale through draw/ auctions locally; and

II. There were deficiencies in planning such as non-providing direct approach road to the sites, demarcation disputes, deterioration of developmental works, fixation of unreasonable reserve price and launching of schemes without development, etc. ***(Appendix 1.4)***.

While admitting the facts, the Chief Administrator (CA) PUDA stated (July 2020) that the list (as shown in ***Appendix 1.4***) prepared by audit would be used to attain greater efficiency in disposal of OUVGL sites, in future. Reply, however, did not explain non-adherence to instructions, *ibid*, of the Principal Secretary, Housing and Urban Development and other planning deficiencies.

3.3.2.2 Possession of sites not free from encumbrance/encroachment

(i) Paragraph 6(iv) of the guidelines provides that the department whose land is identified under the scheme for development should ensure that the land is free from all encroachment, encumbrances and vacant in all respects before it was transferred to the PUDA. Paragraph 6(xv) of the guidelines provides that where lands identified for disposal were underutilised or occupied by uneconomical and old structures, such lands should be got vacated and transferred to the PUDA only after the present incumbents were provided with suitable alternative accommodation.

Audit observed that the EC transferred (July 2001 to June 2016) 113.75 acre lands to four[6] authorities who spent ₹ 43.59 crore ***(Appendix 1.5)*** on providing alternative accommodation to the offices running from these sites and development of sites. However, the sites transferred to the PUDA could not be planned (May 2020) for sale due to non-shifting of offices by the occupants from the old buildings to the newly constructed accommodation. Neither the Department nor did the EC/PUDA ensure encumbrance/encroachment free lands before its transfer to the PUDA. This resulted into blockade of ₹ 43.59 crore spent by the development authorities on construction or development of alternate accommodation to the user offices.

The Chief Administrator, PUDA stated (July 2020) that the primary responsibility of providing encumbrance free and encroachment free land to the PUDA was of the concerned department. The fact remains that the land could not be commercially exploited even after lapse of more than four to 19 years from the date of transfer, despite ₹ 43.59 crore having been spent on construction of alternative accommodation.

(ii) Allotment of plots without having mutation of land

Paragraph 3 of the guidelines (March 1997) provides that only those vacant lands which were free from all encroachments/encumbrances would be taken up for commercial exploitation.

Audit observed that the EC transferred (November 2012) 140.60 acre land of closed Sugar Mill, Faridkot to PUDA for a consideration of ₹ 30.02 crore paid to the Sugar Federation. The Additional Chief Administrator (Projects), PUDA launched (June 2013) a scheme for allotment of 428 plots of different sizes. The draw was held in August 2013 against which 377 applications were received, out of which 21 were withdrawn before the draw. The letters of intent were issued (December 2013 and January 2014) to all the successful applicants. However, sale/purchase of the land was stayed by the Court (2014) due to non-payment of dues to the farmers by the Sugar Mill and filing of court case by Sugar Mill employees in the Punjab and Haryana High Court. As a result, the land could not be mutated in the name of the PUDA. Later on, out of 140.60 acre, 71.3 acre was mutated (October 2018) in the name of the PUDA. Meanwhile, most of the allottees, either surrendered their plots or did not deposit 15 *per cent* amount required as per terms and conditions of the scheme and approached the District Consumer Disputes Redressal Forum, Faridkot for refund of their money. In 15 cases, the Court allowed refund of ₹ 0.38 crore including interest, litigation expenses and compensation. As of March 2019, net receipts of ₹ 4.50 crore only were realised from the sale of plots against the payment of ₹ 30.02 crore made to the Sugar Federation for land.

While admitting the facts, the CA, PUDA stated (July 2020) that land would be sold as soon as it is handed over to the PUDA and ₹ 30.02 crore would be

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6 (i) BDA; (ii) GLADA; (iii) JDA; and (iv) PDA.

recouped. Moreover, the assets had been created against the payment made to the Sugar Federation. The reply was not acceptable because purpose of the scheme was to develop the land for commercial exploitation and not to create the assets.

Thus, ₹ 25.52 crore[7] paid for the land out of scheme funds remained blocked due to non-mutation of the land in the name of the PUDA, besides inflicting avoidable burden of ₹ 0.38 crore.

3.3.2.3 Construction of booths without assessment of demand

(i) Audit observed that the EC transferred (February 1998) an area of 4.44 acre of *Chaura Bazaar,* Ludhiana. Audit observed that Greater Ludhiana Area Development Authority (GLADA), without assessing the demand constructed (2013) 94 double storey booths (47 each on ground and first floor) at a cost of ₹ 3.50 crore. Of these, 45 booths were allotted to the *khokha* owners (who were running their shops at this site) at concessional price of ₹ two lakh (approximately) per booth. Of the remaining 49 booths, only three could be sold (May 2019) in spite of repeated auctions[8] indicating low demand for the booths. Thus, due to construction of the double storey booths without conducting any demand survey, the expenditure of ₹ 1.71 crore incurred on 46 booths could not be recouped.

Besides construction of booths, GLADA also planned 21 Shop cum Offices (SCO) and earmarked 250 square yards for restaurant at this site but the plan could not be executed (July 2020) due to land dispute.

The CA, PUDA admitted the audit observation and stated (July 2020) that the remaining 46 booths would be auctioned in future.

(ii) The Patiala Development Authority (PDA) constructed (2006) 254 booths in front of Mini Secretariat, Patiala for Deed Writers, Stamp Vendors, etc. Out of these, 235 booths were allotted to Stamp Vendors/Deed Writers, 17 were sold out at double the reserve price in the auctions held during September 2013 and two remained unsold (increased to four as of March 2019). Keeping in view sale of 17 booths at a price higher than the reserve price, the PUDA constructed (September 2016) additional 254 booths on first floor at an expenditure of ₹ 3.74 crore.

The Deputy Commissioner (DC) Patiala asked PDA (December 2017) to allot these booths to *Swa-Rojgar Welfare Society, Jan Sahayata Kendra, Patiala* (Centre) on priority basis as per demand of the latter. In response, PDA demanded (February 2018) from the DC office, a copy of the request of the Centre and applications for reference. However, this information was not furnished (May 2019) to PDA. Meanwhile, PDA held (January and March 2018) auctions for sale of the booths but no response was received and the booths were still (May 2020) lying unsold. This indicates that there was no further demand for booths at the site.

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7 Total payments: ₹ 30.02 crore *minus* net receipts: ₹ 4.50 crore.

8 Auctions were held in 3/2015, 6/2016, 10/2016 and 01/2017.

Thus, expenditure of ₹ 3.74 crore incurred on construction of additional booths at first floor without assessing demand could not be recouped.

The CA, PUDA stated (July 2020) that Deputy Commissioner office periodically issues new licenses to Stamp Vendors, Vasika Navis, Photostat machine operators and Advocates. Keeping in view the demand of booths, it was decided to construct 254 booths on the first floor and auctions were held 2-3 times but no booth was sold. However, owners of booths at ground floor were ready to purchase the booths on the first floor. Efforts would be made to sell the booths after holding meeting with booth owners. The reply was not acceptable because the booths were constructed without clear demand due to which the booths remained unsold for the last four years.

Recommendation: Proper demand assessment should be made before taking up projects involving development of properties.

3.3.2.4 Un-utilised site due to indecision on its development

The EC transferred (November 2012) 1.40 acre land of Government Primary School, Mall Road, Bathinda to the PUDA. In lieu of this land, Bathinda Development Authority (BDA) constructed building of Government Primary School in the premises of the adjacent Government Senior Secondary School, Bathinda at an expenditure of ₹ 1.33 crore.

Audit observed that BDA could not utilise the site measuring 1.40 acre transferred to it due to indecision regarding either to develop the site as multi-storey commercial site or multi-level car parking, etc. Despite lapse of more than seven years from the approval, recoupment of ₹ 1.33 crore is still awaited. Presently, the site is rented out for car parking and a meager sum of ₹ 2.52 lakh[9] only was collected (January 2020) as rent.

The CA, PUDA stated (July 2020) that the site was not viable for multilevel parking and commercial exploitation, as of now. The reply was not acceptable because decision of the department to invest in a land which was not viable for commercial exploitation had blocked ₹ 1.33 crore.

3.3.2.5 Poor planning in development of sites

The EC transferred (September 2011 and June 2013) 217.01 acre land of two[10] sites at Bathinda and Amritsar respectively to the PUDA for setting up of residential colonies/commercial exploitation. The Bhatinda Development Authority (BDA) and the Amritsar Development Authority (ADA) were to dispose of the properties and it was anticipated that the PUDA would earn ₹ 446.70 crore from the sale proceeds of these properties.

Audit observed that development authorities planned only for development of residential plots and carved out 1651 (1075 at Bathinda site and 576 at Amritsar site) plots. The draws of plots were held in March/September 2016

9 Rent at the rate of ₹ 1.70 lakh per annum for the period from 01.07.2017 to 30.09.2017 and at the rate of ₹ 34,850 per month for the period from 01.04.2018 to 30.09.2018.

10 93 acre land of old Jail site at Amritsar and 124.01 acre land of old Sugar Mill, Budhlada (Bathinda).

and June 2016 and allotment letters were issued to 1344 (976 in Bathinda and 368 in Amritsar) applicants, respectively. But the development authorities failed to give possession of the plots due to delay in development of the sites and re-planning/re-numbering of the plots. Aggrieved by the delay/ non-development of sites, many allottees approached different Courts, seeking compensation. The Punjab and Haryana High Court directed (September 2018) the PUDA to pay interest of ₹ 5.51 crore in case of Amritsar site. Whereas, in view of decision of Consumer Court, an amount of ₹ 2.05 crore[11] was deposited (June 2019) in the Court in respect of 13 execution cases filed by the allottees in case of Bathinda site. Therefore, against the expected sale proceeds of ₹ 446.70 crore, only ₹ 32.44 crore (₹ 29.23 crore from Bathinda site and ₹ 3.21 crore from Amritsar site) could be collected.

Thus, due to failure on the part of the development authorities to plan the development activities efficiently, possession of only 36 *per cent* plots (planned 1651 and possession given 596) could be given besides, no planning was made to develop the commercial sites.

The CA, PUDA stated (July 2020) that the launch of scheme at Amritsar prior to the development of site and payment of interest was not a totally loss making proposition because the money lying with the PUDA was earning interest in the banks. The reply was not acceptable as it did not address the issue of delay in development of site due to which possession could not be given to the allottees. Whereas, in case of site at Bathinda, the CA, PUDA admitted (July 2020) that many allottees had claimed refund.

3.3.3 Financial management

The main sources of income of OUVGL scheme is sale/auction of residential and commercial properties, forfeiture of deposits, fees, non-construction fees, interest and penal interest, etc. The PUDA was booking all the receipts and expenditure of the scheme under a separate head of account and maintaining separate books of accounts for the scheme and a separate bank account.

3.3.3.1 Financial status of the scheme

(i) As per the guidelines of the scheme, after the accounts of the scheme are squared up, net sale proceeds of the Government land/properties would be remitted into the Consolidated Fund of the State after deducting all expenses made or liable to be made, including a half *per cent* commission of the PUDA.

Analysis of Income and Expenditure Account of the scheme revealed that an expenditure of ₹ 4,239.86 crore had been incurred against the total receipt of ₹ 3,081.23 crore, as of March 2019 leaving a debit balance of ₹ 1,158.63 crore which was met by raising market loans against mortgage of OUVGL properties. Thus, even after 23 years of start of the scheme, no sale proceeds were deposited into the Consolidated Fund of the State as the scheme was running in loss.

[11] ₹ 1.30 crore - deposited by allottees; ₹ 0.74 crore – interest; and ₹ 0.01 crore - legal cost and compensation.

The CA, PUDA stated (July 2020) that surplus sale proceeds of OUVGL would be deposited in the Consolidated Fund of the State as and when the deficit is squared up. The reply was not acceptable because due to financial mismanagement and blockade/irregular spending of scheme funds (as discussed in succeeding paragraphs), the PUDA could not square up the deficit.

(ii) The year-wise details of income and expenditure of OUVGL scheme during 2016-19 is given in **Table 3.1**.

Table 3.1: Income and expenditure of OUVGL scheme during 2016-17 to 2018-19

(₹in crore)

Year	Income	Expenditure	Surplus(+) / Deficit(-)
2016-17	296.56	698.81	(-) 402.25
2017-18	249.33	197.88	(+) 51.45
2018-19	247.03	107.64	(+) 139.39
Total	**792.92**	**1,004.33**	**(-) 211.41**

Source: Income and expenditure accounts of PUDA for the years 2016-17 to 2018-19

- Against the income of ₹ 792.92 crore, an expenditure of ₹ 1,004.33 crore was incurred during 2016-19.
- Receipts decreased from ₹ 296.56 crore in 2016-17 to ₹ 247.03 crore in 2018-19 mainly due to decline in sale proceeds of the residential/commercial properties, delay in recovery of arrears from the defaulters, etc. as discussed in the succeeding paragraphs.

3.3.3.2 Irregular financing of non-self sustaining projects

Paragraph 6(xi) of the guidelines of the scheme provides that the sale proceeds realised from the disposal of lands would exclusively be utilised to finance self sustaining and self financing State level infrastructure projects[12]. Paragraph 6(xii) of the guidelines provides that scheme funds should be utilised to meet the capital cost of the project only.

Audit observed that the Executive Committee accorded (between 2015 and 2016) *ex-post facto* sanctions of ₹ 670.96 crore for construction of cement concrete streets, flooring, interlocking tiles and drains in 413 village/*dhanies*[13], etc. of two Vidhan Sabha constituencies of *Lambi* and *Jalalabad*. Accordingly, the PUDA released ₹ 520.11 crore to the Deputy Commissioners (DC) concerned by raising loan from banks against mortgage of OUVGL properties. The concerned DCs furnished utilisation certificates for ₹ 520.11 crore.

The CA, PUDA stated (July 2020) that construction of roads make a crucial contribution to economic development and growth and bring more important social infrastructure. The reply is not acceptable as the expenditure was

12 Such as District Administrative Complex, Tehsil Complex, Sudhar Ghar (Jails), Hospitals, Schools, etc.

13 A small group of houses made in the fields.

incurred on works not falling in the category of self sustaining and self financing State level infrastructures/projects specified in the scheme which was irregular diversion of funds.

Thus, raising loans against mortgage of OUVGL properties was in contravention of the guidelines of the scheme and blocked the chances of commercial exploitation of the mortgaged properties of the scheme already running in deficit.

3.3.3.3 Grant of loan from scheme at rates lower than the borrowing rates

Audit observed that though the scheme was running in deficit and the PUDA had to resort to borrowing from the banks at the rate of nine to ten *per cent* by mortgaging properties of the scheme, it lent (September 2011-December 2016) ₹ 96.03 crore from the scheme funds to three[14] Government bodies at interest rate of six *per cent*. No recovery had been affected from these institutions even after lapse of period ranging between three and nine years.

The Senior Accounts Officer (Payments) PUDA stated (September 2019) that the funds were lent as per the Government instructions. No reply regarding non-recovery of the borrowed amount and interest was furnished (November 2020). Reply is not acceptable as no written instructions of the Government was furnished to audit in support of the contention made.

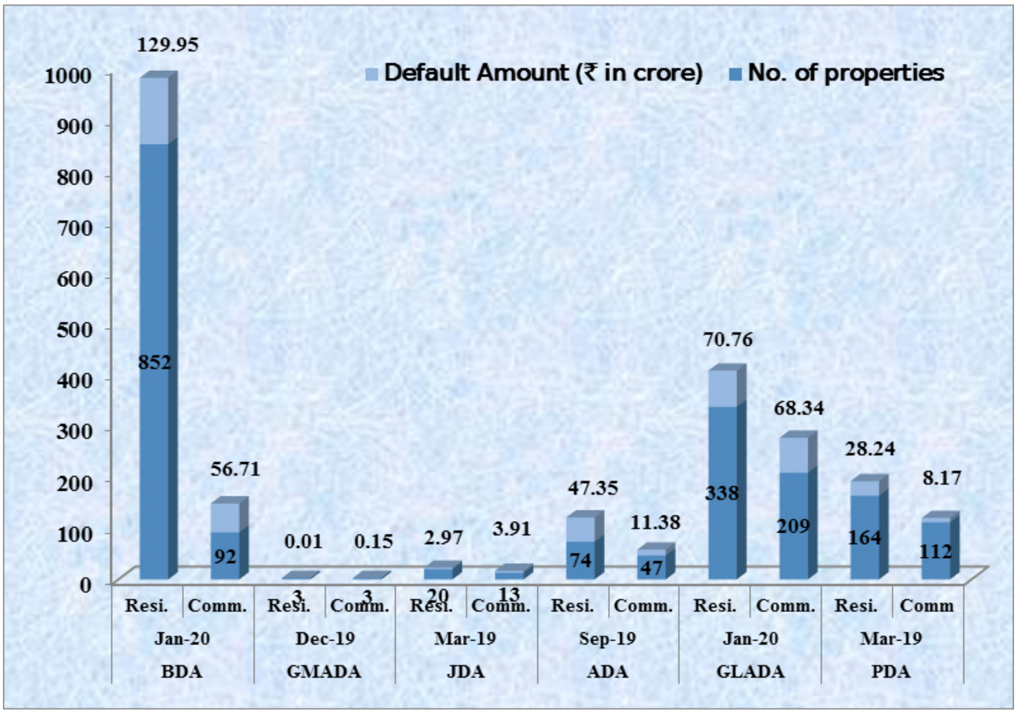
3.3.3.4 Accumulation of arrears against the allottees

As per the allotment policy of the PUDA, an applicant is required to deposit 10 *per cent* of the total reserve price as earnest money (refundable/adjustable), 15 *per cent* within 60/90 days from the date of issue of letter of intent and the remaining 75 *per cent* in four equal yearly installments with interest at the rate of 12 *per cent per annum* or as determined by the authority. Further, Section 45, sub section (4) of the Punjab Regional and Town Planning and Development Act, 1995 (Act) provides that in case of continuation of default in payments by the allottees, the Estate Officer may, resume the land or building or both, as the case may be.

Audit observed that an amount of ₹ 427.94 crore was outstanding (March 2019 - January 2020) against the allottees of 1,927 properties as given in **Chart 3.1**.

[14] To Punjab Municipal Infrastructure Development Company in September 2011: ₹ 79.39 crore; to Sugarfed in April 2012: ₹ 16.14 crore; and to Urban *Haat S*ociety, Amritsar in December 2016: ₹ 0.50 crore.

Chart 3.1: Details showing outstanding amount against the allottees



Source: Compiled from the manual data supplied by the six development authorities

Non-recovery of dues had adversely affected revenue generation under the scheme. It was further observed that information of outstanding dues was not available on the management information system. Further, action taken to resume the plots/sites by the development authorities concerned as envisaged in the Act, *ibid*, was not intimated to audit.

The CA, PUDA stated (July 2020) that notices under the Punjab Regional and Town Planning and Development Act, 1995 were issued from time to time to the defaulters, and resumption of the site was done accordingly in case of failure to respond to the notice. The reply was, however, not substantiated in test check of files of defaulters, as it was noticed that no procedure for resumption of plots was initiated by the department. Consequently, ₹ 427.94 crore of the scheme remained blocked and scheme continued to run in deficit.

Recommendation: Financial discipline as per the scheme guidelines with an effective management information system be ensured to realise outstanding dues.

3.3.4 Implementation of the scheme

3.3.4.1 Cancellation of an auction despite getting bid above the reserve price

The District Price Fixation Committee (DPFC) under the Chairmanship of the Deputy Commissioner, Ludhiana fixed (December 2010) reserve price of ₹ 1.05 lakh per square yard of 8.21 acre land of irrigation complex at Ludhiana.

Audit noticed that GLADA auctioned the site twice in February 2014 and June 2014 at the rates fixed by the DPFC but did not receive any bid/response. As per provisions of the auction policy, if a site is not sold in two consecutive auctions, the Chief Administrator, PUDA was competent to reduce the reserve price by 20 *per cent*. Accordingly, the rate of the site was reduced (September 2015) from ₹ 1.05 lakh to ₹ 0.84 lakh per sq. yard and it was again put to auction (November 2015) at a total reserve price of ₹ 333.79 crore. In the auction, a bidder quoted bid of ₹ 335.57 crore i.e. higher than the reserve price by ₹ 1.78 crore, but GLADA rejected it on the basis of Central Vigilance Commission (CVC) guidelines, being a single bid. The site was again put to auction in December 2015 but no response was received. The site was lying unsold as of November 2020.

The CA, PUDA quoted (July 2020) the CVC guidelines and terms and conditions of auction for rejection of bid at the level of the State Government. The reply was not acceptable because on the one side, the PUDA was not able to dispose of various sites despite repeated auctions as pointed out in paragraph 3.3.2.1 and on the other hand, a bid was rejected seeking the terms and conditions of auction policy as it was above the reserve price. Therefore, insertion of such terms and conditions was against the spirit of OUVGL scheme. Further, the CVC guidelines contain provision for allotment in case where auction held on repeated occasions remained inconclusive.

Thus, rejection of the bid in November 2015 which was ₹ 1.78 crore over and above the reserve price, deprived the scheme of realisation of ₹ 335.57 crore and site remained unsold (November 2020).

3.3.4.2 Urban Haat, Amritsar

(a) Failure to make Urban Haat programme functional

A decision to set up an Urban *Haat* at the old building of Guru Teg Bahadur Hospital site[15] at Amritsar was taken in a meeting held (July 2012) under the Chairmanship of the Chief Minister, Punjab. Urban *Haat* aims to set up a permanent marketing infrastructure in big towns/cities to provide direct marketing facilities round the year to the handicrafts artisans/handloom weavers. A Memorandum of Understanding (MOU) was signed (December 2012) between the PUDA and the Indian National Trust for Art and Cultural Heritage (INTACH), New Delhi. The INTACH was to prepare Detailed Project Report and assist the PUDA in getting matching financial grants/assistance[16] from the GoI under Urban *Haat* scheme.

Audit observed that the Chief Administrator, PUDA accorded (May 2013) administrative approval of ₹ 7.63 crore which was revised (July 2013) to ₹ 9.07 crore. The project scheduled to be completed upto September 2014 was actually completed at a cost of ₹ 7.62 crore in November 2016. The project was delayed due to non-supply of drawings, Detailed Notice Inviting

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15 An archaeological structure.

16 Financial ceiling for Urban *Haat* is ₹ 3 crore for each unit. 80 *per cent* of the admissible amount would be borne by the office of the Development Commissioner Handicrafts, Government of India, Ministry of Textiles and 20 *per cent* would be contributed by the implementing agency.

Tender and detailed estimate of the works in time and consequently central assistance could not be received from the GoI, Ministry of Textiles.

To make the Urban *Haat* functional, Urban *Haat* Management Society (Society) was registered (April 2016) for promotion of Urban *Haat*. An expenditure of ₹ 0.78 crore was incurred on a heritage mela for making arrangements for artisans from all states of India, food stalls from different States of India and from overseas, etc. The Society after inviting bids allotted live kitchens to 10 vendors. Of these, only three vendors started (December 2016) functioning who were also compelled to close their business due to lack of footfall, which in turn was due to absence of a craft bazaar. Thereafter, the Society decided (May 2018) to allot the Urban *Haat* on Public Private Partnership (PPP) mode. Thus, the Urban *Haat* could not be made functional despite spending ₹ 8.40 crore on the project due to which the objective of the scheme to provide direct marketing facilities (such as craft bazaar with kitchen) to handicrafts artisans/handloom weavers was defeated.

The CA, PUDA stated (July 2020) that the decisions regarding change in the planning of site was taken by the committee[17] constituted for this project to make the effective use of the site. The committee after proper deliberations had put the building to an effective use by going for PPP mode in November 2018. The matter of Central Assistance would be taken up with the Central Government. However, the fact remains that the project is yet to be made functional despite lapse of more than seven years from its approval.

(b) Non-levy of damage charges

After the failure of live kitchen, the Society entered (November 2018) into a concession agreement for a concession period of 30 years for refurbishment, operation and maintenance of the Urban *Haat* on a PPP mode at an annual concession fee of ₹ 0.81 crore, to be increased by five *per cent* every year. The concessionaire was to achieve financial closure within 150 days from the date of agreement. In the event of default, the concessionaire was entitled to a further period not exceeding 30 days, subject to payment of damages to the authority for a sum calculated at the rate of 0.05 *per cent* on the performance security of ₹ one crore for each day of delay.

Audit observed that as the concessionaire failed to achieve financial closure by the stipulated date (10 April 2019), the Chief Administrator, ADA granted (July 2019) extension up to 31 October 2019 (i.e. 204 days) against the maximum permissible extension of 30 days and that too without levying due damage charges of ₹ 10.20 lakh[18], in violation of the provisions of the concession agreement. Further, the project also remained non-functional (October 2019).

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17 (i) Chief Secretary, Department of Cultural Affairs; (ii) Chief Secretary, Department of Tourism; (iii) Secretary, Department of Housing and Urban Planning; (iv) Managing Director, PIDB; (v) Deputy Commissioner, Amritsar; (vi) Commissioner, Municipal Corporation, Amritsar; and (vii) Chief Administrator, PUDA.

18 Calculated at the rate of 0.05 *per cent* on the performance security of ₹ one crore for each day of delay for 204 days.

The CA, PUDA stated (July 2020) that the time extension for the refurbishment period had been granted in accordance with the provisions made under clause 11.2 of the agreement by keeping in view the circumstances of site and problems mentioned by the concessionaire. The reply of the CA was not acceptable as it did not explain non-levy of damage charges as per Article 17.1 of the agreement.

(c) Non-levy of stamp duty and registration fee on concession agreement

Section 17(1)(d) of the Registration Act, 1908 provides that leases of immovable property from year to year, or for any term exceeding one year, or reserving yearly rent are to be registered with the registering authority. Schedule 1A of the Indian Stamp Act, 1899 stipulates that stamp duty at the rate of three *per cent* is to be levied on lease deed on the value determined after considering thrice of average annual rent reserved.

Audit observed that the concession agreement executed with the concessionaire was not registered with the concerned registration authority resulting in loss amounting to ₹ 21.53 lakh to the State exchequer on account of non-levy of stamp duty and registration fees.

While admitting the facts, CA, PUDA stated (July 2020) that the agreements would be got registered in future.

3.3.4.3 Avoidable payment

Audit noticed the following instance of avoidable payment due to delay in completion of works:

The Chief Administrator, PUDA accorded (May 2016) administrative approval of ₹ 7.07 crore to the development of old jail site, Jalandhar including cost of ₹ 1.57 crore payable to the Municipal Corporation, for sewerage connection. The sewerage connection cost was to be increased by 10 *per cent*, if not paid during 2016-17.

The Divisional Engineer (Civil), JDA (DE) allotted (August 2016) development works at the site to a contractor at a cost of ₹ 3.91 crore for completion within six months i.e. up to February 2017. But the work was completed in March 2018 due to non-providing of clear site by JDA. As a result of delay, JDA had to pay ₹ 1.73 crore to the Municipal Corporation, Jalandhar on account of sewerage connection cost, instead of ₹ 1.57 crore which led to avoidable payment of ₹ 0.16 crore.

The CA, PUDA admitted (July 2020) the facts.

3.3.4.4 Non execution of conveyance deed

As per condition 5(iii) of the allotment letter for allotment of residential/commercial sites, the allottee would execute a conveyance deed within 90 days of payment of the entire consideration amount. The expenses for registration and conveyance deed were to be borne by the allottee.

Audit observed (May 2019) that 26 allottees ***(Appendix 1.6)*** deposited (between May 2013 and July 2019) full and final payment of the entire consideration for the sites allotted to them by all the six development authorities but did not execute the conveyance deeds as of December 2019. As a result, Government revenue of ₹ 1.11 crore[19] could not be realised.

The CA, PUDA stated (July 2020) that the responsibility for the conduct of conveyance deed was that of the allottee. In order to safeguard the interest of the Government, the authorities didn't allow the transfer of allotment letter after 90 days from the final payment or the schedule of final payment whichever was earlier. The reply was not acceptable as audit had pointed out the cases where final payments were made between May 2013 and July 2019 by the allottees but the Department had already issued No Due Certificate (NDC) without ensuring the execution of conveyance deeds.

3.3.4.5 Non-deposit of Change of Land Use charges and licence fee

Department of Housing and Urban Development, Government of Punjab decided (October 2012) that all the development authorities working under the Department would deposit 'Change of Land Use' (CLU) charges in treasury at par with the private promoters/colonisers for development of projects/colonies.

Audit observed (May 2019) that the EC approved (June 2013) exchange of land measuring 21.99 acre between University Seed Farm[20], Nabha and Open Jail, Nabha. Since the land transferred to Jails Department from Seed Farm was to be developed as housing estate by the PUDA under OUVGL scheme, CLU charges of ₹ 16.93 lakh[21] and licence fee of ₹ 9.90 lakh[22] were payable. However, the same had not been deposited in treasury.

The CA, PUDA stated (July 2020) that the receipts and expenditure from the properties held by the PUDA under the scheme were made on behalf of the Government. The reply was not acceptable as the charges payable to the Government on account of CLU of this site was not accounted for in the accounts books of the scheme. Moreover, being revenue of the State, it was required to be deposited into Government account immediately.

3.3.5 Internal audit and monitoring

(i) Internal audit of the scheme

The Punjab Urban Development Authority did not have a system of conducting internal audit of the scheme. However, the Chief Administrator, PUDA entered (September 2016) into an agreement with M/s WAPCOS Limited[23] to conduct third party Techno-Financial audit of the projects

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[19] Stamp duty (@ six *per c*ent)- ₹ 0.83 crore; registration fees (@ two *per cent*)- ₹ 0.28 crore.

[20] Under jurisdiction of Punjab Agricultural University, Ludhiana.

[21] At the rate of ₹ 0.77 lakh per acre as per notification dated September 2007.

[22] At the rate of ₹ 0.45 lakh per acre as per notification dated September 2007.

[23] A Public Sector Enterprise under the aegis of Union Ministry of Water Resources, River Development and Ganga Rejuvenation having the requisite experience and expertise to undertake Consultancy, and Engineering, Procurement and Construction projects.

completed during 2012-2016 and ongoing/future projects under OUVGL scheme at the approved rate of 0.40 *per cent* of the cost of completed projects and 0.80 *per cent* of ongoing and future projects. The agreement was initially valid for a period of three years which could be revised for a further period of two years with the mutual consent of both the parties.

Test-check of records of the Divisional Engineer (Headquarter), PUDA revealed that a payment of ₹ 6.93 crore was made (March 2019) to the company on the basis of the report submitted by it after conducting techno-financial audit of developmental works executed by Public Works Department (Buildings and Roads Branch), Punjab Mandi Board, Panchayati Raj and Water Supply and Sanitation Department and the PUDA. Analysis of the final report submitted by the agency revealed that it had pointed out a recovery of ₹ 24.31 crore[24] during 2016-18 in respect of 24 completed and five ongoing works valuing ₹ 1,247.94 crore on account of poor workmanship, defective work, non-compliance of agreement clause, undue benefit to contractors, recovery of inadequate insurance cover, non-achievement of progress, continuous delay in submission of performance bank guarantee, etc. The recovery pointed out by WAPCOS was effected from the contractual agencies. Therefore, the techno-financial audit would not only provide help in improvement of the quality of works and adherence of agreement conditions but also reduce the possibility of delay in completion of works in future.

(ii) Empowered Committee not functioning as mandated

As per guidelines of the scheme, the Empowered Committee (EC) was, *inter alia*, mandated to identify/approve the government lands to be taken up for commercial exploitation and approve conceptual and land use plan; to review and monitor the scheme and cash flow from sale of lands. The EC was to meet once in two months for this purpose. It was, however noticed that:

(a) The EC though accepted the proposals of the different departments to transfer the lands for commercial exploitation but did not ensure that the sites were free from all encumbrances. This not only led to delay in sale/disposal of lands by the PUDA but also contributed to deficit of the scheme due to expenditure on providing alternative accommodation to occupants of the site.

(b) While sanctioning the expenditure, the EC did not ensure availability of funds, as the issue of deficit in the scheme accounts was discussed only in July 2017 (47th meeting of the EC).

The CA, PUDA stated (November 2020) that the meetings of the EC were held as and when proposal was received from any department. The reply was not acceptable because the EC should ensure meetings at regular intervals to discuss the early disposal of unsold properties.

(c) Shortfall in meetings of the EC was also noticed as only 48 meetings against the required 132 number of meetings were held up to March 2019.

[24] Recovery of ₹ 11.01 crore in respect of completed works; and ₹ 13.30 crore in respect of ongoing works.

(iii) Non-updation of Plot Property Management data

Audit noticed that the Plot Property Management (PPM) data was not updated to have a complete view of the amounts due from the allottees so that timely action as per the rules could be taken against the defaulters either by the PUDA head office or by the authorities.

3.3.6 Conclusions

The PUDA did not adopt modern marketing techniques to sell the properties which led to very slow rate of disposal under the scheme. The PUDA floated the schemes without conducting demand survey leading to stagnation in disposal of properties. Timely efforts were not made to address planning issues to expedite the sale of unsold sites. Launching of the schemes for allotment of the residential and commercial properties to the general public without development of sites, had not only led to avoidable payments of interest but also discouraged customers. Due to imprudent management of financial resources, the scheme was running into deficit and the deficit was met with market loans raised against mortgage of scheme properties. The absence of any timeline for the disposal of the properties in the guidelines was also a contributory factor in non/delayed disposal of properties.

3.3.7 Recommendations

The Department/Empowered Committee may ensure that:

- Marketing of the properties is based on inputs from reputed agencies in real estate business for fixation of rates to attract buyers;
- Sites are encumbrance and litigation free before transfer to the PUDA for their effective development and disposal;
- Finances are managed with prudence in application of resources and promptness in realisation of outstanding dues based on a real time property management information system; and
- Scheme guidelines are reviewed in line with the prevailing real estate scenario and timelines are framed accordingly for early disposal of properties.

The matter was referred to the Government in April 2020; their reply was awaited (December 2020).

PERSONNEL, AND HOME AFFAIRS AND JUSTICE DEPARTMENTS

3.4 Irregular operation of posts under Apex Scale and Higher Administrative Grade

Operation of 1-9 ex-cadre posts of Chief Secretary Grade in Level 17 (Apex Scale) and 1-7 ex-cadre/deputation posts of Director General of Police in Level-16 (Higher Administrative Grade) under State Deputation Reserve in excess of prescribed limit, without prior approval of the Central Government, involving an amount of ₹ 10.31 crore on account of pay drawn during the period from January 2016 to June 2020, was irregular.

Rule 3(2)(ii) of the Indian Administrative Service (IAS) (Pay) Rules, 2016 and Indian Police Service (IPS) (Pay) Rules, 2016 provides that appointment of a member of the Service in the level of selection grade and above shall be subject to availability of vacancies in these grades and for this purpose, it shall be mandatory upon the State cadre authorities to seek prior concurrence of the Central Government on the number of available vacancies in each grade and any appointments made without obtaining the prior concurrence of the Government of India (GoI) shall be liable for cancellation. Further, Rule 12(7) of the respective Rules provides that at no time the number of members of the Service appointed to hold posts, which carry the pay of ₹ 2,25,000 per month (in respect of IAS at Apex Scale) and pay at Level-16 (in respect of IPS under Higher Administrative Grade) which are reckoned against the State Deputation Reserve (SDR), shall except with the prior approval of the Central Government, exceed the number of cadre posts at that level of pay in a State cadre or, as the case may be, in a Joint cadre.

(i) Test-check of records (July 2018) and subsequent information obtained (up to June 2020) from office of the Chief Secretary to the Government of Punjab, Department of Personnel revealed that 3-4[25] cadre posts of Chief Secretary Grade in Level 17 (Apex Scale) had been sanctioned by the Central Government. Accordingly, as per the provisions under Rule 12(7), *ibid*, the State Government could operate 3-4 additional posts (ex-cadre) in Chief Secretary Grade (Level 17) under SDR. Audit, however, observed that during the period from January 2016 to June 2020, the State Government operated 1-9 ex-cadre posts of Chief Secretary Grade (Level 17) in excess of permissible limit of 6-8 posts (3-4 cadre and 3-4 ex-cadre posts under SDR), as detailed in ***Appendix 1.7***, without the approval of the Central Government in contravention of the rules, *ibid.* The GoI also did not accede to (October 2018) the request of the State Government for continuation of temporary posts (ex-cadre) and directed to bring the ex-cadre posts within the permissible limit and maintain 1:1 parity at the Apex Scale (Level 17).

The State Government stated (September 2020) that at the time of creation of ex-cadre (temporary) post at the Apex Scale, a copy of the order was being sent to the GoI for their concurrence. The reply was not in line with the

[25] Four cadre posts w.e.f. 13 March 2019.

provisions under Rule 3(2)(ii) of IAS (Pay) Rules, 2016, *ibid*. The GoI reiterated (March 2020) that before creating posts at Apex Scale, prior approval of the Central Government was required. Hence, the States were required to forward proposals for concurrence of the Central Government for availability of vacancies at least three months before the promotions were proposed. However, despite repeated instructions of the GoI, the State Government continued to operate the excess ex-cadre posts of Chief Secretary Grade (Level 17) as on 23 June 2020.

Thus, operation of 1-9 ex-cadre posts of Chief Secretary Grade in Level 17 (Apex Scale) under SDR in excess of prescribed limit without prior approval of the Central Government, involving an amount of ₹ 6.24 crore on account of pay drawn during the period from January 2016 to June 2020, was irregular.

(ii) Test-check of records (June 2018) and subsequent information (up to July 2019) obtained from the office of the Principal Secretary to Government of Punjab, Department of Home Affairs and Justice, revealed that one cadre post of Director General of Police (DGP) in Level-16 under Higher Administrative Grade (HAG+) had been sanctioned by the Central Government. Accordingly, as per the provisions under Rule 12(7), *ibid*, the State Government could operate one additional post of DGP in Level-16 under SDR. Audit, however, observed that during the period from January 2016 to July 2019, the State Government operated 1-7 ex-cadre/deputation posts of DGP in Level-16 in excess of permissible limit of two posts (one cadre and one ex-cadre/deputation post under SDR), as detailed in ***Appendix 1.8***, without the approval of the Central Government in contravention of the rules, *ibid.*

The Secretary (Home) stated (August 2019) that due to lack of vacancies in the rank of DGP, the IPS Officers were feeling demoralised owing to non-availability of promotional avenues, therefore, they were promoted in the rank of DGP by the State Government beyond the prescribed statutory limit. The reply was not in line with the provisions under Rule 12(7), *ibid*.

Thus, operation of 1-7 ex-cadre/deputation posts of DGP in Level-16 (Higher Administrative Grade) under SDR in excess of prescribed limit without prior approval of the Central Government, involving an amount of ₹ 4.07 crore on account of minimum pay for the period from January 2016 to July 2019, was irregular.

Recommendation: The State Government may ensure prior approval of the Central Government for operating posts at Level 17 in Chief Secretary Grade and Level 16 in Higher Administrative Grade, reckoned against the State Deputation Reserve, if it exceeds the number of cadre posts at that level.

PUBLIC WORKS DEPARTMENT

3.5 Incomplete work due to non-providing of encumbrance free site

Failure of the Department to ensure encumbrance free site prior to award of work, had resulted in non-completion of work despite spending ₹ 3.61 crore, besides denial of short route to the public of Jarag-Khanna area.

Paragraph 2.92 of the Punjab Public Works Department Code (Code) provides that no work should be commenced on land which has not been duly made over by the competent authority. Rule 2.67 read with Rule 2.89 of the Code provides that tenders should be invited after technical sanction of the work. The work shall be commenced after allotment of funds and orders for its commencement having been issued by the competent authority. Further, Forest (Conservation) Act, 1980 (Act) provides that any forest land or any portion thereof may not be used for any non-forest purpose except with the prior approval of the Central Government.

The Government of Punjab (GoP), Department of Public Works (PWD) administratively approved (October 2015) periodical repairs of the road "Babanpur Bridge to Jourepul, Major District Road (MDR-78)" for ₹ 11.62 crore. The necessity of the repair/reconstruction of the road arose because major portion of the road was damaged and merged in the canal (running along the road) due to which the road was closed at various places. No repair programme was, however, executed on this road since March 2005. The road (26.43 Km) connects Malerkotla-Sangrur road (SH-11) to Malerkotla-Jarag-Khanna road (MDR-33) after crossing Malerkotla-Nabha Road (MDR-32) and it was the nearest route for the public of Dhuri/Barnala area. Besides, providing smooth surface to 12 villages and purchase centers connected with this road, the main purpose of reconstruction of the road was to reduce the distance by 15 Km for the people of Dhuri/Barnala to Jarag-Khanna. The detailed estimate of the work was prepared (August 2015), wherein the Advisor (Technical) to Chief Minister, Punjab specifically stated that forest clearance and shifting of utilities should be completed before inviting tenders. The Chief Engineer (CE), PWD technically sanctioned[26] (December 2015) the estimate of the work for ₹ 12.55 crore.

Test-check of the records in the office of the Executive Engineer (EE), Construction Division, Malerkotla showed (December 2018) that EE took up (February 2014 and December 2015) the matter of forest clearance with the Forest Department and deposited (February 2016) ₹ 0.27 crore and also submitted (April 2016) undertaking for depositing ₹ 0.80 crore on account of compensatory afforestation.

Scrutiny of records showed that the Department invited tenders (August 2015) without waiting for the forest clearance and allotted (November 2015) the work to a contractor at a cost of ₹ 11.76 crore for completion within five months i.e. up to 22 April 2016. Moreover, no administrative approval (AA)

[26] Re-construction of 15.80 Km and Widening and Strengthening of 10.63 Km.

and technical sanction (TS) was obtained prior to inviting the tenders. The agreement of the work provides that it is incumbent upon the Department to give possession of the site to the contractor to enable him to execute the work.

For completion of the work, 5.3631 hectare forest land was required to be diverted for which Chief Conservator of Forest (CCF), Punjab sought (August 2016) in-principle approval from Government of India (GoI) who asked (October 2016) CCF to submit information of equivalent non-forest land for compensatory afforestation along with site suitability certificate, map and scheme. The GoI rejected (March 2017) the proposal of the State Government due to non-fulfillment of condition of providing equivalent non-forest land for compensatory afforestation. In the meantime, the contractor stopped the work (December 2016) for want of encumbrance free site after execution of work in 9.506 Km road by laying Premix Carpet (PC) along with Seal Coat at various reaches, whereas in other reaches only Granular Sub Base (GSB) and stone metal was laid and a payment of ₹ 3.34 crore was made to the contractor. The completed road was not in continuous length but in scattered reaches[27]. Therefore, it was neither providing the smooth riding to the commuters nor the short route was provided to the Jarag-Khanna area which was the main objective of this work. The work remained incomplete in various reaches[28] (November 2020) due to non-clearance from Forest Department even after lapse of more than four years from the scheduled date of completion which had defeated the main objective of providing short route and smooth riding surface to the public (as depicted in the pictures below) despite spending ₹ 3.61 crore[29] on the work.

RD-26000

RD-20360

The Department admitted (December 2019) the lapse of inviting tenders prior to AA and TS and stated that tenders were invited on the instructions of the Chief Engineer. It was further stated (November 2020) that the road was lying incomplete till date and the Department had no plan to restart the balance work of the road as forest clearance was not given by the concerned department.

[27] PC and Seal Coat was laid in RDs 100-1400, 3500-4123, 4140-4545, 4600-6068, 6717-7217, 8060-9727 and 11718-15261 (9.506 km).

[28] RDs 0-100, 1400-3500, 4123-4140, 4545-4600, 6068-6717, 7217-8060, 9727-11718 and 15261-26430.

[29] ₹ 3.34 crore paid to the contractor and ₹ 0.27 crore deposited with Forest Department as processing charges.

Thus, failure of the Department to ensure encumbrance free site prior to award of the work coupled with non-adherence to codal provisions in allotment of work had resulted into non-completion of the work despite spending ₹ 3.61 crore besides public of Jarag-Khanna area were denied the short route.

The matter was referred to the Government in October 2019; their reply was awaited (December 2020).

Recommendation: The Department should ensure the availability of encumbrance free site prior to allotment of work for its timely completion.

REVENUE, REHABILITATION AND DISASTER MANAGEMENT DEPARTMENT

3.6 Excess payment of financial assistance from the State Disaster Response Fund

Non-adherence to the norms of assistance from the State Disaster Response Fund by the Department with regard to provision of input subsidy to the farmers subject to a ceiling of two hectare of affected land per farmer, resulted in excess payment of financial assistance of ₹ 1.38 crore.

The Government of India (GoI), Ministry of Home Affairs issued (April 2015) revised guidelines regarding items and norms of assistance from the State Disaster Response Fund[30] (SDRF) in the wake of natural disasters during the period 2015-2020. The revised norms, *inter alia*, provide for financial assistance as input subsidy of ₹ 13,500 per hectare in assured irrigated areas, subject to minimum assistance of not less than ₹ 1,000 (restricted to sown area) to farmers where crop loss is 33 *per cent* and above, and a ceiling of two hectare per farmer (i.e. ₹ 27,000 per farmer).

Test-check of records of the office of the Deputy Commissioner (DC), Barnala showed (August 2018) that in two tehsils of Barnala district, 742 farmers (Tapa: 419 and Barnala: 323) of six villages lost 33 to 75 *per cent* crop yield sown in 5,412 acre 6 kanal 13 marla of land[31] due to heavy rains/hailstorms in March 2017. The DC Barnala, on the basis of reports submitted by the Sub Divisional Magistrates (SDM) Tapa and Barnala demanded (September 2017) funds of ₹ 2.92 crore[32] for providing assistance to farmers. The Department of Revenue, Rehabilitation and Disaster Management (Department) sanctioned (November 2017) ₹ 2.92 crore from the SDRF, which was disbursed (March 2018) by DC Barnala to all the affected farmers.

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30 Contributions to the SDRF are made by GoI and the State Government in the ratio of 75:25 as per SDRF guidelines.

31 Tehsil Barnala: (i) Chananwal: 1,066 acre; (ii) Chhiniwal Kalan (A and B): 1,420 acre; (iii) Chak Rohi: 214 acre; and Tehsil Tapa: (iv) Bhotna: 1,618 acre 1 kanal 11 marla; (v) Talewal (A and B): 800 acre 8 marla; and (vi) Behla Khurd: 294 acre 4 kanal 14 marla.

32 At the rate of ₹ 5,400/- per acre, as worked out by the Department.

Audit observed that at the time of preparation of claim for assistance and its disbursement, neither did the DC nor did the Department adhere to the norms of assistance from the SDRF regarding payment of assistance as input subsidy to farmers, subject to a ceiling of two hectare of affected land per farmer (i.e. ₹ 27,000 per farmer). Consequently, all the 742 farmers were paid financial assistance as per their actual area of affected land, which included 369 farmers having land holding of more than two hectare. This resulted into excess payment of financial assistance of ₹ 1.38 crore[33] to 369 farmers from the SDRF in contravention of the norms, *ibid*.

The DC Barnala stated (August 2018 and December 2020) that reports would be obtained from the concerned SDMs and recovery would be made accordingly. Further action/reply of the Department was awaited.

The matter was referred to the Government in June 2019; their reply was awaited (December 2020).

Recommendation: The State Government may fix responsibility of the concerned officials for disbursement of excess financial assistance to the farmers and ensure strict adherence to the extant norms of assistance from the SDRF.

SCHOOL EDUCATION AND FINANCE DEPARTMENTS

3.7 Suspected fraudulent drawal and disbursement of pay and allowances

Failure of the Drawing and Disbursing Officers and the Treasury Officers to exercise prescribed checks on the bills presented to treasury as required under the Punjab Financial Rules and Punjab Treasury Rules, coupled with the absence of mapping of employees' master data in IFMS, resulted into suspected fraudulent drawal and disbursement of pay and allowances amounting to ₹ 1.16 crore in Government High School, Kulgran and Government Senior Secondary School, Panjola.

Rules 2.2(ii and iii) and 2.31(a) of the Punjab Financial Rules (PFR), Volume-I provide that a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any overcharges, frauds and misappropriations. Therefore, he should acquaint himself with various financial checks which are required to be exercised for prompt detection of any attempt at defalcation. All monetary transactions should be entered in the cash book as soon as these occur and attested by the head of the office. The cash book should be completely checked and closed regularly. The head of the office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct. With a view to see that all amounts drawn from treasury have been entered in the cash book, the head of office should obtain from the Treasury Officer (TO) by 15th of every month, a list of all bills drawn by him during the

33 Tapa: ₹ 64,62,489 (185 farmers) and Barnala: ₹ 73,06,511 (184 farmers).

previous month and trace all the amounts in the cash book. Further, Rule 192 of the Punjab Treasury Rules (PTR), Volume-I provides that if a bill received in the treasury as a claim for money is, on examination, found deficient, *inter alia*, in respect of arithmetical correctness and of totals, it shall not be passed for payment but shall be returned to the drawing and disbursing officer (DDO) for completion. Note 1 below Rule 192 further provides that the TO is required to ensure that the arithmetic calculations in a bill have been checked properly.

Mention was made in the Comptroller and Auditor General of India's (CAG) Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2016 (Paragraph 2.2.6.3(i)(b)), highlighting non-provision of capturing master data of employees in the Integrated Financial Management System[34] (IFMS) to ensure one to one mapping of salary with account number, thus, raising risk of fraudulent/double drawal of pay.

(i) Test-check of records (March 2020) of the Principal, Government High School[35] (GHS), Kulgran, District Ropar revealed that the Principal (DDO) had been submitting various bills for payment, prepared by the bill clerk, online through IFMS. Audit observed[36] that while submitting (December 2015-November 2019) 68 pay bills online through IFMS, total amount of each bill was overstated by inserting undue amounts against the names of transferred/retired/serving employees along with bank account numbers of the bill clerk, who prepared the respective bills. Whereas, while submitting hardcopies of the bills to the treasury, though names of legitimate employees along with salary due to them were included in the statement appended to the respective bills, the total amounts of pay bills were deliberately overstated as to match the amount of the bills submitted online through IFMS. However, the DDO before submitting the pay bills to the treasury and the Treasury Officer (TO) while passing the payment orders did not verify the requisite details (number and names of employees, their bank account numbers, totals of the individual amounts, etc.) entered in the hardcopies of the bills with those entered in the bills submitted online through IFMS. Resultantly, an amount of ₹ 81.29 lakh was fraudulently withdrawn from treasury on account of pay and allowances in the names of nine transferred/retired/serving employees and the same was credited into two bank accounts[37] of the bill clerk during the period from December 2015 to December 2019 ***(Appendix 1.9).*** The bill clerk, without any orders of the competent authority, continued to prepare bills of GHS, Kulgran even after his transfer (August 2018) to another school[38], till the new clerk joined there in December 2019.

[34] A web enabled application implemented by the State Government to bring transparency and high responsiveness in public financial management.

[35] Including Government Middle School, attached to GHS, Kulgran.

[36] Checking of available copies of pay bills, bill tracking reports, payment orders passed by the treasury, list of employees available on payroll of GHS Kulgran, entries in the cash book during respective period, etc.

[37] State Bank of India (SBI) Account Nos. 11070882238 and 65003115303.

[38] Government Senior Secondary School, Kahanpur Khuhi, District Ropar.

It was further noticed that an amount of ₹ 18 lakh on account of GPF advance was also fraudulently withdrawn from treasury through bill No. 50 dated 28 September 2019 prepared by the same clerk on the basis of a forged sanction created in the name of a Science Master (similar to his name) not on pay roll of GHS Kulgran, against GPF account No. 77154 which actually pertained to another person who had already retired from the school in the year 2014. The DDO did not verify the details of the GPF bill/sanction with office records before submitting the same to the treasury. The amount of ₹ 18 lakh fraudulently withdrawn from treasury was also credited (December 2019) into the bank account in the name of the said bill clerk.

Audit noticed that though the fraudulent entries were not made in the cash book, amounts against some of the legitimate employees were also not entered correctly and the totals in the cash book were exaggerated as to match amounts of the bills passed by the treasury. However, the DDO neither checked the totals of the cash book while signing it nor did he make proper reconciliation of amounts entered in the cash book with the amounts drawn as per treasury records i.e. the respective pay orders generated by the TO, which were available online through IFMS and were also meant for verification purposes. Besides, the master data of employees had also not been mapped with their requisite bank account/GPF details in IFMS, in spite of having been pointed out earlier through the Comptroller and Auditor General's Report.

Thus, failure of the DDO and the TO to exercise the prescribed checks on the bills presented to treasury as required under Rules, *ibid*, coupled with absence of mapping of employees' master data in IFMS resulted into suspected fraudulent drawal and disbursement of pay and allowances amounting to ₹ 99.29 lakh.

The Secretary, Department of School Education stated (July 2020) that charge sheets had been issued to both the delinquent officials and First Information Report (FIR) lodged against them. The Finance Department stated (November 2020) that departmental action had been initiated against the erring officials of the concerned Treasury Office.

(ii) Test-check of records (October 2018) of the Principal, Government Senior Secondary School Panjola, district Patiala revealed that in 30 bills submitted by the Principal to the District Treasury Officer, Patiala for drawal of salary of the staff, the total amount payable against each bill was overstated by an amount ranging between ₹ 10,948 and ₹ 60,600 as compared to the total salary of individual employees. Though the correct salary of each of these employees was included in the salary statement appended to the respective bills, the total amount of salary in this statement was deliberately overstated[39] as to match with the amount entered in the bill. In all these cases, the District Treasury Officer ordered the payment of the full amounts claimed in the respective bills without totaling the individual salary of each employee to ensure that the total matched with the amount claimed in the bills. In case of 30 salary bills, ₹ 16,23,108 ***(Appendix 1.10)*** were drawn in excess of the

[39] Though in two cases (Sr. No 22 and 23 of Appendix) the total was correctly made in the hard copy of pay bills.

actual amount due. Out of 30 bills, one bill ₹ 46,500 was credited in Bank Account[40] belonging to the bill clerk's daughter. Out of remaining 29 bills ₹ 15,41,608 were credited in the Bank Account[41] belonging to his wife, whereas ₹ 35,000 was credited in the Bank Account[42] of a Peon.

While admitting the audit observation, the Department stated (January 2019) that the bill clerk had accepted (November 2018) his fault of submitting the inflated bills through online system. The Department had recovered ₹ 15,66,508 from the bill clerk and deposited (December 2018) into the treasury. Disciplinary action had also been initiated (April 2019) against the bill clerk and the concerned DDO by the Department. However, balance recovery of ₹ 56,600 is still awaited (December 2019).

This shows weak internal controls of the Department as neither the bills were properly checked before submission to treasury nor were the amounts entered in the cash book reconciled with the amounts drawn as per the treasury records (the respective pay orders generated by DTO) which were available online on IFMS and were also meant for verification purposes. Had proper check been done as per rules, *ibid*, and had the DTO ensured the correctness of calculations of the bills, no excess amount could have been drawn from the treasury.

The DTO stated (November 2019) that there was no possibility of any alteration in respect of bills submitted by DDOs through IFMS online system. Therefore, this office had not made any over payment. The reply was not acceptable because advent of IFMS does not absolve the DTO from carrying out his assigned functions. While sending bills online the DDO also sends hardcopies to the DTO. Hence, it is incumbent upon the DTO to check the arithmetic accuracy as well as to check whether the online bills and the manual copy submitted to treasury were same.

Thus, failure of the Drawing and Disbursing Officer and the District Treasury Officer to exercise the prescribed checks on the bills presented to treasury for payment and proper accountal thereof facilitated suspected fraudulent drawal and misappropriation of Government money of ₹ 16.23 lakh.

The matter in respect of part (ii) was referred to the Government in February 2019; their reply was awaited (December 2020).

Recommendation: The State Government may ensure mapping of employees' master data, besides incorporating adequate validation checks in IFMS commensurate with the codal provisions to minimise human intervention, to have a strong and reliable internal control mechanism with a view to prevent recurrence of such cases of suspected misappropriation of Government money. Additionally, responsibility needs to be fixed and action finalised against concerned delinquent officials indulging in fraudulent withdrawals.

[40] 6012006900012634 (Bill clerk's daughter).
[41] 6482191036572 (Bill clerk's wife).
[42] 6012001300001079 (School Peon).

TECHNICAL EDUCATION AND INDUSTRIAL TRAINING, AND FINANCE DEPARTMENTS

3.8 Idle expenditure arising from incomplete work for setting up of Institute for Training of Trainers

Due to delayed/non-release of adequate funds by the Finance Department, Institute for Training of Trainers at Lalru could not be made functional, thereby not only rendering the expenditure of ₹ 6.34 crore idle, but the intended objective of having trained and qualified instructors under the Craft Instructor Training scheme could not be achieved.

In order to meet demand of trained and qualified instructors and to decentralise instructor training from the Central institutes to State-run institutes by setting up facilities for instructor training, the Ministry of Labour and Employment, Government of India (GoI), decided (December 2007) to set up Instructor Training Wings (ITW) in various States under its Craft Instructor Training Scheme (CITS) under World Bank assisted Vocational Training Improvement Project (VTIP). The ITWs were to be established by utilising the existing workshops/infrastructure of the Industrial Training Institutes (ITI) already running in the States. Accordingly, the GoI approved (March 2011) the proposal (February 2011) of the Government of Punjab (GoP) for setting up of ITW in ITI, Lalru with a total cost of ₹ 3.50 crore[43] to be shared between the Centre and the State in the ratio of 75:25; and released ₹ 0.81 crore as first instalment to be utilised within one year.

Audit of records (December 2018) of the Director, Technical Education and Industrial Training, Punjab (Department) showed that the Department accorded (August 2011) administrative approval for the work of construction of hostel block at a cost of ₹ 2.18 crore and sanctioned (August 2011) ₹ 0.99 crore (including Central share of ₹ 0.81 crore) for the purpose. The work of construction of hostel block was allotted to a contractor in March 2012, which was to be completed by October 2012. However, after completing 65 *per cent* of the work with available funds of ₹ 0.99 crore, the work had been lying suspended since October 2012 for want of additional funds of ₹ 1.19 crore (March 2018).

In the meantime, the GoI decided (February-March 2012) to set up full-fledged Institutes exclusively for Training of Trainers (IToT) under VTIP in place of ITW. Accordingly, the GoI approved (September 2013) the revised proposal (June 2013) of the State Government for setting up of IToT[44] at Lalru with a total cost of ₹ 9.90 crore[45], to be shared between the Centre and

43 Civil Works: ₹ 1.00 crore (though total cost of civil works was ₹ 2.52 crore, balance amount of ₹ 1.52 crore were to be arranged from State budget); equipment and furniture: ₹ 1.50 crore; books and software: ₹ 0.20 crore; and recurring cost: ₹ 0.80 crore.

44 As per revised proposal, initially three trades viz. (i) Draughtsman Civil; (ii) Refrigeration and Air-conditioning; and (iii) Mechanic Diesel, were to be covered in IToT, Lalru.

45 Civil Works: ₹ 5.50 crore; equipment and furniture/learning resources: ₹ 4.00 crore; and recurring cost: ₹ 0.40 crore.

the State in the ratio of 75:25[46]; and released ₹ 4.25 crore (including ₹ 0.81 crore released earlier in March 2011) as first instalment. It was incumbent upon the State Government to ensure completion of civil works by September 2014 and procurement of goods by October 2014.

The State Government, after more than two years from release of funds by the GoI, released ₹ 4.50 crore[47] (October 2015: ₹ 2.50 crore and June 2016: ₹ 2.00 crore) for construction of workshop block, parking, road and administration/academic block. Though the civil works allotted in January 2016 were completed in July 2016 with an expenditure of ₹ 4.88 crore[48], the buildings were handed over by the Public Works Department (PWD) to the Department in October 2018 after rectifying the defects in construction pointed out by an inspection committee of the Department. However, for want of additional funds of ₹ 5.70 crore for supplementary civil works (₹ 4.29 crore) and machinery and furniture (₹ 1.41 crore), IToT at Lalru could not be made functional for intended purpose (June 2020), though the building was being used to impart refresher training to the instructors of various Government ITIs of Punjab State.

Further, the State Government, after more than five years, released (March 2018) additional funds of ₹ 1.13 crore against the requirement of ₹ 1.19 crore, to the PWD for execution of incomplete work of hostel block. Of these, PWD adjusted the excess expenditure of ₹ 0.38 crore towards execution of civil works for construction of workshop block, parking, road and administration/academic block, leaving a balance of ₹ 0.75 crore, which was not adequate to complete the work of hostel block. Thus, the said incomplete work could not be executed by PWD (June 2020).

The State Government submitted (July 2016) utilisation certificate for ₹ 4.25 crore to the GoI after about two years from stipulated date of utilisation (September 2014). Subsequently, the GoI released ₹ 2.24 crore on 10 September 2018 out of savings under various components of VTIP for ongoing activity of setting up of IToT with the condition to complete the infrastructure for IToT before the close of the project i.e. by 30 September 2018. Of these, the Department utilised ₹ 0.47 crore for procurement of machinery leaving a balance of ₹ 1.77 crore with the Finance Department. Subsequently, the GoI asked (August 2019) the State Government to refund the unspent balance, besides, not releasing the balance funds of ₹ 0.61 crore, VTIP project having been closed on 30 September 2018. However, the balance amount was yet to be refunded by the State Government (June 2020).

The Joint Director, Technical Education and Industrial Training, Punjab stated (June 2020) that the Finance Department had made the budget provision for

46 Allocation was restricted to ₹ 9.46 crore (Centre: ₹ 7.10 crore and State: ₹ 2.36 crore) for sharing purpose.

47 State Share: ₹ 1.06 crore and Centre share: ₹ 3.44 crore (out of ₹ 4.25 crore sanctioned/released by GoI in September 2013).

48 Excess expenditure of ₹ 0.38 crore was adjusted by PWD out of the additional funds of ₹ 1.13 crore released (March 2018) by the Department for completion of work of hostel block.

the purpose and efforts were being made to get the funds released and procure the requisite machinery. The reply was not acceptable as against the requirement of ₹ 5.70 crore, budget provision of ₹ 0.41 crore had only been made during the year 2020-21. Further reply/action of the Department was awaited (November 2020). Thus, due to delayed/non-release of adequate funds by the Finance Department, IToT at Lalru could not be made functional, thereby not only rendering the expenditure of ₹ 6.34 crore idle, but the intended objective of having trained and qualified instructors under the Central scheme could not be achieved.

The matter was referred to the Government in April 2019; their reply was awaited (December 2020).

Recommendation: The State Government may ensure timely availability of funds for making IToT, Lalru functional to attain the objective of having trained and qualified instructors.

WATER RESOURCES DEPARTMENT

3.9 Undue extra burden on the State exchequer

Due to non-valuation of the structures on the acquired land before announcing an award by the Land Acquisition Collector, Shahpurkandi, the Department had to pay compensation for structures through a supplementary award, resulting into avoidable payment of ₹ 3.26 crore on account of solatium, besides the Department also paid inadmissible amount of ₹ 1.69 crore towards additional increase on the value of structures.

Section 23 of the Land Acquisition Act, 1894 (Old Act) provides that market value of the land was to be determined on the date of publication of notification under Section 4 of the Act. Section 23(1A) of the Old Act provides that in addition to the market value of the land, an amount calculated at the rate of 12 *per cent* from the date of notification to the date of award by the Collector or the date of taking possession of land, whichever is earlier is to be paid. Section 23(1A) and Section 23(2) of the Act provide for the grant of extra compensation[49] on the market value of land acquired and not on the total award.

Standing Order[50] No. 28 (April 2008) provides that immediately after the issue of notification under Section 4 of the Old Act, the Land Acquisition Collector (Collector) would obtain a report from competent technical officers regarding the exact number and valuation of structures, trees, wells and tube-wells, etc. on the land to be acquired and a rough assessment must be made available, prior to the issue of notification under Section 6 of the Act.

[49] Thirty *per cent* as solatium and 12 *per cent* additional compensation.
[50] Dealing with the acquisition of land for public purposes.

Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (New Act) came into force on 1 January 2014. Section 30 (1),(3) of the New Act provides that in addition to the market value of 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 social impact assessment study till the date of award or the date of possession of land, whichever is earlier and solatium[51] at the rate of 100 *per cent* on the total compensation is to be paid.

Test-check of the records in the office of the Financial Advisor and Chief Accounts Officer (FA and CAO), Ranjit Sagar Dam (RSD) Project Shahpurkandi Township (November 2019) and subsequent information collected (February 2020), revealed that Government of Punjab, Department of Water Resources (Department) had issued notifications[52] under the Old Act for acquisition of 3.86 acre land in Revenue Estate of *Thara Jhikla Teeka Dung* at *Dharkalan Tehsil* of district Pathankot for reservoir of Shahpurkandi Dam project. The award was declared by the Collector, RSD, Shahpurkandi on 26 November 2012 for ₹ 0.81 crore[53] without assessing the number and valuation of structures[54] on the land, on the grounds that the assessment list of structures was not supplied by the acquiring department. Moreover, the Department did not ensure existence of structures on the land by video filming/photography in the presence of designated Executive Magistrate as provided in the standing orders, *ibid*, issued in April 2008.

Audit further noticed that the value of structures was got assessed from the Executive Engineer, Central Works Division, Pathankot in February 2015 (after more than two years of earlier award) for ₹ 3.26 crore i.e., after the new Act came into force. To grant compensation for the structures, the Collector had to announce (March 2016) a supplementary award for ₹ 8.21 crore. It was observed that the supplementary award included (i) value of structures (₹ 3.26 crore), (ii) solatium (₹ 3.26 crore) at the rate of 100 *per cent* on the value of structures which was not payable as per the provisions of the Old Act and hence was avoidable had the value of structures been assessed before announcing the original award, and (iii) additional increase[55] (₹ 1.69 crore) on the value of structures which was not payable as per the Old as well as New Act ***(Appendix 1.11).*** Out of ₹ 8.21 crore drawn from treasury in May 2019, ₹ 7.65 crore were disbursed to the land owners up to November 2019.

The Government stated (November 2020) that the assessment list of structures was not supplied by the acquiring department at the time of award No. 20

51 Solatium is a consideration of the compulsory nature of the acquisition of land.

52 (i) Under Section 4 on 28 November 2011; (ii) Under Section 6 on 25 May 2012.

53 (i) Market value of land ₹ 0.57 crore; (ii) Solatium of ₹ 0.17 crore at the rate of 30 *per cent* on market value; and (iii) Additional increase of ₹ 0.07 crore at the rate of 12 *per cent* per annum on market value of land for the period 28.11.2011 to 26.11.2012.

54 RCC slabs, Shed CGI sheets, Water tanks etc.

55 At the rate of 12 *per cent* for the period 28.11.2011 (date of notification under Section 4 of the Old Act) to 18 March 2016.

announced in November 2012, therefore, value of structures could not be included in the award. The reply was not acceptable because it was incumbent upon Land Acquisition Collector to obtain the rough assessment of value of structures lying on the land prior to announcement of notification under Section 6 of the Old Act.

Thus, due to non-valuation of the structures on the acquired land before announcing the original award by the Land Acquisition Collector, Shahpurkandi, the Department had to pay compensation for structures through a supplementary award resulting into avoidable payment of ₹ 3.26 crore on account of solatium, besides the Department also paid inadmissible amount of ₹ 1.69 crore towards additional increase on the value of structures.

Recommendation: The Department must ensure adherence to provisions of the Land Acquisition Act, to avoid excess payment.

WATER SUPPLY AND SANITATION, HOUSING AND URBAN DEVELOPMENT, AND FINANCE DEPARTMENTS

3.10 Ungainful expenditure on a non-functional sewerage scheme

Preparation of a project without making provision for digging of a toll road coupled with non-ensuring of sufficient funds, resulted into non-commissioning of the sewerage system even after lapse of more than seven years, beyond its stipulated date of completion. This not only rendered the expenditure of ₹ 18.95 crore ungainful but also led to continued exposure of the residents of Baghapurana town to unhygienic conditions.

Paragraph 2.89 of the PWD code provides that no work shall be commenced unless properly detailed design and estimate has been sanctioned, allotment of funds made and orders for its commencement issued by the competent authority. Further, Paragraph 6.11(vi) of the PWD (B and R) Manual of Orders provides for careful preliminary investigation prior to the framing of a project so as to ensure that the estimate is made, as complete as possible, to avoid excess over the original estimate and to dispense with the necessity of revising the estimate.

With a view to dispose of all types of waste i.e. household, industrial and institutional waste to prevent communicable diseases, Water Supply and Sanitation Department, Government of Punjab (GoP) accorded (November 2010) administrative approval (AA) to the project "Providing sewerage system and sewerage treatment plant" in Baghapurana town of Moga district for ₹ 22.56 crore. As per condition of AA, the work was to be started after provision of funds by the Greater Ludhiana Area Development Authority (GLADA). The Executive Engineer (EE), Water Supply and Sanitation Division (WSSD), Moga prepared (November 2010) a detailed estimate of the project for ₹ 22.56 crore, consisting of (i) laying of sewer pipelines, manholes;

(ii) construction of Main Pumping Station (MPS); and (iii) construction of sewerage treatment plant (STP) besides other[56] contingent works.

Audit observed (December 2015) that the EE allotted (April and November 2011) three[57] works of providing sewerage system, MPS and STP to three agencies at a cost of ₹ 19.04 crore, without approval of the detailed estimate from the competent authority. The works were to be completed between October 2011 and November 2012. However, GLADA released ₹ 18.80 crore for the project upto October 2015 in a staggered manner i.e. over a period of six years from 2010-11 to 2015-16. The Additional Chief Administrator of the GLADA, in response to demand (October 2015) of further funds by the EE, stated (October 2015) that funds for the balance work would now be provided by the Punjab Infrastructure Development Board (PIDB) who released (2016-17) ₹ 1.66 crore only (January 2020). Thus, against the requirement of ₹ 22.56 crore before November 2012 (completion of the work), ₹ 20.46 crore only were provided to the EE as of March 2020.

Out of the available ₹ 20.46 crore, the EE incurred an expenditure of ₹ 18.95 crore[58] on execution of (i) laying of sewerage pipes (80 *per cent*-42,350 metre laid out of total 53,200 metre) (ii) MPS and STP (90 *per cent)*. Audit observed that for laying of the remaining sewerage pipelines, digging of Moga-Kotkapura road, a toll road, was required. For this, a 'No Objection Certificate' (NOC) for digging of the road was required and the agency operating the toll road demanded (August 2016) ₹ 19.15 crore for restoration of the road after laying the main sewer line and to recover revenue loss due to closure of the road. However, laying of this sewer line could not be completed as the project estimate of the sewerage scheme prepared by the EE did not include any provision for digging of the road. As a result, the work of laying the sewer lines was held up since August 2016 and due to non-completion of this remaining portion, the entire sewerage system could not be made functional.

Considering the high cost of getting NOC, the Department hired a consultant to prepare and submit an economical project for commissioning of the already laid sewerage system, avoiding digging of the toll road. On the basis of the

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56 (i) Land acquisition; (ii) sundry expenses (electric connection fees, tender invitation cost, preparation of estimate, DNIT documents, etc.); and (iii) contingent expenses.

57

Sr. No.	Name of the work	Date of allotment	Allotted cost (₹ in crore)	Period for completion	Stipulated date of completion
1.	Providing and laying of sewerage system alongwith manhole (East Zone)	27.4.2011	7.11	06 months	26.10.2011
2.	Providing and laying of sewerage system alongwith manhole (West Zone)	27.4.2011	6.11	06 months	26.10.2011
3.	Design, construction, erection, testing and commissioning of Main Pumping Station and Sewerage Treatment Plant and incidental works	9.11.2011	5.82	12 months	8.11.2012

58 (i) Sewer pipelines and manholes-₹ 10.41 crore; (ii) construction of STP-₹ 4.89 crore; (iii) payments to land owners-₹ 0.64 crore; (iv) Misc. expenditure (electric connection fees, tender invitation cost, preparation of DNIT documents, etc.)-₹ 3.00 crore; and (v) Contingency expenses-₹ 0.01 crore.

proposal of the consultant, the EE worked out (January 2020) requirement of ₹ 2.59 crore[59] for completing the work. However, due to non-providing of funds by the PIDB, the work could not be re-started and sewerage scheme remained non-functional (March 2020). The EE admitted (October 2019) the facts.

Thus, non-inclusion of provision for digging of a toll road while preparing the project and then starting the work without technical sanction coupled with non-ensuring availability of sufficient funds prior to allotment of work resulted into non-commissioning of the sewerage system, even after lapse of more than seven years beyond its stipulated date of completion (November 2012). This not only rendered the expenditure of ₹ 18.95 crore ungainful but also led to continued exposure of the residents of Baghapurana town to unhygienic conditions besides deterioration in the executed works.

The matter was referred to the Government in April 2018; their reply was awaited (December 2020).

Recommendation: The Department should prepare detail project report, after taking into account all relevant factors and ensure sufficient funds prior to allotment of work, to avoid any delay in completion of work.

59 After taking into account the balance out of the earlier funds.

PART - II

Revenue Sector

Chapter - I

General

Chapter-I

General

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Punjab, the State's share of net proceeds of divisible Union taxes and duties assigned to States and the Grants-in-aid received from the Government of India during the year 2018-19 and the corresponding figures for the preceding four years are depicted in **Table 1.1.1**.

Table 1.1.1: Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19[1]
1.	**Revenue raised by the State Government**					
	Tax revenue	25,570.20	26,690.49	27,746.66	30,423.24	31,574.28
	Non-tax revenue	2,879.73	2,650.27	5,863.20	4,318.39	7,582.29
	Total	**28,449.93**	**29,340.76**	**33,609.86**	**34,741.63**	**39,156.57**
2.	**Receipts from the Government of India**					
	Share of net proceeds of divisible Union taxes and duties	4,702.97	8,008.90	9,599.73	10,616.94	12,005.14[2]
	Grants-in-aid	5,869.95	4,173.72	4,775.83	7,651.01	11,107.37[3]
	Total	**10,572.92**	**12,182.62**	**14,375.56**	**18,267.95**	**23,112.51**
3.	Total revenue receipts of the State Government *(1 and 2)*	**39,022.85**	**41,523.38**	**47,985.42**	**53,009.58**	**62,269.08**
Percentage of 1 to 3		**73**	**71**	**70**	**66**	**63**

[1] Finance Accounts of the State Government

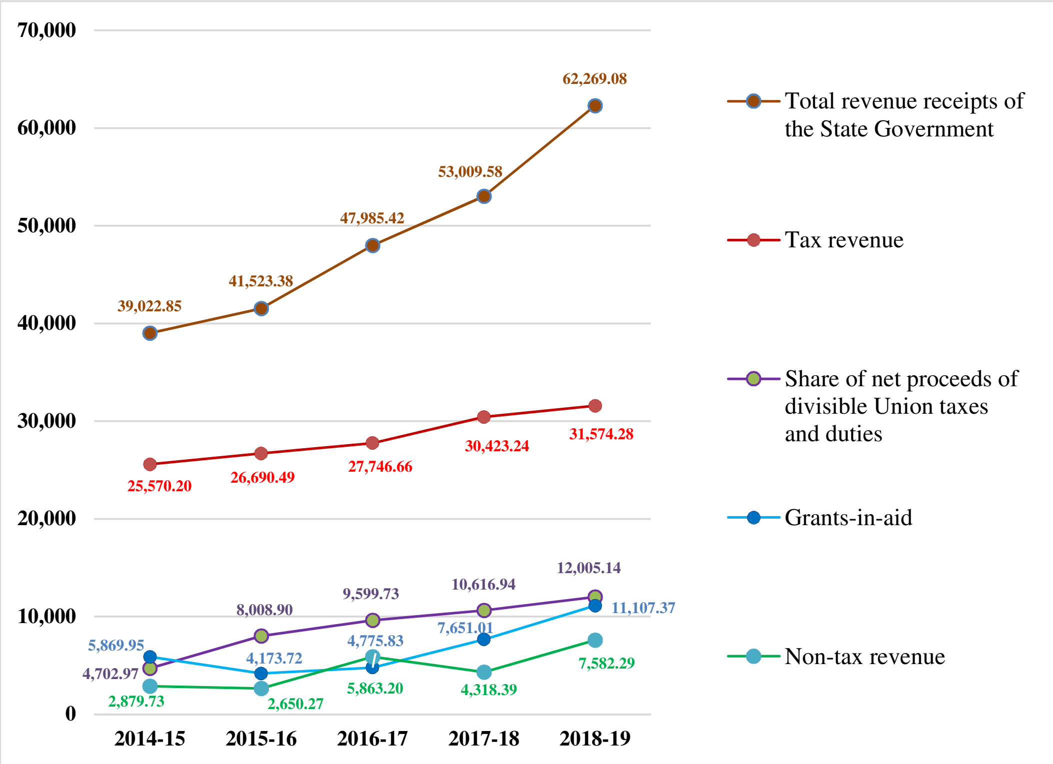
[2] This includes amount of ₹ 2,964.16 crore received from Government of India as share of Central Goods and Services Tax and ₹ 236.60 crore as share of Integrated Goods and Services Tax.

[3] This includes amount of ₹ 7,129.00 crore received from Government of India as compensation of loss due to implementation of Goods and Services Tax.

The year-wise trend in revenue receipts from 2014-15 to 2018-19 is depicted in the **Chart-1.1**.

Chart-1.1

(₹ in crore)



During the year 2018-19, the revenue raised by the State Government (₹ 39,156.57 crore) was 63 *per cent* of the total revenue receipts. Balance 37 *per cent* of the receipts was from the Government of India as share of net proceeds of divisible Union taxes and Grants-in-aid. The percentage of revenue receipts of the State Government from its own resources to total receipts shows a declining trend from 2014-15 (73 *per cent*) to 2018-19 (63 *per cent).*

1.1.2 The details of tax revenue raised during the period from 2014-15 to 2018-19 are depicted in **Table 1.1.2**.

Table 1.1.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2014-15 Revenue (*Per cent of Total*)	2015-16 Revenue (*Per cent of Total*)	2016-17 Revenue (*Per cent of Total*)	2017-18 Revenue (*Per cent of Total*)	2018-19 Revenue (*Per cent of Total*)	Percentage increase (+) or decrease (-) of actual in 2018-19 over 2017-18
1	VAT/ CST	15,455.17 *(60.44)*	15,856.64 (59.41)	17,586.71 (63.38)	11,160.30 *(36.68)*	6,571.92 *(20.81)*	(+) 4.11
	State Goods and Service Tax (SGST)	--	--	--	7,901.14 (25.97)	13,273.15[4] (42.04)	
2	State Excise	4,246.11 (16.61)	4,796.45 (17.97)	4,406.00 (15.88)	5,135.68 *(16.88)*	5,072.40 *(16.06)*	(-) 1.23
3	Stamp Duty and Registration Fees	2,474.15 (9.68)	2,448.98 (9.18)	2,043.61 (7.37)	2,135.13 *(7.02)*	2,297.54 *(7.28)*	(+) 7.61
4	Taxes and Duties on Electricity	1,875.23 (7.33)	1,967.42 (7.37)	1,993.01 (7.18)	2,053.07 *(6.75)*	2,329.55 *(7.38)*	(+) 13.47
5	Taxes on Vehicles	1,393.32 (5.45)	1,474.83 (5.52)	1,548.12 (5.58)	1,911.20 *(6.28)*	1,861.39 *(5.90)*	(-) 2.61
6	Others[5]	126.22 (0.49)	146.17 (0.55)	169.21 (0.61)	126.72 *(0.42)*	168.33 *(0.53)*	(+) 32.84
Total		**25,570.20**	**26,690.49**	**27,746.66**	**30,423.24**	**31,574.28**	**(+) 3.78**
Increase over previous year (*per cent*)		**6.19**	**4.38**	**3.96**	**9.65**	**3.78**	
Overall average growth rate for five years (*per cent*)							**5.59**

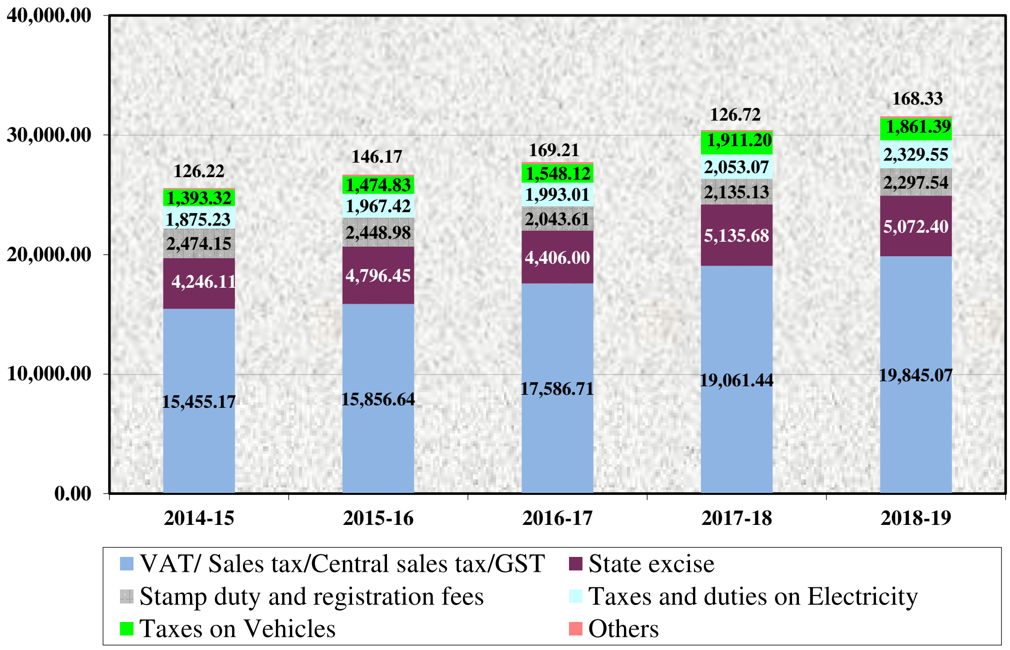
The year-wise trend in Tax Revenue receipts during 2014-15 to 2018-19 is depicted in the **Chart 1.2**.

4 The GST figure for the year 2017-18 is only for nine months and for 2018-19, it is for 12 months. Hence comparison cannot be done.

5 Revenue receipts of the three Departments i.e. Land Revenue (₹ 69.24 crore which is 24.20 *per cent* less than previous year's receipt of ₹ 91.34 crore), other taxes and duties on commodities and services (₹ 4.84 crore, which is 86.32 *per cent* less than previous year's receipt of ₹ 35.38 crore) and other Taxes on Income and Expenditure (₹ 94.25 crore) are less than one *per cent* of Total Tax Revenue Receipts. Hence, Revenue receipts of these Departments have been merged in 'others'.

Chart 1.2

(₹ in crore)



It is observed that VAT/CST/GST (62.85 *per cent*) and State Excise (16.06 *per cent*) are major contributors of the revenue. During 2018-19, these two heads of revenue contributed about 78.91 *per cent* of total revenue collection. Tax revenue increased by ₹ 6,004.08 crore (23.48 *per cent*) during the years 2014-15 to 2018-19 with an average rate of growth of 5.59 *per cent*. However, rate of growth for 2018-19 reduced to 3.78 *per cent* mainly due to decline in annual growth rate of tax on Sales (VAT/SGST) to 4.11 *per cent* from 8.39 *per cent* in 2017-18, as 63.23 *per cent* of tax receipts is collected under this head alone.

The reasons for variations in revenue receipts as provided by the respective Departments are as under:

State Excise: The Department attributed (January 2020) reasons for decrease in revenue to rationalization of quota of liquor and non-lifting of estimated additional quota as per budget estimates in respect of Punjab Medium Liquor, Indian Made Foreign Liquor and Beer.

Stamp Duty and Registration Fees: The Department stated (April 2020) that main reason for increase in revenue was increase in transaction of sale/purchase of properties.

Taxes on Vehicles: The Department stated (April 2020) that actual receipt under this head during the year 2018-19 was ₹ 1,934.39 crore which was more than the receipt of previous year i.e. ₹ 1,911.20 crore. However, ₹ 73 crore was transferred to 0075-Miscellaneous General Services on instruction from the Government of Punjab (Department of Finance). Therefore, receipt of ₹ 1,861.39 crore was accounted for as actual receipt under the head 0041-taxes on vehicles. The increase in total receipt was due to levy of security cess[6] on commercial as well as non-commercial vehicles in 2018-19.

Taxes and Duties on Electricity: Punjab Electrical Inspectorate attributed increase in revenue receipts to increase in the rate of tax on electricity supply meant for rural areas.

Land Revenue: Director Land Records, Punjab attributed reasons for decrease in revenue to less receipt of mutation and copy fee due to lesser number of sale/purchase of properties.

Other Departments did not furnish the reasons of variations in receipts from that of the previous year, despite being requested.

1.1.3 The details of the non-tax revenue raised during the period 2014-15 to 2018-19 are depicted in **Table 1.1.3:**

Table 1.1.3: Details of Non-Tax revenue

(₹ in crore)

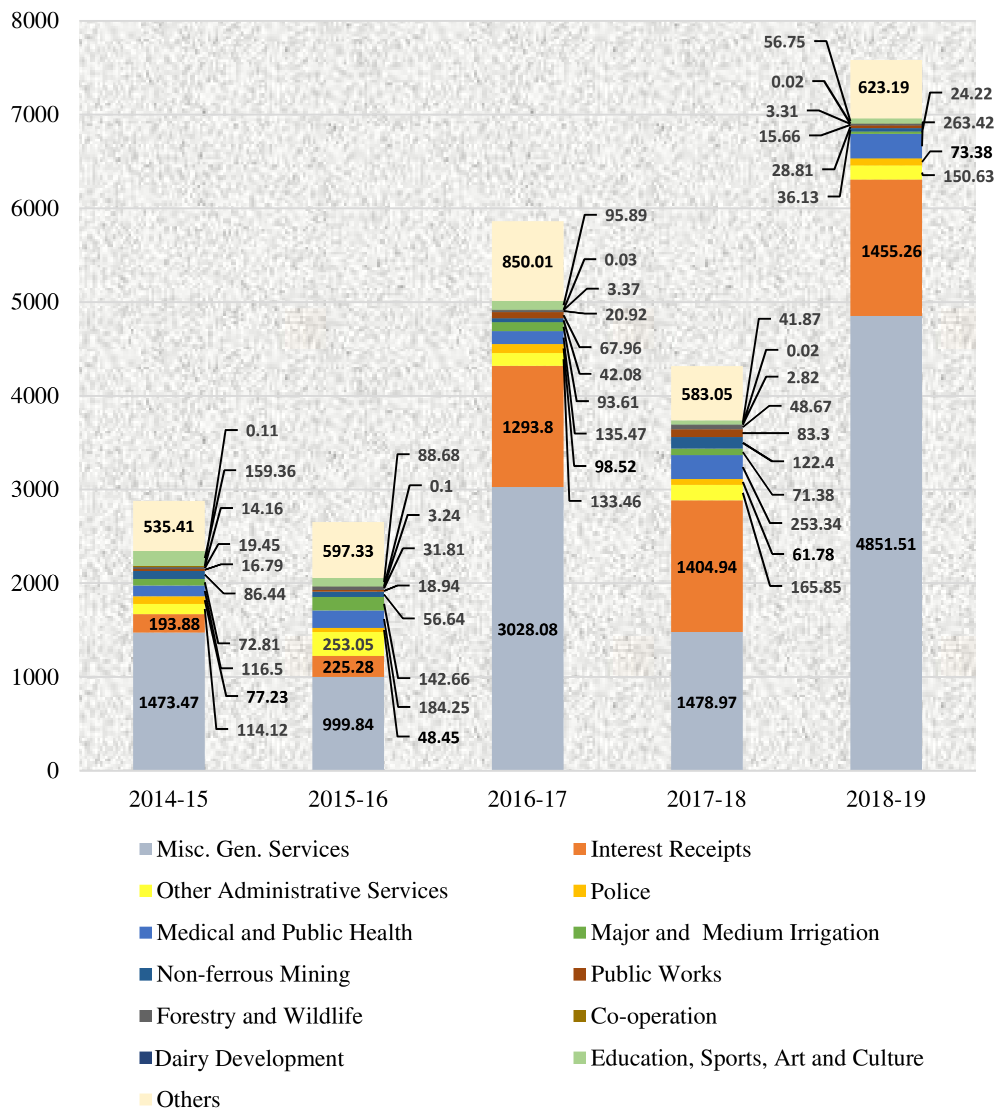
Sl. No.	Head of Revenue	2014-15 Revenue (*Per cent of Total*)	2015-16 Revenue (*Per cent of Total*)	2016-17 Revenue (*Per cent of Total*)	2017-18 Revenue (*Per cent of Total*)	2018-19 Revenue (*Per cent of Total*)	Percentage increase (+) decrease (-) of actual in 2018-19 over 2017-18
1	**Miscellaneous General Services**	1,473.47 (51.17)	999.84 (37.73)	3,028.08 (51.64)	1,478.97 (34.25)	4,851.51 (63.98)	(+) 228.03
2	**Interest Receipts**	193.88 (6.73)	225.28 (8.50)	1,293.80 (22.07)	1,404.94 (32.53)	1,455.26 (19.19)	(+) 3.58
3	**Other Administrative Services**	114.12 (3.96)	253.05 (9.55)	133.46 (2.28)	165.85 (3.84)	150.63 (1.99)	(-) 9.18
4	**Police**	77.23 (2.68)	48.45 (1.83)	98.52 (1.68)	61.78 (1.43)	73.38 (0.97)	(+) 18.78
5	**Medical and Public Health**	116.50 (4.05)	184.25 (6.95)	135.47 (2.31)	253.34 (5.87)	263.42 (3.47)	(+) 3.98
6	**Major and Medium Irrigation**	72.81 (2.53)	142.66 (5.38)	93.61 (1.60)	71.38 (1.65)	24.22 (0.32)	(-) 66.07
7	**Non-ferrous Mining and Metallurgical Industries**	86.44 (3.00)	56.64 (2.14)	42.08 (0.72)	122.40 (2.83)	36.13 (0.48)	(-) 70.48
8	**Public Works**	16.79 (0.58)	18.94 (0.71)	67.96 (1.16)	83.30 (1.93)	28.81 (0.38)	(-) 65.41
9	**Forestry and Wildlife**	19.45 (0.68)	31.81 (1.20)	20.92 (0.35)	48.67 (1.13)	15.66 (0.21)	(-) 67.82
10	**Co-operation**	14.16 (0.49)	3.24 (0.12)	3.37 (0.06)	2.82 (0.07)	3.31 (0.04)	(+) 17.38
11	**Dairy Development**	0.11 (0.00)	0.10 (0.00)	0.03 (0.00)	0.02 (0.00)	0.02 (0.00)	0.00
12	**Education, Sports, Art and Culture**	159.36 (5.54)	88.68 (3.35)	95.89 (1.63)	41.87 (0.97)	56.75 (0.75)	(+) 35.54
13	**Others[7]**	535.41 (18.59)	597.33 (22.54)	850.01 (14.50)	583.05 (13.50)	623.19 (8.22)	(+) 6.88
Total		**2,879.73**	**2,650.27**	**5,863.20**	**4,318.39**	**7,582.29**	**(+) 75.58**

[6] Punjab Government levied (October 2018) Social Security Surcharge at the rate of one *per cent* of value of vehicle in case of non-transport vehicle and 10 *per cent* of motor vehicle tax in case of transport vehicle.

[7] The receipts which do not come under the Heads of revenue mentioned at Sl. 1 to 12 of the table.

The year-wise trend in Non-Tax Revenue receipts during 2014-15 to 2018-19 is depicted in the **Chart 1.3**.

Chart 1.3



It is observed that there is more than two times increase in revenue under Misc. General Services in 2018-19 as compared to 2017-18. The Departments which recorded significant decrease in revenue were Non-ferrous Mining and Metallurgical Industries (70.48 *per cent*), Forestry and Wild Life (67.82 *per cent*), Major and Medium Irrigation (66.07 *per cent*) and Public Works (65.41 *per cent*).

The respective Departments reported the following reasons for variations in actual receipts during the year 2018-19:

(i) **Miscellaneous General Services:** The Department of Finance, Government of Punjab reported (May 2020) that increase in actual receipt over previous year was mainly due to transfer of rural development fund and market fee, collected on sale of agriculture produce by the Punjab Mandi Board and the Punjab

Rural Development Board to Government account for waiving loans of debt stressed farmers of the State.

(ii) **Police:** The Director General of Police, Punjab, reported (July 2019) that increase in actual receipts was due to recovery of outstanding claims of previous years in respect of deployment charges from Airport Authorities/Punjab Cricket Association (PCA).

(iii) **Medical and Public Health:** The Director, Health and Family Welfare reported (August 2019) that the reasons for increase in actual receipt over previous year were due to increase in number of outdoor/indoor patients and reimbursement of ₹ 182.64 crore in 2018-19 from Employees State Insurance Corporation against expenditure incurred by the Department in 2017-18.

(iv) **Major and Medium Irrigation:** The Department attributed reasons for less receipts to less recovery of water cess.

(v) **Non-ferrous Mining and Metallurgical Industries:** The Department of Mines and Geology, Punjab informed (August 2019) that provisional acceptance of 92 mines was issued during 2017-18 with a total contract value of ₹ 378.96 crore against which the contractors had deposited first installment of ₹ 122.40 crore during 2017-18. However, only 44 out of 92 mines were operated by the contractors due to issues relating to transfer of environmental clearance, non-availability of passage, submergence of mining sites and cancellation of mines due to non-payment of dues, resulting in short realisation of revenue during 2018-19.

(vi) **Public Works:** The Department attributed (December 2019) reason of shortfall in revenue receipts to reduction in rate of agency charges from nine *per cent* to three *per cent* that was received from National Highways Authority of India (NHAI) in lieu of staff and services provided by the State and completion of all major projects of high value during 2017-18.

(vii) **Forestry and Wild Life:** The Chief Conservator of Forests, Department of Forest and Wildlife Preservation Department attributed (September 2019) decrease in revenue receipts to less receipts in Minor Head "101-Sale of Timber and Forest Produce".

(viii) **Crop Husbandry:** The Department of Agriculture and Farmers Welfare, Punjab attributed (August 2019) decrease in receipts to renewal of lesser number of licences for sale of certified seed, fertilizer, plant protection equipment, pesticides and weedicides and lesser receipts on account of cane cess.

The remaining Departments[8], despite being requested, did not furnish the reasons for variations in receipts from that of the previous year.

[8] Interest Receipts, Education, Sports, Art and Culture and Other Administrative Services.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2019 in respect of principal heads of revenue were ₹ 7,909.18 crore of which ₹ 1,076.21 crore was outstanding for more than five years, as depicted in **Table 1.2**.

Table 1.2: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Reply of the Department
1.	Taxes/VAT on sales, Trade etc.	7,104.56	952.83	Recovery is under process
2.	Forests and Wildlife	23.21	22.81	PCCF (HOFF) Punjab reported that amount of ₹ 22.81 crore pending against forest contractors is being recovered in instalments and amount of ₹ 39.92 lakh was recoverable from PSFDC on account of royalty.
3.	State Excise	368.77	13.98	Recovery proceedings against defaulters in most of the cases had already been initiated under Land Revenue Act.
4.	Taxes on Vehicles	190.70	86.43	Amount outstanding for more than five years as on 31 March 2019 relates to vehicles which are either condemned without the information of Department or not plying on road. Most of the defaulter vehicles have been blacklisted after issuing recovery notices.
5.	Land revenue	221.94	0.16	Recovery proceedings were under process.
	Total	**7,909.18**	**1,076.21**	

It is observed that out of total outstanding arrear of ₹ 7,104.56 crore in Taxes/VAT on sales, trade etc., arrears of ₹ 4,589.24 crore (65 *per cent*) pertain to four[9] Assistant Commissioner of State Taxes (ACSTs), out of which arrears of ₹ 315.50 crore is outstanding for more than five years.

1.3 Arrears in assessment

The number of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalization at the end of the year as furnished by the Department of Excise and Taxation in respect of VAT are depicted in **Table 1.3**.

[9] Fatehgarh Sahib, Ludhiana-I, Mohali and Patiala.

Table 1.3: Arrears in Assessment

Head of revenue	Opening balance	New cases due for assessment during 2018-19	Total assessments due	Cases disposed of during 2018-19	Balance at the end of the year	Percentage of disposal (Col. 5 - 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Taxes/VAT on Sales/Trade etc.	1,06,561	15,987	1,22,548	27,943	94,605	22.80

The closing balance of previous year was 1,06,781. However, the opening balance of this year has been taken as 1,06,561 after verification with the Department.

There were arrears in assessment in all the 26 ACSTs. However, during validation of data in seven[10] ACSTs, it was noticed in ACST Hoshiarpur that there was difference of 230[11] cases pending as on 31 March 2019. This is indicative of inaccuracies in the data provided by the Department.

The Department may reconcile the data relating to arrears in assessment.

1.4 Evasion of tax

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalized and the demand for additional tax raised as reported by the Department are depicted in **Table 1.4** below:

Table 1.4: Evasion of Tax Detected

Sl. No.	Head of revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	Total	No. of cases in which assessment / investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalization as on 31 March 2019
					No. of cases	Amount of demand (₹ in crore)	
1.	**Taxes/VAT on sales, Trade**	1,301	176	1,477	1,094	48.25	383
2.	**Taxes on Vehicles**	16	---	16	10	0.04	6
	Total	**1,317**	**176**	**1,493**	**1,104**	**48.29**	**389**

The closing balance of previous year was 4,004 whereas opening balance of this year is 1,317. The difference of 2,687 cases was due to inadvertent reporting of arrear of assessment as cases of evasion by ACST Ropar.

1.5 Refund Cases

The number of refund cases pending at the beginning of the year 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2018-19, as reported by the Department, are depicted in **Table 1.5**.

[10] Tarn Taran, Patiala, Mohali, Fatehgarh Sahib, Ludhiana-1, Roop Nagar (Ropar) and Hoshiarpur.
[11] Reported: 2,989 cases, found during validation: 2,759 cases in ACST Hoshiarpur.

Table 1.5: Details of refund cases

(₹in crore)

Sl. No.	Particulars	GST		Sales tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	494	51.05	8,709	1,030.18	194	1.50
2.	Claims received during the year	6,788	778.00	5,951	600.75	26	2.43
3.	Refunds made during the year	5,706	530.45	10,014	1,027.11	5	0.04
4.	Refunds rejected during the year	433	171.77	1,520	309.96	0	0
5.	Balance outstanding at the end of year	1,143	126.83	3,126	293.86	215	3.89

- *The closing balance of amount of refund under sales tax/VAT was ₹1,030.23 crore during 2017-18 whereas opening balance for 2018-19 is ₹1,030.18 crore. The difference of ₹0.05 crore is caused due to compilation of figures for the year 2017-18 in rupees whereas figures for the year 2018-19 have been compiled in crore.*
- *The closing balance of refund cases in State Excise was 165 during 2017-18 whereas opening balance is 194. The difference of 29 cases is due to under reporting by Asstt. Excise and Taxation commissioner Fatehgarh Sahib during 2017-18.*

It is observed that while outstanding cases of refund in GST have substantially increased, outstanding refund cases in VAT have decreased by 64 *per cent*.

The GST refunds were pending in 19 excise districts, Sales tax/VAT refunds were pending in 25 excise districts and excise refunds were pending in 13 out of 26 excise districts.

During validation of data in seven[12] ACSTs, it was noticed in ACST, Roop Nagar (Ropar) that no refund case pertaining to GST was received against the reported receipt and finalization of two cases.

The Department may reconcile the data relating to refund cases pertaining to GST in respect of all the districts.

1.6 Response of the Government/Departments towards audit

The Principal Accountant General (PAG) Punjab conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the Rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating audit findings which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The Head of the office is required to send initial reply to the PAG within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Inspection Reports issued up to December 2018 disclosed that 9,702 paragraphs involving ₹ 4,965.83 crore relating to 2,421 IRs remained outstanding at the end of June 2019. This, along with the corresponding figures for the preceding two years are depicted in **Table 1.6**.

[12] Tarn Taran, Patiala, Mohali, Fatehgarh Sahib, Ludhiana-1, Roop Nagar (Ropar) and Hoshiarpur.

Table 1.6: Details of pending Inspection Reports

	June 2017	June 2018	June 2019
Number of IRs pending for settlement	6,170	6,358	2,421
Number of outstanding audit observations	15,478	16,318	9,702
Amount of revenue involved (₹ in crore)	6,001.19	6,280.32	4,965.83

1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2019 and the amount involved are mentioned in **Table 1.6.1**.

Table 1.6.1: Department-wise details of pending IRs

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value (₹ in crore)
1.	**Excise and Taxation**	Taxes/VAT on Sales, Trade etc.	318	1,804	1,155.43
		Entertainment and Luxury Tax	122	307	93.74
		State Excise	256	281	537.86
2.	**Revenue**	Land Revenue	302	875	2,008.71
		Stamp Duty and Registration Fee	962	4,365	562.39
3.	**Transport**	Taxes on Motor Vehicles	265	1,762	223.52
4.	**Finance**	State Lotteries	7	26	5.48
5.	**Forestry and wildlife Preservation**	Forestry and wild life	189	282	378.70
Total			**2,421**	**9,702**	**4,965.83**

Audit did not receive even the first reply in respect of 258 IRs out of 310 IRs issued during 2018-19 from the Head of offices within the stipulated time of four weeks.

The reduction in number of outstanding IRs and audit observation in June 2019 is due to transfer of audit observations up to the period of 2008-09 to administrative secretaries of the State.

The large pendency of IRs due to non-receipt of replies is indicative of the fact that the Heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the Audit in the IRs. Lack of executive action on audit observations weakens accountability and raises the risk of avoidable loss of revenue**.** The continuous increase in the number of pending audit paragraphs merits the attention of the Government to ensure effective mechanisms to regularly monitor and review the compliance and settlement of audit observations.

1.6.2 Departmental Audit Committee Meetings

The Government sets up audit committees to monitor and expedite progress of the settlement of the audit observations contained in the IRs. The details of audit committee meetings held during the year 2018-19 and the paragraphs settled are depicted in **Table 1.6.2**.

Table 1.6.2: Details of Departmental Audit Committee Meetings

Head of Revenue	Number of meetings held	Number of outstanding observations discussed	Number of paragraphs settled	Amount (₹ in crore)
0030-Stamp Duty and Registration Fees	30	1,093	41	0.90
0041-Taxes on vehicles	1	32	06	0.10
Total	**31**	**1,125**	**47**	**1.00**

It is observed that the settlement of outstanding paragraphs through audit committee meetings was very low. No audit committee meeting was held in respect of Land Revenue, State Excise, Luxury and Entertainment Tax, State Lotteries, Forestry and Wild Life and Sales Tax/VAT.

It is recommended that Government should ensure that meetings of the Audit committees are held at regular intervals in all the Departments.

1.6.3 Non-production of records to audit for scrutiny

The programme of audit of Tax Revenue/Non-tax Revenue offices is drawn up and intimations were issued to the Departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2018-19, as many as 959 cases/items of auditable records pertaining to seven Departments were not made available to audit as depicted in **Table 1.6.3**.

Table 1.6.3: Details of non-production of records

Name of the office/Department	Number of cases/items not provided	
	2017-18	**2018-19**
Sales Tax/VAT	557	781
Entertainment and Luxury Tax	5	11
Taxes on Vehicles	62	34
Stamps and Registration Fees	152	68
Land Revenue	25	48
State Excise	0	2
Forests and Wild life	3	15
Total	**804**	**959**

Non-production of record pertaining to revenue is serious and in the absence of examination, the constitutional oversight functions of the CAG cannot be exercised. **It is advised to direct the concerned authorities to provide the records required for audit invariably.**

1.6.4 Response of the Departments to draft audit paragraphs

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

Eighteen draft paragraphs and one Performance Audit included in the Part-II (Revenue Sector) of this report were sent to the Principal Secretaries/ Secretaries of the respective Departments between April 2019 and June 2020. Exit conference of the Performance Audit was held with the Government/ Department on 22 October 2020. The Principal Secretary/Secretary of the concerned Departments did not reply to the draft paragraphs and the same were included in the Report without their response. However, response of exit conference and replies from the concerned Departmental authorities wherever received, have been appropriately included in the Report.

1.6.5 Follow up on the Audit Reports – summarised status

The internal working system of the Public Accounts Committee (PAC), notified in August 1992, lays down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs. The action taken notes (ATNs) thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. A total of 204 paragraphs (including Performance Audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Punjab for the years ended 31 March 2011 to 2018 were placed before the State Legislative Assembly between 28 March 2012 and 27 February 2020. ATNs in respect of 81 paragraphs from six[13] Departments had not been received. However, remaining 123 ATNs were received with average delay which ranged between one and 70 months.

The PAC discussed 96 selected paragraphs pertaining to the Audit Reports for the years from 2010-11 to 2016-17 and its recommendations on 42 paragraphs[14] were incorporated in four PAC Reports (2014-15, 2015-16, 2017-18, and 2018-19). However, no ATN on the recommendations of the PAC on 21 paragraphs[15] for the years 2017-18 and 2018-19 has been received from two Departments.

[13] Sales Tax/VAT, Revenue and Rehabilitation, State Excise, Taxes on Vehicles, Forest and Wild Life and Other tax/non-tax receipts.

[14] Department of Agriculture (07) + Department of Transport (25) + Department of Electricity (10).

[15] Department of Agriculture (03) + Department of Transport (18).

1.7 Analysis of the mechanism for dealing with the issues raised by audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Report by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years in respect of State Excise Duty was evaluated.

The succeeding Paragraphs 1.7.1 to 1.7.2 discuss performance of the Department of State Excise to deal with cases detected in the course of local audit during the last 10 years up to 2018-19 and also the cases included in the Audit Reports for the years 2009-10 to 2018-19.

1.7.1 Inspection Reports

The summarized position of inspection reports issued during the last 10 years, paragraphs included in these reports and status of the same as on 31 March 2019 in respect of the State Excise Department are depicted in **Table 1.7.1**.

Table 1.7.1: Position of Inspection Reports in State Excise Department

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2009-10	406	518	56.27	21	25	17.65	61	83	0.25	366	460	73.67
2010-11	366	460	73.67	34	44	16.80	8	9	0.46	392	495	90.01
2011-12	392	495	90.01	41	51	295.90	21	24	1.22	412	522	384.69
2012-13	412	522	384.69	36	29	2.12	205	271	4.83	243	280	381.98
2013-14	243	280	381.98	46	16	37.13	17	26	0.07	272	270	419.04
2014-15	272	270	419.04	31	23	13.48	5	7	0.60	298	286	431.92
2015-16	298	286	431.92	46	65	24.52	14	18	2.86	330	333	453.58
2016-17	330	333	453.58	29	43	100.89	08	09	79.13	351	367	475.34
2017-18	351	367	475.34	41	69	117.26	11	24	0.30	381	412	592.30
2018-19	381	412	592.30	40	97	149.39	149	167	75.44	272	342	666.25

The decrease in number of IRs and paras in 2018-19 was due to transfer of audit observations up to 2008-09 to administrative Secretaries.

1.7.2 Recovery in accepted cases

The status of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered under the Head 0039-State Excise Duty is depicted in the following **Table 1.7.2**.

Table 1.7.2: Recovery in accepted cases

(₹ in crore)

Year of Audit Report	Number of para-graphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered up to 31 March 2018	Amount recovered during the year 2018-19	Cumulative position of recovery of accepted cases as of 31 March 2019
1	2	3	4	5	6	7	8
2008-09	02	10.70	---	---	---	---	---
2009-10	02	2.50	---	---	---	---	---
2010-11	26	120.69	04	21.05	6.72	---	6.72
2011-12	01	0.08	01	0.08	---	---	---
2012-13	0	0	---	---	---	---	---
2013-14	02	2.03	---	---	Reply not received from the concerned Department		
2014-15	01	3.24	---	---			
2015-16	01	0.90	---	---			
2016-17	12	57.45	---	---			
2017-18	02	1.50	---	---	---	---	---
Total	**49**	**199.09**					

The Public Accounts Committee decided not to pursue the cases up to the period 2011-12.

It is observed that the progress of recovery even in accepted cases was very slow.

The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

1.8 Audit planning

During the year 2018-19, there were 451 auditable units, out of which 314 units (69.62 *per cent*) were planned and audited (100 *per cent*). The units were selected on the basis of risk analysis. Besides, the compliance audit mentioned above, performance audit titled "Working of Forest and Wild Life Preservation Department" and audit of "Levy and collection of Stamp Duty and Registration Fee on Lease Deeds" were also conducted to examine the efficacy of the concerned Departments with respect to defined audit objectives and in realization of revenue receipts.

1.9 Internal Audit

The Finance Department is having Internal Audit Organization (IAO) under the charge of an Additional Director. This organization was to conduct test check of cases as per approved action plan and in accordance with the criteria decided by the Steering Committee so as to ensure adherence to the provisions of the Act and Rules as well as Departmental instructions.

During the year 2018-19, IAO audited 29 units under Major Head 0030 without planning any unit for audit as depicted in **Table 1.8**.

Table 1.8: Internal Audit

Revenue Head	No. of units Planned	No. of units audited
0006-SGST	---	---
0029-Land Revenue	---	---
0030-Stamp Duty	---	29
0039-State Excise	---	---
0040-VAT/Sales Tax	---	---
0041-Motor Vehicle Tax	---	---
0075-State Lottery	---	---
0406 and 2406-Forestry and Wild Life	---	---

Department stated that none of the units were planned for audit for the year 2018-19 due to special audit of stipend/scholarship distributed to SC/BC students who studied in Government/private educational institutes for 2017-18 and 2018-19 as per order of the Chief Minister, Punjab.

It is recommended that the Government may direct IAO to plan audit by adopting risk analysis and to ensure audit of all the planned units.

1.10 Results of audit

1.10.1 Status of local audit conducted during the year

Test check of the records of 314 units out of total auditable units of 451, administering Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles, Forest Receipts and other Departmental offices, conducted during the year 2018-19 showed under assessment/short levy/loss of revenue aggregating ₹ 481.56 crore in 21,637 cases. The Departments recovered ₹ 11.84 crore in 2,719 cases during 2018-19, out of which ₹ 0.55 crore in 39 cases was pointed out during 2018-19 and the remaining in earlier years.

1.10.2 Coverage of Part-II (Revenue Sector)

The Part-II of this report contains one Performance Audit on **'Working of Forest and Wildlife Preservation Department'** and 18 paragraphs involving financial effect of ₹ 194.29 crore. The Departments have accepted audit observations in 50 cases involving ₹ 13.67 crore. The replies in the remaining cases, wherever received, have been incorporated in the Report. These are discussed in the succeeding chapters.

Chapter - II

Taxes/VAT on Sales and Trade

Chapter-II

Taxes/VAT on Sales and Trade

2.1 Tax administration

The Financial Commissioner Taxation and Principal Secretary to the Government of Punjab is overall in-charge of the Department of State Taxes. The Department administers Goods and Services Tax as well as Punjab Value Added Tax Act (PVAT Act)/Central Sales Tax Act (CST Act) in the State subject to overall control and superintendence of the Commissioner of State Tax (CST) with the help of Additional Commissioners of State Tax (Addl. CSTs), Joint Commissioners of State Tax (JCSTs) at the Headquarters, Deputy Commissioners of State Tax (DCSTs) at the divisional level and Assistant Commissioners of State Tax (ACSTs), State Tax Officers (STOs) and other allied staff at the district level. The authorities performing duties within jurisdictions as specified by the Government under the PVAT Act are called Designated Officers (DOs).

2.2 Results of audit

There were 57 auditable units in the Department consisting of 26 district offices of ACSTs, 14 mobile wings and 17 Information Collection Centre (ICC) barriers. Out of these, audit selected 46[1] units for test check during the year 2018-19. Test check of 14,531 cases out of the total 37,957 cases of assessment and refund showed under-assessment of tax, excess allowance of input tax credit and other irregularities of ₹ 130.40 crore in 3,910 cases (1.17 *per cent* of receipt of ₹ 11,160.30 crore under VAT for the year 2017-18 audited in 2018-19) which fell under the following categories:

Table 2.1: Results of Audit

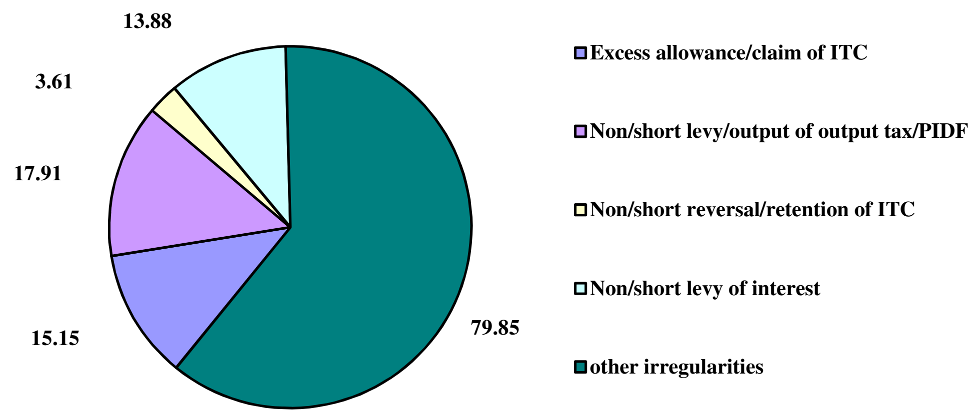
Sl. No.	Categories	No. of cases	Amount (*₹ in crore*)
1.	Excess allowance/claim of ITC	2,437	15.15
2.	Non/short levy /output tax/PIDF	53	17.91
3.	Non/Short reversal of ITC/Short retention of ITC	52	3.61
4.	Non/Short levy of interest	111	13.88
5.	Other irregularities	1,257	79.85
Total		**3,910**	**130.40**

Category-wise audit findings noticed under Taxes/VAT on Sales and Trade are depicted in **Chart 2.1**.

[1] 26 district office, 3 mobile wings and 17 ICC barriers.

Chart-2.1

(₹ in crore)



Audit had pointed out similar omissions in the earlier years also. However, these irregularities were again noticed during 2018-19. The Department accepted and recovered ₹ 4.08 lakh in three cases which were pointed out during 2018-19.

Significant cases (eight) having a financial implication of ₹ 17.81 crore are discussed in the following Paragraphs 2.3 to 2.10.

2.3 Irregular concession/exemption from tax

In four Assistant Commissioner of State Taxes, the Designated Officers allowed irregular exemption/concession of ₹ 0.61 crore on the basis of 19 non-genuine 'C' forms which were not obtained from prescribed authority of the concerned State.

Scrutiny of records of four[2] Assistant Commissioners of State Tax (ACSTs) relating to VAT showed that the Designated Officers allowed exemption/concession from Central Sales Tax (CST) without ensuring genuineness of 'C' forms as detailed in the following paragraphs:

a) Exemption from Central Sales Tax

Section 6(2) of the CST Act 1956 read with the Rules 12(1) and 12(4) of the CST (Registration and Turnover) Rules, 1957, provides that during movement of goods occasioned due to an inter-state sale, any subsequent sale (sale-in-transit) effected by transfer of documents of title to such goods to a registered dealer shall not be exempt from tax unless the dealer making such subsequent sale furnishes to the prescribed authority (a) Form E-I obtained from the person from whom the goods were purchased inter-state and (b) Form 'C' from the registered person to whom subsequent sale was made during the movement of the goods.

Scrutiny of records in Assistant Commissioner of State Tax (ACST) Ludhiana-II, revealed that the Designated Officer, while assessing (November 2017) a dealer for the year 2010-11, allowed exemption from CST

2 Kapurthala, Ludhiana-I, Ludhiana-II and Ludhiana-III.

on transit sale of ₹ 7.61 crore on the basis of 3 'E-I' and 3 'C' forms. The E-I forms were issued by the dealer of Jammu and Kashmir and the 'C' forms were issued by the dealer of UT of Chandigarh. Scrutiny of the forms showed that the name of the dealer mentioned in these forms was partly different from the name of the assessee. Audit got these 'C' forms verified from issuing authority (UT of Chandigarh) to ascertain the genuineness of the forms. On cross verification from the issuing authority, it was found that these 'C' forms were not issued to the dealer who supplied the forms to the assessee. Thus, the DO allowed the exemption without ensuring the genuineness of the forms. The irregular exemption resulted in short levy of tax of ₹ 0.42 crore[3] at the rate of 5.50 *per cent*.

b) Concession of Central Sales Tax

Section 8(4) of the CST Act 1956 read with Rule 12(1) of CST (Registration and Turnover) Rules, 1957, provides that the concessional rate of tax of two *per cent* shall not be admissible unless the selling dealer furnishes a declaration in Form 'C' duly filled in and signed by the registered dealer to whom the goods are sold, in a prescribed form obtained from the prescribed authority.

Scrutiny of the records in four[4] ACST, revealed that the Designated Officers (DOs) while assessing the case of four dealers allowed concessional rate of CST of two *per cent* on 16 'C' forms who sold goods worth ₹ 5.41 crore to dealers of Chandigarh, Haryana and Uttar Pradesh. On cross verification from the issuing States, it was found that these 'C' forms were not genuine and were not issued by the prescribed authority. The DOs allowed the concession without ensuring that the forms were valid. CST of ₹ 30.05 lakh was leviable on these goods at normal rate of tax whereas CST of ₹ 10.83 lakh was levied. This irregular allowance of concessional rate of tax, resulted in short levy of tax of ₹ 0.19 crore as detailed below:

No. of C Forms objected	Value of goods (₹)	Rate of CST leviable	CST Leviable	Rate of CST levied	CST Levied	Short levy of tax
4	1,01,09,177	4.50	4,54,913	2	2,02,184	2,52,729
7	2,06,66,133	5.50	11,36,637	2	4,13,323	7,23,314
5	2,33,69,799	6.05	14,13,873	2	4,67,396	9,46,477
16	**5,41,45,109**		**30,05,423**		**10,82,903**	**19,22,520**

The matter was reported to the Department/ Government in January 2019, April 2019, July 2019 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to recover ₹ 0.61 crore from the assessees in the cases referred to in this paragraph. Additionally, the Government should evolve a system (preferably IT based), where the forms

[3] ₹ 7,60,52,388 x 5.5 *per cent* = ₹ 41,82,881.

[4] Kapurthala, Ludhiana-I, Ludhiana-II and Ludhiana-III.

based on which concessions are availed, are invariably cross checked for their genuineness from State/dealers issuing these forms.

2.4 Short reversal of input tax credit on tax free sale

In ACST Ludhiana-II, input tax credit of ₹ 0.57 crore was reversed on account of tax free sale against the reversible ITC of ₹ 1.02 crore, resulting in short levy of tax of ₹ 0.45 crore.

Section 13 of the PVAT Act provides that VAT paid on local purchase of goods is available as input tax credit. Section 13-A of the Act provides that the entry tax[5] paid would be admissible as ITC subject to the provisions of the Act. Section 13(5)(h) of the Act provides that a taxable person shall not qualify for ITC on goods used in manufacture, processing or packing of tax free goods and proportionate input tax is required to be reversed.

Scrutiny of records of ACST Ludhiana-II, showed that a dealer had shown gross sale of ₹ 49.72 crore for the year 2010-11, out of which there was tax free sale of ₹ 34.80 crore[6] (70 *per cent*). Gross purchase of the dealer was ₹ 42.53 crore, out of which ₹ 3.17 crore was tax free purchase and ₹ 4.92 crore was purchased from person other than taxable person. While assessing the case (October 2017), the DO reversed ITC of ₹ 0.57 crore only from the available ITC of ₹ 1.58 crore, against the reversible ITC of ₹ 1.02 crore[7] on account of manufacturing of tax free goods. This short reversal of ITC of ₹ 0.45 crore, resulted in short levy of tax of ₹ 0.45 crore.

The matter was reported to the Department/Government in February 2020 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to recover ₹ 0.45 crore in this case.

2.5 Non-recovery of interest on delayed deposit of TDS

ACST, Faridkot did not recover interest of ₹ 20.29 lakh from a contractee for delayed deposit of TDS of ₹ 1.44 crore.

Section 27(1) of the PVAT Act, authorises a contractee to deduct an amount equal to six *per cent* of sum payable to a contractor for discharge of any liability under works contract exceeding ₹ 5 lakh. Section 27(7) of the PVAT Act 2005 read with Rule 46(3) of PVAT Rules, 2005 provides that if any contractee after deducting the amount, fails to deposit the same into the Government Treasury within 15 days of close of the month, he shall be liable to pay simple interest at the rate of one and half *per cent* per month on the amount deducted from the actual date of deduction to the date on which such amount is actually deposited.

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5 Entry tax is tax paid to the State of Punjab on interstate purchase of goods.

6 Local tax free sale ₹ 7.87 crore + interstate tax free sale of ₹ 26.93 crore.

7 Audit calculated the ITC availed on local and interstate purchases used in manufacture of tax free goods on proportionate basis.

Audit noticed from three assessment cases of a contractor for the years 2013-14 to 2015-16, finalised in July 2017 under Assistant Commissioner of State Tax (ACST) Faridkot, that a contractee had deducted TDS of ₹ 1.95 crore from the bills of the contractor, between May 2013 and February 2016. The TDS of ₹ 1.95 crore was required to be deposited by the contractee within 15 days of close of the respective months. However, the contractee deposited ₹ 1.44 crore out of TDS of ₹ 1.95 crore with delay ranging between 2 and 22 months ***(Appendix 2.1)***. Interest of ₹ 20.29 lakh was recoverable from the contractee for delayed deposit of TDS. The Department did not recover the interest of ₹ 20.29 lakh.

ACST Faridkot replied (March 2019) that the contractee had started following system of e-payment (CMP system) and no other means of payment was being followed. The contractee had no information regarding any bank account number of the Department in which it could deposit the TDS using system of e-payment. The Department opened a bank account in the name of ETO Faridkot in State Bank of Patiala, Faridkot and intimated the contractee in August 2015. The contractee deposited the TDS in the bank account in September 2015 and the amount was subsequently deposited by the Department in Government Treasury. In view of the above facts, no case was made out of it.

However, audit noticed that intimation regarding inability to deposit the TDS using conventional method was made by the contractee to the Department on 25 March 2015 only whereas TDS from May 2013 onwards was pending with the contractee for deposit in the Government Account. The contractee neither deposited the TDS in time nor intimated the Department well in time about its inability to deposit the TDS using conventional method for prompt disposal of the case. The delay in deposit of TDS is attributable to the contractee but the Department did not recover interest of ₹ 20.29 lakh.

The matter was reported to the Department/ Government in July 2019 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to recover interest of ₹ 20.29 lakh from the contractee in this case.

2.6 Non-creation of tax demand

In ACST Mohali, the DO, instead of creating additional tax demand, reduced the amount of unutilised ITC for the year 2010-11 from ₹ 4.58 crore to ₹ 3.67 crore, whereas ITC of ₹ 4.58 crore was already utilised by the dealer in 2011-12, resulting in short levy of tax of ₹ 0.91 crore.

Section 2(zc) of the PVAT Act, 2005 provides that a return is a true and correct account of business pertaining to the return period in the prescribed form. Further, Rule 48(1) of PVAT Rules 2005 provides that the Designated Officer (DO) after considering the objections and documentary evidence, if any, filed by the person, shall pass an order of assessment in writing, determining the tax liability of such a person.

In Assistant Commissioner of State Tax (ACST), Mohali, scrutiny of a dealer for the year 2010-11, assessed in November 2017, showed that the assessee in his annual return for the year 2010-11 had computed ₹ 4.58 crore as unutilised ITC and had utilised this amount in the annual return for the year 2011-12. It was further noticed that, on the basis of unutilised ITC of VAT regime brought forward from previous years, the dealer had claimed (October 2017) tax credit of ₹ 6.87 crore in Goods and Services Tax (GST) regime.

At the time of assessment, the DO computed additional tax liability of ₹ 0.91 crore[8]. The DO was required to create additional tax demand of ₹ 0.91 crore by matching the ITC carry forward ₹ 4.58 crore with annual return as this amount had already been considered while claiming tax credit in GST regime. However, the DO, instead of creating additional tax demand of ₹ 0.91 crore, reduced the amount of unutilised ITC from ₹ 4.58 crore to ₹ 3.67 crore, which resulted in short levy of tax of ₹ 0.91 crore.

The matter was reported to the Department/ Government in February 2019 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to realise tax of ₹ 0.91 crore by correcting the omission in this case.

2.7 Inadmissible allowance of ITC

In two cases of ACST Fatehgarh Sahib, the DO allowed ITC of ₹ 30.61 lakh on account of unutilised ITC of previous year instead of admissible ITC of ₹ 12.59 lakh, and did not raise CST demand of ₹ 9.73 lakh, resulting in short levy of tax of ₹ 27.75 lakh.

Section 2(zc) of the PVAT Act, 2005 provides that a return is a true and correct account of business pertaining to the return period in the prescribed form. Further, Rule 48(1) of PVAT Rules, 2005 provides that the DO after considering the objections and documentary evidence, if any, filed by the person, shall pass an order of assessment in writing, determining the tax liability of such a person.

Scrutiny of records of ACST Fatehgarh Sahib, revealed that the DO, while assessing the dealer for the year 2010-11 and 2011-12, allowed ITC of ₹ 30.61 lakh on account of unutilised ITC of previous year, as claimed by the dealer in his annual return, whereas unutilised ITC of ₹ 12.59 lakh was available with the dealer as per the assessment orders for the years i.e. 2009-10 and 2010-11. Thus, excess ITC of ₹ 18.02 lakh (₹ 30.61 lakh - ₹ 12.59 lakh) was allowed as detailed in the following table:

[8] ITC of ₹ 0.24 crore (₹ 51.97 crore - ₹ 51.73 crore) was disallowed and tax demand of ₹ 0.67 crore was computed which made the total tax implication as ₹ 0.91 crore.

(Amount in ₹)

Year	Month and Year in which assessment was finalised	Unutilised ITC of previous year as per annual return that was allowed in the assessment order	Unutilised ITC available as per assessment order of 2009-10 and 2010-11	Excess ITC allowed
2010-11	4 October 2017	17,00,730	35,270	16,65,460
2011-12	4 December 2017	13,60,137	12,23,516[9]	1,36,621
Total		**30,60,867**	**12,58,786**	**18,02,081**

Further, in the assessment order for the year 2011-12, CST demand of ₹ 9.73 lakh was shown as adjusted from ITC in Part-B of the assessment order. However, ITC was not reduced by this amount in Part-A where calculation of ITC was made. The above omissions resulted in short levy of tax of ₹ 27.75 lakh (₹ 18.02 lakh + ₹ 9.73 lakh).

The matter was reported to the Department/ Government in February 2019 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to realise tax of ₹ 27.75 lakh by correcting the omissions in these two cases.

2.8 Non/Short levy of interest

Application of incorrect provision relating to levy of interest in assessment orders in six ACSTs, resulted in short levy of interest of ₹ 2.51 crore in six cases.

Section 32(1) of the PVAT Act, 2005 provides that if a person fails to pay the amount of tax due from him as per provisions of this Act, he shall be liable to pay simple interest on the amount of tax at the rate of half *per cent* per month from the due date of payment till the date he actually pays the tax. Further, Section 32(3) provides that if a person fails to declare the amount of tax in the return, which should have been declared, such a person shall be liable to pay simple interest at the rate of one and half *per cent* per month on such amount of tax from the due date of payment till the date he actually pays such amount of tax. Further, Section 9(2B) of the CST Act, 1956 provides that all the provisions of the sales tax law of each State relating to due date for payment of tax, rate of interest, assessment and collection of interest for delayed payment of tax, shall apply in relation to tax due under the CST Act.

Scrutiny of the assessment cases of six[10] ACSTs, assessed during 2017-18, showed that six dealers did not declare due tax in their annual returns between 2010-11 and 2012-13. While assessing the cases, the DOs raised additional tax demands of ₹ 3.07 crore. However, in two out of six cases pertaining to two ACSTs[11], the DOs levied interest of ₹ 0.96 crore at the rate of half *per cent* per

9 ₹ 6,21,156 (amount of refund, debited in the assessment order for the year 2010-11, was already debited in the assessment order for the year 2009-10, hence included in unutilised ITC) + ₹ 6,02,360 (unutilised ITC allowed in the assessment order for the year 2010-11)

10 Jalandhar-II, Ludhiana-I, Mohali, Patiala, Ropar and Sangrur.

11 Jalandhar-II and Mohali.

month instead of ₹ 2.70 crore at applicable rate of 1.50 *per cent* per month. In the remaining four cases, the DOs did not levy any interest, whereas interest of ₹ 0.77 crore[12] was leviable. The above omissions resulted in short levy of interest of ₹ 2.51 crore[13].

On this being pointed out, ACST Sangrur replied (June 2018) that in different cases decided by the Hon'ble Courts, it has been held that the tax paid as per return does not carry any liability to pay interest, till the assessment is made. However, the ACST could not provide any evidence showing that the provisions of Section 32(3) of the Act were struck down by any Court of law or any amendment giving such relief was made by the Government in the Act. The Provisions of the Act regarding reversal of input tax credit on furnace oil, diesel, branch transfer, tax free sale and requirement of submission of statutory declarations to claim concession/ exemption from tax were clear and the dealers were required to declare their tax liabilities in the returns by complying with the aforesaid provisions. The additional tax demands were raised by the Designating Officers due to non-compliance of the above provisions and it makes it amply clear that correct tax liabilities were not declared by the dealers in the returns. Hence, the Designated Officers should have levied interest at the rate of 1.50 *per cent*.

The matter was reported to the Department/ Government between March 2019 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to recover interest of ₹ 2.51 crore in these six cases.

2.9 Inadmissible input tax credit on furnace oil

The Designated Officer allowed inadmissible input tax credit of entry tax, paid on interstate purchase of furnace oil in four cases, resulting in short levy of tax of ₹ 46.81 lakh.

Section 13(4) of the PVAT Act, 2005 provides that ITC on furnace oil shall be allowed only to the extent by which the amount of tax paid in the State exceeds a specific rate[14]. Further, Section 13-A of the Act provides that entry tax paid on interstate purchases of goods will be available as input tax credit subject to the provisions of the Act.

Scrutiny of the records in ACST, Ludhiana-I, revealed that four assessees had made inter-state purchases of furnace oil of ₹ 13.59 crore and paid entry tax of ₹ 48.01 lakh on it during 2010-11 and 2011-12. The dealer was eligible for input tax credit on entry tax paid in excess of four *per cent* during that period. Out of ₹ 48.01 lakh, the dealer was eligible for input tax credit of ₹ 1.20 lakh paid in

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12 Interest is calculated by audit from April of the following financial year till the month in which assessment was completed.

13 ₹ 2.70 crore - ₹ 0.96 crore + ₹ 0.77 crore = ₹ 2.51 crore

14 Rates of entry tax

Date	Rate of entry tax on Furnace oil (in *per cent*)	Maximum rate of reversal of input tax u/s 13(4) of PVAT Act (in *per cent*)
05 Feb 2010 to 17 Aug 2010	2	4
18 Aug 2010 to 17 Sep 2012	4	4

Rate of reversal of entry tax u/s 13(4) was increased to five *per cent* w.e.f. 4 December 2012.

excess of four *per cent*. The remaining amount of ₹ 46.81 lakh was not available as input tax credit and was required to be reversed[15]. However, the Designated Officer, while assessing the cases, did not reverse any amount on this account. The inadmissible allowance of ITC resulted in short levy of tax of ₹ 46.81 lakh.

The matter was reported to the Department/ Government in February 2019, March 2019 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to recover excess allowance of ITC of ₹ 46.81 lakh.

2.10 Non/short levy of fee under the Punjab Infrastructure (Development and Regulation) Act

In 36 assessment cases under four ACSTs, the Designated Officers did not levy or short levied fee of ₹ 12.38 crore under the Punjab Infrastructure (Development and Regulation) Act.

Section 25(1) of the Punjab Infrastructure (Development and Regulation) Act, 2002 (PIDR Act), provides for levy of fee on sale or purchase of goods specified in Schedule III[16] of the Act. Section 25(3) of the Act provides that the authorities empowered to assess and collect the tax under Punjab Value Added Tax Act 2005 (PVAT Act) will also assess and collect the fee under PIDR Act and the provisions of PVAT Act relating to assessment and collection shall apply accordingly. The rate of fee on the agricultural produces was raised from two *per cent* to three *per cent* w.e.f. 24 September 2008 except for cotton for which the rate remained two *per cent*. Further, the Government, in September and November 2012, exempted fee on purchase of paddy to the extent rice[17] derived out of such paddy is exported, and in February 2014, exempted the fee on purchase of cotton seed, cotton[18] (ginned and un-ginned). The Government ordered (27 July 2017) that fee collected under PIDR Act will be credited[19] to the Consolidated Fund of State.

Scrutiny of 36 assessment cases for the years 2010-11, 2011-12 and 2012-13, assessed in 2017-18 revealed that:

a) in 27 cases under four[20] ACSTs, the Designated Officers did not levy fee of ₹ 10.52 crore on first stage of purchase of cotton worth ₹ 525.91 crore.

b) in nine cases under ACST Fazilka, the Designated Officers levied fee of ₹ 0.86 crore on first stage of purchase of paddy worth ₹ 90.76 crore by allowing benefit of export of rice derived out of such paddy whereas fee

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15 Reversal means disallowing ITC claims of a dealer under provisions of PVAT Act and Rules at the time of assessment by the Designated Officer.

16 Petrol, Diesel and all agricultural produces as defined in Punjab Agricultural Produce Markets Act 1961 except fruits, vegetables and pulses. The fee is to be levied at first stage of sale or purchase, as the case may be, in the State of Punjab.

17 Clause regarding exemption from fee on non-basmati rice was added w.e.f. 25 September 2012 and that on basmati rice was added w.e.f. 07 November 2012.

18 Clause regarding exemption from fee on cotton seed and cotton was added w.e.f. 03 February 2014.

19 Before 27 July 2017, the fee was credited to a Development Fund called Punjab Infrastructure Development Fund, created under PIDR Act.

20 Bathinda (1), Faridkot (1), Fazilka (23) and Muktsar (2).

of ₹ 2.72 crore was required to be levied in these cases as the benefit of export was not available during 2010-11 and 2011-12. This resulted in short levy of fee of ₹ 1.86 crore.

The above omissions resulted in non/short levy of fee of ₹ 12.38 crore.

The matter was reported to the Department/ Government in January 2019, July 2019 and April 2020. ACST Bathinda replied (July 2019) that one case was reassessed and raised demand of ₹ 1.24 crore. ACST Fazilka replied (September 2019) that 12 cases were reassessed and demand of ₹ 2.80 crore had been raised. Reply in respect of 23 cases was awaited (December 2020).

The Government may direct the Department to recover applicable fee of ₹ 12.38 crore, under the Punjab Infrastructure (Development and Regulation) Act.

Chapter - III

State Excise

Chapter-III

State Excise

3.1 Tax administration

The Financial Commissioner Taxation and the Principal Secretary to the Government of Punjab is overall in-charge of the Excise and Taxation Department. The administration of the Punjab Excise Act, 1914, is carried out by Additional Excise and Taxation Commissioner at Patiala and six Deputy Excise and Taxation Commissioners (DETCs) at Amritsar, Faridkot, Ferozepur, Jalandhar, Ludhiana and Patiala. Twenty six Assistant Excise and Taxation Commissioners (AETCs), assisted by Excise and Taxation Officers (ETOs) and other allied staff monitor the work at the district level.

3.2 Results of audit

There were 58 auditable units in the Department consisting of 26 district offices of AETCs and 32 distilleries/breweries and other units. Out of these, audit selected 42[1] units for test check during the year 2018-19. There were 210 liquor vend licensees under the district offices for which records relating to receipt of license fee were maintained. Test check of records showed non/short levy of license fee and other irregularities of ₹ 205.14 crore in 185 cases (3.99 *per cent* of ₹ 5,135.68 crore of receipt under State Excise for the year 2017-18 audited in 2018-19) as detailed in **Table 3.1** below:

Table 3.1: Results of audit

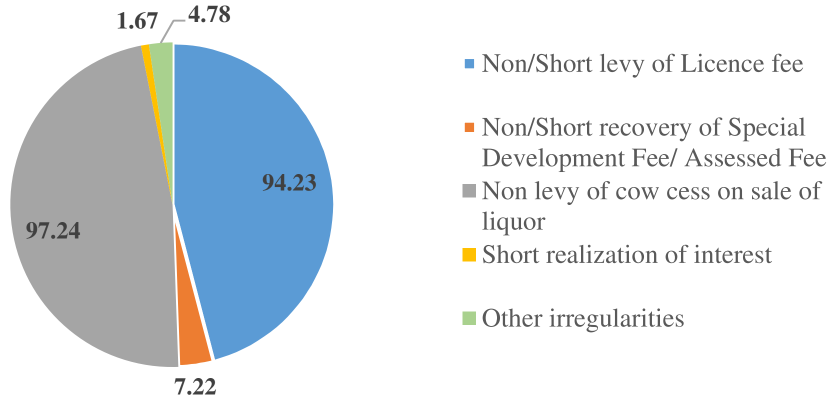
(₹in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Non/Short levy of Licence fee	94	94.23
2.	Non/Short recovery of Special Development Fee/ Assessed	19	7.22
3.	Non levy of cow cess on sale of liquor	24	97.24
4.	Short realization of interest	9	1.67
5.	Other irregularities	39	4.78
	Total	**185**	**205.14**

Category-wise audit findings noticed under State Excise are depicted in **Chart 3.1**.

[1] 26 district offices of AETCs and 16 other units.

Chart-3.1



In 2018-19, the Department accepted and recovered ₹ 2.21 crore in 34 cases which were pointed out in earlier years.

Significant cases (three) having a financial implication of ₹ 98.22 crore are discussed in the following Paragraphs 3.3 to 3.5.

3.3 Short realisation of Special Development Fee

AETC, Gurdaspur short realised Special Development Fee (SDF) of ₹ 0.20 crore on Punjab Medium Liquor and Beer from three retail vends.

The Punjab Liquor License (Amendment) Rules, 2017 (PLLR) provide that retail vends[2] shall pay fixed license fee and all other levies[3] at the prescribed rates[4] by 15 March, whether or not the vends lifted their entire annual quota of liquor allocated to them.

Audit scrutiny (July 2018) of the records of AETC, Gurdaspur showed that annual quota of Punjab Medium Liquor (PML) and Beer in respect of three vendees for the year 2017-18 was allocated as 12,86,063 proof litre and 5,42,315 bulk litre respectively on which SDF of ₹ 5.68 crore was recoverable but the Department had realized only ₹ 5.21 crore. Action to recover remaining SDF of ₹ 0.47 crore was not initiated by the AETC, resulting in short realization of SDF of ₹ 0.47 crore.

The matter was reported to the Department/ Government (February 2019 and April 2020). The Department accepted (June 2019) the audit observation and recovered SDF of ₹ 0.27 crore. The balance recovery of ₹ 0.20 crore was yet to be made (December 2020).

The Government may direct the Department to recover the balance SDF of ₹ 0.20 crore.

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2 Wholesale vends consisted of License L-1 for IMFL, IFL and Beer including Bottled in Origin (BIO) brands and License L-13 for PML. Retail vends consisted of License L-2 for IMFL, IFL and Beer and L-14A for PML.

3 Special Development Fee, Assessed Fee and Extra License Fee.

4 SDF ₹ 40 per PL for PML and ₹ 10 per BL for Beer.

3.4 Short realisation of Assessed Fee

AETC Gurdaspur failed to recover assessed fee of ₹ 0.78 crore from six retail vends on un-lifted quota of 5,05,861 bulk litre of beer.

The Punjab Liquor License (Amendment) Rules, 2017 (PLLR) levied excise duty on beer in the form of fixed license fee, special development fee and assessed fee. Fixed license fee and special development fee were levied on retail vends[5] whereas assessed fee was levied on wholesale vends. Every retail vend was allotted fixed quota of beer on which the vend was required to pay fixed license fee and special development fee whether or not the vend lifted the entire quota from wholesale vend. Further, Rule 25(3) of the PLLR provided that in case of non-lifting of quota of beer from wholesale vend, the retail vend was liable to pay assessed fee on un-lifted quota of beer at the lowest of the rates[6] prescribed therein.

Audit scrutiny of records (July 2018) of the AETC, Gurdaspur revealed that annual quota of Beer of 11,13,123 bulk litre was allocated to six retail vends for the year 2017-18, but these vends lifted only 6,07,262 BL of beer. Thus, 5,05,861 bulk litre of beer remained un-lifted on which the Department was required to recover assessed fee of ₹ 1.77 crore[7] from the retail vends. However, recovery was not made which resulted in short realization of assessed fee of ₹ 1.77 crore.

AETC Gurdaspur after reconciling the records, issued notices of recovery of ₹ 1.85 crore to the defaulting retail vends (between August and December 2018). AETC Gurdaspur intimated (January 2020) that recovery of ₹ 1.07 crore had been made. The balance recovery of ₹ 0.78 crore was yet to be made (November 2020).

The matter was reported to the Department/ Government (February 2019 and April 2020); their replies were awaited (December 2020).

The Government may direct the department to recover the balance short realized Assessed Fee of ₹ 0.78 crore.

5 Wholesale vends consisted of License L-1 for IMFL, IFL and Beer including Bottled in Origin (BIO) brands and License L-13 for PML. Retail vends consisted of License L-2 for IMFL, IFL and Beer and L-14A for PML.

6 Rate of assessed fee per bulk litre of beer during 2017-18:

Type of Beer	Light	Strong	Canned Light	Canned Strong
Indian Made beer	35	42	35	42
Imported Beer	35	42	-	-

7 5,05,861 x ₹ 35 (lowest rate of assessed fee on beer) = ₹ 1,77,05,135

3.5 Non-collection of cow cess on sale of liquor

Twenty four AETCs did not take cognizance of a notification issued by the Department of Local Government designating them as collection authority for Cow Cess on sale of liquor in municipal areas falling under their jurisdiction, due to non-inclusion of the same in the Excise policy. Consequently, ₹ 97.24 crore due on this account was not collected.

The Department of Local Government, Punjab levied (between June 2015 and January 2018), cow cess on sale of Indian Made Foreign Liquor, Country Liquor and Beer in municipal areas falling under the jurisdiction of 24[8] AETCs. The AETCs were declared as the collecting authority for cow cess for their respective jurisdictions.

Scrutiny of records of AETC Moga and information collected from 23 AETCs showed that though the notifications for levy of cow cess were issued between June 2015 (2015-16) and January 2018 (2017-18), the Department did not collect cow cess of ₹ 97.24 crore on Indian Made Foreign Liquor, Punjab Medium Liquor (country liquor) and Beer from the date of issue of notifications till 31 March 2018. The Department included the provision for collection of cow cess on liquor (PML, IMFL and Beer) in the excise policy for the year 2018-19 and started collecting cow cess from 01 April 2018 onwards. The delay in inclusion of the provision for collection of cow cess in excise policy resulted in non-collection of cow cess of ₹ 97.24 crore on liquor.

AETC Moga and Mansa replied (May 2018 and July 2019) that there was no provision of cow cess in the Excise Policy. Hence, the cow cess was not collected because all the levies on liquor were to be collected in accordance with the Excise Policy only. The reply was not tenable as the cow cess was levied through a notification by the Government. Once the notification for levy of cow cess was issued declaring AETC as the collecting authority, it was incumbent upon the collecting authorities to collect the cow cess till the notification was revoked. Further, the Department could have made the provision for collection of cow cess in the excise policies during 2015-16 and 2016-17 in harmony with notifications issued for levy of cow cess.

The matter was brought to the notice of the Department/ Government (December 2018, February 2019, March 2020 and April 2020); their replies were awaited (December 2020).

The Government may direct the Department to explore the possibility of recovery of cow cess of ₹ 97.24 crore.

8 Amritsar-I, Amritsar-II, Barnala, Bathinda, Faridkot, Fatehgarh Sahib, Fazilka, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar-I, Jalandhar-II, Kapurthala, Ludhiana-I, Ludhiana-II, Ludhiana-III, Mansa, Moga, Pathankot, Patiala, Sangrur, SAS Nagar, SBS Nagar and Tarn Taran.

Chapter - IV

Stamp Duty

Chapter-IV

Stamp Duty

4.1 Tax administration

The State Government exercises control over the registration of instruments through the Inspector General of Registration, who is assisted by the Deputy Commissioners (Collectors), Tehsildars and Naib-Tehsildars acting as Registrars, Sub-Registrars (SRs) and Joint Sub-Registrars (JSRs) respectively. The Registrars exercise superintendence and control over the SRs and JSRs of the district. For the purpose of levy and collection of Stamp Duty and Registration Fee, the State has been divided into five Divisions and 22 Districts.

The value of property mentioned in the sale deed or the minimum market rate prescribed by the Collector, whichever is higher, is considered for levy of Stamp Duty and Registration Fee on transfer of properties. Following taxes/fees/cess are leviable at the time of executing an instrument:

- Stamp duty at the rate of five *per cent*;
- Additional Stamp Duty for Social Security Fund (SSF) at the rate of three *per cent* for transfer of properties situated within a Municipality/Corporation / within an area of five kilometers from the outer limit of a Municipality/Corporation;
- Social Infrastructure Cess (SIC) at the rate of one *per cent*;
- Registration Fee (RF) is at the rate of one *per cent* subject to maximum of ₹ 2 lakh and;
- Infrastructure Development Fee (IDF) at the rate of one *per cent*.

4.2 Results of audit

Out of 178 auditable units in the Department, audit test checked 114 units during the year 2018-19. Test check of 26,450 instruments out of the total 3,62,486 instruments, registered in these units, showed non/short levy of stamp duty and other irregularities of ₹ 24.51 crore in 1,665 cases. Audit of "Levy and collection of Stamp Duty and Registration Fee on Lease Deeds" was also conducted which brought out irregularities involving ₹ 59.83 crore in 1,964 cases. The results of audit involving ₹ 84.34 crore in 3,629 cases (3.95 *per cent* of receipt of ₹ 2,135.13 crore under stamp duty for the year 2017-18, audited in 2018-19) are as given in the following **Table 4.1**:

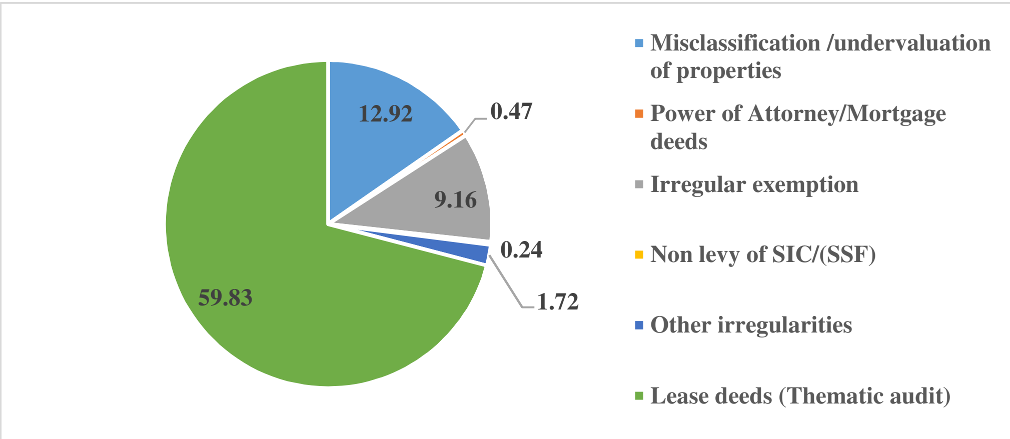
Table 4.1

Sl. No.	Categories	Number of cases	Amount (*₹in crore*)
1	Non/short levy of stamp duty and registration fee due to misclassification/undervaluation of properties.	633	12.92
2	Non-levy of Stamp Duty on Power of Attorney/Mortgage deeds.	52	0.47
3	Irregular exemption of Stamp Duty and Registration Fee.	255	9.16
4	Non levy of Social Infrastructure Cess (SIC)/Social Security Fund (SSF)	275	0.24
5	Other irregularities	450	1.72
6	Levy and Collection of stamp duty and registration fee on lease deeds	1,964	59.83
Total		**3,629**	**84.34**

Category-wise audit findings noticed in audit under stamp duty, are depicted in **Chart 4.1**.

Chart-4.1

(*₹in crore*)



Audit had pointed out similar omissions in the earlier years also, and these irregularities persisted during 2018-19 as well. The Department recovered ₹ 8.05 crore in 2,483 cases during 2018-19, of which ₹ 0.06 lakh in two cases were pointed out during 2018-19 and rest in earlier years.

Significant cases (five) having a financial implication of ₹ 63.35 crore are discussed in the following Paragraphs 4.3 to 4.7.

4.3 Short-levy of Stamp Duty on Power of Attorney

JSR Zirakpur short levied SD of ₹ 10.59 lakh on two Power of Attorneys giving right to person other than family member to sell immovable property.

The Punjab Government amended (December 2013) Entry 48 of Schedule I-A of the Indian Stamp Act, 1899 as applicable to Punjab and levied Stamp Duty at the rate of two *per cent* on Power of Attorney when given to a person other than family member, authorizing the attorney to sell any immovable property.

Scrutiny of deeds (May 2018), registered during 2014-15 under JSR Zirakpur, showed that two Power of Attorneys (PoAs) were executed, by levying SD of ₹ 1,000 only (₹ 500 each), to give right to person other than family member to sell immovable property whereas SD of ₹ 10.60 lakh[1] was required to be levied at the rate of two *per cent* on the value of the property of ₹ 5.30 crore. The omission resulted in short levy of SD of ₹ 10.59 lakh.

On this being pointed out, JSR Zirakpur sent the cases to the Collector, for decision under Section 47-A and replied (December 2019) that these cases have been decided by the Collector SAS Nagar wherein order for recovery of ₹ 10.59 lakh has been issued along with 12 *per cent* interest till recovery.

The matter was reported to the Department/Government (November 2018 and April 2020); their replies were awaited (December 2020).

The Government may direct the Department to recover SD of ₹ 10.59 lakh which was short levied in the case referred to in this para.

4.4 Non-application of applicable market rates

Sub-Registrar Bathinda short levied SD, RF and Infrastructure Development (ID) Fee of ₹ 12.69 lakh in a case, due to non-application of minimum market rate fixed by the Collector.

Entry 23 of Schedule I-A (for Punjab) of Indian Stamp Act, 1899, read with Rule 3-A of the Punjab Stamp (Dealing of Undervalued Instruments) Rules, 1983 provides that amount of consideration mentioned in the instrument of transfer of property or minimum market value prescribed by the Collector, whichever is higher, is considered for levy of duty and fee on transfer of properties.

Scrutiny of records of SR Bathinda for the year 2017-18 revealed that a sale deed which was executed in compliance of the decree of Civil Court given in respect of suit for specific performance of agreement to sell, was registered by levying SD, RF and ID Fee on the lower value of consideration set forth in the sale deed instead of minimum market value fixed by the Collector. The agreement to sell was entered into during 2005, whereas the sale deed was executed and registered during 2017-18. The deed was registered by levying SD of ₹ 0.42 lakh at the rate of seven *per cent,* RF of ₹ 0.06 lakh and ID Fee of ₹ 0.06 lakh at the rate of one *per cent* each on the value of ₹ 6.00 lakh as set forth in these documents which was the value as per agreement to sell. However,

[1] Two *per cent* of ₹ 5.30 crore.

SD of ₹ 10.29 lakh, RF of ₹ 1.47 lakh and ID Fee of ₹ 1.47 lakh were required to be levied on ₹ 1.47 crore, worked out on the basis of minimum market rate fixed by the Collector for the period in which the instrument was executed. The omission resulted in short levy of SD and RF of ₹ 12.69 lakh[2].

The matter was reported to the Government/Department in September 2018 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to recover SD, RF and ID Fee of ₹ 12.69 lakh which was short levied in the case.

4.5 Inadmissible remission of additional stamp duty, Social Infrastructure Cess and Infrastructure Development Fee

Nineteen SRs/JSRs allowed inadmissible remission of additional stamp duty, SIC and ID fee of ₹ 1.92 crore in 99 cases where instruments were executed a) in favour of Charitable Institutions, b) for purchase of land by owner whose land was acquired for public purpose and c) on instruments executed in favour of persons for purchase/lease of land for setting up a project duly approved by the Punjab Energy Development Authority (PEDA) under the New and Renewable Sources of Energy Policy, 2012.

The Government of Punjab remitted (February 1981 and June 2008) stamp duty and registration fee chargeable on the instruments of conveyance executed (a) in favour of charitable institutions (b) for the purchase of land in the State of Punjab by the owner whose land has been acquired for public purpose and (c) any person for purchase/lease of land for setting up a project duly approved by the Punjab Energy Development Authority (PEDA) under New and Renewable Sources of Energy Policy, 2012. The Government of Punjab levied additional stamp duty for Social Security Fund (SSF) (February 2005[3]) at the rate of three *per cent,* Social Infrastructure Cess (SIC) (February 2013) and Infrastructure Development Fee (June 2015) at the rate of one *per cent* on every instrument mentioned in entry 23 of Schedule 1-A. Further, the Government, while issuing clarification regarding levy of SSF, stated (May 2005) that where remission from payment of Stamp Duty has been given from time to time under provision of Indian Stamp Act, such remission is for stamp duty only.

Scrutiny of records (between November 2016 and January 2019) of 19[4] SRs/JSRs for the period from 2014-15 to 2017-18 showed that the SRs/JSRs remitted additional stamp duty, SIC and ID fee of ₹ 1.92 crore in 99 cases besides remission of stamp duty and registration fee as detailed below:

a) Charitable Institutions

In 10[5] SRs/JSRs, 22 instruments for transfer of property were registered treating those to be transfers of properties in favour of 10 charitable institutions for charitable purposes and remission of Stamp Duty and Registration Fee was

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[2] SD ₹ 9.87 lakh (₹ 10.29 lakh – ₹ 0.42 lakh) + RF ₹ 1.41 lakh (₹ 1.47 lakh – ₹ 0.06 lakh) + ID Fee ₹ 1.41 lakh (₹ 1.47 lakh – ₹ 0.06 lakh).

[3] The Government waived levy of additional stamp duty for SSF from 28 August 2017 till further orders.

[4] Anandpur Sahib, Attari, Bagha Purana, Barnala, Bathinda, Bhikhi, Harike, Jalandhar-I, Lambi, Ludhiana (West), Mansa, Mullanpur Dakhan, Nathana, Patti, Phillaur, Talwandi Bhai, Talwandi Sabo, Zira and Zirakpur.

[5] Anandpur Sahib, Attari, Barnala, Bathinda, Jalandhar-I, Lambi, Mullanpur Dakhan, Nathan, Phillaur and Zirakpur.

allowed. However, additional stamp duty of ₹ 1.03 crore and SIC of ₹ 0.35 crore were also remitted in addition to remission of Stamp Duty and Registration Fee, which was in contravention of the clarification mentioned, *ibid*. The inadmissible remission resulted in non-realisation of additional stamp duty for SSF and SIC of ₹ 1.38 crore.

b) In cases where land of the purchaser was acquired for public purpose

In nine[6] SRs/JSRs, 54 instruments were registered for transfer of property in the name of persons whose land had been acquired for public purposes and remission of Stamp Duty and Registration Fee was allowed. However, additional stamp duty of ₹ 0.12 crore, SIC of ₹ 0.22 crore and ID Fee of ₹ 0.09 crore were also remitted in addition to remission of Stamp Duty and Registration Fee, which was in contravention of the clarification mentioned, *ibid*. The inadmissible remission resulted in non-realisation of ₹ 0.43 crore.

SR Zira stated (December 2019) that IDF was not charged as the instruments were registered in accordance with Land Acquisition Act. The reply of the SR is not tenable as the notification (June 2008), *ibid,* provided for exemption from stamp duty only.

c) Inadmissible remission of SIC to solar power projects

Scrutiny of the records of Sub Registrar Talwandi Sabo for the year 2014-15 showed that in 23 instruments, SR allowed remission of SIC along with Stamp Duty. The instruments were executed for transfer of property in favour of persons who were to set up solar power projects approved by the PEDA. Hence, remission of stamp duty was in order. However, remission of SIC was in contravention of the clarification mentioned, *ibid,* which resulted in non-realization of ₹ 10.57 lakh.

The matter was reported to the Government/Department between June 2018 and April 2020; their replies were awaited (December 2020).

The Government may like to fix responsibility in the matter for irregularity allowed and initiate action to recover the amount due.

4.6 Short levy of Stamp Duty and Registration Fee due to misclassification of property

Four SRs short levied Stamp Duty, Registration Fee and Infrastructure Development Cess of ₹ 1.36 crore in seven cases, due to application of lower rates than were applicable as per the Collector rate or status of properties at the time of registration.

Rule 3-A of the Punjab Stamp (Dealing of Undervalued Instruments) (First Amendment) Rules[7], 2002 provides that the Collector of a district shall, in consultation with Committee of experts as defined there under, fix the minimum market value of land/properties, located in the district, locality wise and category wise for the purpose of levy of SD and RF on the instruments of transfer of properties.

[6] Bagha Purana, Bhikhi, Harike, Nathana, Talwandi Bhai, Ludhiana (West), Mansa, Patti and Zira.

[7] Notified vide GSR-30/CA-2/1899/SS-47 and 75/Amd (2)/2002 dated 23 August 2002.

Scrutiny of records of four[8] Sub-Registrars/Joint Sub-Registrars, revealed that seven sale deeds were registered during the period 2016-17 at the value of ₹ 3.50 crore set forth in these instruments, whereas the properties were required to be valued at ₹ 16.04 crore, as these were either situated in particular locality or status of the properties was residential/commercial/industrial at the time of registration of document, for which higher rates as fixed by the respective Collectors were applicable. The difference in valuation of the properties on account of misclassification was ₹ 12.54 crore, which resulted in short levy of SD, RF and ID Fee of ₹ 1.36 crore[9].

The matter was reported to the Government/Department in May 2018 and April 2020; their replies were awaited (December 2020).

The Government may direct the Department to recover SD and RF of ₹ 1.36 crore in seven cases referred to in this para.

4.7 Levy and Collection of Stamp Duty and Registration Fee on Lease Deeds

The Indian Stamp Act empowers all public officers to impound the instruments, chargeable with duty but not duly stamped, which are produced or come before them in the course of performance of their functions, however, public officers did not impound and refer insufficiently stamped instruments to the Collectors for assessment of stamp duty. The public officers and Banks did not ensure that the lease agreements were duly stamped. Stamp duty and registration fee of ₹ 59.42 crore on 1,720 out of 1,800 lease instruments examined in audit was not paid. Further, stamp duty and registration fee of ₹ 0.41 crore was short levied on 244 out of 3,893 instruments presented for registration before 32 SRs/JSRs.

4.7.1 Introduction

Section 105 of the Transfer of Property Act, 1882 defines 'lease of immovable property' as a transfer of a right to enjoy such property, made for a certain time or in perpetuity, in consideration of a price paid or promised to be rendered periodically or on specified occasions. The transferor is called the 'Lessor', the transferee is called the 'Lessee', the price is called the 'Premium' and the money, share, service or other thing to be so rendered is called the 'Rent'.

Section 2(16) of the Indian Stamp Act, 1899 (IS Act) defines lease as lease of immovable property, and also includes a *patta*[10], a *kabuliyat*[11] and any instrument by which tolls of any description are let. Thus, lease under the IS Act has a wide scope, from leasing of immovable property to letting out rights of collection of various tolls where no immovable property is leased. With the introduction of Public-Private-Partnership (PPP) model of development, the Government is entering into various agreements with private parties in the form

8 Derabassi, Kharar, Jalandhar and Mullanpur Dakhan.

9 SD of ₹ 1.17 crore, RF of ₹ 6.36 lakh and ID Fee of ₹ 12.54 lakh.

10 *Patta* is a type of land allotment by government to a cultivator for specified time where the cultivator agrees to pay land revenue, taxes, cesses at the rate legally assessed or imposed in respect of the land.

11 A *kabuliyat* is an undertaking in writing by a tenant to take the tenancy.

of 'Concession Agreements', 'BOT Agreements[12]', 'Development Agreements' etc., whereby, in lieu of investment made and money offered by private parties to the Government in the shape of concession fee/upfront fee/ negative grant, the right of collection of tolls/fees is let out to such parties for specified period of time. Such arrangements are termed as lease under Section 2(16) of the IS Act and chargeable to Stamp Duty, leviable at the rate prescribed in Entry 35 of Schedule I-A of IS Act, considering the average annual rent reserved, money advanced in addition to rent reserved, fine or premium paid and term of lease. Further, Section 29(C) of the IS Act provides that expenses on account of stamp duty will have to be borne by the lessee unless there is an agreement to the contrary.

The Lease of immovable property from year to year or for any term exceeding one year or reserving a yearly rent, is required to be compulsorily registered on payment of prescribed registration fee as per Section 17 of 'The Registration Act, 1908'.

In order to assess the adequacy and effectiveness of levy and collection of Stamp Duty and Registration Fee on lease deeds, an audit of "Levy and collection of Stamp Duty and Registration Fee on Lease Deeds" was conducted between April 2019 and December 2019. Audit obtained details and copies of agreements entered into by the Government Departments/Bodies with private parties from Punjab Infrastructural Development Board (PIDB)[13], National Highways Authority of India's (NHAI) Regional Office for Punjab[14], Grain Procurement Agencies[15], Local Bodies[16], Banks[17], Universities[18], Developing Authorities[19], and Government Departments[20] and examined these for sufficiency of Stamp Duty. Records of 39[21] SRs/JSRs from six[22] districts were selected on the basis of Probability Proportional to Size (PPS) method. Records of all the 3,893 lease deeds registered between the period from 2016-17 to 2018-19 were examined.

Examination of lease agreements executed between the Government departments/bodies and private parties, and, agreements that were registered

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12 In Build, Operate and Transfer (BOT) agreements, the Government grants a concession to a private party for a specified period to finance, build and operate a project. The concession is in shape of right to collect toll, fee from public for using the project. After the concession period, the project is returned to the Government.

13 State Nodal Agency for PPP Projects in Punjab. All the PPP agreements of the Govt. of Punjab are facilitated by the Board.

14 Nodal Agency for construction of National Highways in Punjab

15 Punjab Grain Procurement Corporation Limited (PUNGRAIN), Punjab State Civil Supplies (PUNSUP), Punjab State Warehousing Corporation (PSWC), Punjab Agro Food Grains Corporation (PAFC).

16 49 MCs from six districts (Amritsar, Jalandhar, Kapurthala, Ludhiana, Rupnagar, SAS Nagar).

17 Bank of India, Bank of Maharashtra, Canara Bank, Central Bank of India, Punjab National Bank, Punjab and Sindh Bank, State Bank of India, United Commercial Bank.

18 Guru Angad Dev Veterinary and Animal Sciences University Ludhiana, Guru Nanak Dev University Amritsar, I.K. Gujral Punjab Technical University Jalandhar, Punjab Agricultural University Ludhiana.

19 Amritsar Development Authority, Greater Ludhiana Area Development Authority, Greater Mohali Area Development Authority, Jalandhar Development Authority.

20 Department of Medical Education and Research, Department of Technical Education and Industrial Training, Fisheries.

21 Adampur, Ajnala, Amritsar-1, Amritsar-2, Anandpur Sahib, Baba Bakala, Bholath, Chamkaur Sahib, Dehlon, Dera Bassi, Goraya, Jagraon, Jalandhar-1, Jalandhar-2, Kapurthala, Kartarpur, Khanna, Kharar, Koomkalan, Ludhiana (Central), Ludhiana (East), Ludhiana (West), Majitha, Majri, Malaud, SAS Nagar, Mullanpur Dakha, Nakodar, Nangal, Noormahal, Payal, Phagwara, Phillaur, Raikot, Rupnagar, Samrala, Shahkot, SultanpurLodhi, Zirakpur.

22 Amritsar (5), Jalandhar (9), Kapurthala (4), Ludhiana (12), Rupnagar (4), SAS Nagar (5)

with SRs/JSRs revealed irregularities in stamp duty and registration fee of ₹ 59.83 crore in 1,964 cases, which have been discussed in the succeeding paragraphs:

4.7.2 Deficiencies in stamping of lease instruments

Section 33(1) of the IS Act enjoins upon all public officers to impound the instruments, chargeable with duty but not duly stamped, which are produced or come before them in the course of performance of their functions.

Scrutiny of agreements and information related to 1,800 lease instruments executed between the Government departments/bodies and private parties revealed that 1,720 lease agreements were not duly stamped. The public officers did not impound and refer insufficiently stamped instruments to the Collectors for assessment of stamp duty. The public officers and Banks did not ensure that the lease agreements were duly stamped. This resulted in non-levy of stamp duty of ₹ 59.42 crore as detailed in the succeeding paragraphs and may have legal implications as an unstamped instrument is not admissible in evidence before Courts of Law. Thus, the interest of Government may not be legally secured and enforceable.

4.7.2.1 Concession agreements: Seven[23] Departments/Boards/ Corporations of the Government of Punjab and the National Highway Authority of India (NHAI) executed 29 concession agreements on PPP mode between 2004-05 and 2016-17 with private parties for development and maintenance of roads, medical and technical institutes, hospitals, bus terminals and tourist complexes. Out of these, 28 agreements were not stamped. We noticed that in lieu of upfront fee of ₹ 499.37 crore and average annual concession fee of ₹ 178.61 crore, the private parties were given rights for collection of tolls, fees, rent and user charges for the terms ranging between 5 and 99 years.

As per contents of the agreements, these agreements were lease instruments within the scope of Section 2(16) of the IS Act and chargeable to Stamp Duty, however, no stamp duty was paid. This deprived the State Government of revenue on account of Stamp Duty of ₹ 36.05 crore as detailed in the following **Table 4.2**:

[23] Department of Medical Education and Research, Department of Technical Education and Industrial Training, National Highway Authority of India (Punjab Region), Punjab Health System Corporation, Punjab Heritage and Tourism Promotion Board, Punjab State Power Corporation Limited, Punjab Urban Development Authority.

Table 4.2: Non-payment of stamp duty on Concession Agreements

Sr. No.	Name of Department/ Board	Agreements		Purpose of agreement	*(₹ in crore)*				
		Total	Objected in Audit		Upfront Fee	Average Annual Concession Fee	SD due	SD paid	Short levy
1	Department of Medical Education and Research	1	1	Development of Medical Institute	131.00	116.45	17.90	0.00	17.90
2	Department of Technical Education and Industrial Training	11	11	Development of Industrial Training Institutes	0.00	0.82	0.10	0.00	0.10
3	National Highways Authority of India (NHAI)	2	2	Development of Roads	304.30	0.00	9.13	0.00	9.13
4	Punjab Health System Corporation	2	2	Development of Hospital	6.32	0.00	0.19	0.00	0.19
5	Punjab Heritage and Tourism Promotion Board	9	8	Development of Tourist Complex	0.75	5.68	0.34	0.00	0.34
6	Punjab State Power Corporation Ltd (PSPCL)	1	1	Development of 5-Star hotel	0.00	3.20	0.38	0.00	0.38
7	Punjab Urban Development Authority (PUDA)	3	3	Development of Bus Terminals, 5-Star, 3-Star Hotel	57.00	52.46	8.01	0.00	8.01
Total		**29**	**28**		**499.37**	**178.61**	**36.05**	**0.00**	**36.05**

The Managing Director, PIDB, the nodal agency for PPP projects in Punjab, replied (February 2020) that no duty was chargeable in respect of instruments executed by, or on behalf of, or in favour of the Government as per provisions of Section-3 of the Stamp Act. The reply is not tenable as the said exemption was applicable only where the Government was liable to pay the Stamp Duty, whereas in these cases, duty was payable by the private parties.

4.7.2.2 Lease Agreements: The Government Department, Universities and telecom operators executed 1,543 lease agreements for various purposes, out of which, 1,470 lease agreements were not registered. This deprived the State Government of revenue on account of stamp duty and registration fee of ₹ 20.96 crore as detailed below:

(i) The Punjab State Forest Department signed an MoU with the Punjab State Forest Development Corporation (PSFDC) wherein it gave exclusive right of nine *per cent* of its office to the PSFDC for life time for a consideration of ₹ 6.20 crore which was nine *per cent* of cost of construction of whole office. The MoU contained element of lease and was required to be treated as such, on which Stamp Duty of

₹ 18.60 lakh and registration fee of ₹ 2.00 lakh was payable, whereas, MoU was executed on a stamp paper of ₹ 50 and was not registered.

(ii) In 14 out of 29[24] Municipal Corporations, 22 Telecom operators executed 268 lease agreements during the years 2004-05 to 2018-19 to obtain space on lease for period ranging from 10 to 20 years to install telecommunication towers. However, 210 out of 268 agreements were not registered, on which stamp duty and registration fee of ₹ 20.18 lakh was payable, but not paid.

Twenty[25] Municipal Corporations did not provide the information for mobile towers.

(iii) Three universities executed 33 agreements during 2016-17 to 2018-19 to lease out shops and agricultural land for the period ranging from less than one year to 33 years. Out of these, 22 agreements were not registered, on which stamp duty and registration fee of ₹ 9.25 lakh was payable but not paid.

One[26] university did not provide the information for lease agreements.

(iv) Four Procurement Agencies viz Punjab Agro Food grains Corporation (PAFC), Punjab State Grains Procurement Corporation (PUNGRAIN), Punjab State Civil Supply Corporation Limited (PUNSUP) and Punjab State Warehousing Corporation (PSWC) executed hire agreements with private parties for storage of food grains during the years 2016-17 to 2018-19. Scrutiny of 1,241 lease agreements revealed that 1,237 agreements were not registered on which stamp duty and registration fee of ₹ 20.46 crore was payable.

4.7.2.3 Parking sites: Audit examination of records in 23 Municipal Corporations showed that two[27] Municipal Corporations had executed 23 agreements during 2016-17 to 2018-19 with private parties/persons for allotment of parking sites on average annual rent of ₹ 6.12 crore. Being lease instruments, Stamp Duty of ₹ 24.40 lakh was payable on these agreements but was not paid. This deprived the State Government of revenue on account of Stamp Duty as detailed in **Table-4.3**:

Table 4.3: Non-payment of Stamp Duty on agreements leasing Parking Sites

(Amount in ₹)

Sr. No.	MC	No. of agreements	Average Annual Rent	Stamp Duty
1	Khanna	4	62,92,000	2,50,480
2	Ludhiana	19	5,48,86,000	21,89,940
Total		**23**	**6,11,78,000**	**24,40,420**

24 Out of total 49 Municipal Corporations/Municipal Councils in six selected districts, 29 MCs provided information about lease agreement for installation of towers. Out of 29 MCs, 268 lease agreements were made in 14 MCs only.

25 Alwalpur, Bhogpur, Bholath, Dhilwan, Jandialaguru, Kapurthala, Kharar, Kiratpur Sahib, Kurali, Lohian Khas, Majitha, Mehatpur, Mullanpur Dakha, Nadala, Naya Gaon, Noor Mahal, Nurpur Bedi, Phillaur, Rajasansi, Ramdas.

26 I.K. Gujral Punjab Technical University Jalandhar.

27 Khanna and Ludhiana.

4.7.2.4 Rent deeds: The Banks provide residential accommodation to their officers, either by acquiring the houses/flats on lease or reimburse the rent to officers, who acquire houses/flats on lease in their name.

Information obtained from four[28] Zonal/Regional Branches of two Banks related to lease agreements executed by the banks or their officers for acquiring house/flat on lease in Punjab, showed that all 128 lease agreements were neither stamped nor were registered with the jurisdictional Sub Registrars. This deprived the State Government of revenue on account of stamp duty and registration fee of ₹ 3.49 lakh.

Similar information sought from 15 Zonal/Regional branches[29] of eight banks was not provided to audit.

4.7.2.5 Right to Fisheries: The Fisheries Department executed 36 lease agreements during the years 2016-17 to 2018-19 for ₹ 8.53 crore to lease out fishing rights to private parties, on which Stamp Duty of ₹ 34.74 lakh was payable, however, none of the agreements was stamped. This deprived Government from revenue of ₹ 34.74 lakh on account of Stamp Duty.

Executive Engineer, Project and RM Division, Ranjit Sagar Dam (RSD) Shahpur Kandi Township (Pathankot) did not provide information on auction of fishing rights in the RSD reservoir (Punjab region) during the years 2016-17 to 2018-19.

4.7.2.6 Allotment of industrial plots: The Greater Mohali Area Development Authority (GMADA) and the Punjab State Industrial and Export Corporation (PSIEC) executed 41 agreements against allotment of industrial plots on lease hold basis. Out of these, 34 lease agreements were not stamped and one lease agreement was insufficiently stamped. Moreover, these agreements were not registered. This deprived the State Government of revenue of ₹ 1.79 crore on account of Stamp Duty and Registration Fee as detailed in **Table-4.4.**

Table 4.4: Non-payment of SD and RF on industrial plots allotted on lease hold basis

(₹ in lakh)

Sr. No.	Name of Department	Agreements		Premium / AAR* for levy of SD	Due		Paid		Deficient	
		Total	Objected in Audit		SD	RF	SD	RF	SD	RF
1	GMADA	40	34	4,521.54	135.65	42.59	0.00	0.00	135.65	42.59
2	PSIEC	01	01	34.31	1.03	0.34	0.26	0.00	0.77	0.34
Total		**41**	35	**4,555.85**	**136.68**	**42.93**	**0.26**	**0.00**	**136.42**	**42.93**
									179.35	

****Annual Average Rent***

[28] Punjab and Sindh Bank (Jalandhar, Ludhiana, Patiala), United Commercial Bank (Chandigarh).

[29] Zonal/Regional Branches of banks which did not provide information:

1	2	3	4	5	6	7	8
Bank of India	Bank of Maharashtra	Canara Bank	Central Bank of India	Punjab National Bank	Punjab and Sindh Bank	State Bank of India	United Commercial Bank
Amritsar Ludhiana	Chandigarh	Chandigarh	Chandigarh	Ludhiana	Amritsar, Bathinda, Chandigarh, Faridkot, Hoshiarpur	Ludhiana, Patiala, SAS Nagar	Jalandhar

Similar information sought from three[30] Development Authorities was not provided to Audit. Further, the Punjab State Industrial and Export Corporation (PSIEC), which is responsible for development and promotion of industries in Punjab, had allotted 10,658 industrial plots in the State up to 31 March 2017. As per terms of the allotment, the allottees were required to get the lease deed registered within three years of the allotment. However, the PSIEC did not maintain data regarding execution or non-execution of lease deeds by the allottees. In the absence of such data, loss on account of Stamp Duty and Registration Fee in respect of plots, for which lease deeds were not registered, could not be ascertained in Audit.

The above matters were reported to the Government/Departments (March 2020); their replies were awaited (December 2020).

4.7.3 Short levy of Stamp Duty and Registration Fee on lease deeds

Under the provisions of IS Act, Stamp Duty at the prescribed rate is chargeable on an instrument of lease on the basis of period of lease and amount of the average annual rent reserved.

Audit, however, observed that out of 3,893 lease deeds registered with 39 SRs/JSRs during the period from 2016-17 to 2018-19, there was short realization of Stamp Duty and Registration Fee of ₹ 40.74 lakh against 244 lease deeds in 32[31] SRs/JSRs. The short levy was mainly on lease instruments having lease period up to five years on which Stamp Duty at the rate of three *per cent* was charged instead of applicable four *per cent.* Further, in January 2019, the rate of stamp duty on these instruments was increased to eight *per cent,* however, the Department continued levy of stamp duty at pre-revised rate.

The above matters were reported to the Government/Departments (between April 2019 and March 2020); their replies were awaited (December 2020).

Conclusions

Stamp duty from lease deeds/agreements has a potential of becoming good source of revenue to the Government. It is clear from the foregoing that the most of lease instruments produced or coming before the public officers in the course of performance of their functions were unstamped and unregistered. Though lease agreements are executed for various activities by public offices like municipal councils/corporations, banks, food procurement agencies, universities, telecom operators etc., yet, unlike conveyance deed, there is no compulsion for the parties to get these registered for the reason that no change in land records is required on the basis of lease deeds, as is required in the case of conveyance deeds. Thus, in this scenario, stamp duty from lease deeds cannot

[30] Amritsar Development Authority, Greater Ludhiana Area Development Authority, Jalandhar Development Authority.

[31] Adampur, Ajnala, Amritsar-1, Amritsar-2, Baba Bakala, Bholath, Dehlon, Dera Bassi, Goraya, Jalandhar-1, Jalandhar-2, Kapurthala, Kartarpur, Khanna, Kharar, Ludhiana (Central), Ludhiana (East), Ludhiana (West), Majri, Malaud, SAS Nagar, Mullanpur Dakha, Nakodar, Noormahal, Phagwara, Phillaur, Raikot, Rupnagar, Samrala, Shahkot, Sultanpur Lodhi, Zirakpur.

be secured unless there is mechanism to hold the public officers as well as public bodies accountable for insufficient stamping and non-registration of lease deeds.

The State Government may institute a system to ensure that omissions as pointed out, do not recur.

Chapter - V

Taxes on Vehicles

Chapter-V

Taxes on Vehicles

5.1 Tax administration

The overall charge of the Transport Department vests with the State Transport Commissioner (STC), Punjab, Chandigarh. There are 11 Regional Transport Authorities (RTAs) which, administer the Punjab Motor Vehicles Taxation Act, 1924 and the Rules made there under, monitor and maintain the records of receipt of Motor Vehicles Taxes. The RTA is also responsible for collection of Motor Vehicles Taxes in respect of Stage Carriage Buses of other States. In addition, RTAs regulate the motor vehicles in the State in conformity with the Motor Vehicle Act, 1988 and maintains the records of receipt of fees on motor vehicles.

5.2 Results of audit

There were 15 auditable units in the Department consisting of seven Regional Transport Authorities (RTAs) and eight other units. Audit selected 10[1] units for audit during the year 2018-19. Test check of records relating to motor vehicle taxes in respect of 5,24,019 permits showed non/short realisation of motor vehicle tax and other irregularities with a revenue implication of ₹ 13.54 crore in 6,373 cases (0.71 *per cent* of receipt of ₹ 1,911.20 crore under Taxes on Vehicles for the year of audit 2017-18) as per detail given in **Table 5.1** below:

Table 5.1: Results of audit

(₹ in crore)

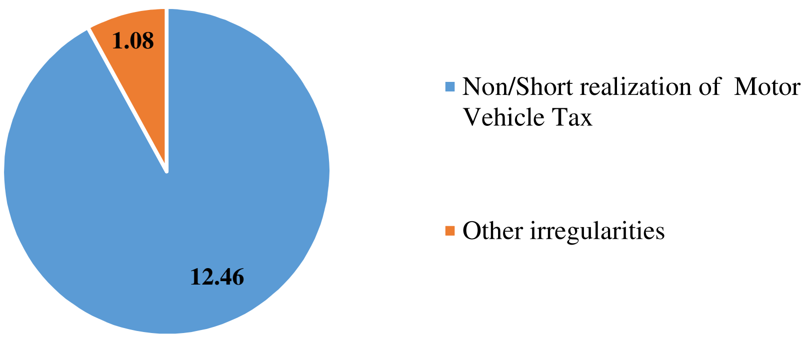
Sl. No.	Categories	No. of cases	Amount
1.	Non/Short realization of Motor Vehicle Tax	6,084	12.46
2.	Other irregularities	289	1.08
Total		**6,373**	**13.54**

Category-wise audit findings noticed under Taxes and motor Vehicles Tax are depicted in **Chart 5.1**:

[1] Seven RTAs and three other units.

Chart-5.1

(₹ in crore)



Audit had pointed out similar omissions in the earlier years also. However, these irregularities were again noticed during 2018-19. In 2018-19, the Department accepted and recovered ₹ 1.22 crore in 181 cases out of which ₹ 0.51 crore involved in 32 cases pertained to the year 2018-19 and remaining ₹ 0.71 crore involved in 149 cases pertained to the earlier years.

An illustrative case involving ₹ 0.35 crore is discussed in Paragraph 5.3.

5.3 Short realisation of motor vehicle tax

In two RTAs, Motor Vehicle Tax of ₹ 34.97 lakh was short realized from three bus operators plying stage carriage buses in Punjab.

Section 3 of the Punjab Motor Vehicle Taxation Amendment Act 2007, provides for imposition of tax on every motor vehicle and empowers the Government of Punjab to determine the rate and manner of payment of the tax. The Government, in exercise of these powers, notified the rates[2] of Motor Vehicle Tax (MVT) for stage carriage buses. Motor vehicle tax on stage carriages is payable by the end of every month.

Scrutiny of records of RTAs Bathinda and Sangrur revealed that three private bus operators paid MVT of ₹ 19.38 lakh for the period 2016-17 to 2017-18 in respect of 13 permits of stage carriage buses with a total of 4,396.20 permitted kilometers per day. However, MVT of ₹ 54.35 lakh was required to be paid for the permitted kilometers on the basis of prevalent rates of MVT. The bus operators neither furnished any information regarding non-use of the permits nor were the permits cancelled by the RTAs. In case of RTA Sangrur, fitness certificates were also issued by Motor Vehicle Inspector in respect of buses covered under the permits. The RTAs did not take any action for recovery of MVT short paid by the bus operators. This resulted in short realization of MVT of ₹ 34.97 lakh.

2

Period	Rate for ordinary buses (₹ per kilometre per day)	Number of days in a month exempted for MVT
12.12.2015 to 14.06.2016	2.73	6
15.06.2016 to 17.08.2017	2.75	6
18.08.2017 to till date	2.80	4

The RTAs replied (June and August 2018) that notices would be issued to the transporters.

The matter was reported to the Government/Department in January 2019, May 2019 and May 2020; their reply was awaited (December 2020).

The Government may direct the Department to recover MVT of ₹ 34.97 lakh from these three bus operators.

Chapter - VI

Forestry and Wild Life

Chapter-VI

Forestry and Wild Life

6.1 Tax administration

The Principal Secretary to the Government of Punjab is the overall in-charge of the Forest Department. The overall control and superintendence of the Department vests with the Principal Chief Conservator of Forest. The Department is primarily responsible for protection of forests and preservation of wildlife in the State.

6.2 Results of audit

There were 39 auditable units in the Department consisting of 26 offices of Divisional Forest Officers and 13 other units. Out of these, audit selected 24[1] units for test check during the year 2018-19. Test check of records showed irregularities of ₹ 6.29 crore in 546 cases (15.02 *per cent* of receipt of ₹ 48.67 crore under Forestry and Wildlife for the year of 2017-18, audited in 2018-19). Besides regular audit, a Performance Audit titled "Working of Forests and Wildlife Preservation Department" was also conducted which brought out systemic issues along with irregularities involving ₹ 14.10 crore. The results of audit involving ₹ 20.39 crore in 547 cases are given in **Table 6.1**:

Table 6.1: Results of audit

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Unauthorised provision and expenditure	33	6.11
2.	Other irregularities	513	0.18
3.	**Performance audit titled "Working of Forests and Wildlife Preservation Department"**	1	14.10
Total		**547**	**20.39**

In 2018-19, the Department accepted and recovered ₹ 2.49 lakh in two cases which were pointed out in earlier years.

[1] 18 DFOs and six other units.

6.3 Performance Audit on Working of Forest and Wild Life Preservation Department

With a view to examine the overall working of the Department, test check of records was carried out between April 2019 and January 2020 including, joint site inspections with Departmental officials and discussions with the officials of implementing and monitoring units of the Department. It showed deficiencies relating to non-implementation of working plan, shortage in forest receipts and lack of monitoring. While the overall financial implication of this audit intervention was ₹ 14.10 crore, some of the significant findings are highlighted as follows:

State Forest Policy was not framed to create a road map and strategy for achievement of long term goals regarding preservation, protection and restoration of forest cover and ecological balance in the State.

(Paragraph 6.3.6.1)

Due to removal of interest clause from the revised royalty policy 2009, the department could not charge interest of ₹ 3.29 crore from the Punjab State Forest Development Corporation.

(Paragraph 6.3.7.2)

Undue benefit of ₹ 6.91 crore was extended to the Punjab State Forest Development Corporation due to short claim of royalty.

(Paragraph 6.3.7.4)

Non-harvesting of bamboo resulted in deferring of revenue of ₹ 1.16 crore.

(Paragraph 6.3.11.2)

Boundaries of Sanctuaries and Zoological Park were not demarcated.

(Paragraph 6.3.15.1)

6.3.1 Introduction

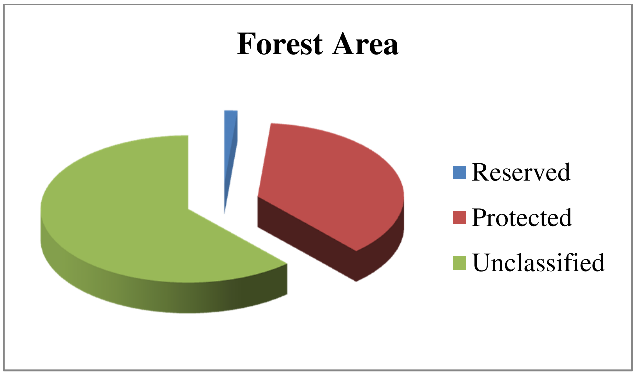
The forests and wildlife are natural and unique resources which are capable of self-sustaining. The subject 'Forests' and 'protection of wildlife' are included in the 'Concurrent List' in the Seventh Schedule to the Article 246 of the Constitution of India.

The Indian Forests Act 1927, Forest Conservation (FC) Act, 1980 and Indian Wild Life (Protection) Act 1972 are Central Acts, whereas, Indian Forests (Punjab Amendment) Act 2004[2] is a State Act. These Acts govern protection and management of forests and wildlife preservation in the State of Punjab. Under the FC Act, it is necessary to get prior approval of the Government of India (GoI) for use of forest land for non-forestry purposes. In Punjab, the total

[2] Indian Forest Act, 1927, amended in its application to the State of Punjab earlier through Indian Forests (East Punjab Amendment) Act 1948, Indian Forests (Punjab Amendment) Act 1954 and Indian Forests (Punjab Amendment) Act 1962

area notified as forest land (Recorded Forest Area[3]) is 3,084 sq km which is 6.12 *per cent* of the total geographical area of 50,362 sq km of the State and 0.40 *per cent* of the total forest area of 7,67,419 sq km of the country. The Recorded Forest Area comprises 44.10 sq km reserved[4] forest (1.43 *per cent*), 1,137.07 sq km protected[5] forest (36.87 *per cent*) and 1,902.83 sq km un-classified[6] forest (61.70 *per cent*).

Chart 6.1



The status of forest cover in Punjab as per India State Forest Reports 2013, 2015, 2017 and 2019 published by the Forest Survey of India is as given below:

Table 6.2: Detail of forest cover in Punjab

(Area in Sq. Km)

Year	2013	2015	2017	2019
A: Area under tree and forest cover	3,271	3,315	3,459	3,441
B: Total Geographical area (GA) of the State	50,362	50,362	50,362	50,362
Percentage of A to B	**6.49**	**6.58**	**6.87**	**6.83**

Source: Indian State Forest Reports published by the Forest Survey of India

From the above table, it is noticed that there was increase in the area under tree and forest cover to total geographical area of the State but it remained between 6 and 7 *per cent*, with minor increase/decrease over the period 2013-17. Out of 3,441 sq.km of forest and tree cover as per India State of Forest Report 2019, the area of forest cover was 1,849 sq. km and area under tree cover was 1,592 sq. km. Out of 1,849 sq. km, forest cover of 784 sq. km was inside the Recorded Forest Area and forest cover of 1,065 sq.km was outside the Recorded Forest Area as depicted in the following table:

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[3] The area of land notified as forest land is called Recorded Forest Area. Forest cover exists inside as well as outside Recorded Forest Area. 'Recorded Forest Area' in State was 3084 sq km and 'Area Under Tree and Forest Cover' was 3441 sq km

[4] An area notified under Section 20 of Indian Forest Act, 1927 having full degree of protection.

[5] An area notified under Section 29 of Indian Forest Act, 1927 having limited degree of protection. In Protected Forest all activities are permitted unless prohibited.

[6] An area recorded as forest but not included in Reserved or Protected forest area category.

Table 6.3: Detail of forest cover inside and outside Recorded Forest Area

(figures in sq.km)

Forest cover inside the Recorded Forest Area				Forest cover outside the Recorded Forest Area			
Very Dense Forest	Moderately Dense Forest	Open Forest	Total	Very Dense Forest	Moderately Dense Forest	Open Forest	Total
7	451	326	784	1	350	714	1,065

Source: India State Forest Report 2019

There are 13 wildlife sanctuaries, two zoological park/tiger safari, three deer parks and four community reserves in Punjab, managed by the Wildlife Preservation Wing which is responsible for the protection[7], conservation and management[8] of wildlife, both in nature as well as in captivity.

The Department generates revenue through sale of timber, firewood, bamboo and other minor forest produce. In addition, compensation including fines is charged for unauthorised use of forest land and illicit felling of trees. Harvesting of forest produce is done either departmentally or through the Punjab State Forest Development Corporation[9] (hereinafter referred to as Corporation) and contractors. For the purposes of harvesting of forest produce and treatment of forest land, the forest area is divided into 'coupes[10]' and 'compartments[11]'. The share of revenue from forest receipts was 0.039% of the total revenue receipts in the State in the year 2018-19.

6.3.2 Organizational set-up

The Department functions under the overall control of the Principal Secretary/Additional Chief Secretary at the Government level. The Principal Chief Conservator of Forests (PCCF) is the Head of the Department who is responsible for the overall administration of the Department and is directly assisted by three Additional Principal Chief Conservator of Forests[12], Conservators of Forest (CFs). Each CF controls the harvesting and regeneration of forest activities being carried out by the Divisional Forest Officers (DFOs) in territorial divisions under their control. Each DFO is in-charge of assigned forest related activities and is assisted by Assistant Conservator of Forests (ACF), Range Officers, Deputy Range Officers, Foresters and Forest Guards.

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7 The protection works include detection of wildlife offences, protection of rare and threatened species of birds and animals and development of protected areas.

8 The wildlife conservation and management activities involve rehabilitation of various species of wildlife to their natural habitat, management of Zoos and Mini Zoos (Deer Parks)

9 Punjab State Forest Development Corporation (herein referred to as corporation) was incorporated in May,1983 under the Companies Act, 1956.

10 Coupe is a demarcated forest area where the harvesting is to be carried out.

11 Compartment is the smallest unit of management of forest.

12 Wildlife and Projects, Administration and Development

6.3.3 Audit Objectives

The Performance Audit was conducted to assess whether:

- planning process was adequate and efficiently implemented;
- financial management was efficient;
- adequate and effective system existed for assessment and collection of revenue;
- management of the forest land was sound; *and*
- the internal control system was adequate and effective to monitor the revenue collection and its management.

6.3.4 Audit criteria

The audit criteria were drawn from the following sources:

- Indian Forest Act, 1927; Forest Conversation Act, 1980; Indian Wild Life (Protection) Act, 1972 and Rules made thereunder.
- National Forest Policy, 1988;
- National Wild Life Action Plan, National Working Plan Code, Working Plans and Management Plans;
- Punjab Financial Rules, Punjab Treasury Rule and Forest Manual;
- Notification and orders issued by the State Government.

6.3.5 Audit Methodology and Scope

The Performance Audit was conducted between April 2019 and January 2020 on the basis of standard audit guidelines and included joint site inspections with the departmental officials and holding discussions with officials of the Directorate apart from examination of records for the period 2013-14 to 2018-19 in respect of six[13] out of 16 territorial divisions, four[14] out of six wildlife divisions, three[15] out of six circles and sole zoological park in the state selected through statistical random sampling. An entry conference was held in April 2019 with the PCCF, wherein objectives, criteria and methodology of audit were discussed. Audit findings were discussed in exit meeting held with the Department on 22 October 2020. The views expressed by the Department in exit conference and replies received thereafter have been suitably incorporated in the Report.

6.3.6 Planning

Timely preparation of policies and plans are pre-requisites for proper implementation of forest and wildlife protection and conservation activities. Audit noticed the following deficiencies in the planning.

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[13] SAS Nagar, Roop Nagar, Garhshankar, Hoshiarpur, Dasuya and Pathankot.
[14] Ferozepur, Pathankot, Patiala and Phillaur.
[15] North Circle, Shivalik Circle, Park and Protected Area (WL) Circle.

6.3.6.1 Non formulation of the State forest policy

A policy is a significant and much-required document because it provides an overarching framework and direction for the management and regulation of forests in the State. Therefore, considering the fact that the national canvass is too large to address the location specific matters and Punjab is a comparatively small state with very little natural forests, it is necessary to have a State Specific Forest Policy within the framework of the National Forest Policy, 1988 framed by the Government of India to ensure preservation and restoration of ecological balance as has been adopted by several other adjoining states like Haryana, Himachal Pradesh, Rajasthan and Jammu and Kashmir. Further, the National Forest Commission in its recommendations (2006) also emphasised that each State should have its own Forest Policy Statement, for the sustainable management of its forest and wildlife resources.

Audit noticed that:

- The State Government did not frame a Forest Policy addressing State specific needs with a roadmap for achievement of long-term goals of preservation, protection and restoration of forest cover and ecological balance. A State Policy could consider the constraints and challenges of limited availability of land and salinity of water in Malwa region.
- Initially the vision document 2008 of the Department targeted to achieve 15 *per cent* forest cover by 2020, however, in the vision document 2019 this target was reduced to 7.5 *per cent* to be achieved by 2030. This is indicative of the fact that the initial target was unrealistic and not based on a realistic roadmap.

During the Exit Conference, the Department stated that there was no specific Statutory obligation or need on the part of the State to have a separate State Forest Policy to conserve and protect the forests. The reply of the Department did not consider the importance of separate State Policy which could cater to the State specific issues.

6.3.6.2 Delayed implementation of Eco-tourism projects

The Department of Tourism, Government of Punjab launched Eco Tourism Policy in 2009 which strived to provide excellent eco-tourism services to the visitors after following sound principles of eco-tourism, valuing the living community and recognizing the need to integrate the interests of people and nature. As per the policy, the Department of Forests and Wildlife Preservation and Department of Tourism were to identify the potential sites for development in a phased manner.

Audit noticed that three sites namely Harike Wetland, Chhatbir Zoo and Ropar Wetland were to be developed as Eco Tourism Project by the Punjab Heritage and Tourism Promotion Board (PHTPB). As per information furnished by the PHTPB, these projects were started in the year 2015 with approved cost of ₹ 27.85 crore and were scheduled to be completed within 18 months. But despite completion of the projects with the delay by 17 months to 34 months with an escalated cost of ₹ 29.35 crore, the Department failed to get possession of projects, despite their completion thereby defeating the overall purpose.

The Department stated that infrastructure created by the PHTPB has been taken over officially and will be made operational as soon as Covid-19 situation improves.

6.3.6.3 Delayed preparation of Working Plan

As per National Working Plan Code (NWPC), 2014, Working Plan is a document prepared for a period of ten years which contains detailed scheme of management for silvicultural[16] operations for sustainable development and harvesting of forests. Further, Annual Plan of Operation is prepared for the period of one year for the activities approved in the Working Plan. It is the responsibility of the Department to ensure proper planning for the preparation/revision of working plan and obtain necessary advance approvals of the Government of India (GoI) for the same. Annual Plan of Operation (APO) should be based on WPs and is required to be submitted to CFs for approval and release of funds.

Audit noticed from the records of the office of CCF (WP) (May 2019 and December 2019) that out of 21 Working Plans, only 2 WPs pertaining to two[17] Divisions were approved within the prescribed timelines. Remaining two Working Plans of two[18] Divisions were under approval at the PCCF level, 14 Working Plans of fourteen[19] divisions were approved with delays (4 to 24 months) and remaining three Working Plans of three[20] Divisions were sent to the GoI for approval with delays (20 to 44 months). Resultantly, APOs prepared in the absence of approved Working Plan were not on the basis of consolidated activities to be performed as per approved Working Plans.

During the exit conference, the Department stated that preparation of working plan is highly technical and cumbersome exercise which involves various stages in its preparation and sometimes it gets delayed.

The reply of the Department is not acceptable as the NWPC provides for two and half years' time for preparation of a working plan, considering the process involved. Further, formation of APOs without the approval of Working Plans is a major lapse, as admitted by the Department.

6.3.6.4 Wildlife Management Plan

As per National Wildlife Action Plan (NWAP), 2002-2016, each Protected Area (PA) should have its own Management Plan (MP) based on sound scientific and ecological data with the prime objective to protect PAs from adverse impacts and promote natural regeneration. The NWAP prescribes timely preparation of Management Plan.

Audit noticed that out of 14 Protected Areas where Management Plans were to be prepared, MPs of two[21] Protected Areas were under revision. Management

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[16] Raising of new plantation, developing existing plantation and in the process collection of revenue through sale of forest produce.

[17] Patiala and SAS Nagar

[18] Bathinda and Sri Muktsar Sahib

[19] Amritsar, Bathinda, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, Mansa, Sri Muktsar Sahib, Sangrur, Dasuya, Garhshankar, Hoshiarpur, Pathankot and Roop Nagar

[20] Ludhiana, Mansa and Sangrur

[21] Harike Wildlife Sanctuary, Keshopur Chhumb Community Reserve.

Plans in respect of four[22] Protected Areas were not prepared and the delays ranged from one to 18 years.

On this being pointed out, the Department stated that Management Plans in respect of two Protected Areas as pointed out in audit were prepared 10 years back and currently its revision work is in progress. The other four Protected Areas as pointed out in audit were declared as Protected Areas only two years back and the preparation of their management plan is in progress.

The reply of the Department is not satisfactory as two out of the four Protected Areas viz Abohar Wildlife Sanctuary and Haripura Panniwala Gumjal Community reserve were declared as Protected Areas in 2000 and 2015, respectively. Their management plans were not approved even after a period of 3 to 18 years.

6.3.7 Financial Management

Effective financial management ensures availability and utilization of funds in time for intended programme deliveries, expenditure in conformity with the financial rules and regulations and correct recording in the books of accounts.

6.3.7.1 Budget vis-à-vis actual expenditure

The budget estimates and actual revenue/expenditure under the relevant head of accounts 0406-Receipts Forestry and Wild Life and 2406-Revenue Expenditure-Forestry and Wild Life, during the period 2013-14 to 2018-19 were as shown in **Table 6.4** below:

Table 6.4: Details of receipts and expenditure

(₹ in crore)

Year	Receipts			Expenditure		
	Budget Estimates (Revised)	Actual	Variations (+)/(-)%	Budget Estimates	Actual	%age Variations Saving (+) Excess(-)
2013-14	30.00	20.69	-31.03	120.28	104.09	+13.46
2014-15	51.17	19.45	-61.99	122.26	106.11	+13.21
2015-16	36.48	31.81	-12.80	134.29	112.98	+15.87
2016-17	30.59	20.92	-31.61	153.95	136.69	+11.21
2017-18	22.61	48.67	+115.25	166.28	142.61	+14.24
2018-19	15.35	15.66	+2.02	180.43	165.26	+ 08.40

Source: Annual Financial Statements

It could be seen that the receipts were significantly lower than budget estimate in 2014-15 and higher in 2017-18 and there were persistent savings on expenditure side during the entire period.

On this being pointed out, the Department attributed reasons for variation between the budget estimates and actuals for the period 2016-18 to the ban on felling trees imposed by National Green Tribunal. The reasons for variation for the period 2013-16 were not provided by the Department.

[22] Abohar Wildlife Sanctuary, Haripura Panniwala Gumjal Community Reserve, Beas Conservation Reserve, Ranjit Sagar Dam Conservation Reserve.

6.3.7.2 Removal of interest clause in revised royalty policy

The Forest Department realizes the cost of standing trees sold to the Corporation in the form of royalty, at mutually agreed rates. Royalty policy was revised with effect from 1 July 2009, whereby the provision of levy of interest at the rate of 12 *per cent* payable on the outstanding amount of royalty, (if not paid within seven months from the date of offer of trees) was deleted.

Consequently, the Department could not charge interest on delayed payment of royalty of ₹ 23.77 crore, deposited with delay ranging between one and four years during the period 2014-18 in five[23] out of six selected divisions. Provision of interest could have acted as deterrent against delayed deposit of royalty or it could have enabled the Department to charge interest of ₹ 3.29 crore[24].

On being pointed out, the Department stated that the matter was under the consideration of the Government.

6.3.7.3 Deficiencies in the amended Royalty Policy

The Government of Punjab, Department of Forest and Wildlife Preservation revised Royalty Policy, in July 2009 regarding rates of royalty and other relevant issues related to royalty between Department and the Corporation. The policy was amended in September 2012.

As per the amendment in 2012, it was provided that the Corporation will provide an advance up to ₹ 10 lakh to each territorial DFOs for clearing dead, dry and fallen trees and working/harvesting of bamboos from bamboo forests. However, the amendment did not contain terms and conditions, such as period for which advance would be given, rate of interest etc. for providing advances to DFOs and procedure of adjustment of advances against royalty payable, in case of non-refund by DFOs. Further, no monitoring mechanism was prescribed to ensure utilization of advances for the intended purpose. Policy did not mention whether the provision of advance was made with due concurrence of the Finance Department. In the absence of the clarity and monitoring mechanism, the process of taking and returning advances remained unregulated.

Audit noticed that concerned DFOs neither assessed the requirement before taking advances nor checked the accuracy of amount refunded. Ludhiana and Hoshiarpur Divisions obtained advances of ₹ 10 lakh and ₹ 3 lakh, in March 2013 and November 2015 respectively from the Corporation. DFO Ludhiana returned an amount of ₹ 10.50 lakh (₹ 4.96 lakh was returned and ₹ 5.54 lakh was adjusted from royalty) against advance of ₹ 10.25 lakh[25,] in February 2017 i.e. after a period of four years while DFO Hoshiarpur returned the entire advance of ₹ 3 lakh in October 2018 i.e. after a period of three years. This shows that the advances were taken without any immediate requirement and these instances also show that there was no time frame and DFOs retained advances for period ranging from three to four years, due to ambiguity of provisions of amended Policy. Moreover, due to non-monitoring of advances, excess amount of ₹ 0.25 lakh was returned by DFO Ludhiana. Further, amendment of royalty policy was not in order as there was no concurrence of

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23 Dasuya, Garhshankar, Pathankot, Roop Nagar and SAS Nagar.

24 Notional loss of interest worked out as per rates mentioned in Royalty Policy 2009.

25 ₹ 10 lakh plus 5 *per cent* of ₹ 5.04 lakh (cost of trees sold)

Finance Department to the procedure adopted by DFOs, in raising advance from the Corporation.

On this being pointed out, the Department admitted the audit observation and assured that the Department would try to put a standard timeline and with concurrence of the Finance department.

6.3.7.4 Undue benefit extended to the Corporation due to less claim of royalty by the Department

Audit noticed that the Department claimed royalty of ₹ 6.52 crore for 32,509.88 cubic meter volume of trees from the Corporation at pre-revised rates (80 *per cent* of net value by deducting administrative cost from revenue obtained from sale) instead of ₹ 13.43 crore at revised rates (70 *per cent* of net value from revenue obtained from sale) as applicable during the year 2017-18. This led to extending of undue benefit to the Corporation amounting to ₹ 6.91 crore, which was due to accrue to the State exchequer as royalty policy of 2009 was restored only with effect from 1 June 2018, and not retrospectively.

On this being pointed out, the Department accepted the audit observation and stated that this matter would be deliberated with the State Government.

6.3.7.5 Irregular adjustment of royalty

Rule 2.4 of the Punjab Financial Rules Vol-I prohibits utilization of revenue towards expenditure. The Corporation was required to deposit the amount of royalty on account of standing trees offered to it with the Department within prescribed time from the date of offer of trees.

Audit noticed that the royalty of ₹ 37.66 crore was not deposited by the Corporation with the Department but was adjusted on account of repayment of loan, rents, advances raised by the DFOs and against the amounts transferred to the State sponsored schemes/projects on the advice of the Financial Commissioner, Forestry and Wildlife and for other reasons. The adjustment of royalty outside the purview of Consolidated Fund was irregular and in contravention of the rules, *ibid*.

The Department stated that the adjustment of royalty was made sometimes with the approval of Cabinet and sometimes with the approval of Legislature.

The reply is not satisfactory. The Department may ensure that the financial matters requiring concurrence of the Finance Department/State Legislature may not be undertaken without their approval.

6.3.7.6 Non realisation of Administrative/Regulatory charges from wood-based industries

The Government of Punjab (Department of Forest and Wildlife) levied (February 2009) administrative/regulatory charges at the rate of ₹ 500, ₹ 1,600 and ₹ 4,800 per year from the Saw Mills, Veneer and Plywood units, respectively.

Audit noticed from the records of seven[26] Forest Divisions for the period 2013-14 to 2018-19 that 1,059 units situated in the areas falling thereunder had not deposited regulatory charges amounting to ₹ 19.58 lakh. Non-realization of Administrative/Regulatory charges timely from the wood-based industries causes loss of revenue to the state exchequer. Moreover, possibility of permanent loss of revenue also cannot be ruled out in case of closure of units as such instances have been admitted by the Department itself.

The Department replied that an amount of ₹ 11.52 lakh has been received and recovery of remaining amount of ₹ 8.06 lakh is pending, for which efforts are being made.

6.3.7.7 Non-deposit of cost of land

As per the Land Purchase Policy (November 2010), the user agency has to deposit the cost of land at the rate of ₹ 13 lakh per acre or collector rate of adjoining area *plus* 30 *per cent*, whichever is higher with the Corporation, in case the user agency is unable to provide forest land in lieu of utilization of forest land for non-forest activities purposes.

Audit noticed from cross-verification of records of three forest divisions[27] and records of the Corporation that a sum of ₹ 3.20 lakhs collected on account of cost of land by the DFO, Amritsar from five user agencies was forwarded to PSFDC during 2014-18, but was not entered in the ledger account maintained by the Corporation.

On this being pointed out in audit, the Department stated (October 2020) that Demand Drafts were obtained from the user agencies but did not reach the PSFDC. However, five drafts of ₹ 3.20 lakh have been obtained from user agencies and deposited into the Bank. However, records relating to only two drafts for ₹ 1.02 lakh were provided. Evidence regarding deposit of remaining amount of ₹ 2.18 lakh was not made available to Audit.

The Department needs to carry out periodic reconciliation with the Corporation to ensure that such incidents may not recur.

6.3.7.8 Improper maintenance of records of receipts.

As per the Codal provisions, Government receipts should be acknowledged in the prescribed receipts and should be credited to the Government account immediately.

Audit noticed from the records of Chief Conservator of Forest (Complex Administrative Cell) for the period May 2016 to March-2018 that receipts of ₹ 5.09 lakh on account of Guest House was deposited into treasury which were collected on privately printed receipts without machine serial numbers instead of proper Government receipts. Further, it was also noticed that counterfoils/ carbon copy of some of the receipt books were missing as a result of which audit could not verify the actual loss to the Government on account of receipts collected for renting out rooms of the guest houses, during the period 2013-14 to 2018-19.

[26] Garhshankar, Hoshiarpur, Jalandhar at Phillaur, Ludhiana, Patiala, Sangrur and SAS Nagar
[27] DFO Amritsar, Dasuya, Hoshiarpur

On this being pointed out, the Department stated that Government printed receipt books with machine serial numbers issued by Printing and Stationery Department are being used now.

6.3.7.9 Administrative Failure to recover pending dues from the officials/contractors on account of damage to forest.

As per duties of officers and employees of forest department defined in Forest Manual, a forest official is required *inter-alia* that he protects all forest produce and other government property, which is in his charge. He should be so vigilant that there is no fear of theft of forest produce, thorny wire and other government property. If any theft takes place in his beat he should make all possible efforts to trap the culprit. He would be fully responsible for safe guarding new plantations of his area especially from animals and fire damages. He should be fully familiar with the laws relating to collecting fine for forest offences and he should act upon those properly.

Audit scrutiny of three[28] out of ten selected territorial and wild life divisions and five[29] other territorial divisions showed that the Department, in 98 cases, held forest guards responsible for negligence of duties causing loss to forest and ordered for recovery of the loss from the concerned forest guards. An amount of ₹ 4.10 crore was still recoverable as on 31 March 2019 on account of forest offences. The recovery pertained to the period 1993-94 to 2018-19.

The Department accepted the audit observation and stated that efforts were being made to recover the outstanding amount.

6.3.8 Preservation and Conservation of Forests

6.3.8.1 Non-procurement of land for compensatory afforestation

The Punjab Government had framed policy for purchase of non-forest land for compensatory plantation in the year 2010 and has authorised the Corporation to purchase non-forest land on behalf of the Department. The funds for purchase of land at the rate of ₹ 13 lakh per acre or Collector rate of adjoining area *plus* 30 *per cent*, whichever is higher was to be collected from the user agency.

Audit noticed that 2,548.76 hectare of forest land was diverted for non-forest purposes during the period 2013-14 to 2018-19 against which ₹ 46.86 crore were collected from user agencies but Corporation could purchase only 7.88 hectare (19 Acre 4 Kanal) of land for afforestation by utilising funds of ₹ 2.28 crore. It was further noticed that funds of ₹ 23.43 crore were transferred to departmental scheme Greening Punjab Mission[30] (GPM). This reduced availability of funds to that extent for purchase of non-forests land.

During the exit conference, the Department stated that 68 Acre 2 Kanal 3 Marla land was purchased by the Corporation in 2019-20 and further purchases of land were being made. The Department further stated that amount was transferred to GPM as per Government's instructions.

[28] Pathankot and Ferozepur (W/L).

[29] Jalandhar at Phillaur, Sangrur, Mansa, Ludhiana and Patiala.

[30] Punjab launched a major afforestation initiative 'Greening Punjab Mission' (GPM) to increase its forest cover to 15 *per cent.*

The reply is not acceptable as the objective for which cost of land was recovered from user agency was not achieved due to diversion of fund to other Departmental schemes. Further, the Department had not provided any documents in support of its reply.

6.3.8.2 Short realisation of cost of land

As per Land Purchase Policy (November 2010), the user agency has to deposit the cost of land at the rate of ₹ 13 lakh per acre or collector rate of adjoining area *plus* 30 *per cent*, whichever is higher with the corporation, in case the user agency is unable to provide forest land in lieu of utilization of forest land for non-forest activity purposes.

Audit noticed from scrutiny of files of the forest conservation cases maintained in the office of PCCF, Punjab and four divisional offices (Ludhiana, Mohali, Garhshankar and Hoshiarpur) that 0.454386 hectare forest land was diverted for non-forest purposes in twenty cases during 2013-14 to 2018-19. The user agencies in all these cases were Industries/Marriage Palaces/Builders who had already obtained change of land use certificate for their properties and were looking for approach road to their respective premises. Hence, in view of provisions of the Land Purchase Policy, 2010, such properties were required to be evaluated as commercial properties for the purpose of cost of land as the nearest/adjoining properties are commercial entities. But in all these cases, Department evaluated the properties as agricultural properties and recovered only ₹ 33.06 lakh instead of ₹ 2.06 crore as cost of land, thereby causing loss amounting to ₹ 1.73 crore to the State exchequer.

The Department stated that while calculating the Non-Forest Land (NFL) amounts to be charged from user agencies, a report of prevailing land rates from concerned area revenue authority was sought and on the basis of higher side, the NFL amount was conveyed to each user agency. Thus, calculation for realizing NFL amount from each user agency was in accordance to the stipulated land purchase policy.

The reply of the Department is not acceptable as rates of different category of land (commercial, agricultural) were charged in respect of similar cases of diversion of forest land. The difference in approach indicates lack of clarity in the land purchase policy.

The Government may consider laying down clear guidelines in the land purchase policy by mentioning the category of land for which rates are to be charged in case of diversion of forest land.

6.3.9 Management of Government Forest land

Existent Government Forest land is very important for ecological balance and for provision of natural habitat as almost 83 *per cent* of geographical area in the State is under agriculture. Therefore, maintenance of its sanctity should be a primary objective of the Department. However, audit noticed instances of encroachments, diversions without approval etc. as detailed in the succeeding paragraphs:

6.3.9.1 Non eviction of encroachment on Government forest land

As per Indian Forest (Punjab Amendment) Act, 2004, any Forest Officer, not below the rank of the DFO, has reason to believe that there is encroachment of the State Government forest land, then he may use all the powers conferred on Executive Magistrate under the Punjab Public Premises and Land (Eviction and Rent Recovery) Act, 1973 (Punjab Act, No. 31 of 1973) to evict the land.

Audit noticed that 5,322.17 hectare of land in 2013 cases was under illegal encroachment under the jurisdiction of eight[31] DFOs due to non-demarcation of the forest land. The Department sued the alleged parties in the Court of law only in 971 cases involving 1,658.22 hectare of land and in remaining 1,042 cases involving 3,663.96 hectare of land, the Department did not initiate any action.

Further, despite favourable decision for 1,309.9 hectare in 778 out of 971 cases, the Department was able to take possession of just 38.88 hectare of land in 27 cases.

The Department stated that encroachment on 571.48 hectare of land in 336 cases has been removed by following an action plan and concrete progress has happened on the ground.

6.3.9.2 Non-mutation of forest land in the name of Forest Department

Control and management of forest land measuring 27,500 acres, in Shahpur Kandi Forests (Tehsil Dhar Kalan) has been under the jurisdiction of Department of Forest since the year 1945. But the necessary entries in the revenue records were never made regarding possession of the forest land in favour of the Department of Forest. As per decision (February 2014) of the High Court of Punjab and Haryana, Chandigarh, the land was to be transferred in favour of the Department of Forest by correcting entries in the revenue record. However, the Department was able to get mutation of only 7,699 acres (i.e. 61,591 Kanal 13 Marlas) in its name and remaining forest land (19,801 acres) was pending for transfer in favour of the Department.

The Department stated that mutation of 13,662 acre of land has been done now and correspondence is being done with revenue authorities and the progress is underway by the Department of Revenue, Punjab.

The Department may expedite the mutation of the remaining land for the fruitful use of the forest land by escalating the issue at the higher level of revenue authorities.

[31] DFO Amritsar, Dasuya, Hoshiarpur, Ropar, Ferozepur, Nawanshahr, Jalandhar at Phhillaur.

6.3.9.3 Unfruitful expenditure on land falling under the Punjab Land Preservation Act (PLPA)

Abandoned Watch Tower at Sri Deshmesh Academy (21 August 2019)

Audit noticed from the records of DFO Ropar that with an aim to improve wildlife habitat in the area under the PLPA located at Sri Deshmesh Academy, Sri Anandpur Sahib (Ropar), the Department incurred an amount of ₹ 15.60 lakh against the allotment of ₹ 12.11 lakh up to March, 2014 for the establishment of interpretation centre, roosting sites for birds, elevated wildlife viewing, water management and creation of water holes. However, before incurring expenditure on the private land, the Department did not come up with the plan regarding upkeep and maintenance of the facilities on which the expenditure was being incurred. Resultantly, the materials purchased for interpretation centres were lying idle and due to lack of maintenance, the expenditure on other facilities also turned out to be unfruitful and defeated the purpose for which the expenditure was incurred.

The Department stated that the project was undertaken for conservation and improvement of the biodiversity in public interest.

The reply is not acceptable as lack of proper planning resulted in inability of the Department to implement and maintain the project which consequently resulted in unfruitful expenditure of ₹ 12.11 lakh.

6.3.10 Irregularities in Afforestation Activities/Programmes

6.3.10.1 Purchase of Plants

Rule 15.2 of the Punjab Financial Rules provide that the purchases must be made in the most economical manner in accordance with the definite requirement of the public service. Rule 2.10(a)(1) of the said rules also stipulates that every Government employee is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

Audit noticed that the Department purchased plants from open market despite having 27 nurseries at Ropar and Mohali. During field audit, DFOs replied that the targets of plantation are provided at the fag end of the financial year which leaves very little time for preparation of seedling by nursery. The reply was not acceptable as Annual Plan of Operation prepared at beginning of the year contains plantation to be carried out during the year. Accordingly, departmental nurseries should plan to prepare seedlings for plantation in advance.

6.3.10.2 Green India Mission

Green India Mission, (GIM) is one of the eight missions launched (2015) under the National Action Plan on Climate Change (NAPCC). GIM was aimed at "protecting, restoring and enhancing India's diminishing forest cover and responding to climate change". The Village Forest Committees (VFC) were formed for implementation of the mission activities at the village level. GIM guidelines under the Direct Benefit Transfer stipulate that payment of wages under the scheme should be made to account of the ultimate beneficiary.

Audit noticed serious irregularities in disbursement and utilization of funds by Village Forest Committees (VFC) in Ropar Division during the year 2016-17 and 2017-18 as detailed below:

- Wages of ₹ 1.31 crore was disbursed in cash to the daily workers in-violation of instructions of the Government of India.
- Village Forest Committees were paid ₹ 1.54 lakhs for payment of electricity bills, purchase of High Speed Diesel and service of divisional car.

The Department stated that payment of wages was made to the concerned Range Officer through Cheque/RTGS. Further, 35 *per cent* of funds granted to Village Forest Committees can be spent for support activities as per Green India Mission guidelines.

The reply of the Department was not acceptable as disbursement of wages to the labourers was made in cash and expenditure from funds granted to VFCs toward divisional expenses were in contravention of the GoI and Green India Mission instructions, respectively.

6.3.10.3 Punjab Forestry and Watershed Development Project

Punjab Forestry and Watershed Development Project (FT-10) is one of the State Plan Schemes under which various activities like plantation, farm/agroforestry, forest research and training and infrastructure activities are undertaken. The State Government incurred an expenditure of ₹ 5.30 crore out of total allocation of ₹ 40.40 crore in the year 2013-14, under the scheme.

Audit noticed from the records of five[32] out of six selected and three[33] other Divisions that an expenditure of ₹ 2.74 crore was incurred on plantation raised in 2,005 hectare of land. However, from 2014-15 onwards no funds were allocated by the State Government for maintenance and protection of plants. It was noticed from survival reports of two[34] out of six selected divisions that plantations were adversely affected due to non-allocation of funds in the subsequent years. Thus, non-maintenance of plantations led to unfruitful expenditure of ₹ 2.74 crore.

The Department stated that overall survival rate is around 61 *per cent* and attributed reasons to financial constraints of the State Government for not releasing the funds under the scheme.

The reply of the Department is not acceptable as the overall survival rate of 61 *per cent* for the year 2013-14 only, and remained silent about the survival of plantations in the subsequent years wherever no funds were released by the Government for the maintenance of the FT-10 plantation.

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[32] SAS Nagar, Garhshankar, Hoshiarpur, Dasuya and Pathankot
[33] Ludhiana, Mansa and Sangrur
[34] Dasuya and Pathankot

6.3.11 Sustainability of the forest

To ensure sustainable regeneration of forests, coupe system for timely harvesting of standing trees, thinning operation for removal of unwanted vegetation, removal of forests produce etc are employed.

6.3.11.1 Short-harvesting of forests

As per the WP, forest area is divided into circles and circles are further divided into coupes. Marking of the coupes due for harvesting in a particular year is to be done in the year preceding the year in which respective coupe is due for harvesting as per prescription in the WPs.

Audit noticed, in the six selected divisions, that there was less harvesting of timber coupes. Only 0.65 lakh cubic metres of timber was harvested against 1.90 lakh cubic meters of timber due for harvesting during 2013-14 to 2018-19 resulting in deferment of revenue as detailed in **Table 6.5** below:

Table 6.5: Detail of due and actual harvesting of timber

Division	Coupes due for harvesting (Cubic Metres)	Coupes exploited (Number)	Variation in harvesting	Percentage Short fall
Dasuya	16,903.16	3,239.65	13,663.51	81
Garshankar	11,147.68	30,123.45	--	--
Hoshiarpur	91,974.48	10,805.30	81,169.18	88
Pathankot	17,688.48	8,647.77	9,040.71	51
Roop Nagar	22,871.60	5,194.35	17,677.25	77
SAS Nagar	29,908.00	6,908.45	22,999.55	77

The less harvesting of timber coupes ranging from 51 to 88 *per cent* as against the prescription of WPs not only blocked forests regeneration activities but also led to deferment of revenue realisable from the extracted timber and other produce.

The Department stated that as per order of the National Green Tribunal, there was complete ban on all felling of trees in Punjab in the year 2016, as a result there was deferment. The reply of department is not acceptable as above figure did not include timber coupes that were due for felling during the period 2016-18 in which ban of the National Green Tribunal was effective.

6.3.11.2 Non-harvesting of bamboo

The bamboo coupes are divided into three felling series and each felling series becomes due for harvesting after every three years. In case of non-harvesting of a coupe due for felling in a particular year, the entire cycle of felling gets disturbed which results in loss of revenue.

Audit noticed that 337 hectares bamboo area (4.90 lakh clumps) was harvested as against 1,283.90 hectares bamboo area (19 lakh clumps) consisting of nine compartments to be harvested during 2013-14 to 2018-19 as per approved WP of Bamboo Forest of Karanpur, Bindraban and Nandbir of Dasuya Forest Division for the period 2014-15 to 2028-29. Non- harvesting of remaining 946.90 hectares bamboo area (14.10 lakh clumps), resulted into loss of revenue as well as adverse effects on regeneration of forests.

On this being pointed out, the Department stated that as per order of the National Green Tribunal, there was complete ban on all felling of trees in Punjab in the year 2016 as a result of which there was deferment.

The reply of the Department is partially acceptable as the ban was not applicable during the year 2015-16 whereas 383.10 hectare bamboo area (4.75 lakh clumps) consisting of three compartments due for harvesting in the year 2015-16, was also not harvested, the harvesting of which could have resulted in realisation of revenue of ₹ 1.16 crore[35].

6.3.11.3 Resin tapping

Chirpin-resin (Biroja) is a non-timber forest product (NTFP) found in chil-forests of North Circle of Punjab and is usually collected by causing minor damage to the tree by making a hole far enough into the trunk to puncture the vacuoles, to let sap exit the tree known as tapping and then letting the tree repair its damage by filling the wound with resin. Excess resin is an important source of revenue. However, the resin tapping was not being done in the Government Forest since 1980 because the forest needed special conservation measures.

Audit noticed that 265 permits were granted during 2013-14 to 2018-19 to farmers/private persons for resin tapping from PLPA areas under the jurisdiction of Hoshiarpur Division, despite the Department admitting the fact that the area needed special conservation measures.

During the exit conference, though the Department justified its position on non-tapping of resin in Government Forest, it did not reply on issuance of permits to private persons for resin tapping in adjoining PLPA area.

6.3.12 Protection of forests

Protection of existing forest is required in view of limited availability of land for fresh afforestation. It was to be done through fire protection measures and prevention of irregular felling of trees.

6.3.12.1 Non-compliance with the orders of the National Green Tribunal

As per Section 2(ii) of Forest Conservation Act 1980 prior approval of the Central Government is required for diversion of any forest land or any portion thereof for any non-forest purposes. Rule 6 of the Forest Conservation Rules 2003 provides for submission of proposal by user agency that wants to use any forest land for non-forest purposes, and processing of the proposal by the Department of Forest (nodal officer of the State) for seeking approval of Central Government under the Forest Conservation Act. The user agency is also required to deposit cost of compensatory afforestation under CAMPA guidelines.

Audit noted that Irrigation Department felled 24,777 trees through Punjab State Forest Development Corporation over a forest area of around 107.25 hectare along the Bist Doab Canal and its distributaries in Nawan Shahar and Jalandhar Divisions after seeking permission of the Department of Forest in January and

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[35] Number of Bamboo to be felled in the year 2015-16 was 4,75,000. Rate has been calculated by dividing revenue earned by total number of bamboo felled in the year 2018-19 i.e. ₹ 1,19,48,800/4,90,055 = ₹ 24.38. Revenue to be earned in the year 2015-16 = 475000 X ₹ 24.38 = ₹ 1,15,81,721

March 2016. The Department of Forest granted the permission on the plea that the trees were not in the forest area so Forest Conservation Act was not applicable to those trees. An application was filed by an individual in the National Green Tribunal in March 2016 citing the cutting of trees as irregular and against the Forest Conservation Act. The National Green Tribunal held in August 2018 that the trees were felled in violation of provision of Forest Conservation Act and ordered *inter-alia* to raise compensatory afforestation over equivalent area of non-forest land in lieu of the forest destructed by realising cost of compensatory afforestation from Irrigation Department. Principal Chief Conservator of Forest ordered the Divisional Forest Officer Nawan Shahar, in November 2019, to take action as per order of National Green Tribunal and to submit compliance report without any delay. However, the Divisional Forest Officer, Nawan Shahar did not initiate action to realise cost of compensatory afforestation from the Irrigation Department even after lapse of more than two years from the date of judgment of National Green Tribunal. Audit worked out cost of compensatory afforestation as ₹ 129.81 crore which is recoverable from the Irrigation Department.

The Department stated that further enquiries are underway and action would be taken as per directions of the National Green Tribunal. However, despite the order of NGT in August 2018 and subsequent order of the PCCF in November 2019, the DFO Nawanshahr did not initiate action to collect the cost of compensatory afforestation from the Irrigation Department (December 2020).

6.3.12.2 Non-adoption of measure to control Forest Fire

Forest fires are as old as the forests themselves. These fires sometime pose serious threat to the biodiversity and ecology. Forest fires have environmental impact in terms of tropical biomass burning, which produce large amount of trace gases, aerosol particles, and play a pivotal role in troposphere chemistry and climate aberrations.

Audit noticed from the records of selected divisions that there were 1,074 incidents of fire during 2014-19 which affected 10,464.05 hectare of land. Further, there was shortage of equipment and accessories required for firefighting in two[36] divisions while shortage of manpower ranged from 16 to 44 *per cent* in the cadres of foresters and forest guards. Maintenance of records of occurrence of forest fires and the response time achieved which are essential for both assessing the efficacy of the system in place as well as to plan future requirements were inadequate. There was a need on the part of the Department to evolve a system for prevention, early detection and taking correction measures for controlling forest fire.

The Department admitted to not having optimum amount of equipments and stated that they are augmenting the same.

[36] Dasuya and Pathankot

6.3.13 Infrastructure of soil testing laboratories

Testing of soil is essential for assessing availability of nutrients, micronutrients and pH etc. in a particular soil. It helps in identifying suitable plant varieties for a particular area.

Audit noticed from scrutiny of records that soil testing was not conducted in any of the forest divisions in the State. As a result, plantation in the State was carried out without assessing characteristics of the soil. Non-testing of soil prior to plantation contributed to the low survival rate of the plants as explained in the succeeding paragraphs:

6.3.13.1 Plantation without soil feasibility study

a) With a view to making Quality Plantation along the roads around Malout, an outlay of ₹ 9.39 crore was provided in the 12th Five Year Plan during the year 2012-13 against which an amount of ₹ 4.10 crore was sanctioned in Annual Plan 2012-13. The Department had to abandon the project after incurring expenditure of ₹ 3.29 crore due to high salinity and the high pH level of soil in the Muktsar area. The expenditure was incurred on mesquite removal, urban plantation, avenue plantation etc. The Department of Forest did not scientifically analyse the feasibility of this scheme before implementing the project, consequently, high mortality rate[37] of the plantation was noticed by the Department and ultimately the project had to be abandoned.

The Department stated that survival was good and project was abandoned after the maintenance period was over. The Department also stated that survival of saplings above 80 *per cent* (83.5 *per cent* in the instant case) in the following year of plantation is considered very good in forestry plantations and therefore no funds were released since April 2013.

The reply of the Department is not acceptable as in the absence of non-monitoring of saplings for a maintenance period of five years, the survival rate of saplings continued to decline to 59 *per cent* in the year 2014-15. Further survival reports of saplings were not made available to audit.

b) The Willow Park Project at Ropar wetland was established with the objective of promoting community awareness for the environment and habitat improvement. Plants were purchased from Nauni University (HP) for this purpose. However, the survival of the plants was 70 *per cent* in 2017 due to alkaline nature of soil. During physical verification in 2019 by audit, it was noticed that willow park no longer existed in the Ropar as the plants did not survive. Thus, non-ascertaining the feasibility of the project prior to establishment of Willow Park, not only rendered the expenditure of ₹ 16.25 lakh incurred during the period 2015-16 and 2016-17 unfruitful but also defeated the purpose of establishing the park.

On this being pointed out, the Department did not furnish any reply.

[37] Mortality Indicator : 60 *per cent* - poor, 65 *per cent* - fair, 70 *per cent* - good, 75 *per cent* - very good, 80 *per cent* – excellent.

6.3.14 Compensatory Afforestation Fund Management and Planning Authority (CAMPA)

Under the directions of the Supreme Court of India, CAMPA guidelines were prepared in the year 2009 with the objective to accelerate activities for preservation of natural forests, management of wildlife, infrastructure development in the sector and other allied works. For this purpose, money was to be recovered from user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value (NPV) under the Forest (Conservation) Act, 1980. All the activities related to CAMPA were to be guided by the above guidelines till the CAMPA Act was enacted in the year 2016. Audit of the record of CAMPA funds maintained at the Headquarters as well as in the field auditee units showed the following irregularities in the maintenance of record and in utilisation of funds.

a) Non preparation of Annual Report

As per Clause 15 (2)(vii) of the State CAMPA Guidelines 2009, State level executive committee shall prepare an annual report by end-June for each financial year.

Audit noticed (June 2019) from the records of PUNCAMPA that during the period 2013-14 to 2018-19, annual report regarding expenditure, receipts form State CAMPA funds was not prepared by the Department as required under the State CAMPA Guidelines, 2009.

The Chief Executive Officer (State Authority) stated that instead of preparing annual report, the Department prepared Annual Plan of Operation (APO) and details of various works done and the amount spent, details of amount received by the State CAMPA from various schemes and observations made in the audit stand included in the agendas prepared for the meeting of executive committee and steering committee. The Department stated that budget, annual accounts and annual report have now been submitted with the APO for the year 2020-21 to National Authority (CAMPA), MoEF, Forest and Climate Change, GOI, New Delhi after the receipt of Compensatory Afforestation Fund (CAF) Rules, 2018.

The reply is not in line with the State CAMPA Guidelines which required preparation of Annual Report by the end of June of each financial years.

b) Inadmissible and injudicious expenditure from CAMPA Funds

As per Rule 11(i) of the State CAMPA guidelines, the money available with State CAMPA was to be utilised for meeting the expenditure towards the development, maintenance and protection of forests and wildlife management as per the approved APOs and direction of National Campa Advisory Council. However, following irregularities were noticed in utilization of funds:

i. Expenditure to the tune of ₹ 2.05 lakh was incurred on the maintenance of Firelines at Jhajjar Bachauli WLS, rescue of wild animals and on the awareness camps and publicity. However, the Department provided statement of expenditure of funds but did not provide any voucher to authenticate the expenditure incurred.

ii. The fund amounting to ₹ 9.10 lakh was provided from CAMPA fund for the purchase of one boat for surveillance for Ropar Wetland in the year 2018-19, but the DFO, Ropar, spent ₹ 4.84 lakh in procurement of rescue boat and the remaining amount of ₹ 4.26 lakh was irregularly diverted to other works without the approval of the CAMPA authorities.

The Department stated that the funds diverted to other works would be got regularized.

6.3.15 Wildlife Preservation

The wildlife conservation and management activities involve rehabilitation of various species of wildlife to their natural habitat, management of Zoos and Mini Zoos (Deer Parks), protection of rare and threatened species of birds and animals along with management and development of protected areas in the State. Black Buck (Antilope Cervicapra) locally called Kala Hiran, is the State Animal, Baz (Eastern Goshawk), the State Bird and Shisham (Dalbergia Sissoo), the State Tree. The cases of poaching and illegal trade of wildlife in the State are handled by the Divisional Forest Officers (territorial) and staff of Forests and Wildlife wing under them. A number of trainings for frontline staff of the forests and wildlife Department are arranged in the Forest Training School, Hoshiarpur.

6.3.15.1 Demarcation of Sanctuaries and Zoological Park

Whenever Government notifies an area as a Sanctuary or National Park under Sections 18 or Section 35 of Wild life (Protection) Act, 1972, then its boundaries are to be surveyed, demarcated and consolidated for the purposes of protection, propagation and development of wild life.

Audit noticed from the records of 13 PAs (33,095 hectare) that boundaries of three[38] sanctuaries and one Zoological Park, spread over an area of 9,300 hectare under the jurisdiction of Hoshiarpur, Ferozepur and SAS Nagar at Roop Nagar, were not demarcated despite follow up by the Department with revenue authorities. Non-demarcation of boundaries of sanctuaries and Zoological Park led to problems like depletion of the fodder base of herbivores by stray cattle, encroachments (477.46 hectare), road accidents, man animal conflict and vulnerability to cattle borne diseases. Furthermore,

- Under capacity sewerage system and disposal of solid waste noticed in nearby areas of Zoological Park, SAS Nagar.
- None of the protected areas in the State was having rescue cum rehabilitation Centre for upkeep facilities of animals, interpretation centers for written and pictorial information for visitors.
- No veterinary attendants were available in three out of four wildlife divisions for providing first-aid on the spot of any mishappening.

[38] Jhajjar Bachauli (116 hectare) SAS Nagar at Roop Nagar, Harike Wildlife sanctuaries (8,600 hectare) at Ferozepur, and Takhani Rehmapaur (382 hectare) at Hoshiapur.

6.3.15.2 Management of Wetlands in the State

Audit noticed from records of three[39] wetlands of International importance and three[40] wetlands of National importance that thousands of migratory birds visit these wetlands every year. In 2017, fishes and other aquatic animals were killed due to the polluted water in all wetlands in the State. These wetlands were required to be properly managed and strengthened by improving infrastructure in the following areas:

- Non-availability of watch tower for bird watching, bird hideouts, bird walk and equipment like binoculars, field scope and bird's capture-release etc.
- Adverse impact on aquatic fauna and flora due to release of untreated industrial effluents, domestic sewage and pesticide from nearby areas.
- Garbage lying along the banks of the Kanjli Wetland.
- Wetland was covered with hyacinth in the large quantity which is detrimental to the health of the wetland.

The Department stated that adequate infrastructure was available in all the wetlands but did not corroborate the fact with any evidence. As regards hyacinth, the Department admitted it as a regular phenomenon and stated that it is removed regularly but also admitted that large quantity of water hyacinth is detrimental to the health of the wetland.

Non-maintenance at Kanjli Wetland (13 December 2019)

Hyacinth in Kanjli Wetland (13 December 2019)

6.3.15.3 Wildlife Offence

Crimes related to wildlife which, *inter-alia,* include poaching, illegal trade in prohibited plants and animals, smuggling of wildlife articles, are punishable under the relevant sections of Wildlife Protection Act, 1972. Number of wildlife offences recorded during 2013-14 to 2018-19 in selected divisions is shown in **Table 6.6**.

[39] Harike (4,100 hectare), Kanjli (44 hectare) and Ropar Head Works (1365 hectare).

[40] Nangal reservoir ((270 hectare) and Ranjit Sagar Dam (3200 hectare) and Keshopur Miani Jheel (405 hectare).

Table 6.6: Detail of wildlife offences

Year	POR[41]	COR[42]	UDOR[43]	Poaching[44]	Animal Skin and body parts seized (in Nos.)	Animals Seized (in Nos.)	Animal Flesh seized (in Kg)
2013-14	16	16	0	8	0	0	0
2014-15	20	20	0	4	0	3	0
2015-16	12	12	0	6	2	1	0
2016-17	9	8	0	4	2	2	0
2017-18	10	7	0	3	1	1	0
2018-19	13	10	0	8	0	6	10
Total	**80**	**73**	**0**	**33**	**5**	**13**	**10**

Audit noticed in wildlife divisions that no arms/ammunitions were provided to wild life personnel to encounter poaching activities of wildlife habitat.

On this being pointed out, the Department stated that the proposal for providing arms and ammunition to the personnel of the Department is under the consideration of the State Home Department.

6.3.16 Internal Control and Monitoring Mechanism

Internal Control and Monitoring at various levels of governance enables the entity to identify key problems areas, constraints and managerial needs for improvement in the policy information, for effective allocation of resources.

6.3.16.1 Internal Audit

With a view to plug the various loopholes leading to leakage of revenue and to improve the quality of assessment and collection of major revenue earning Departments in Punjab, including Forest Department, an Internal Audit Organization (IAO) under the Finance Department, Government of Punjab was set up in October 1981.

Audit noticed that none of the Forest offices were audited by the Internal Audit Organization during 2013-19.

6.3.16.2 Inspections by the Conservator of Forests (CF)

The Punjab Forest Manual stipulates that the CFs would make frequent tours of inspection and visit once a year as many as of the forests under his control as possible.

Audit noticed in three[45] divisions under Shivalik Circle, that 39 annual inspections were conducted during the period 2016-17 to 2018-19. Scrutiny of records of selected divisions showed that corrective measures were taken in four out of 103 inspection notes only by the respective divisions.

[41] Prosecution Offence Report.
[42] Cognizable Offence Report.
[43] Undetected Offence Report.
[44] Deer, Tiger, Dolphin etc.
[45] Garshankar, Roop Nagar, SAS Nagar.

On being pointed out, the Department replied that the CFs has to conduct inspection once in year of forest division under his control.

The reply of the Department is not based on the factual position noticed by the audit and also the provision of the Manual, *ibid*. Moreover, the Department remained silent about the compliance of the inspection note issued by the Conservator of the forest.

6.3.16.3 Delay in compounding forest offences

Damage to forest caused during felling or dragging any tree or timber or during lopping and tapping or grazing of cattle or cutting of grass, whether caused deliberately or through negligence, is an offence. The offence can be compounded by the DFO by recovering the value of forest produce damaged/removed and compensation (penalty) for the damage. Alternatively, under the Indian Forest Act, 1927 within one year of occurrence of the offence, the offender can be prosecuted in a Court of law and the punishment may extend to imprisonment for six months or fine of ₹ 500 or both. As per the provisions of the Criminal Procedure Code, no Court shall take cognizance of an offence after the expiry of one year.

Audit noticed in three[46] forest divisions that as on March 2019, 1,061 cases of offence for damage to forests were pending finalisation for more than one year for which no court would take cognizance as per provision of Criminal Procedure Code. Year-wise breakup of pending cases was not provided to audit. Further, 99 and 774 *Khair* trees were illegally uprooted in Dasuya and Ropar divisions during 2017-19 and no charge sheet was finalised by the Divisions at the time of conducting audit.

On this being pointed out, the Department stated that figures related to offence for damage to forest, keep changing year to year and is a routine process. Further, the Department replied that 99 trees which were uprooted in Dasuya, the recovery of ₹ 3.17 lakh vide challan no. 004 dated 3 November 2018 was made from the defaulters and in case of Ropar, charge sheet was issued by the Government. However, the Department did not reply about recovery in respect of remaining 774 *khair* trees.

6.3.17 Human Resource Management

Performance of an organisation for efficient implementation of programmes depends on availability of qualified and trained manpower. Periodical assessment of requirement of manpower taking into account the present and future needs is essential to fulfil its objectives.

6.3.17.1 Persons in Position

Audit noticed that the Department had large number of vacancies in all the cadres. In the cadre of frontline staff (Forest Ranger/Deputy Ranger, Forester and Forest Guard) vacancies ranged between 7 and 58.39 *per cent* and in clerical cadre vacancies ranged between 4 and 100 *per cent* of the sanctioned strength.

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[46] Nawanshahr at Garshankar, Pathankot, SAS Nagar.

The Department stated that posts of forest rangers could not be filled up due to Forest Rangers (Group-B) Rules which are under consideration of the State Government and regarding filling up of other vacancies; these are also under consideration of the Government.

6.3.17.2 Delay in setting up a State Forest Research Institute

The State Forest Research Institute (SFRI), Ludhiana District was to be setup with the aim to support Greening Punjab Mission and for the purpose of disseminating scientific knowledge in the field of agroforestry, utilization of forest/plantation products and to upgrade and bring the forest based biomass production system at par with the best similar systems in the world on sustainable basis with the support of well-trained scientist.

Audit noticed from the records of Principal Chief Conservator of Forest, Mohali that State Forest Research Institute building was to be completed by October 2016. Though completion certificate to SFRI building was issued in March 2019, possession of building was not handed over to the Department. In the absence of research and training work, the intended benefits of the research institute could not be derived.

The Department stated that the State Government has not given sanction to operationalise State Forest Research Institute.

6.3.18 Best Practices

The Government launched a project in September, 2018 to plant 550 trees in each village to mark 550th birth anniversary of Guru Nanak Dev ji. The Departments of Forest and Rural Developments were the nodal agencies for the drive. 76.25 lakh saplings of as many as 70 species were planted in all 12,986 villages across the state in 18,225 acres of land that accounts for 0.12 *per cent* of green cover. Steps were also taken by the Department to ensure protection of planted trees. For this, *Vanmittars* (Forest Friends) were appointed for 200 plus saplings.

Conclusions

The Department did not frame a State Forest Policy to ensure preservation of forest areas. Working Plans of some divisions were not in continuous existence while there were delays in approval of the Working Plan, the activities prescribed in the Working Plan were not carried out as per schedule leading to deferment and non-realisation of revenue. The Department removed interest clause from revised royalty policy effective from 1 July 2009. The Department had issued instructions involving financial matters without the concurrence of the Department of Finance which led to irregular adjustment of Government money. Delay on the part of the Department/Government to take timely action to recover outstanding dues resulted in accumulation of significant arrears. The order of the National Green Tribunal was not complied with regard to making compensatory afforestation by recovering the cost from Irrigation Department. Internal Control Monitoring mechanism was weak as no compliance was being made by divisions on the notes on inspection issued by Conservators of Forest. However, the Department's initiative to plant 550 trees in each village on the occasion of 550th birth anniversary of Guru Nanak Dev ji and increase of tree cover by 0.12 *per cent* was appreciable.

Recommendations

In view of the status of forest cover remaining stagnant over the period covered under review, it is recommended that the Government may:

- prepare a comprehensive State Forest Policy aligning it with the vision of the Department for increasing forest cover and provide clear road map for the same;
- prepare and adhere to a time bound plan for recouping deficit of land under forest cover arisen due to short fall in compensatory afforestation;
- reinstate provision of interest on delayed payment of royalty and stop adjustment of royalty without concurrence of Finance Department;
- strengthen internal control by ensuring remedial action of issues raised in inspection reports;
- take immediate corrective action on the orders of National Green Tribunal and fix responsibility on defaulting officers; and
- undertake capacity building measures by filling up the vacancies of frontline forest manpower for enhanced surveillance and prevent encroachment in time.

Chapter - VII

Other Tax and Non-Tax Receipts

Chapter-VII

Other Tax and Non-Tax Receipts

7.1 Tax administration

This paragraph related to receipts from Land Revenue, Entertainment and Luxury Tax, Marriage Registration, State Lotteries etc. The tax administration is governed by Acts and Rules framed separately for each Department.

7.2 Results of audit

There were 87 auditable units under Major Head 0029-Land Revenue, 16 units under Major Head 0045-Entertainment and Luxury Tax and one unit under Major Head 0075-State Lottery. Out of these, audit selected 78[1] units for test check during the year 2018-19. Test check of records in these units showed irregularities of ₹ 27.75 crore in 6,993 cases (15.17 *per cent* of receipt of the year of audit-2017-18) which fall under the following categories as depicted in **Table 7.1** below:

Table 7.1: Results of audit

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
A: 0029-Land Revenue			
1.	Non/short recovery of *chowkidara* tax	41	2.29
2.	Other irregularities	4,515	15.09
TOTAL A		**4,556**	**17.38**
B: 0045-Entertainment and Luxury Tax			
1.	Non/short realisation of entertainment tax/duty	1,043	0.82
2.	Non levy of penalty due to late/non submission of return	1,134	0.22
3.	Other irregularities	253	9.04
TOTAL B		**2,430**	**10.08**
C: 0075-State Lottery			
1.	Irregular expenditure in printing of tickets	2	0.28
2.	Other irregularities	5	0.01
TOTAL C		**7**	**0.29**
TOTAL (A+B+C)		**6,993**	**27.75**

In 2018-19, the Department accepted and recovered of ₹ 29.79 lakh in 16 cases out of which ₹ 0.12 lakh in two cases was pointed out during 2018-19 and remaining in earlier years.

Irregularities relating to non/short collection of entertainment duty from cable operator were noticed in previous year. Similar irregularity involving ₹ 0.46 crore in 408 cases was again noticed in 2018-19 as detailed below:

[1] Land Revenue (61), Entertainment and Luxury (16), State Lottery (1).

7.3 Non/short realisation of Entertainment Duty from cable operators

Six ACSTs took no steps to recover entertainment duty from 408 cable operators, resulting in non-realisation of entertainment duty of ₹ 45.93 lakh.

Section 3 (3-B) of the Punjab Entertainment Duty Act, 1955 (PED Act) provides that in case of entertainment provided with the aid of antenna or cable television to a connection holder, the proprietor of such entertainment shall pay Entertainment Duty (ED) at the rate of ₹ 15,000 per annum at a time. Section 4 of Cable Television Network (Regulation) Act 1995 read with Rule 3 of Cable Television Network Rules, 1994 makes it incumbent upon all the cable operators to get themselves registered with the Head Post Master of the area in which office of the cable operator is situated. Further, Section 14 (1) of the PED Act provides that for the purpose of ensuring that the provisions of the Act or Rules made thereunder are being complied with, the prescribed officers of Excise and Taxation Department may enter into, inspect and search any place of entertainment at any reasonable time while the entertainment is proceeding.

Scrutiny of records of six[2] ACSTs relating to Entertainment Duty for the period ranging between 2015-16 and 2017-18 (up to 30 June 2017[3]) showed that the ACSTs had not maintained any list/database of cable operators for the purpose of levy and collection of the Entertainment Duty. Audit obtained a list of cable operators registered under Section 4 of Cable Television Network (Regulation) Act in General Post Offices of the concerned districts and noticed that 445 cable operators were registered with the General Post Office. However, only 37 of them pertaining to three[4] districts had paid Entertainment Duty at the rate of ₹ 15,000 per annum. The remaining 408 cable operators did not pay the Entertainment Duty. The concerned ACSTs did not issue any demand notice to them and did not take steps to ascertain the actual number of cable operators to ensure that the tax due under the provisions of the Act is levied and collected. This resulted in non-realisation of Entertainment Duty of ₹ 45.93 lakh.

ACST Jalandhar-I replied (August 2018) that the cable operators were not liable to pay the Entertainment Duty as they did not provide entertainment with the aid of individual antenna but simply relayed the signal. The reply is not tenable because Section 3(3-B) provides that liability to pay the Entertainment Duty arises when entertainment is provided with the aid of antenna or cable television to a connection holder. The cable operators, even when they are not using individual antenna, are using cable network to provide

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2 Bathinda, Faridkot, Ferozepur, Jalandhar-I, Patiala and Shahid Bhagat Singh Nagar.

3 Entertainment tax was subsumed in Goods and Services Tax (GST) w.e.f. 01 July 2017.

4 Bathinda (18), Faridkot (16) and Jalandhar-I (3).

entertainment to a connection holder and thus are liable to pay the Entertainment Duty.

The matter was reported to the Government/Department in January 2020 and April 2020; their replies were awaited (December 2020).

The Government may direct the department to recover the non realised entertainment duty of ₹ 45.93 lakh from 408 registered cable operators referred to in this paragraph.

The cases pointed out in this Report are based on the test check conducted by Audit. The Department may initiate action to examine similar cases and take necessary corrective action.

Punam Pandey

Chandigarh
The 08 April 2021

(PUNAM PANDEY)
Principal Accountant General (Audit) Punjab

Countersigned

New Delhi
The 13 April 2021

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

(Referred to in paragraph 1.8.2, page 5)

Details of performance audits/paragraphs of the Reports of the Comptroller and Auditor General of India for which departmental replies were not received up to 31 March 2020

Sr. No.	Name of the Department	2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		Total number of	
		PA	Para No.	PA	Para No.	PA	Para No.	PA	Para No.	PA	Para No.	PA	Para No.	PAs	Paras
1.	Agriculture	-	3.5	2.1*	-	-	3.1, 3.2	-	-	-	3.15	-	3.1, 3.12*, 3.19*	01	07
2.	Animal Husbandry, Dairy Development and Fisheries	-	-	2.1*	-	-	-	-	-	-	-	-	-	-	-
3.	Tourism and Cultural Affairs	-	-	-	-	-	-	-	-	-	3.16	-	3.13*, 3.17	-	03
4.	Finance and Planning	-	-	-	3.4	-	3.4*, 3.15	2.2	-	-	-	-	-	01	03
5.	Governance Reforms	-	-	-	-	-	3.5	-	-	-	3.3	-	-	-	02
6.	Health and Family Welfare	-	-	-	-	-	-	-	3.2, 3.4	-	3.4	2.1	3.3*, 3.4	01	05
7.	Medical Education	-	-	-	-	-	-	-	-	-	-	-	3.3*, 3.9, 3.10, 3.11	-	03
8.	School Education	-	-	-	-	-	-	2.1	-	-	-	-	3.2*	01	01
9.	Home Affairs and Justice	-	-	-	-	-	-	-	-	-	-	-	3.5, 3.6, 3.7	-	03
10.	Housing and Urban Development	-	-	-	-	-	-	-	-	2.3	-	-	-	01	-
11.	Industry and Commerce	-	-	-	-	-	-	-	-	-	3.7	-	-	-	01

Sr. No.	Name of the Department	2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		Total number of	
		PA	Para No.	PA	Para No.	PA	Para No.	PA	Para No.	PA	Para No.	PA	Para No.	PAs	Paras
12.	Irrigation (now Water Resources)	2.3	3.12	-	-	-	-	-	3.8	-	-	-	3.8, 3.19*	01	03
13.	Local Government	-	-	-	-	-	3.4*	-	-	-	3.11	-	3.15*	-	02
14.	Public Works (B&R)	-	-	-	-	-	-	-	-	-	-	-	3.2*, 3.12*, 3.13*, 3.14, 3.15*	-	01
15.	Revenue, Rehabilitation and Disaster Management	-	-	-	-	-	-	-	3.15, 3.16, 3.17	-	3.18, 3.19	-	-	-	05
16.	Technical Education and Industrial Training	-	-	-	-	-	-	-	-	-	-	-	3.16	-	01
17.	Welfare of SCs and BCs	-	-	-	-	-	-	-	-	2.4	-	-	-	01	-
18.	Labour	-	-	-	-	-	-	-	-	-	-	2.2	-	01	-
19.	Town and Country Planning	-	-	-	-	-	-	-	-	-	-	-	3.18	-	01
20.	Soil and Water Conservation	-	-	-	-	-	-	-	-	-	-	-	3.19*	-	-
	Total	**01**	**02**	**01**	**01**	**-**	**05**	**02**	**06**	**02**	**08**	**02**	**19**	**08**	**41**

***Source:** Office records*

**** Para 2.1 of 2013-14, though pertains to two departments (Sr. Nos. 1 and 2), has been counted once.***
Para 3.4 of 2014-15, though pertains to two departments (Sr. Nos. 4 and 13), has been counted once.
Paras 3.2, 3.3, 3.12, 3.13, 3.15 and 3.19 of 2017-18, though pertain to two departments (Sr. No.8 & 14, 6 & 7, 1 &14, 3 & 14, 13 & 14 and 1, 12 & 20 respectively), have been counted once.

Appendix 1.2

(Referred to in paragraph 3.1, page 40)

Details of outstanding rent in respect of Hangar No. 2

(Amount in ₹)

Sr. No.	Year	Monthly Rent	Yearly Rent
1	2005-06 (from 08.04.2005 to 31.03.2006)	37,750	4,44,192
2	2006-07	41,525	4,98,300
3	2007-08	45,678	5,48,136
4	2008-09	50,246	6,02,952
5	2009-10	55,271	6,63,252
6	2010-11	60,798	7,29,576
7	2011-12	66,878	8,02,536
8	2012-13	73,566	8,82,792
9	2013-14	80,923	9,71,076
10	2014-15	89,015	10,68,180
11	2015-16 (from 01.04.2015 to 29.01.2016)	97,917	9,72,853
	Total (A)		**81,83,845**

Source: Departmental information

Total payments made by the Department for electricity bills in respect of Hangar No. 2 **(B)**	**1,03,380**
Total outstanding dues (A+B) =	**82,87,225** **Say ₹ 0.83 crore**

Appendix 1.3

(Referred to in paragraph 3.2, page 41)

Details of short deposit of user charges during the period from April 2017 to January 2018

(Amount in ₹)

Month	Total collection during the month	Amount deposited (as per Daily Collection Register/ Cash Book/ Bank Statement)	Difference (Short deposit)
1	2	3	4 (2-3)
April 2017	79,370	79,350	20
May 2017	1,08,580	1,08,570	10
June 2017	89,250	88,680	570
July 2017	1,01,760	91,100	10,660
August 2017	86,570	74,620	11,950
September 2017	89,290	77,080	12,210
October 2017	88,990	67,530	21,460
November 2017	75,770	56,000	19,770
December 2017	74,720	55,310	19,410
January 2018	77,360	71,530	5,830
Total	**8,71,660**	**7,69,770**	**1,01,890**

Source: Departmental records

Appendix 1.4

(Referred to in paragraph 3.3.2.1, page 43)

Details showing residential and commercial plots sold/remained unsold

Sr. No.	Name of Authority	Sr. No.	Name of site	Area (in acre)	Date of transfer of land to PUDA	Planning*	Date of launch of the scheme/auction (figures in bracket indicate number of auctions)	Latest position of vacant sites (*per cent*)	Expenditure on development of the sites (₹ in crore)	Reply of the Department	Audit Remarks
1.	JDA	1.	Old Jail site, Kapurthala	11.70	May 2012	111 (RP) 08 (B)	February 2013 to November 2016 (3)	92 (RP) 08 (B)	2.63	CA, PUDA stated that the case of price fixation of the balance plots had been sent to the higher authority. After receipt of requisite rates and approvals, these plots would be put to auction.	The reply was not acceptable as no efforts were made to sale out the remaining plots after November 2016.
		2.	Bulandpur Enclave	5.76	--	168 (RP) 68 (SCO) 22 (B)	2001 to 2016 (4)	56 (RP) 06 (SCO) 18 (B)	1.41	For providing appropriate access from the national highway to the site, efforts are being made to acquire / purchase the adjoining land from the private land owners.	The reply was not acceptable as PUDA failed to ensure execution of developmental works before the site being put to auction.
		3.	Army Cantonment/ Peer Chaudhary, Kapurthala	10.17	December 2000	81 (RP) 10 (B)	February 2013 to November 2016 (2)	61 (RP) 10 (B)	0.82	A committee has been constituted to get the demarcation done at the level of District Administration.	The reply of the Department was not satisfactory as it was the responsibility of EC/PUDA to ensure clear title of the land prior to launch of the scheme.

Sr. No.	Name of Authority	Sr. No.	Name of site	Area (in acre)	Date of transfer of land to PUDA	Planning*	Date of launch of the scheme/auction (figures in bracket indicate number of auctions)	Latest position of vacant sites (*per cent*)	Expenditure on development of the sites (₹ in crore)	Reply of the Department	Audit Remarks
		4.	DIET, Kapurthala	6.80	November 2000	74 (RP) 11 (SCO) 30 (B)	March 2001 to June 2016 (10)	51 (RP) 5 (SCO) 17 (B)	0.78	The case was being processed for revising the rates of the site. As soon as the rates are revised, the site will again be put to auction.	The reply was not acceptable as response to the site was very poor despite the site being put to auction ten times. Moreover, developmental works would also deteriorate with the passage of time.
2.	GLADA	5.	Sugar Mill, Jagroan	94.72	September 2011	700 (RP)	November 2012 to February 2016 (2)	313 (RP)	25.87	The leftover 313 residential plots will be sold in near future.	The reply was not acceptable as inaction on the part of authority concerned after February 2016 resulted in non-disposal of the complete site.
3.	PDA	6.	Mehman Khana Hotel site, near Railway Station, Patiala	2.31	July 2000	42 (B) 21 SCOs	June 2014 to August 2019 (9)	18 (B) 21 SCOs	1.71	An agenda for further reduction of rates by 20 *per cent* has been sent for consideration of Finance & Accounts Committee, PUDA.	The sale of the balance properties would be awaited in audit.

Sr. No.	Name of Authority	Sr. No.	Name of site	Area (in acre)	Date of transfer of land to PUDA	Planning*	Date of launch of the scheme/auction (figures in bracket indicate number of auctions)	Latest position of vacant sites (*per cent*)	Expenditure on development of the sites (₹ in crore)	Reply of the Department	Audit Remarks
		7.	Open Jail, Nabha	100.00	September 2013	280 (RP) 47 (C) 01 dispensary	December 2014 to January 2016 (3)	230 (RP) 47 (C) 01 dispensary (Non-developed)	6.47	The Site was sold through draw in 2015 in which 101 Plots were sold out, which portrays that there was demand at that time. However, due to demand irregularities and other unforeseen reasons, plots were surrendered.	The reply of CA PUDA was not acceptable as 82 *per cent* residential plots and 100 *per cent* commercial sites remained unsold due to failure of the authority concerned to plan the developmental works according to site requirements.
		8.	Sr. Secondary School, Amargarh	19.50	September 2010	178 (RP) 31 (C)	January 2011 to November 2019 (14)	142 (RP) 20 (C)	3.92	As per policy, proposal for reduction in rates was being put up to the competent authority.	The reply was not acceptable as due to non-fixation of reasonable reserve price the auction was failed 14 times.
		9.	Devigarh Division	15.90	May 2000	77 (SCO) 3.5 and 3.2 acre chunk sites reserved for multi-storey houses	July 2012 to November 2016 (5)	49 (SCO), 3.5 and 3.2 acre chunk sites reserved for multi-storey houses	6.22	Re-planning will be done soon and site shall be put to auction.	The disposal of unsold properties would be awaited in audit.

Sr. No.	Name of Authority	Sr. No.	Name of site	Area (in acre)	Date of transfer of land to PUDA	Planning*	Date of launch of the scheme/auction (figures in bracket indicate number of auctions)	Latest position of vacant sites (*per cent*)	Expenditure on development of the sites (₹ in crore)	Reply of the Department	Audit Remarks
4.	ADA	10.	Old Civil Hospital, Batala	1.47	July 2011	09 (SCO) 27 (S) 01 Toilet Block	July 2015 to April 2016 (2)	01 (SCO) 10 (S) 01 Toilet Block	0.58	Necessary security staff has been deputed at site to watch and ward of the site to make it garbage free.	The reply of the CA PUDA was not acceptable as authority concerned did not furnish the reasons for non-disposal of plots despite clearance of garbage from the site.
		11.	Bail Ahata	0.55	March 2005	21 (SCO)	April 2008	15 (SCO)	0.21	The development works of Bail Ahata site were disturbed during the laying of sewer line by Sewerage Board. Re-auction of the site will be made after the re-development of the sites.	The reply was not acceptable as it was the responsibility of PUDA to ensure deposits from Sewerage Board (MC) for laying of sewage lines. Thus, failure of PUDA to protect its property, led to non-disposal of 71 *per cent* SCOs.

Sr. No.	Name of Authority	Sr. No.	Name of site	Area (in acre)	Date of transfer of land to PUDA	Planning*	Date of launch of the scheme/auction (figures in bracket indicate number of auctions)	Latest position of vacant sites (*per cent*)	Expenditure on development of the sites (₹ in crore)	Reply of the Department	Audit Remarks
		12.	Milk Union Site, Verka	3.67	February 2010	31 (SCO) 07 (S) 01 Multiple Use Site	July 2011 to April 2012 (3)	12 (SCO), 02 (S) and 01 Multiple Use Site	1.07	The site has been cleared from garbage and it will be re-auctioned after development of the site.	The reply of the CA was not acceptable as it was the responsibility of the authority concerned to protect the vacant developed site from garbage. Further, despite incurring an expenditure of ₹ 3.56 lakh now on clearance of garbage, the remaining properties were still lying unsold. The disposal of site would be awaited in audit.
5.	BDA	13.	SDM Residence, Fazilka	6.40	October 2006 Possession in May 2010	70 (RP) 10 (C) 01 chunk site	2011 to 2018 (4)	50 (RP) 10 (C) and 01 chunk site	1.60	Out of 70 plots, draw of 56 plots was conducted in which 52 plots were allotted. No site could be sold out in auction held in the year 2016. Now, only 20 plots have been sold out, whereas remaining allottees had surrendered the plots.	The reply was not acceptable as the surrender of plots due to non-development of a site discouraged the future possibility of sale of remaining plots.

Sr. No.	Name of Authority	Sr. No.	Name of site	Area (in acre)	Date of transfer of land to PUDA	Planning*	Date of launch of the scheme/auction (figures in bracket indicate number of auctions)	Latest position of vacant sites (*per cent*)	Expenditure on development of the sites (₹ in crore)	Reply of the Department	Audit Remarks
		14.	52 Acre Land Residential Pocket at Mansa	52.00	August 2012	331 (RP) 02 chunk sites	2014 to 2016 (2)	267 (RP) 02 chunk sites	18.41	Due to delay in development works, most of allottees have surrendered their plots. At present, 64 plots remained allotted.	The reply was not acceptable as main reason for 81 *per cent* plots remaining unsold was due to fixation of high reserve price (₹ 7000/- per sq yard) whereas experts opined that reserve price would not fetch more than ₹ 4000/- per sq yard.
		15.	Food Supply Department and Women Police Station, Mansa	1.13	July 2013	31 (DSS)	August 2016 to November 2016 (2)	28 (DSS)	0.66	Due to poor response of people, auctions were unsuccessful. Efforts are being made to sale the remaining sites.	The reply was not acceptable as no auction was held after November 2016 by reducing the reserve price by 20 *per cent* as per auction policy.
		16.	Milk Plant Site, Bathinda	11.30	October 2009	105 (RP) 25 (C) 01 chunk site	December 2010 to October 2019 (9)	55 (RP) 25 (C) 01 chunk site	3.00	The site is affected due to construction of railway over bridge. Re-planning of the site is under consideration with the Town Planning Department.	The reply was not acceptable as non-coordination with the Railways Department led to non disposal of remaining plots.

Sr. No.	Name of Authority	Sr. No.	Name of site	Area (in acre)	Date of transfer of land to PUDA	Planning*	Date of launch of the scheme/auction (figures in bracket indicate number of auctions)	Latest position of vacant sites (*per cent*)	Expenditure on development of the sites (₹ in crore)	Reply of the Department	Audit Remarks
		17.	Canal Colony Site, Bathinda	10.83 (5.76 + 5.07)	May 2010	15 (SCO) 01 chunk site	November 2010 to January 2015 (8)	15 (SCO)	0.08	Efforts are being made to sale the remaining sites.	The fact remained that 100 *per cent* SCOs were lying unsold due to non-conducting of demand survey prior to launching of the scheme.
		18.	Baba Farid University, Faridkot	86.03	November 2010	687 (RP) 163 (C) (SCO/Shops)	October 2011 to November 2016 (4)	384 (RP), 163 (SCO/ Shops)	22.39	Allottees are not satisfied with development works of the site and they approached to different courts for refund of their deposited amount against plots.	The reply of the CA was not acceptable as it was the responsibility of the authority concerned to ensure the execution of developmental works as per PWD specifications.
		19.	Udaykaran, Muktsar	11.40	September 2011	98 (RP) 35 (C)	January 2013 to March2016 (2)	71 (RP) 35 (C)	4.31	Due to non-completion of development works, the possession of plots was not offered to allottees till date and allottees are approaching different courts.	The reply was not acceptable as Department failed to ensure the completion of developmental works prior to launching the scheme, due to which 71 out of 98 residential plots and 100 *per cent* commercial sites remained unsold.

Sr. No.	Name of Authority	Sr. No.	Name of site	Area (in acre)	Date of transfer of land to PUDA	Planning*	Date of launch of the scheme/auction (figures in bracket indicate number of auctions)	Latest position of vacant sites (*per cent*)	Expenditure on development of the sites (₹ in crore)	Reply of the Department	Audit Remarks
6.	GMADA	20.	Tehsil Complex, Khammano	3.00	September 2010	37 (SCO) 18 (S) 01 Food Court site	August 2016	37 (SCO) 10 (S) 01 Food Court site	6.21	GMADA is in the process of rationalising the price of properties and these sites will be put to auction in near future.	The reply was not acceptable as no SCO and food court was sold out due to fixation of unreasonable reserve price. The disposal of plots/sites would be awaited in audit.
		21.	PWD, Punjab land, near Shivalik Public School, Roopnagar	2.94	June 2011	41 (RP)	January 2015 to August 2016 (4)	19 (RP)	1.16	GMADA is in the process of rationalising the price of properties and these sites will be put to auction in near future.	The disposal of plots/sites would be awaited in audit.
	TOTAL			**457.58 acre**	**May 2000 to July 2013**	**2924(RP) 796 (C) 11 (Others)**		**1791(RP) (61) 582 (C) (73) 10 (Others) (91)**	**109.51**		

Source: Departmental information

**** Residential Plots (RP); Booths (B); Commercial Plots (C); Shops (S); Shop cum Office (SCO); Double storey shop cum shops (DSS).***

Appendix 1.5

(Referred to in paragraph 3.3.2.2 (i), page 44)

Details of the sites which could not be sold due to encroachments

Sr. No.	Name of the Authority	Name of the site	Area of the site (in acre)	Date of transfer of land	Planning	Latest status of the site	Expenditure incurred for providing alternative accommodation and development of sites/Cost of development (₹ in crore)	Departmental remarks
1.	GLADA	Old Tehsil Complex, Zira	6.67 (Old Tehsil Complex) 2.19 (old resident of SDM, Zira)	November 2010	PUDA to construct residence of SDM, DSP, Tehsildar and Naib Tehsildar	Unsold	2.27	The site could not be developed as offices of PWD and few shops of Red Cross are still operational. PUDA has requested Deputy Commissioner (Ferozepur) to ask for vacating the offices and possession to be given to PUDA but the offices had demanded alternate spaces.
2.	JDA	Old District Complex, Hoshiarpur	16.19	June 2002	PUDA to construct new DAC at new site	Unsold	25.47	The treasury office in old District Administrative Complex was not shifted in the newly constructed Administrative Complex, so the old building was not handed over to PUDA. A committee constituted under the chairmanship of Deputy Commissioner, Jalandhar reported that due to non availability of suitable space, it was not possible to shift the treasury office in the new ADC (Additional Deputy Commissioner) building.

Sr. No.	Name of the Authority	Name of the site	Area of the site (in acre)	Date of transfer of land	Planning	Latest status of the site	Expenditure incurred for providing alternative accommodation and development of sites/Cost of development (₹ in crore)	Departmental remarks
		Old Deputy Commissioner, Senior Superintendent of Police, Jalandhar	7.45	July 2001	PUDA to construct new DAC at new site	Unsold	2.58	At present, there is no building at the Judicial Malkhana site in the old DC/SSP office and only record room building still existing at site which is in deplorable condition. Action is being taken to get this site vacated.
3.	PDA	Irrigation Complex, Patiala	27.85	June 2016	Not planned yet.	Unsold	0.08	Mutation of the entire land has been executed in the name of PUDA by the Revenue Department. Application for RERA registration of the site has been submitted. Scheme for sale of the residential plots shall be launched once RERA registration is received.
		Rajpura Colony, Patiala	53	June 2011	230 residential plots	108 Resi-dential plots	13.14	The slum dwellers have illegally encroached some area and filed a CWP in the Punjab and Haryana High Court, Chandigarh. The court had passed status quo orders. The plots falling in the encroached area shall be sold by PUDA, after decision of the Court case.
4.	BDA	B.Ed. College, Bathinda	2000 Sq. Yd. (0.4 acre)	June 2002	20 shops	14 Shops	0.05	Treasury office is still running on this site.
		TOTAL	**113.75 acre**	**July 2001 to June 2016**			**43.59**	

Source: Departmental information

Appendix 1.6

(Referred to in paragraph 3.3.4.4, page 54)

Details showing non-execution of Conveyance Deeds

(₹in crore)

Sr. No.	Name of the Authority	Name of the allottee	Date of allotment	Shop No.	Area	Mode of allotment	Cost of shop	Date of issue of NDC/date of final payment
1.	Greater Ludhiana Area Development Authority	Gaurav Dhiri S/o Ashok Dhiri	8526 dt.27.09.2013	12 Jail Road, Ludhiana	27.87 sq. m	By auction	0.18	24.04.2018
2.	Jalandhar Development Authority	Neelam Jain W/o Abhay Jain	260 dt.22.03.2017	3, old jail site, Jalandhar	18.75 sq. m	By auction	0.18	31.05.2017
3.		V.S. Enterprises	249 dt.22.03.2017	15, old jail site, Jalandhar	147 sq. m	By auction	1.68	06.07.2017
4.	Patiala Development Authority	Rama Rani W/o Pawan Kumar	2546 dt.30.01.2013	90, Banasar Enclave, Sangrur	37.93 sq. m	By auction	0.56	13.07.2016
5.		Sushil Kumar Jain S/o Laxman Dass Jain	3200 dt.11.02.2013	51, Banasar Enclave, Sangrur	50.58 sq. m	By auction	0.60	24.08.2017
6.		Vinit Bindal S/o Prem Chand	15406 dt.24.07.2013	58, Banasar Enclave, Sangrur	50.58 sq. m	By auction	0.60	13.11.2017
7.		Naresh Kumar S/o Harsh Kumar	15453 dt.24.07.2013	57, Banasar Enclave, Sangrur	50.58 sq. m	By auction	0.63	24.05.2017
8.		Rani Devi W/o Satpal Gupta	15569 dt.28.12.2016	138, PF Nabha Road, Patiala (residential)	250 sq. yd	By draw	0.66	Full payment made within 60 days after availing 5 *per cent* rebate
9.		Gurinder Kaur W/o Sarjinder Singh	14783 dt.09.12.2016	227, PF Nabha Road, Patiala (residential)	251.17 sq. yd	By draw	0.66	20.07.2018
10.	Greater Mohali Area Development Authority	Rupinder Singh S/o Harinder Singh, Ropar	08.07.2015	Plot No. 16	168 sq. yd	By auction	0.46	06.10.2015

Sr. No.	Name of the Authority	Name of the allottee	Date of allotment	Shop No.	Area	Mode of allotment	Cost of shop	Date of issue of NDC/date of final payment
11.		Harinder Singh S/o Amar Singh, Ropar	27166 dt.09.07.2015	Plot No. 12	188.72 sq. yd	By auction	0.43	08.09.2015
12.		Satinder Pal Singh S/o Sh. Harjeet Singh, Ropar	26888 dt.08.07.2015	Plot No. 17	168 sq. yd	By auction	0.45	02.11.2018
13.		Amrik Singh S/o Sh. Jagdish Singh, Ropar	27167 dt.09.07.2015	Plot No. 27	201.8 sq. yd	By auction	0.52	17.09.2015
14.		Arshdeep Bhalla S/o Sh.Jag Raj Bhalla Village Attari Teh. Anandpur Sahib, Ropar	27524 dt.13.07.2015	Plot No. 01	297.75 sq. yd	By auction	0.77	17.09.2015
15.		Harpreet Kaur W/o Mandeep Singh Gyani Zail Singh Nagar Ropar	26891 dt.08.07.2015	Plot No. 04	281.14 sq. yd	By auction	0.63	23.11.2016
16.		Ashish Khanna S/o Ashok Kumar Khanna, Gyani Zail Singh Nagar, Ropar	26970 dt.08.07.2015	Plot No. 09	250.25 sq. yd	By auction	0.64	22.07.2019
17.		Surinder Singh S/o Chet Ram Vill. Kalwan Anandpur Sahib Roop Nagar	26894 dt.08.07.2015	Plot No. 24	201.8 sq. yd	By auction	0.52	06.10.2015
18.	Amritsar Development Authority	Karan Kochhar S/o Anil Kochhar Krishna Nagar, Batala Distt., Gurdaspur	13647 dt.30.06.2016	Shop No. 11 Civil Hospital Batala Gurdaspur	39.60 sq. m	By auction	0.51	02.01.2019
19.		Smt Inderjit Kaur, South Shiel DS UK	394 dt.05.01.2018	Plot No. 45C, Canal Colony, Amritsar	418.06 sq. m	By auction	2.09	31.10.2018
20.	Bathinda Development Authority	Sandeep Nagpal S/o Sh. Bharat Bhushan, Bathinda	4564 dt.06.07.2016	Plot No. 247, PUDA Enclave, Mansa	200 sq. yd	By draw	0.14	19.12.2016
21.		Sneh Suman W/o of Sh. Bhanu Partap, Barnala	2016 dt.28.06.2016	Plot No. 261, PUDA Enclave, Mansa	200 sq. yd	By draw	0.14	20.09.2016

Sr. No.	Name of the Authority	Name of the allottee	Date of allotment	Shop No.	Area	Mode of allotment	Cost of shop	Date of issue of NDC/date of final payment
22.		Shikha, W/o Madhu Sudan Nagraj Panchkula	4546 dt.06.07.2016	Plot No. 235, PUDA Enclave Mansa	200 sq. yd	By draw	0.14	30.05.2019
23.		Harpreet Kaur D/o Sarbjeet Singh, Mohali	4573 dt.06.07.2016	Plot No. 263, PUDA Enclave, Mansa	200 sq. yd	By draw	0.14	19.06.2017
24.		Ajay Kapoor S/o Vinod Kapoor, Mohali	8104 dt.15.11.2016	Plot No. 243, Sugar Mill, Budhlada	150 sq. yd	By draw	0.09	07.11.2017
25.		Aarti Aggarwal W/o Naveen Kumar, Narwana	4676 dt.11.07.2016	Plot No. 97, PUDA Enclave, Mansa	256.66 sq. yd	By draw	0.18	16.02.2018
26.		Amrit Pal Singh S/o Gurdeep Singh, Mahanbahadur	3386 dt.11.07.2016	Plot No. 19, PUDA Enclave, Bathinda	200 sq. yd	By draw	0.24	29.05.2015
TOTAL							**13.84**	

Source: Departmental information

Stamp Duty (13.84*6/100) = ₹ 0.83 crore
Registration fee (13.84*2/100) = ₹ 0.28 crore
Total = ₹ 1.11 crore

Appendix 1.7

(Referred to in paragraph 3.4(i), page 57)

Irregular operation of posts of Chief Secretary Grade in Level 17 (Apex Scale)

Period		No. of cadre posts sanctioned by GoI	No. of total admissible posts (Cadre: Ex-cadre under SDR) (1:1)	Total No. of posts actually operated by the State	No. of posts operated under CDR	No. of posts operated excluding CDR (Cadre + Ex-cadre under SDR)	No. of excess posts operated under SDR	Pay per month (Fixed) (₹)	Duration (Months-Days)	Irregular expenditure (₹)
From	To									
1		2	3	4	5	6 (4-5)	7 (6-3)	8	9	10 (7*8*9)
01-01-2016	30-04-2016	3	6	18	6	12	6	2,25,000	4-00	54,00,000
01-05-2016	31-05-2016	3	6	16	6	10	4	2,25,000	1-00	9,00,000
01-06-2016	01-06-2016	3	6	15	6	09	3	2,25,000	0-01	22,500
02-06-2016	24-08-2016	3	6	15	5	10	4	2,25,000	2-23	24,90,000
25-08-2016	07-09-2016	3	6	16	5	11	5	2,25,000	0-14	5,25,000
08-09-2016	08-12-2016	3	6	17	5	12	6	2,25,000	3-01	40,95,000
09-12-2016	22-12-2016	3	6	20	5	15	9	2,25,000	0-14	9,45,000
23-12-2016	06-08-2017	3	6	19	5	14	8	2,25,000	7-15	1,35,00,000
07-08-2017	09-08-2017	3	6	19	4	15	9	2,25,000	0-03	2,02,500
10-08-2017	31-08-2017	3	6	18	4	14	8	2,25,000	0-22	13,20,000
01-09-2017	31-12-2017	3	6	16	3	13	7	2,25,000	4-00	63,00,000
01-01-2018	24-08-2018	3	6	14	3	11	5	2,25,000	7-24	87,75,000
25-08-2018	31-08-2018	3	6	18	5	13	7	2,25,000	0-07	3,67,500
01-09-2018	12-10-2018	3	6	17	5	12	6	2,25,000	1-12	18,90,000
13-10-2018	31-10-2018	3	6	16	5	11	5	2,25,000	0-19	7,12,500
01-11-2018	10-12-2018	3	6	15	5	10	4	2,25,000	1-10	12,00,000
11-12-2018	12-03-2019	3	6	15	4	11	5	2,25,000	3-02	34,50,000
13-03-2019	31-05-2019	4	8	15	4	11	3	2,25,000	2-19	17,77,500
01-06-2019	30-06-2019	4	8	14	4	10	2	2,25,000	1-00	4,50,000
01-07-2019	16-07-2019	4	8	13	4	09	1	2,25,000	0-16	1,20,000
17-07-2019	19-08-2019	4	8	13	3	10	2	2,25,000	1-03	4,95,000
20-08-2019	31-12-2019	4	8	15	3	12	4	2,25,000	4-12	39,60,000
01-01-2020	29-02-2020	4	8	14	3	11	3	2,25,000	2-00	13,50,000
01-03-2020	02-06-2020	4	8	13	3	10	2	2,25,000	3-02	13,80,000
03-06-2020	23-06-2020	4	8	17	4	13	5	2,25,000	0-21	7,87,500
Total										**6,24,15,000**

Source: Departmental information ***SDR=State Deputation Reserve*** ***CDR=Central Deputation Reserve***

Appendix 1.8

(Referred to in paragraph 3.4(ii), page 58)

Irregular operation of posts of Director General of Police under Higher Administrative Grade (Level-16)

Period		No. of cadre posts sanctioned by GoI	No. of total admissible posts (Cadre: Ex-cadre under SDR) (1:1)	Total No. of posts actually operated by the State	No. of posts operated under CDR	No. of posts operated excluding CDR (Cadre + Ex-cadre under SDR)	No. of excess posts operated under SDR	Minimum pay per month (₹)	Duration (Months-Days)	Irregular expenditure (₹)
From	To									
1		2	3	4	5	6 (4-5)	7 (6-3)	8	9	10 (7*8*9)
01-01-2016	21-03-2016	1	2	4	1	3	1	2,05,400	2-21	5,54,580
22-03-2016	31-07-2016	1	2	7	1	6	4	2,05,400	4-10	35,60,267
01-08-2016	28-02-2017	1	2	6	1	5	3	2,05,400	7-0	43,13,400
01-03-2017	04-04-2017	1	2	5	1	4	2	2,05,400	1-4	4,65,573
05-04-2017	30-06-2017	1	2	7	1	6	4	2,05,400	2-26	23,55,253
01-07-2017	31-08-2017	1	2	10	1	9	7	2,05,400	2-0	28,75,600
01-09-2017	06-02-2019	1	2	9	1	8	6	2,05,400	17-6	2,11,97,280
07-02-2019	31-03-2019	1	2	8	1	7	5	2,05,400	1-22	17,80,133
01-04-2019	16-07-2019	1	2	7	1	6	4	2,05,400	3-16	29,02,987
17-07-2019	31-07-2019	1	2	10	1	9	7	2,05,400	0-15	7,18,900
Total										**4,07,23,973**

Source: Departmental information ***SDR=State Deputation Reserve*** ***CDR=Central Deputation Reserve***

Appendix 1.9

(Referred to in paragraph 3.7(i), page 63)

Details showing suspected fraudulent drawal and disbursement of pay and allowances in Government High School, Kulgran, District Ropar for the period from December 2015 to December 2019

(Amount in ₹)

Sr. No.	Bill No. /Date	Token No.	No. of legitimate employees as per pay bill/school records	No. of employees for which pay drawn as per pay orders	Pay drawn as per pay orders (₹)	Voucher No./ Date	Pay due (₹)	Excess amount drawn (₹)	Name of the person against which excess amount drawn	Bank A/c No. of Clerk, wherein the excess amount was credited
1	2	3	4	5	6	7	8	9 (6-8)	10	11
1.	54/ 04.12.2015	2585	0	1	4,46,886	716/11.12.2015	0	4,46,886	Rajiv Kumar	11070882238
2.	68/ 09.03.2016	3376	1	2	3,02,489	245/10.03.2016	54,193	2,48,296	Parveen	11070882238
3.	11/ 16.05.2016	484	0	1	2,40,430	446/19.05.2016	0	2,40,430	Iqbal	11070882238
4.	24/ 23.07.2016	1126	11	13	5,94,085	232/02.08.2016	4,83,863	1,10,222	Satpal Bandna Kumari	11070882238
5.	25/ 23.07.2016	1127	6	7	3,33,073	233/02.08.2016	2,79,209	53,864	Amrit Lal	11070882238
6.	34/ 24.08.2016	1557	4	6	3,06,962	180/01.09.2016	1,79,174	1,27,788	Maninder Kaur Amrit Lal	11070882238
7.	35/ 24.08.2016	1558	10	12	5,87,681	181/01.09.2016	4,63,399	1,24,282	Bandna Kumari Satpal	11070882238
8.	40/ 22.09.2016	1878	4	6	3,06,962	311/04.10.2016	1,79,174	1,27,788	Amrit Lal Maninder Kaur	11070882238
9.	41/ 22.09.2016	1879	10	12	5,87,073	312/04.10.2016	4,62,791	1,24,282	Bandna Kumari Satpal	11070882238
10.	45/ 22.10.2016	2117	4	6	3,06,818	324/01.11.2016	1,79,030	1,27,788	Amrit Lal Maninder Kaur	11070882238
11.	46/ 22.10.2016	2118	10	12	5,87,073	325/01.11.2016	4,62,791	1,24,282	Bandna Kumari Satpal	11070882238
12.	53/ 24.11.2016	2426	4	6	3,15,975	379/03.12.2016	1,84,961	1,31,014	Amrit Lal Maninder Kaur	11070882238

Sr. No.	Bill No. /Date	Token No.	No. of legitimate employees as per pay bill/school records	No. of employees for which pay drawn as per pay orders	Pay drawn as per pay orders (₹)	Voucher No./ Date	Pay due (₹)	Excess amount drawn (₹)	Name of the person against which excess amount drawn	Bank A/c No. of Clerk, wherein the excess amount was credited
1	2	3	4	5	6	7	8	9 (6-8)	10	11
13.	54/ 24.11.2016	2427	10	12	6,06,118	380/03.12.2016	4,78,698	1,27,420	Bandna Kumari Satpal	11070882238
14.	57/ 22.12.2016	2702	4	6	3,15,975	192/03.01.2017	1,84,961	1,31,014	Maninder Kaur Amrit Lal	11070882238
15.	58/ 22.12.2016	2703	10	12	6,01,118	193/03.01.2017	4,73,698	1,27,420	Satpal Bandna Kumari	11070882238
16.	63/ 24.01.2017	2956	4	6	3,08,225	381/02.02.2017	1,73,450	1,34,775	Amrit Lal Maninder Kaur	11070882238
17.	64/ 24.01.2017	2957	10	12	5,51,609	382/02.02.2017	4,20,528	1,31,081	Bandna Kumari Satpal	11070882238
18.	30/ 19.08.2016	1488	13	14	96,012	620/15.02.2017	87,692	8,320	Krishan Ram Soni	11070882238
19.	68/ 25.02.2017	3162	4	6	3,17,194	394/01.03.2017	1,85,987	1,41,440*	Amrit Lal Maninder Kaur	11070882238
20.	69/ 25.02.2017	3163	10	12	6,20,684	395/01.03.2017	4,79,344	1,41,340	Satpal Bandna Kumari	11070882238
21.	1/ 14.04.2017	108	4	5	2,72,607	248/18.04.2017	2,01,887	70,720	Maninder Kaur	11070882238
22.	2/ 14.04.2017	109	10	13	7,26,131	249/18.04.2017	5,14,071	2,12,060	Satpal Bandna Kumari Amrit Lal	11070882238
23.	5/ 26.04.2017	301	4	5	2,74,533	323/02.05.2017	2,03,813	70,720	Maninder Kaur	11070882238
24.	6/26.04.2017	302	10	13	7,29,270	324/02.05.2017	5,17,210	2,12,060	Amrit Lal Satpal Bandna Kumari	11070882238
25.	9/ 26.05.2017	774	4	5	2,74,533	177/02.06.2017	2,03,813	70,720	Maninder Kaur	11070882238
26.	10/ 26.05.2017	775	10	13	7,33,962	178/02.06.2017	5,21,902	2,12,060	Amrit Lal Satpal Bandna Kumari	11070882238

Sr. No.	Bill No. /Date	Token No.	No. of legitimate employees as per pay bill/school records	No. of employees for which pay drawn as per pay orders	Pay drawn as per pay orders (₹)	Voucher No./ Date	Pay due (₹)	Excess amount drawn (₹)	Name of the person against which excess amount drawn	Bank A/c No. of Clerk, wherein the excess amount was credited
1	2	3	4	5	6	7	8	9 (6-8)	10	11
27.	13/ 03.07.2017	1257	4	5	2,73,283	397/25.07.2017	2,02,813	70,470	Maninder Kaur	11070882238
28.	15/ 03.07.2017	1259	10	13	7,34,192	399/25.07.2017	5,22,882	2,11,310	Satpal Bandna Kumari Amrit Lal	11070882238
29.	17/ 28.07.2017	1407	4	5	2,76,233	361/01.08.2017	2,05,763	70,470	Maninder Kaur	11070882238
30.	18/ 28.07.2017	1408	9	11	6,16,946	362/01.08.2017	4,76,606	1,40,340	Satpal Bandna Kumari	11070882238
31.	21/ 23.08.2017	1667	5	6	3,29,031	184/08.09.2017	2,58,561	70,470	Maninder Kaur	11070882238
32.	22/ 23.08.2017	1668	8	10	5,65,367	186/09.09.2017	4,24,527	1,40,840	Bandna Kumari Satpal	11070882238
33.	29/ 26.09.2017	1993	5	6	3,29,031	173/04.10.2017	2,58,561	70,470	Maninder Kaur	11070882238
34.	30/ 26.09.2017	1994	8	10	5,65,367	174/04.10.2017	4,24,527	1,40,840	Satpal Bandna Kumari	11070882238
35.	34/ 23.10.2017	2240	5	6	3,31,139	176/01.11.2017	2,60,669	70,470	Maninder Kaur	11070882238
36.	35/ 23.10.2017	2241	8	10	5,65,367	177/01.11.2017	4,24,527	1,40,840	Bandna Kumari Satpal	11070882238
37.	49/ 22.11.2017	2518	5	6	3,31,139	434/02.12.2017	2,60,669	70,470	Maninder Kaur	11070882238
38.	50/ 22.11.2017	2519	8	10	5,56,367	435/02.12.2017	4,15,527	1,40,840	Bandna Kumari Satpal	11070882238
39.	56/ 23.12.2017	2839	5	6	3,35,075	196/01.01.2018	2,64,605	70,470	Maninder Kaur	11070882238
40.	57/ 23.12.2017	2840	8	10	5,56,367	197/01.01.2018	4,15,527	1,40,840	Bandna Kumari Satpal	11070882238
41.	64/ 23.01.2018	3082	5	6	3,10,264	294/02.02.2018	2,39,794	70,470	Maninder Kaur	11070882238
42.	65/ 30.01.2018	3169	7	9	4,44,878	299/02.02.2018	3,04,038	1,40,840	Bandna Kumari Satpal	11070882238
43.	74/ 22.02.2018	3451	5	6	3,17,134	325/05.03.2018	2,44,664	70,470	Maninder Kaur	11070882238

Sr. No.	Bill No. /Date	Token No.	No. of legitimate employees as per pay bill/school records	No. of employees for which pay drawn as per pay orders	Pay drawn as per pay orders (₹)	Voucher No./ Date	Pay due (₹)	Excess amount drawn (₹)	Name of the person against which excess amount drawn	Bank A/c No. of Clerk, wherein the excess amount was credited
1	2	3	4	5	6	7	8	9 (6-8)	10	11
44.	75/ 22.02.2018	3452	7	9	4,33,818	326/05.03.2018	2,92,978	1,40,840	Satpal Bandna Kumari	11070882238
45.	2/ 11.04.2018	65	5	6	3,25,264	538/13.04.2018	2,54,794	70,470	Maninder Kaur	11070882238
46.	3/ 11.04.2018	66	7	9	4,94,458	539/13.04.2018	3,53,618	1,40,840	Satpal Bandna Kumari	11070882238
47.	7/ 17.04.2018	229	6	7	1,53,279	890/16.07.2018	1,28,484	24,795	Prem Lata	11070882238
48.	8/ 17.04.2018	230	13	14	3,05,566	891/16.07.2018	2,78,818	26,748	Krishan Ram Soni	11070882238
49.	9/ 17.04.2018	231	6	7	47,174	892/16.07.2018	40,401	6,773	Prem Lata	11070882238
50.	76/ 23.10.2018	2825	5	6	3,32,977	421/03.11.2018	2,57,960	75,017	Rajiv Kumar	11070882238
51.	77/30.10.2018	2922	6	7	3,77,115	428/03.11.2018	3,05,796	71,319	Rajiv Kumar	11070882238
52.	86/ 26.11.2018	3120	5	6	3,32,977	265/04.12.2018	2,58,460	75,017*	Rajiv Kumar	11070882238
53.	87/ 26.11.2018	3121	6	7	3,77,115	266/04.12.2018	3,05,796	71,319	Rajiv Kumar	65003115303
54.	95/ 24.12.2018	3328	5	6	3,37,015	622/01.01.2019	2,61,998	75,017	Rajiv Kumar	11070882238
55.	96/ 24.12.2018	3329	6	7	3,77,115	623/01.01.2019	3,05,796	71,319	Rajiv Kumar	65003115303
56.	103/ 29.01.2019	3724	5	6	3,35,813	528/08.02.2019	2,60,796	75,017	Rajiv Kumar	11070882238
57.	104/ 29.01.2019	3725	6	7	3,83,751	529/08.02.2019	3,12,432	71,319	Rajiv Kumar	65003115303
58.	111/ 27.02.2019	4078	5	6	3,27,423	238/01.03.2019	2,50,609	76,814	Rajiv Kumar	11070882238
59.	112/ 27.02.2019	4079	5	6	3,00,424	239/01.03.2019	2,27,398	73,026	Rajiv Kumar	65003115303
60.	1/ 10.04.2019	183	10	12	6,37,817	543/11.04.2019	4,84,942	1,52,875	Rajiv Kumar	(i) 11070882238 (ii) 65003115303
61.	9/ 29.04.2019	425	10	12	6,45,330	511/01.05.2019	4,91,555	1,53,775	Rajiv Kumar	(i) 11070882238 (ii) 65003115303
62.	14/ 28.05.2019	691	10	12	6,45,330	501/04.06.2019	4,92,455	1,53,775*	Rajiv Kumar	(i) 11070882238 (ii) 65003115303

Sr. No.	Bill No. /Date	Token No.	No. of legitimate employees as per pay bill/school records	No. of employees for which pay drawn as per pay orders	Pay drawn as per pay orders (₹)	Voucher No./ Date	Pay due (₹)	Excess amount drawn (₹)	Name of the person against which excess amount drawn	Bank A/c No. of Clerk, wherein the excess amount was credited
1	2	3	4	5	6	7	8	9 (6-8)	10	11
63.	20/ 24.06.2019	885	10	12	6,41,830	255/01.07.2019	4,89,455	1,52,375	Rajiv Kumar	(i) 11070882238 (ii) 65003115303
64.	26/ 25.07.2019	1254	10	12	6,51,330	353/03.08.2019	4,98,955	1,52,375	Rajiv Kumar	(i) 11070882238 (ii) 65003115303
65.	33/ 01.09.2019	1559	8	10	5,58,287	319/06.09.2019	4,05,912	1,52,375	Rajiv Kumar	(i) 11070882238 (ii) 65003115303
66.	41/ 25.09.2019	1827	8	10	5,58,287	352/04.10.2019	4,05,912	1,52,375	Rajiv Kumar	(i) 11070882238 (ii) 65003115303
67.	54/ 24.10.2019	2103	8	10	6,28,287	257/01.11.2019	4,75,912	1,52,375	Rajiv Kumar	(i) 11070882238 (ii) 65003115303
68.	61/ 26.11.2019	2360	8	10	6,34,684	399/03.12.2019	4,83,009	1,52,375*	Rajiv Kumar	(i) 11070882238 (ii) 65003115303
	Total							**81,29,317**		

Source: Departmental information

* **Excess amount drawn at Sr. Nos. 19, 52, 62 & 68 includes amount of ₹ 10,233/-, ₹ 500/-, ₹ 900/- and ₹ 700/- respectively, less credited in the accounts of legitimate employees.**

Appendix 1.10

(Referred to in paragraph 3.7(ii), page 64)

Statement showing suspected fraudulent drawal of salary in Government Senior Secondary School, Panjola, District Patiala for the period from September 2014 to December 2017

Sr. No.	Bill No./Date of Pay Bill	Token No.	No. of employees as per Pay Bill	No. of employees for which pay drawn	Pay drawn (in ₹)	Pay due (in ₹)	Excess drawal (in ₹)	Name of the beneficiary	Bank details where excess amount was transferred
1	32/ 29.9.2014	26127	36	37	16,52,992	16,06,592	46,400	Bill clerk's wife	6482191036572
2	54/30.12.2014	38278	32	33	15,89,994	15,33,034	56,960	1.Bill clerk's wife ₹ 48,960 2. School peon ₹ 8,000	1.6482191036572 2.6012001300001079
3	56/ 1.2.2015	42022	32	33	15,97,728	15,42,128	55,600	1.Bill clerk's wife ₹ 47,600 2. School peon ₹ 8,000	1.6482191036572 2.6012001300001079
4	1/ 6.4.2015	454	32	33	15,24,777	14,76,177	48,600	Bill clerk's wife	6482191036572
5	09/ 10.4.2015	1438	32	33	16,28,329	15,79,529	48,800		
6	14/ 28.4.2015	3272	30	31	15,03,233	14,54,433	48,800		
7	21/ 3.6.2015	7836	30	31	15,15,657	14,55,057	60,600	1.Bill clerk's wife ₹ 52,600 2. School peon ₹ 8,000	1.6482191036572 2.6012001300001079
8	24/ 6.7.2015	12412	27	29[1]	13,90,437	13,33,837	56,600	1.Bill clerk's wife ₹ 52,600 2.School peon ₹ 4,000	1.6482191036572 2.6012001300001079
9	34/ 30.7.2015	15799	28	29	14,56,708	14,02,308	54,400	1.Bill clerk's wife ₹ 50,400 2.School peon ₹ 4,000	1.6482191036572 2.6012001300001079
10	36/ 28.8.2015	19455	28	29	15,00,571	14,42,971	57,600	1.Bill clerk's wife ₹ 54,600 2.School peon ₹ 3,000	1.6482191036572 2.6012001300001079
11	42/ 28.9.2015	22902	28	29	14,99,132	14,44,532	54,600	Bill clerk's wife	6482191036572
12	46/27.10.2015	26981	29	30	15,43,191	14,88,591	54,600		
13	47/27.10.2015	26983	31	32	3,33,062	3,22,114	10,948		

[1] ₹ 5,000 was unauthorisedly paid to a person, who was not the employee of school, by reducing the salary of Shri Davinder Singh by ₹ 5,000.

Sr. No.	Bill No./Date of Pay Bill	Token No.	No. of employees as per Pay Bill	No. of employees for which pay drawn	Pay drawn (in ₹)	Pay due (in ₹)	Excess drawal (in ₹)	Name of the beneficiary	Bank details where excess amount was transferred
14	57/ 1.12.2015	31278	29	30	15,40,791	14,86,191	54,600		6482191036572
15	67/ 2.2.2016	38820	29	30	15,20,101	14,61,501	58,600		
16	69/ 4.3.2016	43046	29	30	14,94,208	14,35,608	58,600		
17	04/10.04.2016	1550	29	30	16,07,208	15,48,608	58,600		
18	11/28.04.2016	3907	29	30	16,13,480	15,54,880	58,600		
19	18/30.05.2016	9011	28	29	15,86,538	15,27,938	58,600		
20	23/ 3.7.2016	12200	28	29	15,53,019	14,96,719	56,300	Bill clerk's wife	
21	34/8.9.2016	21577	27	28	15,04,373	14,47,773	56,600		
22	41/29.9.2016	23740	27	28	14,96,810	14,40,210	56,600		
23	60/27.12.2016	33935	27	28	15,49,716	14,97,216	52,500		
24	64/ 30.1.2017	37690	28	29	16,08,772	15,52,272	56,500		
25	69 /2.3.2017	41616	29	30	16,60,911	16,02,311	58,600		
26	2/11.4.2017	1178	29	30	17,80,134	17,21,634	58,500		
27	16/29.5.2017	10188	29	30	17,55,927	16,96,327	59,600		
28	30/ 23.7.2017	17707	28	29	16,92,928	16,33,128	59,800		
29	31/28.7.2018	18766	27	28	16,42,529	15,83,029	59,500		
30	62/24.12.2017	37287	29	30	17,28,610	16,82,110	46,500	Bill clerk's daughter	6012006900012634
	Total				**4,60,71,866**	**4,44,48,758**	**16,23,108**		

Source: Departmental information

Appendix 1.11

(Referred to in paragraph 3.9, page 69)

Extra payment of compensation to land owners

(Amount in ₹)

Sr. No.	Description	Compensation as per original award under Old Act (26.11.2012)	Compensation as per supplementary award under New Act, 2013 (18.03.2016)	Total compensation awarded	Admissible compensation as per Old Act (26.11.2012)	Extra payment of compensation
1	2	3	4	5	6	7
1.	Market value of land	56,82,000	-	56,82,000	56,82,000	0
2.	Assessed value of houses/ structures	Not assessed	3,26,48,859#	3,26,48,859	3,26,48,859	0
3.	Solatium	17,04,600 (@ 30 % on Sr. No. 1)	3,26,48,859 (@ 100 % on Sr. Nos. 1+2)	3,43,53,459	17,04,600 (@ 30 % on Sr. No. 1)	3,26,48,859
4.	Additional increase @ 12 *per cent*	6,80,135 (from 28.11.2011 to 26.11.2012 on Sr. No. 1)	1,68,66,401 (from 28.11.2011 to 18.3.2016 on Sr. No. 2)	1,75,46,536	6,80,135* (from 28.11.2011 to 26.11.2012 on Sr. No. 1)	1,68,66,401
	Total	**80,66,735**	**8,21,64,119**	**9,02,30,854**	**4,07,15,594**	**4,95,15,260**

Source: Departmental records

 # It is presumed that value of structure/houses would be same in November 2012 i.e. at the time of announcement of original award.

**** Additional increase and Solatium was not admissible on value of houses, structures, etc. in terms of Section 23(1A) and 23(2).***

Appendix 2.1

(Referred to in paragraph 2.5, page 93)

Amount of interest leviable on delayed deposit of TDS

ACST Faridkot		Contractee-MAP Projects Station Headquarter, Faridkot Cantt. Military Station						
Sr. No	**Running account receipt no.**	**Amount of bill**	**Amount of TDS**	**Month of deduction**	**Due month of Deposit**	**Actual month of deposit**	**Delay in months**	**Interest @ 1.5% per month**
1	15	1,84,00,000	9,05,735	May-13	Jun-13	Dec-13	6	81,516
2	16	8,700,000	4,01,974	May-13	Jun-13	Jan-14	7	42,207
3	18	2,33,00,000	14,70,908	Aug-13	Sep-13	Jan-14	4	88,254
4	20	99,00,000	7,38,729	Oct-13	Nov-13	Sep-15	22	2,43,781
5	21	69,00,000	51,290	Nov-13	Dec-13	Sep-15	21	16,156
6	22	1,30,00,000	19,02,159	Dec-13	Jan-14	Sep-15	20	5,70,648
7	23	2,40,00,000	4,13,558	Feb-14	Mar-14	Sep-15	18	1,11,661
8	24	1,40,00,000	6,49,937	Mar-14	Apr-14	Sep-15	17	1,65,734
	Sub Total 2013-14		**65,34,290**					**13,19,957**
9	25	46,00,000	4,22,820	Mar-14	Apr-14	Sep-15	17	1,07,819
10	26	87,50,000	9,06,517	May-14	Jun-14	Sep-15	15	2,03,966
11	28	1,85,00,000	11,22,961	Aug-14	Sep-14	Sep-15	12	2,02,133
12	29	35,60,000	2,74,305	Oct-14	Nov-14	Sep-15	10	41,146
	Sub Total 2014-15		**27,26,603**					**5,55,064**
13	33	6,00,00,000	38,24,403	Jun-15	Jul-15	Sep-15	2	1,14,732
14	34	2,30,00,000	13,24,118	Oct-15	Nov-15	Jan-16	2	39,724
15	37	64,40,000	44,78,857	Feb-16	Mar-16	Mar-16	0	0
16	38	89,33,000	5,66,688	Mar-16	Apr-16	Mar-16	0	0
	Sub Total 2015-16		**1,01,94,066**					**1,54,456**
Total			**1,94,54,959**					**20,29,477**

Source: Departmental records

Glossary of Abbreviations (Revenue Sector)

AETC	Assistant Excise and Taxation Commissioner
ASD	Additional Stamp Duty
ATNs	Action Taken Notes
CST Act	Central Sales Tax Act, 1956
DETC	Deputy Excise and Taxation Commissioner
DFO	District Forest Officer
DO	Designated Officer
ED	Entertainment Duty
ETC	Excise and Taxation Commissioner
GoI	Government of India
GTO	Gross Turnover
ICC	Information Collection Centre
IGR	Inspector General of Registration
IMFL	Indian Made Foreign Liquor
IRs	Inspection Reports
IR Act	Indian Registration Act, 1908
IS Act	Indian Stamp Act, 1899
ITC	Input Tax Credit
JSR	Joint Sub Registrar
MC	Municipal Corporation
MoEF	Ministry of Environment and Forest
MVT	Motor Vehicles Tax
PA	Performance Audit
PAC	Public Accounts Committee
PAG	Principal Accountant General (Audit)
PED Act	Punjab Entertainment Duty Act
PLPA	Punjab Land Preservation Act
PLR Act	Punjab Land Revenue Act, 1887
PLT Act	Punjab Luxury Tax Act
PMVT Act	Punjab Motor Vehicles Taxation Act, 1924
PSFDC	Punjab State Forest Development Corporation
RF	Registration Fee
RTA	Regional Transport Authority
SD	Stamp Duty
SIC	Social Infrastructure Cess
SR	Sub Registrar
SSF	Social Security Fund
STC	State Transport Commissioner
VAT	Value Added Tax