

Overview

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This Report comprises two Chapters containing 20 compliance audit paragraphs pertaining to Social, General and Economic Sectors involving money value of ₹ 113.54 crore.

Chapter-I is an introductory chapter, which contains financial profile of the State, planning and conduct of audit and follow-up on Audit Reports; **Chapter-II** deals with audit findings on compliance audit in respect of Public Sector Undertakings of Social, General and Economic sectors comprising 13 paragraphs involving money value of ₹ 85.31 crore; and **Chapter-III** contains audit findings on compliance audit of departments/autonomous bodies pertaining to Social, General and Economic sectors comprising seven paragraphs involving money value of ₹ 28.23 crore.

Chapter-I: Introduction

The significant points of Chapter-I are summarised below:

The total expenditure (revenue expenditure, capital outlay and loans and advances) of the State increased by 60 *per cent* from ₹ 59,101 crore to ₹ 94,471 crore during the period 2015-16 to 2019-20 while the revenue expenditure increased by 51 *per cent* from ₹ 50,073 crore to ₹ 75,860 crore during the same period. The revenue expenditure constituted 80 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 five *per cent* during 2015-20 except for the year 2019-20 when it was 19 *per cent* due to conversion of UDAY loans amounting to ₹ 15,628 crore into equity in Punjab State Power Corporation Limited.

(Paragraph 1.2)

An amount of ₹ 0.36 crore was recovered by various departments during 2019-20 after being pointed out by the Audit through Inspection Reports.

(Paragraph 1.7)

As of June 2020, 14,887 Inspection Reports (IR) containing 46,532 paragraphs (issued up to March 2020) having money value of ₹ 39,347 crore were outstanding, of which 8,642 IRs containing 17,635 paragraphs having money value of ₹ 10,779 crore pertained to the period prior to April 2015 i.e. more than five years old.

(Paragraph 1.8)

Chapter-II: Social, General and Economic Sectors (Public Sector Undertakings)

Highlights of Chapter-II are summarised below:

POWER DEPARTMENT

Punjab State Power Corporation Limited

Non-recovery of dues

Non-compliance with the provisions of Electricity Supply Instructions Manual of the Company and PSERC (Electricity Supply Code and Related Matters) Regulations, 2014 resulted in non-recovery of ₹ 0.83 crore.

(Paragraph 2.1)

Delay in disconnection

Delay in disconnection of electric supply of a continuously defaulting consumer in violation of statutory provisions had resulted in accumulation and non-recovery of dues amounting to ₹ 1.08 crore.

(Paragraph 2.2)

Irregular tariff concession

The Company provided tariff concession of ₹ 1.21 crore to mushroom farming consumers without enabling formal orders of the State Government resulting in non-realisation of tariff concession allowed.

(Paragraph 2.3)

Non recovery of pole hiring charges from cable operator

Delay in verification of number of electricity poles being used by a cable TV operator followed by delay in raising of due demand and non pursuance for payment of rentals and penalty resulted in non-recovery of ₹ 6.12 crore besides associated loss of interest of ₹ 1.09 crore up to March 2021.

(Paragraph 2.4)

Incorrect application of industrial tariff for commercial supply

The Company did not ensure compliance with Electricity Supply Code, 2014 by the distribution franchisee. This led to incorrect application of industrial tariff for electricity consumed for commercial purpose by a consumer which resulted in loss of ₹ 77.63 lakh.

(Paragraph 2.5)

Injudicious renewal of Microsoft Software licenses

Renewal of various Microsoft Software licenses without proper assessment of requirement by the Company resulted in an avoidable expenditure of ₹ 69.11 lakh.

(Paragraph 2.6)

AGRICULTURE AND FARMER WELFARE DEPARTMENT

Punjab Agri Export Corporation Limited

Infructuous expenditure on purchase of Pea Harvesting Machine

The Company purchased a twenty year old second-hand pea harvester machine without estimating its viability. This resulted in its non utilisation rendering ₹ 1.05 crore spent on its purchase wasteful.

(Paragraph 2.7)

Punjab Agro Foodgrains Corporation Limited

Misappropriation of paddy

Violations of the Custom Milling Policy and inadequate monitoring of the milling operations led to misappropriation of paddy of ₹ 5.49 crore

(Paragraph 2.8)

Short recovery under One Time Settlement Policy

Non-application of rates as per Kharif Marketing Scheme 2016-17 while finalising OTS amount and non-recovery of VAT on cost of undelivered rice resulted in short recovery of ₹ 1.46 crore from the millers.

(Paragraph 2.9)

Punjab State Warehousing Corporation

Fraudulent billing of purchase of wheat

Fraudulent billing of ₹ 73.74 lakh by employees in connivance with *Arhtia* resulted in loss of ₹ 64.72 lakh

(Paragraph 2.10)

INDUSTRIES AND COMMERCE DEPARTMENT

Punjab State Industrial Development Corporation Limited

Undue favour to an industrial unit

Acceptance of the proposal of the industrial unit for settlement of its account under the OTS Policy, 2018 instead of effecting recovery of its legitimate dues

as per the award of the Tribunal resulted into favour to the unit and consequential loss of ₹ 0.66 crore to the Company.

(Paragraph 2.11)

Loss on transfer of shares under One Time Settlement Policy

Incorrect deduction of dividend while arriving at OTS amount resulted in less recovery of ₹ 8.88 crore which was prejudicial to the financial interests of the Company.

(Paragraph 2.12)

FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

Punjab State Civil Supplies Corporation Limited

Damage of wheat

Poor preservation of wheat stock as well as storage of fresh wheat with infested stock in violation of storage instructions of FCI resulted in damage of wheat and loss of ₹ 55.32 crore to the Company

(Paragraph 2.13)

Chapter-III: Social, General and Economic Sectors (Departments)

Highlights of Chapter-III are summarised below:

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

Avoidable payment

The Public Works Department's (Buildings and Roads) failure to prepare realistic project estimate, to provide clear site and technical sanction led to changes in scope of work, delay in completion and avoidable compensation payment of ₹ 5.78 crore.

(Paragraph 3.1)

Unfruitful expenditure

The Ministry of Environment, Forests and Climate Change did not accord final approval of the forest clearance due to failure of the Public Works Department (Buildings and Roads) to comply with the condition of in-principle approval of another work resulting in unfruitful expenditure of ₹ 4.24 crore on incomplete work.

(Paragraph 3.2)

Avoidable extra expenditure

Laying of Dense Grade Bituminous Macadam on diversion roads on the basis of incorrect traffic data given by the contractor in contravention of Indian Roads Congress specification resulted in extra expenditure of ₹ 2.88 crore.

(Paragraph 3.3)

SOCIAL SECURITY AND WOMEN AND CHILD DEVELOPMENT DEPARTMENT**Failure to establish Children Homes and Observation Homes**

Due to the State Government's failure to provide suitable land, Children Homes and Observation Homes could not be established in the State even six years after release of Central assistance by the Government of India.

(Paragraph 3.4)

SOIL AND WATER CONSERVATION, AND WATER RESOURCES DEPARTMENTS**Unfruitful expenditure and avoidable loss**

Failure of the Soil and Water Conservation and the Water Resources Departments to obtain consent of land owners prior to start of project of laying underground pipeline on outlet located on Ullak Minor (RD 50/L) and to ensure availability of sufficient water prior to approval of outlet resulted in blockade of ₹ 5.33 crore and loss of ₹ 1.25 crore.

(Paragraph 3.5)

WATER RESOURCES DEPARTMENT**Avoidable payment of Fixed Charges**

Delay in initiating the process of reduction in connected load as well as complying with the requirements of Punjab State Power Corporation Limited resulted in avoidable payment of ₹ 2.69 crore on account of fixed charges.

(Paragraph 3.6)

Unfruitful expenditure

Failure of the Water Resources Department to ensure hindrance-free site prior to allotment of work for re-lining of Moonak Branch System and non-observance of codal provisions resulted in unfruitful expenditure of ₹ 1.40 crore on incomplete work.

(Paragraph 3.7)

