Chapter-III

Social, General and Economic Sectors (Departments)

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Social, General and Economic Sectors (Departments)

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

3.1 Avoidable payment

The Department's 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 6.11 of Public Works Department (Building and Roads) (PWD) Manual of Orders provides for careful preliminary investigation prior to the framing of a Project to ensure that the estimate is made as complete as possible. Further, Paragraph 2.4 read with Paragraph 2.89 of Punjab Public Works Department Code (Code) provide that a detailed estimate must be prepared and technically sanctioned prior to start of work. Paragraph 2.92 of the code provides that no work should be commenced on land which has not been duly made over by the responsible civil officers. As per provisions[1] of agreements executed on the basis of Standard Bidding Documents of Punjab Public Works Department, the Department has to hand over encumbrance free site to the contractors to enable them to execute the work and any delay could be treated as a compensation event. In case of occurrence of compensation events, agreements provide for enhancement in contract price and/or time extension.

Audit noticed two instances where the Department failed to adhere to the provisions *ibid.* This resulted in payment of compensation along with interest of ₹ 5.78 crore to the contractors as discussed below:

(a) Audit observed (July 2019) that the Executive Engineer, Central Works Division, PWD (B&R), Amritsar at Ferozepur had allotted the work of "Rehabilitation of Zira-Ferozepur Road[2]" (March 2007) to a contractor at contract price of ₹ 44.14 crore. The work order was issued in June 2007. The period for completion of work was 18 months i.e. upto December 2008.

The work could not be completed within the stipulated period due to failure of the Department in preparation of a realistic/complete project estimate and various changes[3] were made, reducing the scope of allotted work. Due to these changes, the contract price was reduced to ₹ 34.12 crore and time extension was granted up to 10 May 2009 without levying any Liquidity Damages (LD)

1 Clause 21.1 and 44 of the agreement.
2 Approved under World Bank Aided project package no. PSRSP/WB/RH/1/NCB.
3 Change in finished road level, cross section, scope of widening of road that created additional works, change rigid pavement into bituminous flexible pavement.

as the delay was attributable to the Department. The work was completed within extended period (May 2009) of completion.

Aggrieved by the reduction in scope of allotted work and prolongation of contract period, the contractor claimed (April 2010) a compensation of ₹ 12.75 crore from Adjudicator[4] which was rejected (July 2010). Thereafter, the contractor raised (May 2011) four claims of ₹ 13.53 crore[5] with the Arbitration Tribunal (AT) alongwith pre-reference and pendente-lite interest[6] on the claims. After considering all the aspects of the case, the AT awarded (February 2014) three claims of ₹ 2.70 crore[7] in favour of the agency and also allowed interest at the rate of eight *per cent* per annum upto 6 February 2014.

Audit further noticed that the department filed (May 2014) an appeal in the District Court, Ferozepur without taking cognizance of the orders of the AT which were given in the light of conditions of agreement binding on both the parties. The appeal was disposed of (January 2016) on the grounds that an appeal had already been filed (March 2014) in District Court, Chandigarh by the contractor for enhancement of award announced by the AT. The appeal filed by the contractor was also dismissed (February 2017) and the Court denied to set aside or modify the award of AT. After rejection of appeal for enhancement of claim amount, the contractor filed execution petition (No. 1628 of 2017) in the District Court, Chandigarh for implementation of award given by the AT along with interest till date. The Department paid (October 2018 and February 2019) ₹ 4.39 crore[8] to the contractor in compliance to execution petition.

The Department did not furnish (May 2020) any reasons for non-adhering to the provisions of PWD Manual and code for careful preliminary investigation prior to framing of project and also start of work without obtaining technical sanction. However, Government stated (June 2020) that payment of compensation and interest had been made as per award of the AT. The reply of the Department was not acceptable because the compensation was paid to the

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4 An adjudicator is the person appointed under the contract to resolve disputes in the first instance.

5 (i) Loss of Profit and uncompensated overheads due to prolongation of work and reduction in original contract price: ₹ 4.33 crore; (ii) Loss of hire charges of Plant and equipment: ₹ 3.33 crore; (iii) Loss due to idling and under utilisation of plant and equipment: ₹ 5.33 crore; (iv) Cost of laboratory equipment and release of withheld amount: ₹ 0.54 crore.

6 The interest that accrues to the base amount while the pendency of the suit during the Arbitration proceeding.

7 (₹ in lakh)

1	Compensation for loss of profit and overhead	52.41
2	Compensation for loss on account of Plant and equipment during extended period	163.17
3	Claim for cost of laboratory equipment	53.97
	Total	**269.55**

8 (₹ in crore)

Compensation amount due to revision in scope of work after allotment	2.70
Interest on compensation up to December 2018	1.69
Total	**4.39**

contractor due to failure of the Department as the changes in scope of work was made after allotment of the work. Had the detailed design/estimate been prepared and technically sanctioned prior to allotment of work, payment of compensation could have been avoided.

(b) Audit observed (September 2019) that the Executive Engineer, Construction Division, PWD (B&R), Malerkotla (EE) allotted (August 2006) the work "Construction of Railway Over Bridge on level crossing No. A-52 and A-63, Ludhiana-Jakhal and Patiala-Dhuri-Bathinda Railway Station" to a contractor at contract price of ₹ 26.77 crore. The work was due to be completed within 18 months. The work could not be completed within stipulated period as the Department failed to provide hindrance free site[9]. Consequently, the contractor was granted time extension up to 30 September 2008 without levy of LD as the reasons for delay was attributed to the Department. The work was completed (September 2008) and a completion certificate was issued (November 2008) by the Department.

Due to prolongation of the contract, contractor represented (October 2009) to the EE and Chief Engineer to appoint Dispute Review Expert (DRE) to decide enhancement in contract price and to take decision accordingly. The Department neither decided the issue nor appointed DRE. The Department rejected (March 2010), the claim of contractor for compensation of ₹ 15.01 crore. Thereafter, the contractor raised claim (November 2011) of ₹ 9.42 crore[10] with Arbitration Tribunal (AT). The AT decided (February 2015) the case in favour of the contractor and awarded a lump sum compensation of ₹ 0.80 crore which was to be paid on or before 30th June 2015, failing which interest at the rate of 18 *per cent*[11] was also to be paid from the date of award till the date of payment.

The Department challenged (May 2015) the order of AT in the District Court, Sangrur which was dismissed (March 2018). Though the legal authorities[12] of the State opined that the case was not fit for filing further appeal, the Department preferred appeals in Hon'ble Punjab and Haryana High Court and Hon'ble Supreme Court of India. The appeals were dismissed

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9 (A)Shifting of electric lines, poles and transformers for which PWD deposited estimated cost amount with Electricity department in August 2006.
(B)Shifting of sewer line for which amount was deposited with Punjab State Sewerage Board in February 2008.
(C) Shifting of cables was taken up with BSNL in September 2006.
(D) Delay in land acquisition.
(E) Delay in construction of Railway Common piers.

10 (i) Increase in material cost: ₹ 1.36 crore; (ii) Mobilisation and additional mobilisation: ₹ 0.54 crore; (iii) Increase over heads: ₹ 2.70 crore; (iv) Compensation to cater for under productive use of labour, plant, POL, etc. ₹ 0.47 crore; (v) Compensation to cater for extension in defect liability period: ₹ 1.68 crore; (vi) Payment for loss of chance to earn bonus: ₹ 0.80 crore; and (vii) Delay in release of retention money and securities: ₹ 1.87 crore.

11 Under Section 31(7)(b) of the Arbitration and Conciliation Act, 1996.

12 Director Prosecution and Litigation, Punjab and Sr. Deputy Advocate General, Punjab.

in October 2018 and May 2019 respectively. In the meanwhile, the contractor filed execution petition in the Commercial Court Sangrur for implementation of the award of the AT. Consequent upon the execution proceedings, the Department paid (March 2019) compensation of ₹ 0.80 crore along with interest[13] (July 2019) of ₹ 0.59 crore.

The Department stated (September 2019) that payment had been made as per award pronounced by the AT. Reply was not acceptable as Department failed to provide hindrances free site to the contractor and also paid interest of ₹ 0.59 crore due to delay in payment of compensation awarded by AT. The delay was due to department's preferential appeal in Hon'ble Courts ignoring the opinion of legal authorities of the State.

Thus, failure of the Department in preparation of realistic project estimate, commencement of work without technical sanction which led to changes in scope of work after its allotment and failure in providing hindrance free site resulted in prolongation of contract and delayed completion of work coupled with avoidable payment of compensation and interest of ₹ 5.78 crore.

The issue was referred to the Government (January 2020); reply was awaited (July 2021).

Recommendation: The Department must ensure realistic formation of project estimate and all sanctions prior to start of work and provide hindrance free site so that litigation/arbitration and consequent charges on the State can be avoided.

3.2 Unfruitful expenditure

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

Para 2.92 of Punjab Public Works Department (PWD) code provides that no work should be commenced on land which has not been duly made over by the responsible Civil officer. Further, Section 2 of Forest Conservation Act 1980 (The Act) stipulates that no forest land or any portion thereof may be used for any non-forest purpose except with the prior approval of the Central Government. Under the para 4.2 (i) of The Act, Ministry of Environment, Forests and Climate Change (MoEF&CC) accords prior approval on proposals of diversion of forest land for any non-forest purpose of the State Government in two stages: In-principle or Stage-I approval followed by formal approval on compliance to the conditions of the In-principle approval.

[13] Interest for the period 7 February 2015 to 13 March 2019 (1,496 days).

The Executive Engineer (EE), Public Works Department (PWD) (B&R), Roopnagar allotted (July 2016) the work of construction of four bridges[14] to a contractor for ₹ 6.27 crore and submitted the case for getting forest clearance (July 2016). The work was due to be completed by January 2017. The technical sanction for detailed estimate of the work accorded in September 2016 i.e. after allotment of the work, had provision of ₹ 24.66 lakh[15] for diversion of forest land for all the four bridges.

Audit observed (August 2020) that while the work was in progress, the contractor intimated (October 2016) to the EE that forest clearance was required as trees belonging to Forest Department were falling in the alignment of site and approaches of all the bridges. The Department granted time extension from time to time to the contractor upto June 2018. Meanwhile, MoEF&CC accorded (March 2018) In-principle approval (Stage I approval) for de-forestation of forest land with the condition that the user agency (Department) shall ensure that no other proposal in the division, for which Stage-I approval has already been granted, was still pending for want of compliance with conditions of Stage-I approval and asked the State Government to deposit the requisite fee. Accordingly, the EE deposited (October 2018) ₹ 18.61 lakh[16] with Forest Department. It was observed that MoEF&CC did not accord the final clearance of this work because the Division had not fulfilled the condition of transfer of 3.62 hectare land to Forest Department as per condition of Stage-I approval granted (April 2015) for another work[17].

Aggrieved by the delay in obtaining the forest clearance, the contractor requested (May and July 2019) the EE to terminate the agreement on the plea that he had already suffered huge losses due to idle men and machinery and that he could not wait for forest clearance for an indefinite period. Accordingly, the Chief Engineer ordered (October 2019) to terminate the agreement. The EE paid (December 2019) ₹ 4.05 crore to the contractor for construction of three out of four bridges which were lying incomplete with 67 *per cent* physical progress and could not be put to use due to non-construction of approaches.

The EE admitted (August 2020) that the work was held up due to non-clearance of site by Forest Department despite making payments.

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14 Construction of three High Level (H/L) bridges on Ropar Head works to Lodhimajra-Daburji via GunnoMajra Link road and one H/L bridge over Patilian Choe X-ing Lodhimajra gate to Daburji via Patilian Mainichak Dherian road including approaches.

15 It was included on the basis of letter No. 5281 dated 21.10.2015 of Forest Department.

16 Net Present Value: ₹ 6.31 lakh, Compensatory Afforestation: ₹ 9.59 lakh and Additional Compensatory Afforestation: ₹ 2.71 lakh.

17 Construction of link road from village Bhangala to Village Mansali.

Thus, the MoEF&CC did not accord final approval of the forest clearance due to failure of the Department to comply with the condition of In-principal approval of another work which resulted in unfruitful expenditure of ₹ 4.24 crore[18] on incomplete work.

The matter was referred (April 2021) to the Government; reply was awaited (July 2021).

Recommendation: The Department should ensure availability of encumbrance free site of a project, besides taking appropriate action to adhere to the norms under Forest Conservation Act, 1980 for timely completion of the project.

3.3 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.

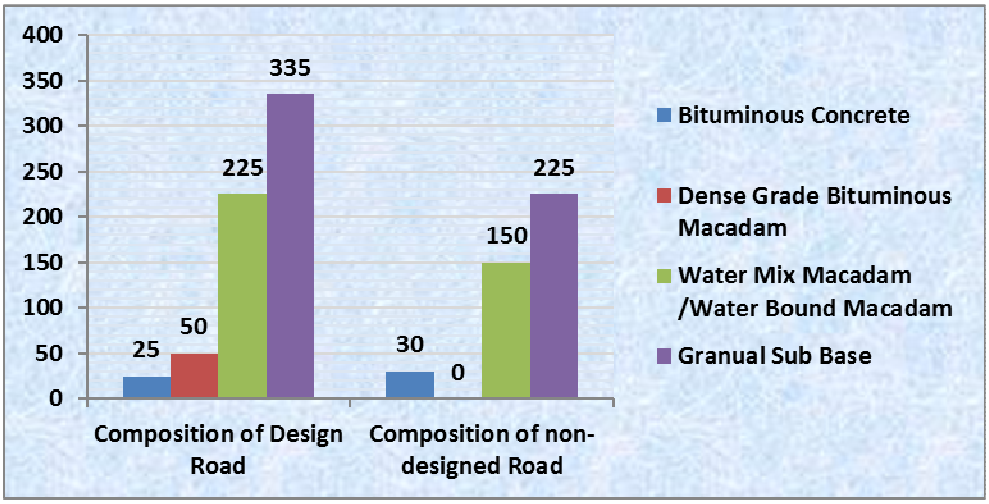
Para 4.3.2 of Indian Roads Congress[19] (IRC)-37 (2012) provides that pavement of National Highways and State Highways should be designed for a minimum life period of 15 years and life of other categories of roads should be 10 to 15 years. Further, para 10 of IRC-37 provides that different composition of traffic and material properties should be considered for designed and non-designed road[20] construction as depicted in chart below:

[18] ₹ 4.05 crore paid to the contractor and ₹ 0.19 crore paid to Forest Department.

[19] The Indian Roads Congress (IRC) is the Apex Body of Highway Engineers in the country. The IRC was set up in December, 1934 on the recommendations of the Indian Road Development Committee best known as Jayakar Committee set up by the Govt. of India with the objective of Road Development in India.

[20] **Designed road**: The road where thickness of road pavement is decided on the basis of traffic in terms of cumulative number of standard axle alongwith soil strength and this road is constructed for a long period.
Non designed road: These are normally rural roads where traffic volume is very low and thickness of road pavement is adopted with minimum requirement.

Chart 1-Showing the pavement composition of road construction



As per para 10 of IRC-37, Dense Grade Bituminous Macadam (DGBM) should be used for designed roads. Further, para 4.1.2 of IRC-37 provides that for the purpose of structural design, only the number of commercial vehicles of weight of three tonnes or more and their axle loading is to be considered.

Detailed Notice Inviting Tender for the work of construction of flyover on Malerkotla-Ludhiana Road at Jarg Chowk, District Sangrur was approved (December 2017) for ₹ 26.80 crore without technical sanction of the estimate from competent authority. The work was allotted (March 2018) to a contractor at a cost of ₹ 26.64 crore for completion within 18 months. The work was started in April 2018. With a view to facilitate public movement during construction period, the work had provision of two diversion roads[21]of 13.60 kms at a cost of ₹ 5.58 crore. These were existing link roads and the scope of work included crust thickness of 150 mm-Granular Sub Base (GSB), 150 mm–Water Bound Macadam (WBM) for widening portion and 75 mm WBM and 30 mm–Bituminous Concrete (BC) on the already existing portion of the link roads. No separate time schedule was mentioned in the agreement for construction of diversion roads. However, as per Section 5-D of the agreement with the contractor, the diversion roads were to be constructed before start of construction of the flyover.

Test check of records (September 2019) of the Executive Engineer, PWD (B&R), Malerkotla (EE) revealed that the work of construction of diversion roads was not completed by the contractor before the start of construction of the flyover which resulted in long traffic jams at Jarg Chowk causing a lot of inconvenience to the public. The contractor submitted (September 2018) a

[21] (i) Malerkotla Ludhiana to Saroud road to Madlala to village Ranawan connect with Malerkotla Khanna Km 0+00 to 6+00 i.e. 6.00 Kilometres and (ii) Malerkotla Khanna road Village Ranawan to Village Hathoa to village Haidernager to Malkerkotla Nabha Road Km 0+00 to 7+60.00 Kilometres.

proposal to lay an additional layer of 50 mm DGBM grade-II with tack coat citing the reasons that 5,485 vehicles[22] per day would ply on the diversion road. The design calculation of this traffic data was neither the part of the estimate nor the part of scope of work allotted to contractor in March 2018. The Chief Engineer approved (October 2018) this proposal costing ₹ 2.93 crore without evaluating the design requirement of the road as specified in IRC-37. The Department also did not consider the fact that the road was to be used only for 18 months i.e. construction period of fly over, out of which six months had already elapsed. This time period was too short for approving the higher specification used for designed roads only as per IRC-37. As the diversion roads were not completed, the Sub Divisional Magistrate (SDM) held (January–February 2019) several meetings with the EE for early completion thereof. The SDM again raised (July 2019) the issue with the Superintending Engineer (SE) and requested for early completion of the diversion roads.

It was further observed that 5,485 vehicles[23] per day mentioned by the contractor included cars/jeeps/autos whereas as per IRC-37, traffic in terms of only commercial vehicles per day (having weight of three tonnes or more) were to be taken into account. Excluding the ineligible vehicles (car/jeeps and autos), the number of vehicles per day worked out to 1541 vehicles[24] only. As of May 2021, 99 *per cent* work (both flyover and diversion roads) was completed and ₹ 28.01 crore were paid (May 2021) to the contractor which included ₹ 4.42 crore (against estimated provision of ₹ 5.58 crore) for the diversion roads and ₹ 2.88 crore for additional layer of DGBM which was not required as per *ibid* provision leading to avoidable expenditure of ₹ 2.88 crore.

The Executing Engineer stated (September 2019) that necessary approval had been obtained. The reply was not acceptable because the approval to lay DGBM was accorded without evaluating the strengthening requirements of the roads and considering the data of vehicles cited by the contractor which was overstated to the extent of 250 *per cent.*

The matter was referred (June 2021) to the Government, reply was awaited (July 2021).

Recommendation: The Department should ensure compliance to prescribed technical specifications while framing estimate/execution of work to avoid extra expenditure and burden on State exchequer.

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22 Data taken from the Toll Plaza.

23 Total vehicle for 15 days 164543/15=10970/2=5485 vehicles per day.

24 Vehicles to be considered (Mini bus, Bus, 2XL, 3 XL, 4 XL, 5 XL, OSV and Tractors) for road design -46227/15=3081.80/2=1540.9 say 1541 vehicles.

SOCIAL SECURITY AND WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.4 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.

As per Section 47(1) of Juvenile Justice (Care and Protection of Children) Act, 2015 (Act), the State Government shall establish and maintain in every district or a group of districts, either by itself or through voluntary or non-governmental organisations, Observation Homes for temporary reception, care and rehabilitation of any child alleged to be in conflict with law, during the pendency of any inquiry under this Act. Similarly, as per Section 50(1) of the Act, the State Government may establish and maintain, in every district or group of districts, either by itself or through voluntary or non-governmental organisations, Children Homes, which shall be registered as such, for the placement of children in need of care and protection for their care, treatment, education, training, development and rehabilitation.

There were six Children Homes and four Observation Homes in the State[25]. The Government of India (GoI) approved (October 2014) a proposal (May 2014) of the Government of Punjab (GoP) for construction/ establishment of additional[26] five Children Homes and two Observation Homes in different districts of the State. The cost of ₹ 24.87 crore was to be borne by the Centre and the State in the ratio of 75:25 (Centre: ₹ 18.65 crore and State: ₹ 6.22 crore). GoI released (October 2014) the first instalment i.e. 25 *per cent* of grants-in-aid (GIA) of Central share amounting to ₹ 4.66 crore under the 'Integrated Child Protection Scheme' (Scheme), on confirmation by GoP regarding identification/availability of land for the purpose. Against this, the GoP was to provide its 25 *per cent* share i.e. ₹ 1.55 crore under the Scheme.

Test-check of records in the office of the Director, Department of Social Security and Women and Child Development (Department) revealed (February 2018) that at the time of approving the proposal and releasing the GIA by GoI (October 2014), suitable land was not actually available with the Department for construction of Children Homes and Observation Homes in any of the seven districts. The matter for allotment of land for the purpose

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[25] **Six Children Homes**: (i) Jalandhar: 100+50 girls (22 districts); (ii) Bathinda: 50 boys (07 districts); (iii) Dusarna: 50 boys (03 districts); (iv) Rajpura: 50 boys (04 districts); (v) Gurdaspur: 50 boys (03 districts); and (vi) Hoshiarpur: 100 boys (05 districts). **Four Observation Homes**: (i) Jalandhar: 25 girls (22 districts); (ii) Hoshiarpur: 50 boys (07 districts); (iii) Faridkot: 50 boys (08 districts); and (iv) Ludhiana: 100 boys (07 districts).

[26] **Children Homes**: (i) Fazilka (for boys); (ii) Ludhiana (for boys); (iii) Mansa (for boys); (iv) SBS Nagar (for boys); and (v) Sangrur (for girls). **Observation Homes**: (i) Amritsar (for girls); and (ii) Patiala (for boys).

was taken up with the respective Deputy Commissioners (DC) in November 2015, more than one year after release of funds by GoI. The GoP released (December 2015) Central share of ₹ 4.66 crore, which was withdrawn by the Department in June 2016 and kept in Savings Bank Account[27] in contravention of the Punjab Financial Rules (Volume-I)[28]. However, the State share of ₹ 1.55 crore was not released in spite of sanction issued by GoP in February 2017. In the meantime, though the DC Fazilka identified (April 2016) one acre of land in Village Chawanrian Wali, district Fazilka for construction of Children Home, the matter for allotment of land remained under consideration with the State Government. Thus, due to non-availability of land, the work of construction of Children Homes and Observation Homes could not be initiated and the amount of ₹ 4.66 crore was deposited back (October 2017) in the Government treasury.

The State Government stated (April 2019) that all out efforts were made to fulfill the goal under the Act, but due to non-availability of suitable land, the project could not take off. The Government further intimated (July 2021) that land in districts Fazilka, Sangrur and SBS Nagar had been identified for the purpose and further course of action[29] was being undertaken. The matter for identification of land in other districts was under process. The reply of the Government was not acceptable as firstly, the Department got the proposal approved and GIA released from GoI on the false statement that the land for the purpose was available with GoP; and then even after more than six years from release of funds by GoI, the State Government could not construct or identify suitable land for construction of Children Homes and Observation Homes in the identified districts.

Audit noticed that one Children Home (Girls) at Jalandhar having capacity of 150 girls catering to the entire State and one of the Observation Homes (Boys) having capacity of 50 boys at Hoshiarpur catering to seven districts[30] were overcrowded during the period 2015-2020. Further, since the existing Children/Observation Homes were catering to 3-22 districts in the State, the children/inmates had to travel from far off places to the existing homes for care and rehabilitation. Moreover, in accordance with the provisions *ibid*, the State was required to establish and maintain Observation Homes and Children Homes in every district or group of districts.

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[27] Housing Development Finance Corporation (HDFC) Savings Bank Account No. 02131450000310.

[28] In terms of Rule 2.10(b)(4&5) of Punjab Financial Rules (Volume-I), money actually paid is under no circumstances kept out of account a day longer than is absolute necessary. No money should be withdrawn from the treasury unless it is required for immediate disbursement or has already been paid out of the permanent advance. It is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

[29] **Fazilka**: File was under action by the Administrative Branch for seeking approval of the Finance Department; **Sangrur**: File was under action for administrative approval; and **SBS Nagar**: Construction drawings and cost estimates were under preparation.

[30] (i) Gurdaspur; (ii) Hoshiarpur; (iii) Kapurthala; (iv) Pathankot; (v) Rupnagar; (vi) SAS Nagar; and (vii) SBS Nagar.

Thus, due to laxity on the part of the State Government, vulnerable children were denied access to care and rehabilitation.

Recommendation: The State Government may allot suitable land and provide adequate funds for establishment of requisite number of Children Homes and Observation Homes in the State.

SOIL AND WATER CONSERVATION, AND WATER RESOURCES DEPARTMENTS

3.5 Unfruitful expenditure and avoidable loss

Failure of the Departments to obtain consent of land owners prior to start of project 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 2.92 of the Punjab Public Works Department (PWD) Code (Code) provides that no work should be commenced on land which has not been duly made over by the responsible civil officer. Clause B(9) of Works manual of Department of Soil and Water Conservation (Department) provides that underground pipeline projects from canal outlets should be prepared on the basis of chak plans[31] prepared by the Department of Water Resources (DWR). Further, as per condition of tender documents, the Divisional Soil Conservation Officer (DSCO) shall obtain all permissions, clearances etc prior to handing over work order or possession of site to the contractor. Paragraph 4.7 of the Code read with Clause 11 of said works manual of Department provide that every measurement must be recorded in Measurement Book (MB) and also entered in Material at Site (MAS) register of work.

Audit observed (December 2019) that Chief Conservator of Soils, Punjab technically sanctioned (October 2016) a project of laying Underground Pipeline (UGPL) on outlet[32] located on Ullak Minor[33] (Reduced Distance (RD) 50/L) for ₹ 6.58 crore[34] under Rashtriya Krishi Vikas Yojna. The UGPL was to pass through the land of Chuharia, Jaurkian and Jagatgarh Bandra villages. The main objective of the project was to provide irrigation facility to 699 hectare land of 273 farmers[35] of two villages[36] and to reduce the water losses as well as labour cost of irrigation. As per approved estimate, 5.44 cusec water was required from the outlet for operation of the UGPL project.

31 The plans in which maximum irrigated area, length of field channel and numbers of farmers to be served are shown.

32 A point from where water is drawn for irrigation.

33 A small canal takes off from Bhakra Main Line Canal.

34 ₹ 5.91 crore:Government share and ₹ 0.67 crore: beneficiaries share.

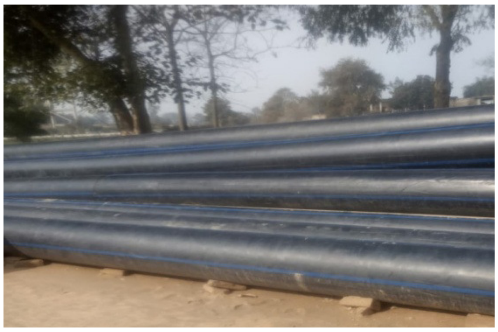
35 Small farmers (90), Marginal (86) and Others (97).

36 Nangla and Jaurkian.

The Superintending Engineer, DWR (SE) approved (August 2014) the outlet on the recommendation of the Executive Engineer (EE), DWR, Mansa.

Scrutiny of records in the office of the DSCO, Bathinda (December 2019) revealed that the DSCO allotted (November 2016) the work to a contractor for ₹ 6.58 crore without ensuring site availability and consent from the land owners. The work was due to be completed by March 2017. The DSCO received ₹ 6.58 crore during September to November 2016 for this project. The contractor submitted (December 2016) a bill of ₹ 6.53 crore for supply of pipes and requested for advance payment under clause 11[37] of the tender document. Accordingly, the DSCO released an advance of ₹ five crore[38] which exceeded the admissible limit of ₹ 3.94 crore (60 *per cent* of ₹ 6.58 crore i.e. estimated cost) as per terms of contract. Further, it was observed that the advance payment was released to the contractor without making any record entry in the MB and MAS register and the material was lying at seven different sites of four villages[39].

Pipes lying in Nangla village



Pipes lying in Chuharia village

While the work was in progress residents of other villages[40] raised objections and the contractor had to stop the work (November 2017). Meanwhile, three court cases were filed by the land owners of village Chuharia against the Department during 2017 and 2018 for unauthorisedly using their land for UGPL without their consent and one court case was filed by beneficiary village[41] in 2018 for non-execution of work. Another case against approval of outlet was filed with the SE in 2017 by the Gram Panchayat Chuharia against which the SE passed order (November 2017) for *status quo*. The SE re-evaluated the case in detail and stated that the approval of outlet given in August 2014 was not in order and issued instructions (February 2020) to the EE, Mansa Division for technical evaluation of the case. The fresh approval of the outlet at RD 50/L of Ullak Minor was still pending (February 2021) with the DWR. The DWR clarified (February 2021) that discharge carrying capacity of the already procured underground pipes by the

37 The contractor was entitled for advance payment on the submission of bill/bills subject to the maximum of 60 *per cent* of estimated cost of project, against material supplied.

38 ₹ four crore :December 2016 and ₹ one crore : March 2017.

39 (i) Jagatgarh Bandra; (ii) Chuharia; (iii) Jaurkian; and (iv) Nangla.

40 Chuharia, Jaurkian and Jagatgarh Bandra.

41 Nangla.

Department was 4.99 cusec water but only 3.35 cusec water could be withdrawn from the head of Ullak minor from this outlet and for balance water, NOC from Haryana Government was required as the Bhakra Main Line was an interstate channel. The Department also stated (February 2021) that the pipes with 500 mm diameter could be used only for discharge capacity of 4.99 cusec water and their utilisation against discharge of 3.35 cusec water was not feasible. Thus, the Department did not ensure the facts i.e. consent of land owners and availability of water prior to accord of technical sanction.

The Department admitted and stated (April 2021) that the concerned DSCO had been penalised for providing inadmissible advance to the contractor and the work was still incomplete due to objections raised by the villagers and non-approval of outlet by the Department of Water Resources.

Thus, failure of the Departments[42] to obtain consent of land owners prior to start of the project and to ensure availability of sufficient water in the Minor resulted in blockade of ₹ 5.33 crore and loss of ₹ 1.25 crore (Total: ₹ 6.58 crore)[43] due to burning of pipes by the agitating people coupled with denial of irrigation facility to farmers.

The matter was referred to the Government in February 2021; reply was awaited (July 2021).

Recommendation: The Department of Water Resources should fix responsibility of the officer concerned who approved the discharge of outlet without ensuring availability of water in minor and Department of Soil and Water Conservation should also take action against the officers for non-obtaining prior consent of the land owners to ensure hindrance free site.

WATER RESOURCES DEPARTMENT

3.6 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.

Rule 2.10 (a) (1) of the Punjab Financial Rules (PFR), Volume-I, provides that every Government employee incurring or sanctioning expenditure from the revenues of the State should be guided by high standards of financial propriety. Rule further provides 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 expenditure of his own money.

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42 (i) Soil and Water Conservation Department; and (ii) Water Resources Department.

43 ₹ 1.58 crore: Lying with Department and ₹ 3.75 crore: pipes lying at various sites and pipes costing ₹ 1.25 crore were burnt.

Punjab State Electricity Regulatory Commission (Commission) decided (November 2017) to implement two part tariff structure with the applicable fixed charges and energy charges from 2017-18. Punjab State Power Corporation Limited (PSPCL) was directed to publish the tariff determined by the Commission and to give wide publicity. Accordingly, PSPCL issued a circular on 10 November 2017 detailing tariff structure for the year 2017-18. As per this circular, fixed charges[44] were levied from 01.01.2018 to 31.03.2018 and further revised for the year 2018-19.

Audit observed (November 2018) from the records of Financial Advisor cum-Chief Accounts Officer (FA&CAO), Ranjit Sagar Dam (RSD) that the energy load of 34,247 Kilo Watt Ampere Hour (KWAH[45]) at peak demand or 24,175 Kilo Volt Ampere Hour (KVAH[46]) was required for RSD during the construction of this project which was completed in 2001. Thereafter, only operation and maintenance works were to be carried out. Hence the load requirement would decrease. In view of orders (November 2017) of the Commission, energy load was required to be re-fixed so that the burden of fixed charges could be reduced as per the present required energy load. The Department did not initiate this process immediately on issuance of the instructions. The Chief Engineer (RSD) decided (May 2018) in a meeting held with all the engineers of the Project that the connected electricity load was required to be reduced from 24,175 KVAH to 8,500 KVAH in view of the present day requirements of the Project. Thereafter, a request for reduction in load was forwarded to PSPCL in May 2018 which was rejected on the plea that complete details about all the electrical equipment, machinery and motors were not mentioned in the application. The Department took further four months to revise the details and the case was re-submitted on 26 September 2018 for revision of load to 8,500 KVAH from 24,175 KVAH. The revised load of 8,500 KVAH was approved in October 2018. As a result, payment of ₹ 4.15 crore was made for the period from January 2018 to September 2018 against the requirement of ₹ 1.46 crore.

The Department stated (June 2019) that after imposition of fixed charges on connected load from January 2018, the matter was taken up with the PSPCL on 28 May 2018 for reduction in connected load as per actual requirements. The reply of the Department was not acceptable as the Department initiated the matter for reduction in connected load five months after issuance of instructions. Moreover, the Department took further four months to provide complete data about the connected load requirements to PSPCL due to which

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44 Fixed charges for connected load above 2,500 KVA were at the rate of ₹ 230/KVAH upto 31 March 2018 which were revised to ₹ 240/KVAH with effect from 1 April 2018 to 30 June 2018 and for the month of September 2018 and to ₹ 248/KVAH for the period 1 July 2018 to 31 August 2018.

45 KWAH means unit of active energy consumption.

46 KVAH means total energy consumption.

an avoidable payment of ₹ 2.69 crore was made upto September 2018 ***(Appendix-3.1)***.

Thus the Department's laxity in initiating the process of reduction in connected load as well as delay in complying with the requirements of PSPCL, resulted in avoidable payment of ₹ 2.69 crore.

The matter was referred to the Government in June 2019; reply was awaited (July 2021).

Recommendation: The Department must ensure prompt action on financial matters to safeguard interest of State exchequer and take appropriate action against the responsible officer for not initiating the process on time.

3.7 Unfruitful expenditure

Failure of the Department to ensure hindrance-free site prior to allotment of work and non-observance of codal provisions resulted in unfruitful expenditure of ₹ 1.40 crore on incomplete work.

Paragraph 2.92 of the Punjab Public Works Department Code, provides that no work should be commenced on land which has not been duly made over by the responsible civil officer. Paragraph 3.6 read with sub-para 5 of Irrigation Manual of Orders (IMO) provides that Department land plan of Government property should be co-ordinated with the corresponding revenue papers. The Executive Engineer (EE) should reconcile the land records of his office with that of Revenue Department and discrepancy, if any, should be rectified. Correct plan should be prepared and boundary pillars should be erected as fast as possible, where not already existing.

Audit observed (February 2019) that an administrative approval was accorded (November 2016) for re-lining of Moonak Branch System[47] (System) for ₹ 4.38 crore. Accordingly, two estimates[48] for ₹ 2.64 crore for relining of Moonak Branch from Reduced Distance (RD) 0-47055 were sanctioned (December 2016) by the competent authority. The objective of the work was to provide saline free canal water to the villages[49] falling in Moonak Block, District Sangrur as the ground water of this area was saline and not fit for irrigation. The canal lining work was 25-30 years old. Consequently, its intake capacity (49.12 cusec) was reduced due to seepage and water losses. The water was not reaching the tail of the canal.

Scrutiny of records (February 2019) of the EE, Lehal Division (Irrigation Branch), Patiala further revealed that the works for RD 0-21000 and 21000-47055 were allotted (December 2016) to a contractor 'A'. These were

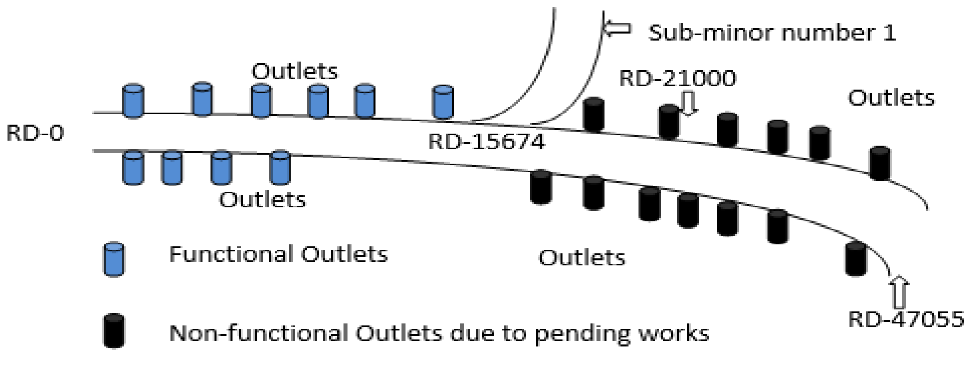
[47] The system is a canal that off takes from RD 102835/L of ladbanjara Distributary in Moonak Block of Sangrur district. The system having length of 47055 feet and discharge of 49.12 cusec water includes a Sub-Minor No. 1 that also off takes at RD 15674/L.

[48] From RD 0-21000 for ₹ 1.27 crore and 21000-47055 for ₹ 1.37 crore.

[49] Dhadiyan, Dhindsa, Bhutal Khurd, Bhathua, Salemgarh, Moonak, Kariyaal, Hamirgarh, Bhundar Bhaini, Surjan Bhaini.

due to be completed by February 2017. During execution of works, it came to notice (December 2016) of the Department that two outlets[50] were located at higher side as per approved L-section due to which the water could not be provided to 950 acre land falling under those outlets. This necessitated change in design of canal bed. Further, during execution of work, two land disputes[51] arose and a court case regarding land ownership was also filed in respect of RD 44900 to 45300. As a result, the contractor held up (August 2017) the work after completion of 65 *per cent* work at site and a payment of ₹ 2.68 crore[52] was made there-against.

After finalising (July 2019) the bills of contractor 'A', the balance work was re-allotted (December 2019) to another contractor 'B' at the original rates sanctioned by the Chief Engineer. The work from RD 0-21000 was allotted for ₹ 29.18 lakh and from RD 21000-47055 for ₹ 94.12 lakh. The contractor executed the work valuing ₹ 0.52 crore[53] (up to February 2020). However, the work as a whole was still lying incomplete as the work at RD 40273 to 44900 and RD 44900 to 45300 was not completed (March 2021) due to ownership dispute and court case respectively. Only 85 *per cent* of the total work was completed (March 2021) after incurring total expenditure of ₹ 3.20 crore[54] (RD 0-21000: ₹ 1.80 crore and RD 21000 to 40273: ₹ 1.40 crore) and the water was supplied only up to RD 15674 i.e for sub-minor[55] No.1. The water was being provided upto RD 15674 due to non-completion of four outlets falling between RD 15674-21000. The expenditure of ₹ 1.40 crore incurred on RD 21000-40273 could not yield any results as no water was supplied in this reach. A diagrammatic representation of re-lining the Moonak Branch System is shown below:



The Department stated (April 2019 and January 2020) that they were not aware about the alignment dispute as the Moonak branch was running since

50 At RD-19384/Right side and outlet RD-29170/Right.
51 (i) Between RD 18927 and RD 23177; and (ii) between RD 40273 to 44900.
52 ₹ 1.62 crore: RD 0-21000 and ₹ 1.06 crore RD 21000-47055.
53 ₹ 0.18 crore: RD 0-21000 and ₹ 0.34 crore RD 21000-47055.
54 Against original allotment = ₹ 2.68 crore; against re-allotment = ₹ 0.52 crore.
55 A small canal off takes from Moonak branch.

last forty years. Further, the Department admitted the fact that water was running up to RD 15674 and physical progress was 85 *per cent.* The reply of the Department was not acceptable as it failed to ensure encumbrance free site prior to allotment of the work. Moreover, the Department did not reconcile the land plan of the System with the records of Revenue Department to check for any discrepancy prior to start of work, as provided in the Rules.

Thus, due to non-observance of codal provisions as required in IMO and allotment of work without ensuring hindrance free site and without preparation of an accurate design of the work resulted in non-completion of work between RD 21000 to 47055. It rendered the expenditure of ₹ 1.40 crore incurred on this work as unfruitful besides denying facility of saline free water to the farmers of the area.

The matter was referred to the Government in May 2019; reply was awaited (July 2021).

Recommendation: The Land Plan of Government property should be prepared by the Department and reconciled with that of concerned Revenue Department to trace out discrepancy in the land/building plan so that the action may be taken to remove such discrepancy.

Chandigarh **(PUNAM PANDEY)**
The 22 November 2021 **Principal Accountant General (Audit), Punjab**

Countersigned

New Delhi **(GIRISH CHANDRA MURMU)**
The 15 December 2021 **Comptroller and Auditor General of India**