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**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2006

(CIVIL)

GOVERNMENT OF PUNJAB

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Audit Report (CIVIL) Government of Punjab 2005-2006



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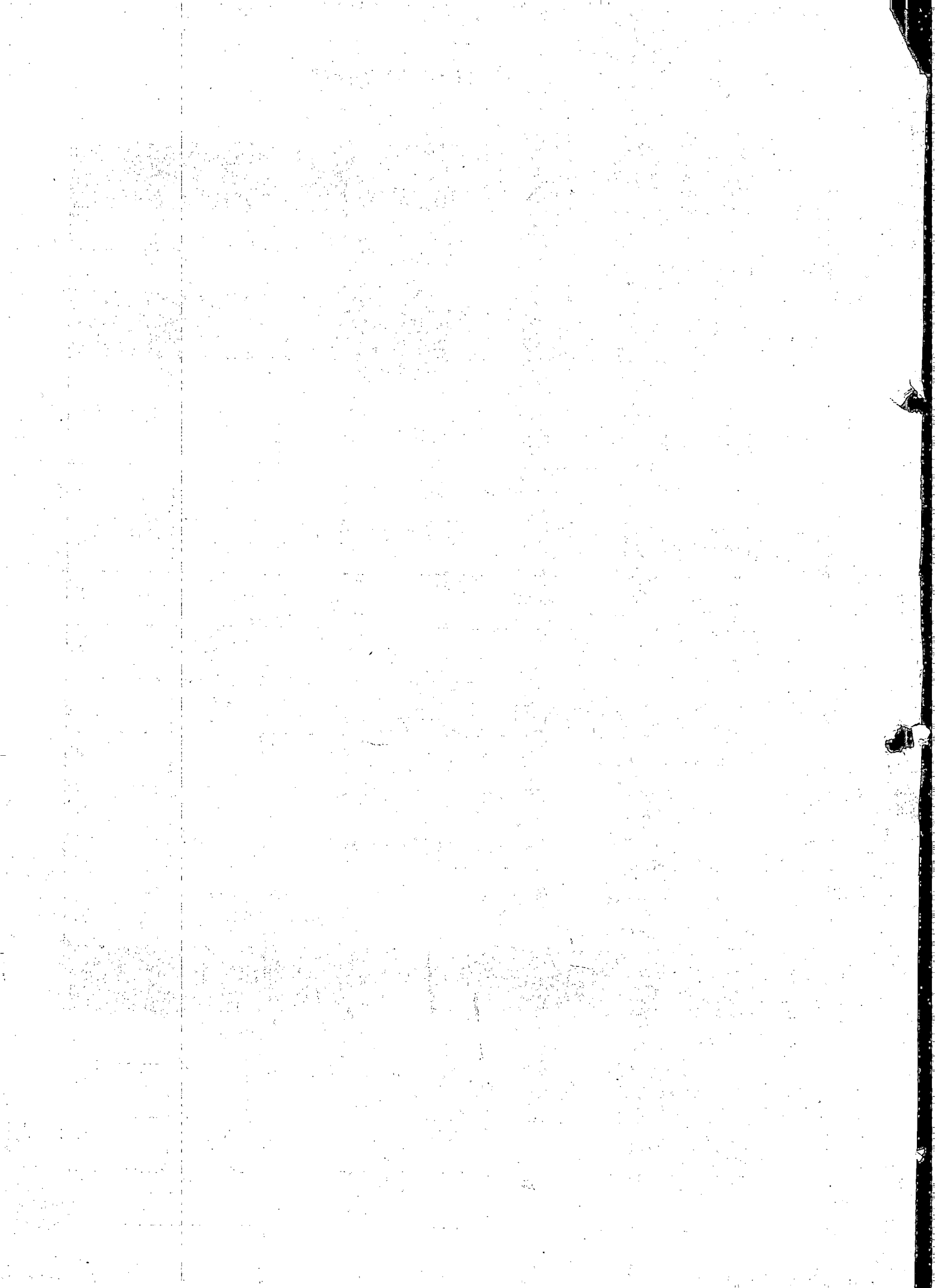


TABLE OF CONTENTS

		Reference to	
		Paragraph	Page
Preface			ix
OVERVIEW			xi
CHAPTER-I	FINANCES OF THE STATE GOVERNMENT		
Introduction		1.1	1
Trend of Finances with reference to previous year		1.2	3
Summary of Receipts and Disbursements		1.3	4
Audit Methodology		1.4	5
State Finances by key indicators		1.5	5
Application of Resources		1.6	8
Expenditure by Allocative Priorities		1.7	13
Assets and Liabilities		1.8	14
Management of Deficits		1.9	21
Guarantees given by the State Government		1.10	23
Conclusion		1.11	24
CHAPTER-II	APPROPRIATION AND CONTROL OVER EXPENDITURE		
Introduction		2.1	25
Summary of Appropriation Accounts		2.2	25
Savings and Excesses		2.3	26

	Reference to	
	Paragraph	Page
Defective Re-appropriation	2.4	28
Rush of Expenditure	2.5	28
Expenditure on New Service/New Instrument of Service	2.6	29
Awaited DC Bills	2.7	29
Budgetary Control	2.8	29
Retention of funds outside budgetary control of State Legislature	2.9	30
Personal Deposit Account Balances	2.10	30
CHAPTER-III	PERFORMANCE REVIEWS	
WATER SUPPLY AND SANITATION DEPARTMENT		
Review of Water Supply and Sanitation Department	3.1	31
DEPARTMENT OF AGRICULTURE		
Functioning of Punjab Agricultural University, Ludhiana	3.2	44
DEPARTMENT OF WELFARE OF SCHEDULED CASTES AND BACKWARD CLASSES		
Educational Development of Scheduled Castes	3.3	55
EDUCATION DEPARTMENT		
Implementation of Sarva Shiksha Abhiyan	3.4	68

		Reference to	
		Paragraph	Page
CHAPTER-IV	AUDIT OF TRANSACTIONS		
<i>Fraudulent drawal / misappropriation, embezzlement and losses</i>		4.1	
IRRIGATION AND POWER DEPARTMENT			
Embezzlement of government money		4.1.1	83
Possible fraud in respect of government money		4.1.2	84
INDUSTRIES AND COMMERCE DEPARTMENT			
Irregular grant of sales tax exemption		4.1.3	85
<i>Infructuous/wasteful expenditure and overpayment</i>		4.2	
FOOD AND CIVIL SUPPLIES DEPARTMENT			
Avoidable payment		4.2.1	86
ANIMAL HUSBANDRY DEPARTMENT			
Unfruitful expenditure on incomplete slaughter house		4.2.2	87
HEALTH AND FAMILY WELFARE DEPARTMENT			
Overpayment of non-practising allowance		4.2.3	88
FINANCE DEPARTMENT			
Excess payment due to non-availing of commission on advertisements		4.2.4	89

	Reference to	
	Paragraph	Page
DEPARTMENT OF INFORMATION TECHNOLOGY		
Ungainful expenditure due to non-providing of hardware	4.2.5	89
HOUSING AND URBAN DEVELOPMENT DEPARTMENT		
Excess payment	4.2.6	90
FISHERIES DEPARTMENT		
Ungainful expenditure	4.2.7	91
IRRIGATION AND POWER DEPARTMENT		
Ungainful expenditure	4.2.8	92
<i>Undue financial aid to statutory body and avoidable expenditure</i>	4.3	
IRRIGATION AND POWER DEPARTMENT		
Avoidable expenditure on damages due to delay in deposition of statutory liability	4.3.1	93
Avoidable expenditure of land compensation	4.3.2	94
Avoidable payment	4.3.3	95

	Reference to	
	Paragraph	Page
RURAL DEVELOPMENT AND PANCHAYAT DEPARTMENT		
Undue financial aid for construction work	4.3.4	96
<i>Idle investments/idle establishment/ blocking of funds, delays in commissioning equipment; diversion/ misutilisation of funds</i>	4.4	
ANIMAL HUSBANDRY DEPARTMENT		
Unauthorised expenditure	4.4.1	97
EDUCATION DEPARTMENT		
Irregular retention of government money outside treasury and spending money without approval of legislature	4.4.2	98
DEPARTMENT OF HOME AFFAIRS AND JUSTICE		
Non-establishment of Forensic Science Laboratory	4.4.3	100
Non-utilisation of central grant	4.4.4	100
<i>Regularity Issues and Others</i>	4.5	
TECHNICAL EDUCATION DEPARTMENT		
Appointment of unqualified staff	4.5.1	101
DEPARTMENT OF ARCHITECTURE		
Non-realisation of establishment charges	4.5.2	102

POLICE DEPARTMENT		
Ineffective manpower management in Police Department	4.5.3	103
GENERAL		
Follow-up on Audit Reports/outstanding action taken notes	4.6.1	107
CHAPTER-V	INTERNAL CONTROL SYSTEM	
TRANSPORT DEPARTMENT		
Evaluation of Internal Control System and Internal Audit Arrangement in Punjab Roadways	5.1	109

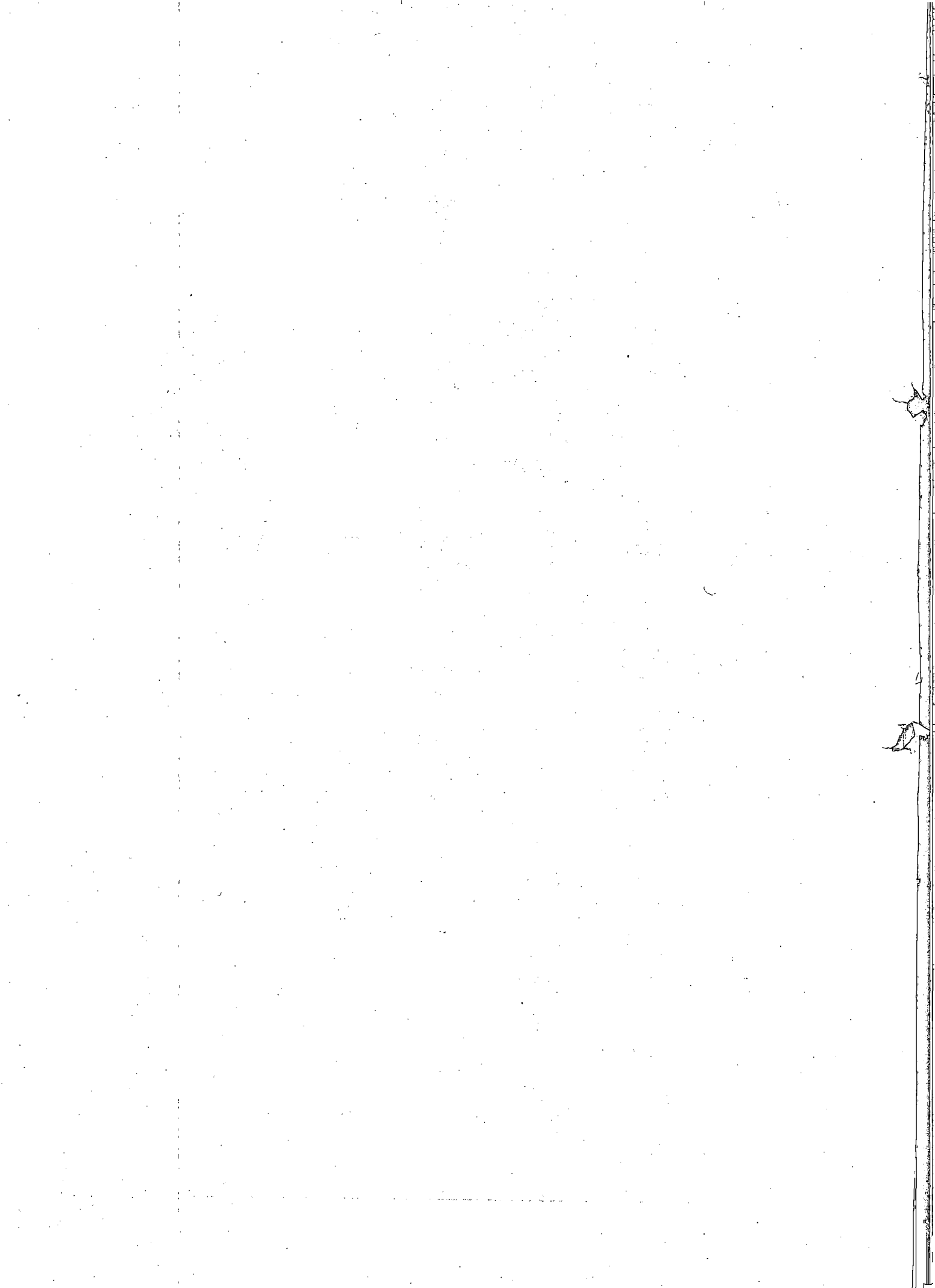
APPENDICES

Sr. No.		Page
I	Summarised financial position of the Government of Punjab as on 31 March 2006	121
II	Abstract of Receipts and Disbursements for the year 2005-06	122
III	Sources and application of funds	124
IV	Time Series Data on State Government Finances	125
V	Statement showing definitions of terms used in Chapter-I	127
VI	Statement showing details of amount invested and accumulated losses in Statutory Corporations and Government Companies	129
VII	Statement showing major savings	130
VIII	Statement of various grants/appropriations indicating major head-wise/ scheme-wise expenditure where persistent savings in excess of Rupees five crore each and 20 per cent or more of the provisions	133
IX	Cases of unnecessary supplementary grants/appropriations	135
X	Excessive supplementary grants	136
XI	Cases where savings were not surrendered	137
XII	Anticipated savings not surrendered	138
XIII	Statement showing Head and Sub Head-wise cases of significant and persistent excess over grants/ appropriations	139
XIV	Cases of re-appropriation under which the expenditure finally showed excess over the balance provision	141
XV	Significant cases of major re-appropriation which were injudicious on account of non-utilisation	142
XVI	List of re-appropriation orders which were not accepted by Accountant General (A&E)	146
XVII	Statement showing flow of expenditure during the fourth quarter of 2005-06	148
XVIII	Detail of expenditure on new service/new instrument of service	150
XIX	Persistent savings in reviewed grants/ appropriations	151

XX	Savings due to non-release of funds/ grants and non-submission of claims by the beneficiaries	153
XXI	Savings due to bills not passed by the treasury	161
XXII	Substantial excess over grants/appropriations	162
XXIII	List of Drawing and Disbursing Officers covered under review	163
XXIV	Sampling Plan (Design and Estimation Procedure) adopted by SRI	165
XXV	Statement showing Paras/Reviews for which explanatory notes were not received upto June 2006	169
XXVI	List of Reviews and Paras of Reports of CAG of India for which explanatory notes were not received upto June 2006	170
XXVII	Actual detention of buses in five depots	172

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts of the State Government for the year ended 31 March 2006.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works, Irrigation and Power Department, audit of Autonomous Bodies and departmentally run commercial undertakings and 'Evaluation of internal control system in Government Departments'.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2005-06 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2005-06 have also been included wherever necessary.



OVERVIEW

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OVERVIEW

This Report includes two chapters containing observations on the Finance and the Appropriation Accounts of the Government of Punjab for the year 2005-06 and three others comprising five Reviews including Internal Control System and 23 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgment basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

Financial position of the State Government

The finances of the State continued to be under stress during 2005-06 and revenue receipts were not keeping pace with revenue expenditure. Seventy eight *per cent* of the revenue receipts were consumed on committed expenditure of State viz. salaries, pensions and interest payments. Although the revenue deficit decreased from Rs 3,391 crore in 2004-05 to Rs 1,241 crore in 2005-06, the continuous application of borrowed funds largely to current consumption and debt servicing indicated increased unsustainability and vulnerability of the State finances. It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. Similarly, the higher buoyancy of debt both with regard to its revenue receipts and own resources indicated its increasing unsustainability. The State's high cost borrowing for investments, which yielded very little return, indicated an implicit subsidy. Thus, the State has either to generate more revenues from out of its existing assets or needs to provide from its current revenue for servicing its debt obligations. The FRBMA 2003 was a step in the right direction but the commitments made therein still remained to be fulfilled by the State Government especially to cap outstanding guarantees to 80 per cent of the revenue receipts and efforts have to be made to reach the target of reduction of ratio of debt to GSDP to 40 *per cent* by 2006-07.

Review of Water Supply and Sanitation Department

Water Supply and Sanitation Department is responsible for providing drinking water in rural areas through Water Supply and Sanitation (RWS) Divisions and Water Supply and Sanitation/Drainage in government buildings through Government Works (GW) Divisions. Besides, department is engaged in collecting revenue in terms of user charges, water connection fee, etc.

Review of working of Water Supply and Sanitation Department revealed cases of financial mismanagement. Expenditure was in excess of amount deposited

by the client agencies and amounts were kept in banks in personal accounts in violation of the instructions. Despite availability of Rs 2.92 crore, 2129 traditional sources of water could not be revived to provide safe drinking water. Ignoring 331 villages with acute problem, 42 schemes covering 59 villages with not so acute problems were completed by diverting funds of Rs 8.32 crore from schemes of acute problem villages. Purchase of 20 units of water treatment plants was made in violation of rules.

Functioning of Punjab Agricultural University Ludhiana

The Punjab Agricultural University Ludhiana (PAU) was established in October 1962 under the Punjab Agricultural University Act, 1961 for furtherance of agricultural interests of the State

Review on the functioning of Punjab Agricultural University revealed that the funds and financial management systems were defective. This was evident from the fact that balance sheets were not prepared, calculation of deficit was inaccurate, advances were outstanding for many years and recoveries from client organizations were not effected. The impact of research activity particularly introduction of improved variety of seed did not result in increase in productivity in the State. Extension trainings were not organized as envisaged. Utilisation of infrastructure suffered from major deficiencies and large tract of fallow land was not utilised for agriculture. University failed to avail the waiver of electricity charges on irrigation tubewells granted by the Government. Ungainful expenditure was incurred on running of University Press. Physical verification of Library has not been done as per provisions.

Educational Development of Scheduled Castes

The objectives of this programme are to increase enrolment, retention of SCs in educational institutions, reduce drop out rates and increase their representation in jobs and higher educational and professional institutions.

Audit noticed that the population of SCs in Punjab State is 70.29 lakh (2001 Census) which is 28.85 *per cent* of total population and is highest in the country. The literacy rate among SCs is 56.22 *per cent* against 69.65 *per cent* for the whole State indicating a gap of 13.43 percentage points. There is no ST population in Punjab. Audit noticed that the State Government had not implemented the welfare schemes effectively in regard to availment of the central assistance for scholarships for post-matric and pre-matric students, construction of hostels despite the availability of the central assistance. Timely supply of free text books was not ensured. Scheme for improving the representation of the SC candidates in Group A or B services through free coaching centres did not yield results and monitoring of the schemes was deficient.

Implementation of Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan (SSA) was launched in 2000-01 with the objective of all Children to be in School, Education Guarantee Centre, Alternative School,

Back-to-School camp by 2005, all children complete five years of primary schooling by 2007 and complete eight years of elementary schooling by 2010 and universal retention by 2010.

The Review highlights that SSA programme suffered in the State as the project grant amounting to Rs 55.17 crore released by GOI during 2001-02 were retained by State Government during whole of the year as a result of which the scheme could not be implemented in that year. Further the expenditure level of 1999-2000 on elementary education was not maintained resultantly the State funding of SSA was met from the cut in expenditure on elementary education. This was also compounded by further delays in releasing of State share to SPD in contravention to the frame work of the implementation of the programme. UCs for a sum of Rs 66.38 crore disbursed to DPDs during 2002-04 were not received till January 2005 putting the matter to risk of misappropriation of government money. An amount of Rs 3.62 crore was released by SPD to DPDs for construction and repair of schools and other buildings in violation of norms and conditions of SSA. Besides, SPD failed to fill up vacancies of teachers despite funds being available. There was heavy shortfall in training of VEDC members and teachers. Books worth Rs 1.09 crore purchased were lying undistributed in stores and there were cases of irregularities in purchase of books and training modules. The EGS did not work properly because against 39179 out of school children only 8659 students could be actually enrolled.

Evaluation of Internal Control System and Internal Audit Arrangement in Punjab Roadways

Internal control is an integral part of the process and it helps in creating reliable financial and management information system besides effective decision making. Internal audit is an appraisal of activity established with an entity as a service to the entity. Its functions, *inter alia* include examination, evaluation and monitoring the adequacy and effectiveness of the accounting and internal control system.

Internal control mechanism in the Punjab Roadways was not functioning effectively, which adversely affected the key areas of administration, finance and accounting. Inadequate internal control led to improper maintenance of cash books. There were deficiencies in maintenance of accounts of General Provident Fund and Group Insurance Scheme as consolidated statements were not prepared. Cases of excess deployment of man power, frequent transfers of General Managers were indicative of the ineffectiveness of control mechanism. Missing of scheduled kms, irregular purchases, non-disposal of obsolete stores and excess consumption of High Speed Diesel(HSD) was resultant effect of inadequacies and ineffectiveness of Internal controls. Internal Audit arrangement was adhoc and weak.

Findings of Transaction Audit

The audit of financial transactions in various departments of the Government and their field formations revealed instances of embezzlement of government money, losses and wasteful spending over Rs 80.95 crore as mentioned below:

There were instances of embezzlement/possible fraud of government money in Irrigation and Power Department (Rs 85.60 lakh). Loss due to irregular grant of sales tax exemption in Industries and Commerce Department (Rs 1.01 crore).

There was avoidable/excess payment or wasteful expenditure or infructuous expenditure in Food and Civil Supplies Department (Rs 2.12 crore), Animal Husbandry and Fisheries Departments (Rs 2.45 crore), Health and Family Welfare Department (Rs 52.23 lakh), Department of Finance (Rs 43.39 lakh), Department of Information Technology (Rs 60.50 lakh), Housing and Urban Development Department (Rs 30.54 lakh), Irrigation and Power Department (Rs 24.37 lakh).

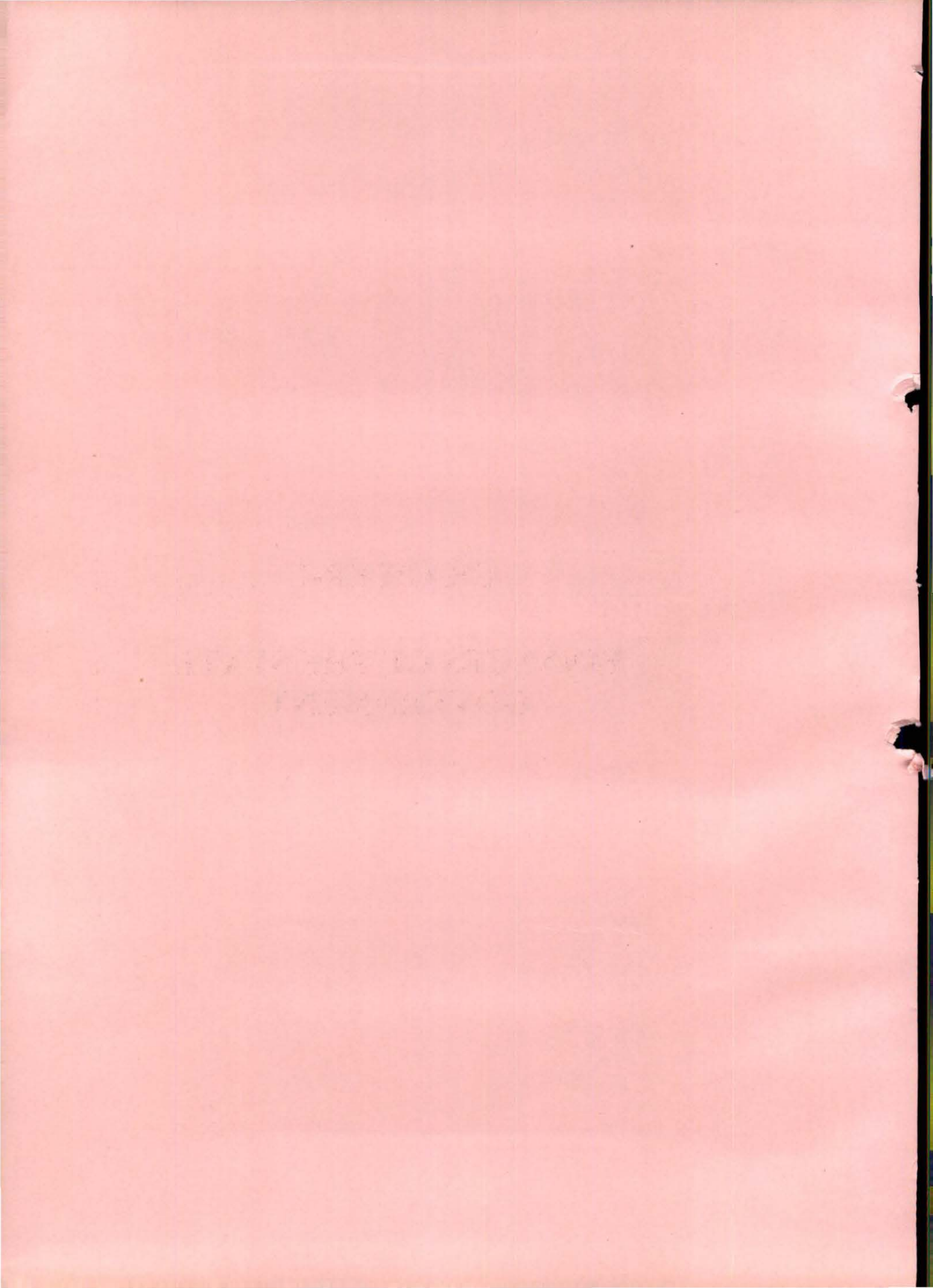
There were cases of avoidable expenditure and undue financial aid in Irrigation and Power Department (Rs 94.59 lakh), Rural Development and Panchayat Department (Rs 25 lakh).

There was unauthorized expenditure and irregular retention of government receipts in Animal Husbandry Department (Rs 13.71 crore), in Education Department (Rs 5.56 crore), and blockage of funds and non-utilisation of central grant in Home Affairs and Justice (Rs 35.92 crore).

There was irregular expenditure in Technical Education Department (Rs 1.98 crore), non-realisation of establishment charges and other government dues in Department of Architecture (Rs 2.15 crore) and Police Department (Rs 11.89 crore).

CHAPTER-I

**FINANCES OF THE STATE
GOVERNMENT**



CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

In Summary

Large revenue and fiscal deficits year after year indicate continued macro imbalances in the State. The revenue deficit which was Rs 3,781 crore during 2001-02, declined by 67 *per cent* in 2005-06 (Rs 1,241 crore) and the fiscal deficit which was Rs 4,959 crore declined by 46 *per cent* in 2005-06 (Rs 2,654 crore). The ratio of revenue receipts to total expenditure stood at 86 *per cent* in 2005-06. Overall revenue receipts increased from Rs 8,929 crore in 2001-02 to Rs 16,966 crore in 2005-06. During the current year, revenue receipts grew by 23 *per cent*. This comprised 29 *per cent* increase in tax revenue while there was 15 *per cent* decline in non-tax revenue. Around 80 *per cent* of the revenue came from the State's own resources. In fact, Central tax transfers remained static whereas grants-in-aid had increased from six *per cent* in 2001-02 to 13 *per cent* in 2005-06. Arrears of revenue under the principal revenue heads were Rs 2,728.38 crore and constituted 20 *per cent* of tax and non-tax revenue receipts.

Overall expenditure of the State increased from Rs 14,760 crore in 2001-02 to Rs 19,757 crore in 2005-06. The rate of growth was 10 *per cent* in 2001-02 which declined marginally to nine *per cent* in 2005-06. The proportion of developmental expenditure in total expenditure slightly increased from 43 *per cent* in 2001-2002 to 44 *per cent* in 2005-06. Ratio of revenue expenditure to the total expenditure during 2001-02 was 0.86 and same ratio reached 0.92 in 2005-06. Interest payments increased steadily by 17 *per cent* from Rs 3,178 crore in 2001-02 to Rs 3,715 crore in 2005-06 primarily due to continued dependence on borrowings for financing the fiscal deficit. Interest payments are likely to rise substantially once the moratorium granted by Government of India (GOI) for seven years on repayment and interest on a portion of GOI loans is over in 2007.

The State passed the Fiscal Responsibility and Budget Management Act in 2003 which provides for a cap on the ratio of the debt to Gross State Domestic Product (GSDP) at the level achieved in the previous year subject to an absolute ceiling of 40 *per cent* to be achieved by 2006-07. Generation of additional internal resources and curtailment of non-development expenditure are the best means available to avoid the situation of non-achievement of the targets.

1.1. Introduction

The Finance Accounts of Government of Punjab are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in box below:

Lay out of Finance Accounts

The Finance Accounts of Punjab contain 19 statements as depicted below.

Statement No.1 presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated Fund of the State, the Contingency Fund and the Public Account.

Statement No.2 contains the summarised statement of capital outlay showing progressive expenditure upto the end of 2005-06.

Statement No.3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss etc.

Statement No.4 indicates the summary of debt position of the State which includes internal debt, borrowings from Government of India, other obligations and service of debt.

Statement No. 5 gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.

Statement No. 7 gives the summary of cash balances and investments made out of such balances.

Statement No.8 depicts the summary of balances under the Consolidated Fund, the Contingency Fund and the Public Account as on 31 March 2006.

Statement No.9 shows the revenue and expenditure under different heads for the year 2005-06 as a *percentage* of total revenue/expenditure.

Statement No.10 indicates the distribution between the Charged and the Voted expenditures incurred during the year.

Statement No.11 indicates the detailed account of revenue receipts and capital receipts by minor heads.

Statement No.12 provides accounts of revenue and capital expenditure by minor heads under Non-Plan, State Plan and Centrally Sponsored Schemes separately.

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2005-06.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, co-operative banks and societies etc. up to the end of 2005-06.

Statement No.15 depicts the capital and other expenditure to the end of 2005-06 and the principal sources from which the funds were provided for that expenditure.

Statement No.16 gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.

Statement No.17 presents detailed account of debt and other interest bearing obligations of the Government of Punjab.

Statement No.18 provides the detailed account of loans and advances given by the Government of Punjab, the amount of loan repaid during the year, the balance as on 31 March 2006 and the amount of interest received during the year.

Statement No.19 gives the details of earmarked balances of Reserve Funds.

1.2. Trend of Finances with reference to previous year

Finances of the State Government during the current year as compared to the previous year were as under:

(Rupees in crore)

2004-05	Sr. No	Major Aggregates	2005-06
13807	1.	Revenue Receipts	16966
6944	2.	Tax Revenue (Net)	8989
5358	3.	Non-Tax Revenue	4536
1505	4.	Other Receipts	3441
134	5.	Non-Debt Capital Receipts	137
134	6.	Of which Recovery of Loans	137
13941	7.	Total Receipts (1+5)	17103
16940	8.	Non-Plan Expenditure (9+11)	17483
16732	9.	On Revenue Account	17246
3981	10.	Of which Interest Payments	3715
208	11.	On Capital Account	237
97	12.	Of which Loans disbursed	33
1116	13.	Plan Expenditure (14+15)	2274
466	14.	On Revenue Account	961
650	15.	On Capital Account	1313
--	16.	Of which Loans disbursed	-
18056	17.	Total Expenditure (8+13)	19757
4115	18.	Fiscal Deficit (17-1-5)	2654
3391	19.	Revenue Deficit (9+14-1)	1241
134	20.	Primary Deficit(+)/Surplus(-) (18-10))	(-)1061

1.3. Summary of Receipts and Disbursements

Table 1 summarises the finances of the State Government of Punjab for the year 2005-06 covering revenue receipts and expenditure, capital receipts and expenditure and public account receipts and disbursements made during the year as emerging from Statement-1 of the Finance Accounts and other detailed statements.

Table-1

Summary of Receipts and Disbursements for the year 2005-2006

(Rupees in crore)

2004-05	Receipts		2005-06	2004-05	Disbursements			
	Section-A: Revenue				Total	Non-Plan	Plan	Total
13807.48	Revenue receipts		16966.48	17198.03	Revenue expenditure	17246.08	960.65	18206.73
6944.63	Tax revenue		8989.28	9850.04	General services	10503.89	12.36	10516.25
5358.03	Non-tax revenue		4536.33	3535.79	Social Services	3321.31	281.09	3602.40
902.35	Share of Union Taxes/Duties		1227.55	3737.67	Economic Services	3046.86	667.20	3714.06
602.47	Grants from Govt. of India		2213.32	74.53	Grants-in-aid and Contributions	374.02	-	374.02
3390.55	Revenue Deficit carried over to Section B		1240.25	17198.03	Total	17246.08	960.65	18206.73
17198.03	Total		18206.73	17198.03	Total	17246.08	960.65	18206.73
	Section-B: Capital				Opening			
373.13	Opening Cash Balance		460.93	193.44	Overdraft from Reserve Bank of India			
-	Misc. Capital Receipts		-	761.40	Capital Outlay	203.63	1313.26	1516.89
133.81	Recoveries of Loans & Advances		136.70	96.80	Loans and Advances Disbursed-	33.48	-	33.48
6360.59	Public debt receipts		4577.93	3390.55	Revenue Deficit brought down	1240.25	-	1240.25
-	Amount transferred to Contingency Fund		-	3017.08	Repayment of Public Debt	1111.35	-	1111.35
12846.24	Public account receipts		15648.34	11793.57 ¹	Public Account disbursements	15154.28	-	15154.28 ¹
-	Closing Overdraft from Reserve Bank of India		-	460.93	Cash Balance at end	1767.65	-	1767.65
19713.77	Total		20823.90	19713.77	Total	19510.64	1313.26	20823.90
36911.80	Grand Total		39030.63	36911.80	Grand Total	36756.72	2273.91	39030.63

¹ Public Account transactions do not fall under either Plan or non-Plan category.

1.4. Audit Methodology

Audit observations on the Finance Accounts for the year 2005-06 bring out the trends in the major fiscal aggregates of receipts and expenditure and wherever necessary show these in the light of time series data *Appendix I to IV* and periodic comparisons. Major fiscal aggregates such as tax and non-tax revenue, revenue and capital expenditure, internal debt and loans and advances have been presented as *percentages* to the GSDP at current market prices. The buoyancy projections for tax revenue, non-tax revenue, revenue expenditure etc., have been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are: (i) Resources by volume and sources, (ii) Application of resources, (iii) Management of deficits and (iv) Assets and liabilities. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. Overall financial performance of the Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

In addition, this chapter also contains a paragraph on indicators of financial performance of the Government. Some of the terms used here are explained in *Appendix-V*.

1.5. State Finances by key indicators

1.5.1. Resources by volume and sources

Resources consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union Taxes and Duties and Grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions and commercial banks and loans and advances from Government of India as well as accruals from the Public Account. Table-2 shows the total receipts of the Government of Punjab (Rs 37,329 crore) for the year 2005-06, by volume and sources. Of these, revenue receipts of the State Government were only Rs 16,966 crore, constituting 45 *per cent* of the total receipts. The balance of receipts came from borrowings and the Public Account.

Table-2: State Resources

(Rupees in crore)

I. Revenue Receipts	16966
II. Capital Receipts	4715
<i>a. Recovery of Loans and Advances</i>	<i>137</i>
<i>b. Debt Receipts</i>	<i>4578</i>
III. Public Account Receipts	15648
<i>a. Small Savings and Provident Fund</i>	<i>1483</i>
<i>b. Reserve Fund</i>	<i>218</i>
<i>c. Deposit and Advances</i>	<i>1462</i>
<i>d. Suspense and Miscellaneous</i>	<i>11462²</i>
<i>e. Remittance</i>	<i>1023</i>
Total Receipts	37329

1.5.2. Revenue Receipts

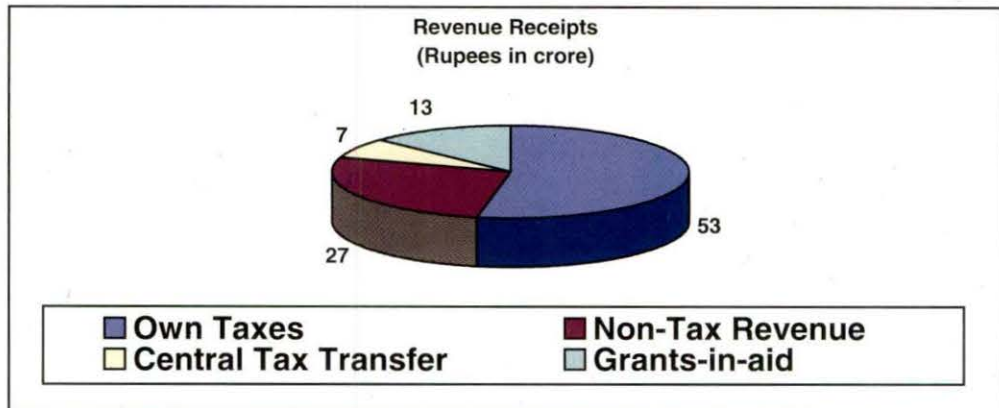
Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts, their annual and trend rate of growth, ratio of these receipts to the GSDP and their buoyancies are indicated in Table-3.

Table-3
Revenue Receipts- Basic Parameters
(Value: Rupees in crore and others in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Receipts (in crore of rupees)	8929	11071	12139	13807	16966
Own Taxes	4820(54)	5711(52)	6146(51)	6944(50)	8989(53)
Non-Tax Revenue	2960(33)	4036(36)	4666(38)	5358(39)	4536(27)
Central Tax Transfers	611(7)	649(6)	754(6)	903(7)	1228(7)
Grants-in-aid	538(6)	675(6)	573(5)	602(4)	2213(13)
Rate of growth of Revenue Receipts	(-) 4.78	23.99	9.65	13.74	22.88
Rate of growth of own taxes	(-)2	18	8	13	29
Revenue Receipts/ GSDP	11.62	12.83	12.65	12.86	14.99
Revenue Buoyancy	- ³	1.962	0.859	1.153	4.253
Own-Tax Buoyancy	- ³	1.51	0.68	1.09	5.474
GSDP growth over previous year	12.29	12.23	11.23	11.92	5.38

² Includes Rs 11229 crore on account of cheques and bills issued by the departments other than Public Works Department and Forest Department, which have been encashed during the year.

³ Buoyancy not calculated because the rate of growth of revenue receipts was negative.



Revenue receipts of the Government increased from Rs 8,929 crore in 2001-02 to Rs 16,966 crore in 2005-06. There were, however, significant inter year variations in the growth rates. The impressive trend rate of 24 per cent achieved during 2002-03 declined to 14 per cent during the year 2004-2005 but it again touched 23 per cent during 2005-06. The pace of rate of growth has shown some improvement as compared to last years. In the category of tax revenue, Sales Tax increased by 21 per cent and Stamp and Registration Fees by 73 per cent. Interest receipts of Rs 1,890 crore declined to Rs. 644 crore mainly due to less receipts under interest from public sector and other undertakings. Other receipts reduced by Rs 65 crore and Rs 52 crore during 2005-06 as compared to 2004-05 in respect of Irrigation and Public Works Department respectively. Grants-in-aid from Central Government increased from Rs 602 crore in 2004-05 to Rs 2,213 crore in 2005-06. The receipts under the State lotteries Rs 3,202 crore increased by 19 per cent over the previous year (Rs 2,698 crore) while the receipts of Road Transport Department reduced from Rs 185 crore in 2004-05 to Rs 171 crore in 2005-06 mainly due to less receipts under Government Transport Services- Punjab Roadways.

Table-4: Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts including Contingency Fund Receipts	Debt Receipts	Public Account Receipts		
2001-02	8929	875	6681	14171	30656	76860
2002-03	11071	103	6246	11972	29392	86260
2003-04	12139	105	7337	10111	29692	95947
2004-05	13807	134	6361	12846	33148	107384
2005-06	16966	137	4578	15648	37329	113161

Contribution of grants-in-aid increased to 13 per cent in 2005-06 from six per cent in 2001-02 and contribution of Central tax transfers remained around seven per cent during 2001-06.

The arrears of revenue as on 31 March 2006 amounted to Rs 2,728.38 crore in respect of some principal heads of revenue of which Rs 1,281.32 crore was outstanding for more than five years. The arrears pertained mainly to Sales Tax

(Rs 2,475.46 crore)⁴, Taxes on vehicle (Rs 59.97 crore), Irrigation (Rs 50.40 crore) and Interest receipts (Rs 49.11 crore).

1.6. Application of Resources

1.6.1. Trend of Growth

Statement-12 of the Finance Accounts gives the details of expenditure by minor heads. The total expenditure of the State, its trend and annual growth, ratio of expenditure to the GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table-5 as below:

Table-5: Total Expenditure –Basic Parameters

(Value: Rupees in crore and others in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Total expenditure (TE)	14760	15584	17124	18056	19757
Rate of Growth	10.08	5.58	9.88	5.44	9.42
TE/GSDP Ratio	19.20	18.07	17.85	16.81	17.46
Revenue Receipts/TE Ratio	60.49	71.04	70.89	76.47	85.87
Buoyancy of Total Expenditure with reference to:					
GSDP	0.820	0.456	0.880	0.457	1.751
Revenue Receipts	⁻⁵	0.233	1.024	0.396	0.412

The total expenditure increased from Rs 14,760 crore in 2001-02 to Rs 19,757 crore in 2005-06. The growth rate has been hovering between five and 10 per cent until 2005-06. Consequently, total expenditure–GSDP ratio has also fallen from 19 per cent in 2001-02 to 17 per cent in 2005-06. There was an upward trend in the ratio of revenue receipts to total expenditure from 60 per cent in 2001-02 to 86 per cent in 2005-06.

In terms of the activities, the total expenditure could be considered as being composed of expenditure on general services including interest payments, social services, economic services and loans and advances. The relative share of these components in the total expenditure is indicated in Table-6 as follows :

⁴ Mainly due to recoveries stayed by the High Court/Judicial/Departmental authorities (Rs 1008.69 crore), demand of Rs 285.76 crore likely to be written off and Rs 899.69 crore were under departmental action etc.

⁵ Rate of growth of revenue receipts was negative.

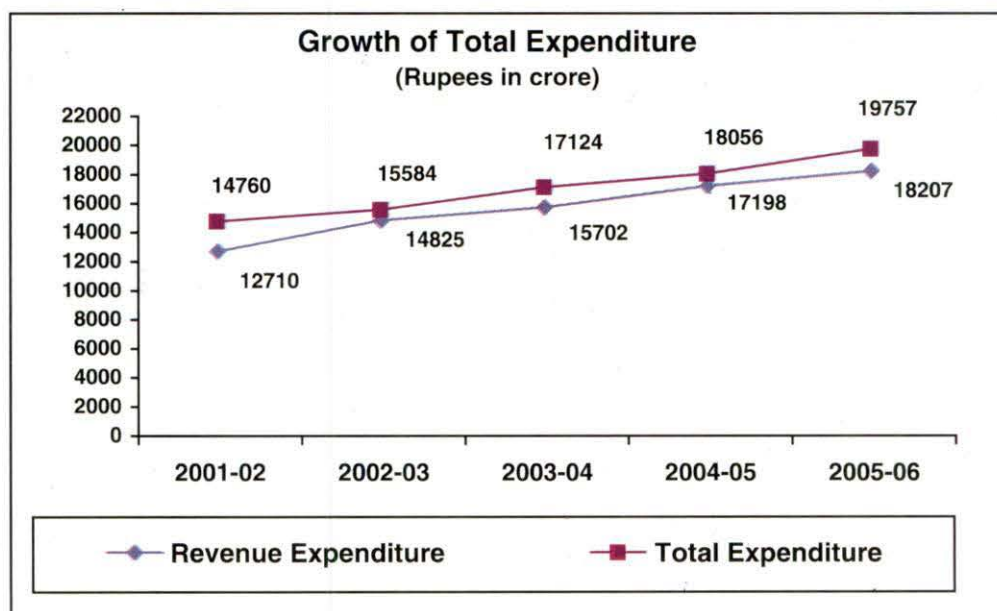


Table-6: Components of Expenditure – Relative Share⁶ (in per cent)⁷

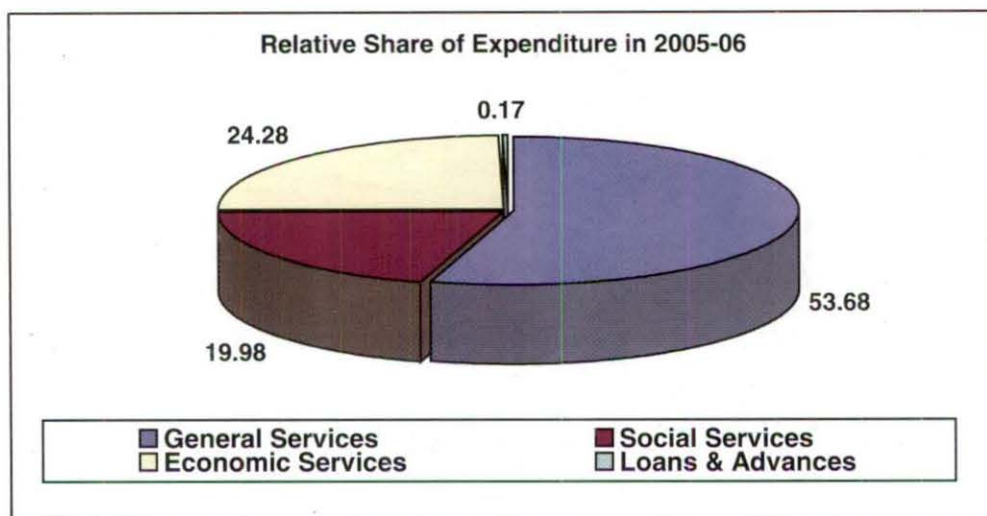
	2001-02	2002-03	2003-04	2004-05	2005-06
General Services ⁸	51.41	58.35	54.72	54.84	53.68
Social Services	21.44	20.82	19.70	20.09	19.98
Economic Services	18.79	17.24	20.91	24.13	24.28
Loans & Advances	7.22	2.18	4.42	0.54	0.17

The movement of the relative share of these components of expenditure indicated that while the share of Social Services declined from 21 per cent in 2001-02 to 20 per cent during 2005-06 and that of loans and advances from seven per cent in 2001-02 to below one per cent in 2005-06, the relative share of General Services, which are primarily non-developmental in nature, increased from 51 per cent in 2001-02 to 54 per cent of the total expenditure in 2005-06. Thus, it is the non-developmental General Services which have gained at the expense of developmental services. Interpreted in this light, reduced expenditure would denote a loss of developmental impetus in the more important areas of governance.

⁶ This does not include Grants-in-Aid expenditure 1.14 per cent (2001-02), 1.41 per cent (2002-03), 0.25 per cent (2003-04), 0.40 per cent (2004-05) and 1.89 per cent (2005-06).

⁷ Total expenditure excludes Grants-in-aid and contributions, Compensations and Assignments to Local Bodies and Panchayati Raj Institutions.

⁸ It includes interest payment.



1.6.2. Incidence of Revenue Expenditure

Revenue expenditure had the largest share (92 per cent) in total expenditure. Such expenditure was usually incurred to maintain the current level of services and does not represent a significant addition to the State's service network. Revenue expenditure, its rate of growth, the ratio of revenue expenditure to GSDP and revenue receipts are indicated in Table-7 below:

Table-7: Revenue Expenditure: Basic Ratios
(Value: Rupees in crore and others in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Expenditure	12710	14825	15702	17198	18207
Rate of Growth	8.51	16.64	5.92	9.53	5.87
RE/GSDP	16.54	17.19	16.37	16.02	16.09
RE as percentage of TE	86.11	95.13	91.70	95.25	92.15
RE as percentage of Revenue Receipts	142.35	133.91	129.35	124.56	107.31
Buoyancy of Revenue Expenditure					
GSDP (Ratio)	0.693	1.361	0.527	0.799	1.091
Revenue Receipts (Ratio)	(-)1.782	0.694	0.613	0.693	0.256

Revenue expenditure of the State increased from Rs 12,710 crore in 2001-02 to Rs 18,207 crore in 2005-06. The increase in the revenue expenditure during 2005-06 with reference to 2004-05 was mainly due to increase in expenditure on Secretariat-Economics Services⁹ by Rs 478 crore (682 per cent) and Miscellaneous General Services by 476 crore (18 per cent)¹⁰ compensations and assignment to Local Bodies and Panchayati Raj institutions by Rs 299 crore (398 per cent). Though the ratio of revenue expenditure to revenue receipts declined from 142 per cent in 2001-02 to 107

⁹ 101-State Planning Board Rs 66.57 crore to Rs 544.29 crore.

¹⁰ 103-State lotteries Rs 2618.96 crore to Rs 3096.86 crore.

per cent in 2005-06, the dependence of the Government on borrowings persisted for meeting its current expenditure

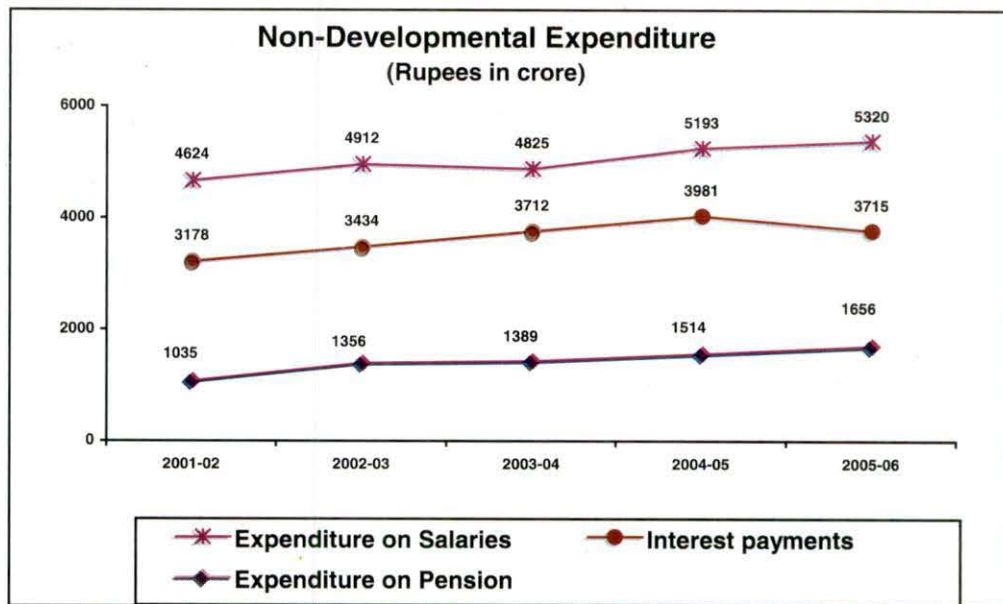
1.6.3. High non-developmental expenditure

Committed expenditure on salaries, pension and interest payments which was Rs 8,837 crore during 2001-02 increased to Rs 10,691 crore during 2005-06.

Table-8

(Rupees in crore)

Year	Committed expenditure			Total committed expenditure	Revenue Receipts excluding notional receipts	Percentage
	Salaries	Pension	Interest			
	1	2	3	4	5	6
2001-02	4624	1035	3178	8837	6622	133.45
2002-03	4912	1356	3434	9702	7763	124.98
2003-04	4825	1389	3712	9926	8401	118.15
2004-05	5193	1514	3981	10688	9826	108.77
2005-06	5320	1656	3715	10691	13764	77.67



Salary expenditure

Salaries alone accounted for nearly 39 per cent of the revenue receipts of the Government (excluding notional receipts from State lotteries) during the year showing a marginal growth of 2.45 per cent over previous year. The expenditure on salaries increased from Rs 4,624 crore in 2001-02 to Rs 5,320 crore in 2005-06 as shown in Table-9:

Table-9

(Rupees in crore)

Heads	2001-02	2002-03	2003-04	2004-05	2005-06
Salary expenditure	4624	4912	4825	5193	5320
As percentage of GSDP	6.02	5.69	5.03	4.84	4.70
As percentage of Revenue Receipts ¹¹	69.83	63.27	57.43	52.85	38.65

Expenditure on pension payments

Pension payments accounted as much as 12 *per cent* of the revenue receipts (excluding receipts from State lotteries) of the Government during 2005-06 which increased by 60 *per cent* from Rs 1,035 crore in 2001-02 to Rs 1,656 crore in 2005-06.

Government decided (March 2004) that certain categories of government employees who are appointed on or after 1 January 2004 shall be covered by the new defined Contributory Pension Scheme to be notified in due course.

Interest payments

Interest payments as *percentage* of revenue receipts ranged between 22 to 36 *per cent* during the last five years. If revenue receipts excluding notional receipts from State lotteries are taken, the ratio of interest payments as *percentage* of revenue receipts were ranging between 27 to 48 *per cent* as indicated in Table-10.

In absolute terms, interest payments increased by 17 *per cent* from Rs 3,178 crore in 2001-02 to Rs 3,715 crore in 2005-06 primarily due to continued reliance on borrowings for financing the fiscal deficit. The State Government raised Rs 1,199.30 crore from open market at a weighted average rate of 7.73 *per cent* and it borrowed Rs 3,402 crore from the National Small Savings Fund during the year.

Table-10

Year	Revenue Receipts	Revenue Receipts excluding Notional Receipts	Interest Payment	Percentage of Interest payment with reference to			Revenue Expenditure ¹²
				Revenue Receipts	Revenue Receipts excluding Notional Receipts	Revenue Expenditure	
<i>(Rupees in crore)</i>							<i>(Rupees in crore)</i>
2001-02	8929	6622	3178	36	48	31	10403
2002-03	11071	7763	3434	31	44	30	11517
2003-04	12139	8401	3712	31	44	31	11964
2004-05	13807	9826	3981	29	41	30	13217
2005-06	16966	13764	3715	22	27	25	15110

¹¹ Does not include receipts from State lotteries (Rs 3202 crore).

¹² Excluding expenditure under State lotteries (Rs 3097 crore).

The growth in interest payments is, however, understated due to the moratorium granted by GOI for the period 2001-06 (extended up to 2006-07) on repayment and interest on a portion of GOI Special Term Loans which after availing debt relief and waiver stood at Rs 3,772 crore as on 31 March 2000. Ever increasing interest payments had adversely affected both developmental expenditure and social welfare schemes.

1.7. Expenditure by Allocative Priorities

1.7.1. The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure reflected in Statement-12 of the Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure, the better is the efficiency of the State apparatus. Table-11 gives the ratio of these components of expenditure to the State's total expenditure.

Table-11: Quality of Expenditure
(per cent to total expenditure¹³)

	2001-02	2002-03	2003-04	2004-05	2005-06
Plan Expenditure	13.27	10.53	7.56	6.21	11.53
Capital Expenditure	7.19	2.76	4.06	4.24	7.69
Developmental Expenditure	43.37	38.90	42.49	44.46	44.33

Rupees 227 crore (17 per cent) of plan expenditure (Rs 1,313 crore) was spent on irrigation and flood control activities while Rs 355 crore (27 per cent) spent on roads and bridges were significant the expenditure heads under plan capital outlay in 2005-06.

The share of the developmental expenditure Rs 8,744 crore remained static during 2001-06. Out of the developmental expenditure during the year, social services (Rs 3,946 crore) accounted for 45 per cent.

¹³ Total expenditure does not include Loans and Advances.

1.7.2. Financial Assistance to local bodies and other institutions

The quantum of assistance provided to different local and autonomous bodies etc., during the period of five years ending 2005-06 was as follows:

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Universities and Educational Institutions	151.49	234.01	193.88	245.81	230.33
Municipal Corporations and Municipalities, Zila Parishads and Panchayati Raj Institutions	14.40	16.84	-	-	73.77
Cooperative Societies and Cooperative Institutions	0.29	0.51	0.80	-	-
Other Institutions	203.99	111.50	21.27	106.18	91.14
Total	370.17	362.86	215.95	351.99	395.24
<i>Percentage of growth over previous year</i>	4	(-2)	(-) 40	63	12
<i>Assistance as per percentage of revenue expenditure</i>	3	2	1	2	2

1.8. Assets and Liabilities

1.8.1. The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement-16 and the details in Statement-17 of the Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. *Appendix-I* presents an abstract of such liabilities and the assets as on 31 March 2006, compared with the corresponding position as on 31 March 2005.

The liabilities as per *Appendix-I* mainly comprise money owed by the State Government such as internal borrowings, loans and advances from the Government of India, Small Savings, Provident Fund, Deposits and the Reserve Fund. The liabilities of the Government of Punjab depicted in the Finance Accounts, however, did not include the pension and other retirement benefits payable to the serving and retired State employees. During 2005-06, the liabilities grew by eight per cent.

Similarly, the assets comprise mainly the capital expenditure, loans and advances given by the State Government and these grew by 14 per cent during 2005-06.

1.8.2. Financial results of irrigation works¹⁴

Statement-3 of the Finance Accounts depicts the financial results of nine major irrigation projects with a capital expenditure of Rs 336.11 crore at the end of March 2006, which showed that revenue realised from these projects during 2005-06 (Rs 15.51 crore) was only five *per cent* of the capital expenditure. This return was not sufficient to cover even the direct working expenses. After meeting the direct working expenditure (Rs 343.47 crore) and interest charges (Rs 19.39 crore), the schemes, however suffered a net loss of Rs 347.36 crore.

1.8.3. Incomplete projects¹⁵

As of 31 March 2006, there were 11 projects which were incomplete, in which Rs 776 crore were blocked. Of these, one SYL Canal project¹⁶ which involve Rs 738 crore was incomplete for more than 24 years due to water dispute with Haryana State.

1.8.4. Investment and returns

As on 31 March 2006, the Government had invested Rs 3,718.60 crore in 18 Statutory Corporations, Rural Banks, Joint Stock Companies and Cooperatives. The Government's return on this investment was meagre as indicated in Table-12 below. As of March 2006, 18 out of 32 Statutory Corporations and Government Companies with an aggregate investment of Rs 3,404.75 crore were running at a loss and the accumulated losses were Rs 5,815.35 crore (*Appendix-VI*) as per accounts furnished by these companies. Reasons for losses were called for from the departments and replies were awaited (July 2006).

Table-12: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government Borrowing (in <i>per cent</i>)
2001-02	2346.28	1.09	0.05	10.11
2002-03	2352.28	0.91	0.04	9.51
203-04	2359.00	1.82	0.077	9.11
2004-05	3544.81	0.59	0.017	8.79
2005-06	3718.60	1.07	0.029	7.52

1.8.5. Loans and advances by the State Government

The Government gives loans and advances to Government Companies, Corporations, Local bodies, Autonomous bodies, Cooperatives, Non-Government institutions etc. The position for the last five years shows that returns were poor during 2001-06.

¹⁴ Refer Finance Accounts 2005-06: Statement No.3.

¹⁵ Refer Finance Accounts 2005-06 Annexure to Statement No. 2.

¹⁶ SYL Canal Project Rs 738 crore.

Table-13: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Opening balance	4970	5150	5386	5718	5681 ¹⁷
Proforma adjustment	- 14 ¹⁸	-	-		-114
Amount advanced during the year	1066	339	757	97	34
Amount repaid during the year	872	103	105	134	137
Closing balance	5150	5386	6038	5681	5464
Net addition	194	236	652	-37	-103
Interest received	459	817	1368	1863	504
Interest received as <i>per cent</i> to Loans advanced	9.06	15.51	23.95	32.69	9.14
Weighted average interest paid by the State (<i>per cent</i>)	10.11	9.51	9.11	8.79	7.52
Difference between Interest paid and received (<i>per cent</i>)	(-1.05)	(+)6.00	(+)14.84	(+)23.90	(+) 1.62

There was a sharp decrease in receipts of interest during the year i.e. from Rs 1,863 crore in 2004-05 by Rs 504 crore in 2005-06 due to less receipts under Public Sector and other undertakings.

¹⁷ Differs by Rs 114 crore (decreased) from the closing balance adopted in the Finance Accounts 2005-06 due to conversion of loans into equity etc.

¹⁸ Decreased by Rs 13.49 crore from closing balances of 2000-01 due to proforma correction.

Position of some of the outstanding loans was as under:

(Rupees in crore)

Sr. No.	Name of agency to whom loan was given	Year of loan/sanction	Amount of loan	Remarks
1.	Punjab State Electricity Board	Upto 2005-06	4141.97	Repayment of principal and interest on loans is to be made out of the balances of revenue, if any, which are left after meeting all the liabilities but there was no revenue surplus.
2.	Punjab State Housing Board (now PUDA)	--	44.93	No reasons intimated
3.	Punjab Financial Corporation	Prior to 1998-99	14.89	-do-
4.	Punjab State Agro Industries Corporation	1996-97	0.42	No repayment of loan has been made since the proposal of conversion of loan to equity is pending with the State Government.
		1997-98	12.20	
		--	0.02	
5.	Punjab State Tube Well Corporation	1990-91 to 1998-99	250.58	Requested to the State Government for write off/ waive off.
		--	264.74	
6.	SPINFED	1998-99 to 2003-04	17.04 8.13	No reasons intimated
7.	SUGARFED	2001-02 to 2002-03	136.78 0.27 0.40	No terms and conditions for loan were laid down.
8.	MARKFED	1990-91	1.86 +6.29 +2.23	No reasons intimated
9.	PUNSUP	1987-88 to 1988-89	40.74	-do-
Total			4943.49	

The Administrative departments are required to intimate to the Accountant General (A&E) by the 10th of August each year, the arrears in recovery of principal and interest for the loans, the detailed accounts of which are maintained by the departmental officers. Against 151 statements relating to 2005-06 due from 20 departmental officers, none had been received so far (July 2006). A major portion (Rs 4,142 crore) of the outstanding related to loans for power projects against which repayment during the year 2005-06 was negligible¹⁹.

Rs 137.50 crore (Principal: Rs 28.40 crore and interest: Rs 109.10 crore) were outstanding against Municipal Corporations and Municipalities on account of non-repayment of loans advanced as far back as 1963-64 as shown in table 14 as follows:

¹⁹ Rs 2.71 crore.

Table-14

Borrower/purpose of loans	Earliest year from which in default	Amount due on 31-March 2006	
		Principal	Interest
(Rupees in lakh)			
(A) Municipal Corporations, Municipalities and other Local Funds			
(a) Sanitation Schemes	1967-68	160.62	204.29
(b) Sewerage Schemes	1963-64	110.33	381.26
(c) Water Supply Schemes	1964-65	632.58	1074.75
(d) Integrated city development Programmes	1967-68	400.42	1765.33
(e) Shopping centres, cinemas etc.	1969-70	9.11	17.65
(f) Preparation and distribution of town compost	1965-66	14.66	7.36
(g) Other purposes	1963-64	1507.49	7457.35
(B) Loans to rulers of erstwhile States	1965-66	5.34	1.62
Total		2840.55	10909.61

Reasons for non-repayment of these outstanding amounts were not furnished by the Government or the Directorate, Local Self Government, Punjab (July 2006).

1.8.6. Management of cash balances

It is generally desirable that the State's flow of resources matches its expenditure obligations that arise from time to time. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from the Reserve Bank of India (RBI) is in place. Under an agreement with the RBI, the State Government has to maintain with the bank a minimum balance of Rs 1.56 crore on all days. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ways and means advances or overdraft from the RBI. However, the State has been increasingly using this mechanism over the years. Normally, these advances should be liquidated during the year. Any outstanding balances of WMA indicate mismatch between the revenue and the expenditure, which is not transient in nature. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. As may be seen from the Statement-7 along with details in Statement-17 of the Finance Accounts, the State has increasingly been drawing in excess of its WMA limits from RBI.

Table-15
Ways and Means Advances and Overdrafts of the State and Interest paid thereon

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Ways and Means Advances					
Taken in the Year	1976.61	3127.90	2773.84	3065.82	269.17
Outstanding	221.42	185.79	261.83	283.30	-
Interest paid	8.73	9.45	12.29	9.69	2.99
Overdraft					
Taken in the Year	3826.70	640.74	1811.06	1316.70	-
Outstanding	196.36	Nil	193.44	Nil	-
Interest paid	4.50	1.43	1.84	2.04	-
Number of Days State was in Overdraft	119	53	134	117	-

During the year 2005-06, the Government obtained Rs 269.17 crore as ways and means advances on 18 occasions. An amount of Rs 552.47 crore was repaid leaving no balance as on 31 March 2006. However, a sum of Rs 2.99 crore was paid as interest on these advances.

1.8.7. Fiscal liabilities – Public Debt and Guarantees

The Constitution of India provides that the State may borrow within the territory of India upon the security of its Consolidated Fund, within such limits, as may from time to time be fixed by an Act of Legislature. The FRBM Act 2003 of Punjab aims to cap the ratio of debt to GSDP at 40 *per cent* to be achieved by 2006-07.

Statement-4 read with Statements-16 and 17 of the Finance Accounts shows the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities are worked out. It would be observed that the fiscal liabilities of the State increased from Rs 33,921 crore at the end of 2001-02 to Rs 51,364 crore at the end of 2005-06 at an average annual rate of 11 *per cent*. Table-16 as follows gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters.

Table-16: Fiscal Liabilities - Basic Parameters
(Value: Rupees in crore and others in *per cent*)

	2001-02	2002-03	2003-04	2004-05	2005-06
Fiscal Liabilities	33921	38315	43197	47403	51364
Rate of Growth	17.14	12.95	12.74	9.74	8.36
Ratio of Fiscal Liabilities to					
GSDP	44.1	44.4	45.02	44.14	45.39
Revenue Receipts	379.9	346.1	355.85	343.33	302.75
Own Resources	436.0	393.1	399.53	385.30	379.77
Buoyancy of Fiscal Liabilities with respect to					
GSDP	1.395	1.059	1.135	0.817	1.554
Revenue Receipts	(-) 3.588	0.540	1.321	0.709	0.365
Own Resources	(-) 26.845	0.512	1.166	0.707	.0841

The ratio of fiscal liabilities to GSDP increased for 44 *per cent* in 2001-02 to 45 *per cent* in 2005-06 and stood at 3.03 times of its revenue receipts. In addition to these liabilities, the Government had guaranteed loans availed of by its Corporations and others which in 2005-06 stood at Rs 8,851 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment by the borrowers, the State has to honour these commitments.

Increasing liabilities raise the issue of their sustainability. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. In case of Punjab, the weighted interest rate on fiscal liabilities at 7.52 *per cent* during 2005-06 was higher than the rate of growth of GSDP by two *per cent* as indicated in Table-17 below:

Table-17: Debt Sustainability—Interest Rate and GSDP Growth
(in *per cent*)

	2001-02	2002-03	2003-04	2004-05	2005-06
Weighted Interest Rate	10.11	9.51	9.11	8.79	7.52
GSDP Growth	12.29	12.23	11.23	11.92	5.38
Interest spread	2.18	2.72	2.12	3.13	(-)2.14

Another important indicator of debt sustainability is the net availability of funds after payment of the principal on account of the earlier contracted liabilities and interest. Table-18 below gives the position of the receipt and repayment of internal debt over the last five years. The net funds available on account of the internal debt and loans and advances from GOI after providing for the interest and repayments declined from 32 *per cent* during 2001-02 to 15 *per cent* during 2005-06.

Table-18: Net Availability of Borrowed Funds

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Internal Debt²⁰					
Receipt	5719	5827	6795	5813	4837
Repayment (Principal+Interest)	2701	2365	2269	3054	3610
Net Funds Available	3018	3462	4526	2759	1227
Net Funds Available (per cent)	52.8	59.4	66.61	47.46	25.37
Loans and Advances from GOI²⁰					
Receipt	531	419	542	548	24
Repayment (Principal+Interest)	1538	2623	3944	3051	503
Net Funds Available	(-) 1007	(-)2204	(-)3402	(-) 2503	(-)479
Net Funds Available (per cent)	(-) 189.6	(-)526.01	(-)627.68	(-) 456.75	(-)19.96
Total Public Debt					
Receipt	6250	6246	7337	6361	4861
Repayment (Principal+Interest)	4239	4988	6213	6105	4113
Net Funds Available	2011	1258	1124	256	748
Net Funds Available (per cent)	32.2	20.14	15.32	4.02	15.39

During the year, the State repaid loans and advances from GOI after borrowing funds from the open market at the weighted average rate of 7.52 per cent. The net availability of funds was increased to 15 per cent from four per cent in the previous year. However, 26 per cent of the existing market loans of the State Government carried interest rate exceeding 10 per cent. The effective cost of borrowing of their past loans, as such, is much higher than the rate at which the State is able to raise resources at present from the market.

The measures being taken to stem the growth of debt viz. to put a cap on debt, phased reduction of debt, strict control on expenditure and cap on short term debt proved insufficient as the fiscal liabilities of the State increased by 51 per cent from Rs 33,921 crore in 2001-02 to Rs 51,364 crore in 2005-06.

1.9. Management of deficits

1.9.1. Fiscal Imbalances

The deficit in the Government account represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are used are important pointers to the fiscal health of the Government.

The revenue deficit of the State declined from Rs 3,781 crore during 2001-02 to Rs 1,241 crore in 2005-06. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, declined from Rs 4,959 crore in 2001-02 to Rs 2,654 crore in 2005-06 as indicated in Table – 19 as follows:

²⁰ Net Ways and Means Advances and over draft from Reserve Bank of India included.

Table-19: Fiscal Imbalances: Basic Parameters

(Value: Rupees in crore and Ratios in *per cent*)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue deficit	3781	3754	3563	3391	1240
Fiscal deficit	4959	4410	4880	4115	2654
Primary deficit(-)/ Surplus(+)	(-) 1781	(-) 976	(-) 1168	(-) 134	1061
RD/GSDP	4.92	4.35	3.71	3.16	1.10
FD/GSDP	6.45	5.11	5.09	3.83	2.35
PD/GSDP	2.32	1.13	1.22	0.12	0.94
RD/FD	76.25	85.12	73.01	82.41	46.72

The ratio of revenue deficit to fiscal deficit was 76 *per cent* during 2001-02 which declined to 47 *per cent* in 2005-06 with inter year variations. As a proportion to GSDP, though the revenue deficit remained almost steady during 2001-05 but it decreased to one *per cent* in current year and the fiscal deficit was reduced to two *per cent* in 2005-06, the revenue and fiscal deficits year after year have corroded the financial health of the State.

1.9.2. The Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003

The State Government has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles as laid down in the Act, and/or the rules framed thereunder prescribed the fiscal targets for the State Government which are as follows:

- i. reduce the rate of growth of fiscal deficit to two *per cent* per annum in normal terms until fiscal deficit is brought down to three *per cent* of GSDP,
- ii. reduce revenue deficit as percentage of total revenue receipts atleast five percentage points from the previous year until revenue balance is achieved,
- iii. bring the ratio of debt to GSDP down to 40 *per cent* by 2006-07, and
- iv. cap outstanding guarantees on long term debt to 80 *per cent* of revenue receipts of the previous year, guarantees on short term debt to be given only for working capital or food credit in which case this must be fully backed by physical stock.

Targets and achievements of fiscal corrections during 2005-06 are given in Table-20 as follows:

Table-20

(Rupees in crore, other in per cent)

Sr. No.	Item	Targets	Achievement
1.	Fiscal Deficit	3659	2654
2.	Revenue Deficit	1710	1241
3.	Debt-GSDP Ratio (40 per cent by 2006-07)	-	45.39

The State Government succeeded in reducing both fiscal deficit and revenue deficit during the year 2005-06. Out of three parameters of 2005-06, targets have been achieved in case of two parameters i.e. reduction of revenue deficit and fiscal deficit. Ratio of debt to GSDP stood at 45.39 per cent during the year 2005-06 against absolute ceiling of 40 per cent to be achieved by 2006-07.

1.10. Guarantees given by the State Government

Punjab Fiscal Responsibility and Budget Management Act 2003 provides that the State Government shall cap outstanding guarantees on long term debt to 80 per cent of Revenue Receipt of the previous year, Guarantees on short term debt to be given only for working capital or food credit in which case this must be fully backed by physical stock. According to the information furnished by concerned Authorities, the Government of Punjab had given guarantee during 2001-06 for repayment of loans etc. raised by statutory corporations/Boards, local bodies, Cooperative Banks and societies and others, as detailed in Table 21 below:

1.10.1. The year-wise position of maximum amount for which guarantee was given by the State Government to the end of March 2006 was as under:

Table-21

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding amount of guarantees as of 31 March 2006		Percentage of maximum amount of guarantee to revenue receipts
		Principal	Interest	
2001-2002	10244	10244	340	115
2002-2003	17720	13255	479	160
2003-2004	22951	12149	93	189
2004-2005	23420	8781	104	170
2005-2006 ²¹	22086	8819	32	130

The amount of outstanding guarantees (Rs 8,851 crore) as of March 2006 was 52 per cent of the revenue receipts (Rs 16,966 crore) of the year 2005-06 and was 64 per cent of the revenue receipts of the previous year whereas the maximum amount guaranteed during 2005-06 stood at 130 per cent of the revenue receipts of 2005-06 and was 160 per cent of the revenue receipts of the previous year.

²¹ Refer Finance Account 2005-06: Statement No. 6.

1.10.2. Non-maintenance of records

The Finance Department or the Administrative departments concerned did not maintain any consolidated record of the guarantees given by the Government and collection of guarantee fee. The Finance Department collects information of guarantees from the loanee institutions through the Administrative departments for incorporation in the Finance Accounts. They do not maintain record of payment of guarantee fee to the Government in accordance with rate as laid down in the sanction by the competent authority by corporation/body. Thus, the correctness of the figures of guarantees could not be verified in audit. This indicated lack of effective control and monitoring of the guarantees given by the State Government.

1.11. Conclusion

The finances of the State continued to be under stress during 2005-06 and revenue receipts were not keeping pace with revenue expenditure. Seventy eight *per cent* of the revenue receipts were consumed on committed expenditure of State viz. salaries, pensions and interest payments. Although the revenue deficit decreased from Rs 3,391 crore in 2004-05 to Rs 1,241 crore in 2005-06, the continuous application of borrowed funds largely to current consumption and debt servicing indicated increased unsustainability and vulnerability of the State finances. It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. Similarly, the higher buoyancy of debt both with regard to its revenue receipts and own resources indicated its increasing unsustainability. The State's high cost borrowing for investments, which yielded very little return, indicated an implicit subsidy. Thus, the State has either to generate more revenues from out of its existing assets or needs to provide from its current revenue for servicing its debt obligations. The FRBM Act, 2003 was a step in the right direction but the commitments made therein still remained to be fulfilled by the State Government especially to cap outstanding guarantees to 80 *per cent* of the revenue receipts and efforts have to be made to reach the target of reduction of ratio of debt to GSDP to 40 *per cent* by 2006-07.

CHAPTER-II

**APPROPRIATION AND CONTROL
OVER EXPENDITURE**

PLATE 11

THE NATIONAL ACADEMY OF SCIENCES
OF THE UNITED STATES OF AMERICA

CHAPTER-II

APPROPRIATION AND CONTROL OVER EXPENDITURE

2.1. Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants was within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution was so charged. It also ascertains whether the expenditure so incurred was in conformity with the law, relevant rules, regulations and instructions.

2.2. Summary of Appropriation Accounts

The summarised position of actual expenditure during 2005-2006 against the total of 30 grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Expenditure	(-)Saving (+) Excess
Voted	I. Revenue	15253.39	1101.46	16354.85	14852.56	(-)1502.29
	II. Capital	2519.19	341.77	2860.96	1596.41	(-)1264.55
	III. Loans & Advances	13.53	0	13.53	13.51	(-)0.02
Total Voted		17786.11	1443.23	19229.34	16462.48	(-)2766.86
Charged	V. Revenue	4111.20	5.45	4116.65	3755.02	(-)361.63
	VI. Capital	0	0	0	0	0
	VII. Public Debt	5654.90	0	5654.90	1663.82	(-)3991.08
	Total Charged		9766.10	5.45	9771.55	5418.84
Grand Total		27552.21	1448.68	29000.89	21881.32	(-)7119.57

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 400.85 crore and capital expenditure Rs 59.55 crore.

The overall savings of Rs 7,119.57 crore as mentioned above were the net result of savings of Rs 7,185.22 crore in 74 cases and appropriations offset by excess of Rs 65.65 crore in two cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers requiring them to explain the significant variations; these had not been received (August 2006).

2.3. Savings and Excesses

2.3.1. Appropriation by allocative priorities

Out of the savings of Rs 7,119.57 crore, as much as 38.78 per cent (Rs 2,761.08 crore) occurred in 11 grants as mentioned below:

(Rupees in crore)

Grant No.	Original	Supplementary	Total Grant	Actual Expenditure	Saving
01-Agriculture and Forests-Revenue (Voted)	704.72	0	704.72	299.78	404.94
03-Cooperation-Revenue (Voted)	180.59	0	180.59	50.34	130.25
05-Education-Revenue (Voted)	2495.45	31.83	2527.28	2255.78	271.50
05-Education-Capital (Voted)	100.58	0	100.58	18.29	82.29
08-Finance-Revenue (Charged)	4073.26	0	4073.26	3715.16	358.10
11-Health and Family Welfare-Revenue (Voted)	745.67	58.22	803.89	713.04	90.85
15-Irrigation and Power-Revenue (Voted)	1558.53	675.79	2234.32	2181.28	53.04
15-Irrigation and Power-Capital (Voted)	730.24	27.12	757.36	404.64	352.72
17-Local Government, Housing and Urban Development-Capital (Voted)	205.09	146.95	352.04	182.12	169.92
21-Public Works Revenue (Voted)	907.31	4.46	911.77	793.19	118.58
21-Public Works-Capital (Voted)	648.47	45.37	693.84	511.60	182.24
22-Revenue and Rehabilitation-Revenue (Voted)	509.86	0	509.86	304.13	205.73
23-Rural Development and Panchayats-Capital (Voted)	174.76	23.36	198.12	44.96	153.16
24-Science, Technology and Environment-Capital (Voted)	196.77	0	196.77	9.01	187.76
Total	13231.30	1013.10	14244.40	11483.32	2761.08

The departments did not intimate reasons for savings. Areas in which major savings occurred in these 11 grants are given in *Appendix- VII*.

2.3.2. Persistent savings

In 13 cases, involving eight grants/appropriations, there were persistent savings of more than Rupees five crore in each case and 20 per cent or more of provision. Details are given in *Appendix-VIII*. Under six Centrally Sponsored Schemes, there were savings of 100 per cent during the last three years.

2.3.3. Original budget and supplementary provisions

Supplementary provisions (Rs 1,448.68 crore) made during this year constituted 5.26 per cent of the original provision (Rs 27,552.21 crore) as against 1.59 per cent in the previous year.

2.3.4. Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs 377.34 crore made in 13 cases during the year proved unnecessary in view of aggregate saving of Rs 1,463.84 crore. Details are given in *Appendix-IX*.

In 14 cases, against additional requirement of only Rs 861.13 crore, supplementary grants and appropriations of Rs 1,060.27 crore were obtained,

resulting in savings in each case exceeding Rupees 10 lakh, aggregating Rs 199.14 crore. Details are given in *Appendix-X*.

As mentioned below, supplementary provision of Rs 8.76 crore proved insufficient leaving an uncovered excess expenditure of Rs 8.88 crore.

Sr No.	No. and name of Grant/Appropriation	Original Grant	Supplementary Grant	Total	Expenditure	Excess
(Rupees in crore)						
Capital (Voted)						
1.	19-Planning	270.10	8.76	278.86	287.74	8.88

2.3.5. Anticipated savings not surrendered

According to rules, the spending departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2005-06, there were 23 cases in which savings above Rupees one crore in each case amounting to Rs 1,081.37 crore had not been surrendered. In 16 cases, even after partial surrender, savings of Rupees one crore and above and in two cases Rs.50 lakh and above in each case aggregating to Rs 1,623.72 crore (78.51 per cent of total savings) were not surrendered. This included savings of Rs 124.38 crore (95 per cent) under Grant No. 03-Cooperation (Revenue-voted), Rs.269.19 crore (99 per cent) under Grant No. 05-Education, (Revenue-voted), Rs.287.60 crore (80 per cent) under Grant No. 08-Finance, (Revenue-charged), Rs 340.13 crore (96 per cent) under Grant No. 15-Irrigation and Power (Capital voted) and Rs 167.32 crore (98 per cent) under Grant No. 17-Local Government, Housing and Urban Development (Capital Voted). Details are given in *Appendix-XI and XII* respectively.

2.3.6. Excess expenditure over provision of previous years, requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs 1,266.06 crore for the years 2001-05 had not been got regularised so far (August 2006). This was a breach of Legislative control over appropriations.

(Rupees in crore)

Year	No. of Grants/Appropriation	Grants/Appropriation No(s)	Amount of excess	Reasons for excess
2001-2002	4	1,15,21 & 26,	386.23	Not received
2002-2003	4	15, 18, 21 & 26	289.85	Not received
2003-2004	5	11, 12, 18, 21 & 30	194.46	Not received
2004-2005	4	8, 12, 21, 26	395.52	Not received
Total			1266.06	

2.3.7. Excess expenditure over provision of 2005-06 requiring regularization

The excess of Rs 65.65 crore involving two grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given as follows:

(Rupees in crores)

Sr.No.	No. and name of Grant/appropriation	Total Grant/appropriation	Actual expenditure	Excess
Revenue (Voted)				
1.	17-Local Government, Housing and Urban Development	224.44	281.22	56.77
Capital (Voted)				
2.	19-Planning	278.86	287.74	8.88
	TOTAL	503.30	568.96	65.65

Reasons for the excesses had not been furnished by the Government as of August 2006.

2.3.8. Persistent excesses

Significant excesses were persistent in 15 cases involving three grants as detailed in *Appendix-XIII*. Persistent excesses require investigation by the Government.

2.3.9. Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the re-appropriation of funds proved injudicious in view of final excess of Rs 141.37 crore in three grant and savings of Rs 472.57 crore in nine grants by Rupees one crore and above are detailed in *Appendix- XIV and XV* respectively.

2.4. Defective Re-appropriation

During 2005-06, 42 re-appropriation orders of Rs 5,501.05 crore were issued. Of these, 38 orders aggregating Rs 5,133.42 crore were issued on 31st March 2006, the last day of the fiscal year. Seventeen re-appropriation orders of the value of Rs 353.79 crore (6.43 per cent) were not considered in accounts as per details given in *Appendix- XVI*.

2.5. Rush of Expenditure

The financial rules require that Government funds should be evenly spent throughout the year. The rush of expenditure, towards the end of the financial year, is regarded as a breach of financial rules. Scrutiny revealed that Rs 2,751.28 crore i.e. 13.95 per cent of the total expenditure (Rs 19,723.62 crore¹) was incurred in March 2006. Expenditure on the last day of the year was Rs. 322.51 crore. It was also noticed that in 25 cases, expenditure incurred during the fourth quarter of the year ranged between 50 and 100 per cent of total expenditure under those Heads of Accounts. Expenditure incurred during March 2006 was 54.49 per cent of the total expenditure in these cases. Details are given in *Appendix-XVII*.

¹ Rupees 19723.62 crore excludes recoveries (Rs 460 crore), Ways and Means Advances (Rs 553 crore), Public Debt (Rs 1111 crore) and Loans and Advances (Rs 33 crore).

2.6. Expenditure on New Service/New Instrument of Service Rs.22.71 crore

Punjab Budget Manual lays down that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorised by the Appropriation Act for a financial year, except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

Test check of records revealed that the State Government incurred an expenditure of Rs.22.71 crore on four new schemes as detailed in the *Appendix- XVIII* without budget provision in contravention of the provisions of the Punjab Budget Manual.

2.7 Awaited DC Bills of Rs.1.67 crore

As per records of the office of the Accountant General (A&E) Punjab, Chandigarh, Detailed Contingent (DC) Bills in respect of three Abstract Contingent (AC) bills drawn from September 2002 to January 2006 aggregating to Rs.1.67 crore were awaited as on 31 March 2006.

2.8. Budgetary Control

2.8.1. A review of budgetary procedure and control over expenditure in case of five grants (09-Food and Supplies, 10-General Administration, 13-Industries, 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes, and 29-Transport) covering 14 offices of 12 departments revealed that budget estimates for the year 2005-06 due as on 1 November 2004 were sent by these Administrative departments to the Finance Department late and in some cases even after the budget had been formulated by the State Government.

The departments were to maintain Liability Register to keep watch over the undischarged liabilities. It was noticed that no such register was maintained by the Drawing and Disbursing Officers operating these grants. As a result, the Budget Estimates were prepared by the Controlling Officers without considering the liabilities of the department.

2.8.2. In 23 cases (Food and Supplies, General Administration, Industries, Social Welfare and Transport), there were persistent savings exceeding Rs 20 lakh in each case and 20 *per cent* or more of the provision during the last three years. Details are given in *Appendix-XIX*. In seven of the above cases, entire provision aggregating Rs 27.26 crore in last three years remained unutilized.

2.8.3. A detailed scrutiny of records of the Secretary to Government of Punjab, Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes (Grant No. 25) and the Transport (Grant No. 29) revealed the following irregularities:

- In 80 cases, there were savings of Rs 45.35 crore mainly due to non-release of funds by the State Government and non-submission of claims by the beneficiaries. Details are given in *Appendix-XX*.

- In seven cases, there was saving of Rs 1.06 crore due to non-passing of bills by the treasuries. Details are given in *Appendix-XXI*.
- In eight cases, there was substantial excess over grants amounting to Rs.3.36 crore as per detail given in *Appendix-XXII*.

2.9 Retention of funds outside budgetary control of State Legislature

Rules provides that all receipts of the State should be credited to the Consolidated Fund of the State and withdrawal of money therefrom should be regulated by law made by the Legislature of the State. Accordingly, fee/cess levied through Acts of Legislature of the State and sale proceeds of government land should be credited into the Consolidated Fund of the State.

Scrutiny of Cattle Fair Fund accounts maintained by the Rural Development and Panchayat Department revealed that a sum of Rs.11.05 crore was realized as Cattle Fair fee during 2005-06. From 9 August 2002, the receipts under Cattle Fair Fund were deposited into the personal saving bank account. Status of accounts as on 31 March 2006 has been given below:

(Rupees in crore)

Year	Opening Balance	Funds collected during the year	Interest earned	Total	Expenditure	Closing Balance
2005-06	4.82	11.05	0.23	16.10	10.78	5.32

The receipts and disbursements were credited/debited to the said fund rather than into the Consolidated Fund of the State. This resulted in irregular retention of government money outside the government accounts and also irregular expenditure without budgetary control of the State Legislature.

Reasons for irregular transactions were called for. Reply has not been received (August 2006).

2.10 Personal Deposit Account Balances as on March 2006-8443-Civil Deposits-106-Personal Deposits

Government decided (September 2004) that all the existing Personal Ledger Accounts (PLA) stand closed effective on 31 July 2004 by debit to the concerned PLA and contra-credit to the receipt head of the department concerned, by which the amount was drawn from its expenditure head originally.

Contrary to the instructions of September 2004, the following amounts were lying in PLA account. Year-wise detail is as under:

(Rupees in crore)

Year	Opening Balance	Receipt	Payment	Closing Balance
2003-04	44.28	28.64	31.68	41.24
2004-05	41.24	34.82	44.88	31.18
2005-06	31.18	595.46	587.65	38.99

Retention of money in PLA contrary to Punjab Government instructions referred to above was irregular.

CHAPTER-III

PERFORMANCE REVIEWS

CHAPTER-III

PERFORMANCE REVIEWS

This chapter presents four Performance Reviews covering Water Supply and Sanitation Department, functioning of Punjab Agricultural University, Ludhiana, educational development of Scheduled Castes and implementation of Sarva Shiksha Abhiyan.

3.1. Review of Water Supply and Sanitation Department

Highlights

WATER SUPPLY AND SANITATION DEPARTMENT

Review of working of Water Supply and Sanitation Department revealed cases of financial mismanagement. Expenditure was in excess of amount deposited by the client agencies and amounts were kept in banks in personal accounts in violation of the instructions. Despite availability of Rs 2.92 crore, 2129 traditional sources of water could not be revived to provide safe drinking water. Ignoring 331 villages with acute problem, 42 schemes covering 59 villages with not so acute problem were completed by diverting funds of Rs 8.32 crore from schemes of acute problem villages. Purchase of 20 units of water treatment plants was made in violation of rules. Some of the significant findings are given below:

➤ *Rupees 8.34 crore spent in excess of the amount deposited by client agencies, on the works to be executed on their behalf, was awaiting realisation.*

(Paragraph 3.1.10)

➤ *Rupees 6.71 crore were lying irregularly in banks instead of treasury, in disregard to instructions.*

(Paragraph 3.1.11)

➤ *Failure of the department/Government to initiate action to realize revenue from Stand Posts, resulted in loss of revenue amounting to Rs 32.55 crore.*

(Paragraph 3.1.16)

➤ *Expenditure of Rs 8.32 crore made on 42 schemes covering 59 villages was not justified as problem villages identified in 2001 were still not cleared.*

(Paragraph 3.1.18)

➤ *There was overall shortfall in targets for coverage of main habitations and other habitations by 15 per cent during 2001-06.*

(Paragraph 3.1.20)

➤ *Against 54000 tests required to be carried out by three district level laboratories, only 7588 tests were performed and shortfall ranged between 81 per cent and 92 per cent.*

(Paragraph 3.1.31)

Introduction

3.1.1. The organisation of Punjab Public Works Department (PWD), 'Public Health Branch' renamed as 'Water Supply and Sanitation Department', is responsible for providing drinking water in rural areas through Water Supply and Sanitation (RWS) Divisions and Water Supply and Sanitation/Drainage in government buildings through Government Works (GW) Divisions. Besides, department is engaged in collecting revenue in terms of user charges, water connection fee etc.

Organisational set up

3.1.2. The Administrative Secretary, Water Supply and Sanitation Department is overall incharge of the department. He is assisted by three Chief Engineers (CE) i.e. Chief Engineer (South), Chief Engineer (North) and Chief Engineer (Central), One Superintending Engineer (SE) and seven Executive Engineers (EE) at Headquarters Patiala. In the field, there are 11 circle offices headed by the Superintending Engineers and 48 Divisions each headed by the Executive Engineer.

Audit Objectives

3.1.3. The objective of the audit during review was mainly to assess whether:

- Funds received were utilised in economical and efficient manner and for the intended purpose and realisation of revenue is made in an effective manner;
- Rules, regulations/instructions of the Government regarding execution of work were strictly followed;
- Stock management was done properly;
- Water testing at laboratories have been performed as per norms, to ensure supply of potable water.

Scope of Audit

3.1.4. The records in the offices of Finance Department (Budget Branch), Administrative Secretary, three Chief Engineers,¹ three Superintending Engineers¹ (out of 11 SEs), 14 Divisions¹ (out of 48 divisions), for the period from 2001-06, were test checked between November 2005 and May 2006.

Funding pattern

3.1.5. Accelerated Rural Water Supply Programme (ARWSP) is fully financed by Government of India (GOI). GOI allowed use of 15 *per cent* of the funds released under ARWSP towards operation and maintenance (O & M) of assets created. From 2001-02 onwards, under National Bank for Agricultural and Rural Development (NABARD) aided projects, 90 *per cent* of the project cost is released by NABARD as loan and balance 10 *per cent* was to be provided by the State Government. From December 2003, 85 *per cent* of the project cost is released by NABARD as loan and 15 *per cent* is contributed by the State Government. Under Pradhan Mantri Gramodaya Yojana (PMGY), 30 *per cent* of the assistance is

¹ Chief Engineer (South), Chief Engineer (North), Chief Engineer (Central); Superintending Engineer Bathinda, Ferozepur, Chandigarh; (RWS) Divisions at Abohar, Bathinda, Ferozepur, Fazilka, Fatehgarh Sahib, Pathankot, Tarn Taran, (GW) Divisions at Amritsar, Bathinda, Mohali - II, Muktsar, Jalandhar, Patiala, Mechanical Division Patiala.

released as grants-in-aid by GOI and balance 70 per cent as loan to the State Government. Minimum Needs Programme (MNP) is a district level scheme and is fully funded by the State Government through Planning Board.

Financial Management

Allotment of funds and expenditure

3.1.6. The position of allotment of funds under ARWSP, NABARD, PMGY and MNP for the years 2001-06 and expenditure incurred thereagainst as reported by the department to GOI through periodical financial progress reports was as under: -

3.1.7. Accelerated Rural Water Supply Programme (Central Sector)

(Rupees in crore)

Year	Funds Allocated by GOI	Funds released by GOI to State Government	Funds released to implementing agency	Funds with State Government	Expenditure		
					ARWSP	O & M	Total
2001-02	22.77	19.86 ²	16.86	3.00	22.68	2.91	25.59
2002-03	25.81	30.81 ³	28.81	2.00	29.78	4.62	34.40
2003-04	22.69	22.69	16.34	6.35	19.72	3.40	23.12
2004-05	28.15	28.15	28.08	0.07	25.16	4.22	29.38
2005-06	80.00	40.24	51.66	(-) 11.42	21.79	6.04	27.83
Total	179.42	141.75	141.75	NIL	119.13	21.19	140.32

It was seen from the financial progress reports that:

- Funds to the tune of Rs 37.67 crore were short released by GOI (Rs 141.75 crore) than the allocated (Rs 179.42 crore), the reasons thereof are awaited (September 2006);
- Funds under ARWSP released by GOI to the State Government should have been passed on to implementing agency within a period of 15 days as required whereas Finance Department took between one and seven months to release 16 instalments involving Rs 116.12 crore during 2001-06 which affected execution of the schemes. Carry over of funds in excess of permissible limits resulted in reduction by Rs 5.92 crore against allocation of Rs 22.77 crore for 2001-02, hampering the implementation of schemes.

NABARD aided programme and Pradhan Mantri Gramodaya Yojana

3.1.8. Against the allocation of funds of Rs 348.96 crore for the period 2001-06, funds amounting to Rs 331.39 crore (Rs 287.89 crore – NABARD, Rs 43.50 crore – State Government) were released. Of these, expenditure of Rs 343.62 crore was incurred. Under PMGY, GOI released Rs 47.75 crore during 2001-06 (allocation Rs 73.27 crore) against which expenditure of Rs 61.62 crore had been incurred.

² Allocation of 22.77 crore plus additional central assistance of Rs three crore minus Rs 5.91 crore for the year 2001-02 released by GOI on 26 March 2002.

³ Includes additional central assistance of Rs five crore released by GOI during 2002-03 on 28 March 2003.

Minimum Needs Programme

3.1.9. Against the allocation of funds of Rs 46.35 crore for the period 2001-06 funds amounting to Rs 3.38 crore were released, whereas expenditure of Rs 26.23 crore was incurred during the same period. Remaining amount of expenditure was stated (March 2006) to have been met out of funds released by the District Planning Boards to the implementing agencies directly during the period mentioned above but no details thereof viz. name of divisions, amount, etc. were available. The department did not evolve any mechanism thereof.

Expenditure incurred in excess of funds deposited by client agencies

3.1.10. As per Departmental Financial Rules, before executing deposit works, full amount required for deposit works should be deposited in advance and no expenditure should be incurred in excess of funds deposited.

Rupees 8.34 crore spent in excess than the amount deposited by client agencies, on the works to be executed on their behalf were still awaiting realisation

Test check of records of EE, Water Supply and Sanitation (GW) Division No.2, Mohali, revealed (December 2005) that between 2000-01 and 2004-05, expenditure of Rs 8.34 crore in excess of funds deposited (Rs 82.17 crore) by Municipal Corporation, Mohali and Municipal Corporation, Chandigarh was incurred (Rs 90.51 crore), which was yet to be realised (December 2005).

On being pointed out (December 2005), EE stated (December 2005) that matter was under correspondence. Further reply has not been received (September 2006).

Irregular operation of bank account

Rupees 6.71 crore were lying irregularly in banks instead of in treasury, in disregard to instructions

3.1.11. State Treasury Rules provide that a Government Officer may not, except with special permission of Government, deposit in a bank, money withdrawn from government account. Reiterating the provisions of rules, Finance Department issued (August 1999) instructions to close all such accounts and deposit the amount in the treasury.

Test check of records of three⁴ divisions revealed (December 2005 to July 2006) that in contravention of the above provisions, EEs were still operating bank accounts. However, amount of Rs 6.71 crore was lying in bank accounts as on July 2006.

This was pointed out between December 2005 and June 2006; reply has not been received (September 2006).

Irregular transfer of funds

Rupees 6.77 crore was irregularly transferred between the divisions without sanction of competent authority

3.1.12. Funds are released through Letter of Credit (LOC) keeping in view requirements of various EEs subject to availability.

It was noticed that three EEs of Water Supply & Sanitation (RWS) Divisions at Tarn Taran, Ferozepur and Fazilka, received funds of Rs 6.33 crore from ten divisions and transferred funds of Rs 43.67 lakh to four⁵ divisions, between April 2001 and March 2006, out of the funds received through LOC, without the approval of the competent authority.

⁴ Government Works Division II, Mohali (Rs 5.10 crore), RWS Division, Pathankot (Rs 1.19 crore) RWS Division, Ropar (Rs 42.29 lakh).

⁵ Faridkot, Abohar, Mansa and Amritsar.

This was pointed out in February and March 2006; reply has not been received (September 2006).

Reconciliation of expenditure

3.1.13. A comparison of figures of expenditure reported to GOI with those appearing in the Appropriation Accounts of the State Government revealed variations as the department had not adopted the figures appearing in Appropriation Accounts as per *Annexure-A* to para, though these figures had been reconciled with the Accountant General (A&E).

Grants-in-Aid released by GOI

3.1.14. GOI released Rs 6.36 crore (Rs 2.46 crore: 2003-04 and Rs 3.90 crore: 2004-05) being 90 *per cent* of total cost of project, as grants-in-aid, for the purpose of (i) installation of 1,084 hand pumps in scarcity villages (Rs 3.39 crore) (ii) revival of 2129 traditional sources of water (Rs 2.92 crore) and (iii) providing drinking water for 20 primary schools (Rs 0.05 crore). The balance ten *per cent* was to be contributed by the Gram Panchayats for the implementation of the schemes.

Scrutiny of records revealed that out of GOI funds of Rs 6.36 crore, the State Government released Rs 5.65 crore to the department. It was further noticed that 1123 hand pumps were installed against the target of 1084 hand pumps by incurring expenditure of Rs 3.92 crore. Thus, excess expenditure of Rs 52.88 lakh was incurred on excess installation of 39 hand pumps. Panchayats share of Rs 39.20 lakh on hand pumps was not recovered from Panchayats. However, no action was taken to utilise the funds provided for (i) revival of 2129 traditional sources of water and (ii) providing drinking water for 20 primary schools.

This was pointed out to department in May 2006; reply has not been received (September 2006).

Irregular utilisation of security and connection fee towards departmental expenditure

3.1.15. As per instructions issued by the State Government (December 2002), Divisional Engineers were authorized to use the revenue collection from the sale of dead/full grown trees, fines for waste and wrong use of water and water tariff collected from private water connection holders, for the payment of electricity bills, bleaching powder, canal water charges and for the repair and maintenance of rural water supply schemes.

Records of the EE, Water Supply and Sanitation (RWS) Division, Tarn Taran, Fatehgarh Sahib, Fazilka and Abohar revealed that an amount of Rs 1.09 crore realised during 2001-06 on account of security (Rs 7.63 lakh) and connection fee (Rs 1.01 crore), were irregularly utilised on O&M⁶ of water supply schemes between January 2003 and March 2006.

On this being pointed out (March 2006), the EE at Fazilka and Abohar stated (March 2006) that these were being used as per Government instructions. Reply is not acceptable because Government allowed only tariff collection

⁶ Operation and Maintenance.

charges and not connection fee and security deposit. Reply has not been received from other two divisions (September 2006).

Non-realisation of revenue from Stand Post

3.1.16. Water charges at the rate of Rs 10 per month (upto 31 March 2005) and Rs 15 per month thereafter, were levied (December 2002) by the State Government on each house hold, drawing water from public Stand Post.

Failure of the department to initiate timely action to realise revenue from stand posts, resulted in non-realisation of revenue of Rs 32.55 crore

Scrutiny of records of Chief Engineer (South), Patiala revealed that water charges from the Stand Posts for the years 2002-06 to the tune of Rs 32.55 crore had not been realised from the house holds ranging between 7.10 lakh and 7.50 lakh which have used the Stand Posts.

Though the non-realisation of revenue of Stand Post of Rs 26.52 crore for the years 2002-05 was communicated (July 2005) by the CE (South) to the State Government, further action to realise charges had not been taken resulting in loss of revenue to the Government.

This was pointed out (December 2005); reply has not been received (September 2006).

Planning

3.1.17. Nine hundred sixty four schemes were approved under NABARD aided projects between 2000 and 2003 at an estimated cost of Rs 309.85 crore. These schemes were scheduled to be completed upto March 2005. Despite incurring expenditure of Rs 260.26 crore⁷, only 726 schemes were completed and 238 schemes remained incomplete by extended period of March 2006 though an expenditure of Rs 48.85 crore was incurred on these incomplete schemes. Similarly, under PMGY, 351 schemes estimated at Rs 92.51 crore scheduled to be completed upto March 2005 were taken but despite incurring expenditure of Rs 61.62 crore, the department could complete only 216 schemes and 135 schemes remained incomplete (March 2006) despite incurring expenditure of Rs 17.13 crore on these incomplete schemes.

Unjustified inclusion of villages in schemes

Expenditure of Rs 8.32 crore made on 42 schemes covering 59 villages not in priority was unjustified

3.1.18. The department identified 3343 problem villages during the year 2001. 782 villages were severely problem villages and 2561 not severely problem villages. Though department intimated GOI (May 2002) to take up 2561 villages only after covering all the 782 villages but without covering 331 villages (out of 782 villages) it took up 42 schemes covering 59 villages out of 2561 villages not on priority at an estimated cost of Rs 12.14 crore and incurred expenditure of Rs 8.32 crore (March 2006) which was unjustified.

3.1.19. As per the instructions of GOI, only problem villages should be covered under the centrally sponsored water supply schemes. It was noticed (April 2006) that 11 non-problem villages were covered and an expenditure of Rs 1.40

⁷ Expenditure of Rs 260.26 crore was incurred on 12 projects (RIDF VI (1), (2), (3), VII(1), (2), (3) and VIII (1), (2), (3), (4), (5) and (6) which were scheduled to be completed upto March 2005.

crore was incurred (upto March 2006) against the estimated cost of Rs 2.16 crore. Coverage of non-problem villages from central assistance resulted in unjustified expenditure of Rs 1.40 crore

This was pointed out (April 2006); reply has not been received (September 2006).

Programme management/performance

Target and achievement under rural water supply schemes

3.1.20. It was noticed that though target of 4768 not covered (NC) villages and 4659 partially covered (PC) villages were projected in Annual Action Plan but targets were reduced to 2011 NC villages and 1868 PC villages and 908 other habitations (OH) during 2001-06. Even reduced targets were not achieved as detailed below:-

Year	Target		Achievements								Percentage of shortfall	
			ARWSP		PMGY	NABARD	MNP	PMA*	Total			
			MH	OH	MH	MH	MH	MH	MH	OH		
2001-02	420	97	137	24	97	--	24	--	258	24	38.58	75.26
2002-03	813	52	195	6	83	419	7	--	704	06	13.41	88.47
2003-04	958	27	206	12	90	409	29	--	734	12	23.39	55.56
2004-05	720	352	93	34	48	284	15	152	592	34	17.78	90.35
2005-06	968	380	320	424	179	631	106	41	1277	424	--	--
Total	3879	908	951	500	497	1743	181	193	3565	500		

** Grant-in-aid released during 2003-05*

There was overall shortfall in targets for coverage of main habitation and other habitation of 15 per cent during 2001-06

Though programme-wise targets were not fixed yet over all shortfall in the coverage of Main Habitations (MH) and Other Habitations (OH) during 2001-06 was 15 per cent.

Reasons for shortfall were called for (October 2005 and April 2006), reply has not been received (September 2006).

Execution of works

Expenditure in excess/without sanctioned estimates

Expenditure of Rs 25.74 crore was made on 107 RWS schemes without technical sanction of detailed estimates

3.1.21. No work should be commenced unless a detailed estimate of the work is prepared and technically sanctioned by the competent authority. Where the expenditure is likely to exceed the sanctioned amount/project cost by more than five per cent, a revised estimate should be got sanctioned.

In three RWS Divisions at Ferozepur, Fatehgarh Sahib and Fazilka, expenditure of Rs 25.74 crore on 107 RWS schemes was incurred during 2001-06 without getting the detailed estimates technically sanctioned from the competent authorities.

In one Water Supply and Sanitation (RWS) Division at Ferozepur, expenditure of Rs 60.70 lakh was incurred during April 2001 to January 2006 on 16 schemes in excess of the amount of technical sanction/project cost of the schemes by more than five per cent but revised estimates were still awaiting sanction.

This was pointed out in February and March 2006; reply has not been received (September 2006).

Infructuous expenditure

3.1.22. Scrutiny of records of EE, Water Supply and Sanitation (RWS) Division, Tarn Taran revealed that as per resolution (June 2000), panchayat gave willingness to hand over six Kanals of land on which Over Head Service Reservoir (OHSR) was to be constructed and tubewell was to be installed. A person claimed the ownership of the land and mutation was decided by the court in his favour in May 2001. In spite of the fact that land was not acquired, department started work of laying distribution system in February 2003 and incurred expenditure of Rs 24.56 lakh. As no work of OHSR and tubewell was taken up due to non-availability of land, expenditure of Rs 24.56 lakh incurred on laying of distribution system rendered infructuous.

On being asked it was stated (February 2006) by the department that work was under construction. The reply was not acceptable as the scheme could not be made functional without construction of OHSR and installation of tubewell due to non-availability of land.

Ungainful expenditure on rural water supply schemes

3.1.23. Test check of records of EE, Public Health (RWS) Division, Nawanshahar revealed that work for providing water supply scheme in block Aur in Jalandhar at estimated cost of Rs 32.90 lakh, was allotted in August 1997 (Tube-well), August 1998 (OHSR) and March 1999 (Distribution System, Machinery and Staff Quarters) and expenditure of Rs 18.77 lakh was incurred upto July 2002. The work on tube-well was only completed whereas distribution system was partially laid and progress on OHSR was yet to be made, with the result that the scheme had been lying incomplete as of May 2006. It was further noticed that neither any public Stand Post had been installed nor private connections were given to the public for water supply. Thus, the object of improving distressed condition of potable water remained unachieved even after a period of over eight years rendering the entire expenditure of Rs 18.77 lakh as ungainful.

On being pointed out (November 2005); it was stated (May 2006) that funds were not released by the treasury and work was now being included in NABARD projects. Further report has not been received (September 2006).

Unfruitful expenditure

3.1.24. In Punjab State, district Bhatinda was identified for Sector Reforms Project. GOI, sanctioned (February 2000) Rs 7.52 crore and released (March 2000) first installment of Rs 2.10 crore to the State Government.

It was noticed that District Water Supply and Sanitation Mission (DWSM), Bhatinda, took 22 schemes (covering 36 villages) under the project.

Further, against the estimated cost of Rs 5.81 crore (against GOI funds of Rs 7.52 crore), beneficiaries' share of Rs 58.13 lakh was required to be collected in advance against which only Rs 18.64 lakh were realised. Funds of Rs 1.88 crore were released (2001-02) to Village Water Supply Committee against which expenditure of Rs 1.83 crore was incurred upto March 2006. As the

Due to non-completion of distribution system and construction of OHSR, the scheme could not be made functional rendering expenditure of Rs 18.77 lakh ungainful

Non deposit of full beneficiary share deprived further release of GOI funds of Rs 5.42 crore, non-completion of Sector Reform Projects and also expenditure of Rs 1.83 crore made rendered as ungainful

executing agencies failed to collect full beneficiaries' share in advance, balance funds (Rs 5.42 crore) were not released by GOI. None of the schemes could be completed as of May, 2006; thus, forfeiting the objective of the reforms, depriving the beneficiaries from intended benefits and rendering the expenditure of Rs 1.83 crore ungainful.

This was pointed out in May 2006; reply has not been received (September 2006).

Failure of the State Government to release funds for the water supply schemes resulted in stoppage of work of the schemes rendering expenditure of Rs 55.53 lakh incurred as idle

3.1.25. Test check of records of the EE, Water Supply and Sanitation (RWS) Division, Jalandhar revealed (June 2005) that the administrative approval to nine rural water supply schemes in three blocks comprising 27 villages in Jalandhar district under ARWSP was accorded between September 1999 and July 2002 at an estimated cost of Rs 3.78 crore. The work was started between September 2001 and October 2003 but after incurring an expenditure of Rs 55.53 lakh⁸ on the installation of tubewells and purchase of some machinery between March 2002 and February 2004, the work was stopped due to non-availability of funds. Work on the remaining components had not been taken up as of now (April 2006). As a result, all the nine schemes could not be completed and consequently entire expenditure of Rs 55.53 lakh incurred was rendered idle, besides defeating the very objective of the schemes for providing potable water to the villages.

On this being pointed out (June 2005), the EE while admitting the facts stated (June and August 2005) that as and when sufficient funds are received, the balance work on the schemes would be completed.

Material management

Fictitious stock adjustment

There was a fictitious adjustment of stock of Rs 1.55 crore in the divisions

3.1.26. Under the Departmental Financial Rules, stock adjustment such as debiting a work with cost of material not required or in excess of actual requirement, in order to utilise budget grant is prohibited. In contravention to this it was observed that:

In Water Supply & Sanitation (RWS) Division, Fatehgarh Sahib, EE issued MS pipes, Stainless steel strainers/sockets and PVC pipes worth Rs 27.09 lakh to 26 schemes between August 2003 and January 2005 and the same was subsequently written back between September 2003 and December 2005. Further, in Water Supply & Sanitation (RWS) Division, Fazilka, EE issued (March 2005) a cheque of Rs 88.14 lakh to EE, Ferozepur for the procurement of stores for 10 schemes of ARWSP and booked the expenditure although the stores had not been received. Subsequently EE, Fazilka cancelled (June 2005) the cheque issued and reversed the expenditure due to non-receipt of material. Thus, booking of expenditure in anticipation of receipt of material was fictitious. In Water Supply & Sanitation (RWS) Division, Ferozepur it was seen (January 2006) that material/stores worth Rs 40.29 lakh were issued (between December 1999 and December 2000) to various works without requirement as the stores were found lying in the stock at the time of annual physical

⁸ Kartarpur Rural: Rs 6.73 lakh, Authaula: Rs 8.65 lakh, Malko Trar: Rs 4.71 lakh, Darawan Kala Bakra: Rs 14.94 lakh, Damunda: Rs 5.42 lakh, Beharam Shrista: Rs 3.36 lakh, Pattar Kalan: Rs 3.57 lakh, Nangal Khurd: Rs 3.44 lakh and Dhurial: Rs 4.71 lakh.

verification conducted in February 2001 and March 2003 for the year 2000-01 and 2002-03 respectively.

The above was pointed out in February and March 2006; reply has not been received (September 2006).

Irregular expenditure on purchase of 20 units of transportable water treatment plants

Purchase of 20 units of transportable water treatment plants was irregular. Besides timely installation could not be ensured in the absence of a penalty clause

3.1.27. Procedure and rules prescribed for the procurement of stores lay down that where value of machinery or stores exceeds Rs two lakh and is of imported origin, the tenders shall be invited through the Director General of Supply and Disposal, New Delhi. But in no case shall particular make or brand be insisted upon, as this restricts competition to the disadvantage of the buyer department.

Test check of records of Chief Engineer (South), Water Supply and Sanitation Department, Patiala revealed that supply order was placed (March 2003) with M/s Cuner Trading Company, Uruguay at a cost of Rs 4.46 crore for supply and installation of 20 units of transportable water treatment plant, UPA 200 T, without calling global tenders. The order was placed on the basis of communication between the supplier (manufacturer) and the State Government as the item to be purchased was stated to be patented. The plant was to be supplied and installed by the company at the identified sites⁹ within a period of six months from the date of issue of supply order i.e. by September 2003. As against this the process of installation of plants was started in May 2005 and completed in June 2005 entailing a delay of 20 months from the stipulated period. However, no action was initiated against the company for not complying with the conditions of the supply order as there was no penalty clause in the supply order for claiming the damages. Further, funds were arranged from Punjab Rural Development Board as the supply order was placed without making a provision of the funds. Thus, purchase of Rs 4.46 crore without following the procedure prescribed was irregular. Also, due to failure of department to include penalty clause in supply order, timely supply of plants and installation thereof, could not be ensured and no action could be taken against supplier to claim damages.

On being pointed out (November 2005), it was stated (February 2006) that most of the schemes were old and required augmentation which would take about one year whereas standby arrangements by installing transportable water treatment plants took two to three months. The reply was not tenable as supply order was placed without following the prescribed procedure and supply and installation of plants were delayed up to 20 months.

Quality control and water testing laboratories

Non-drawl of sample as per norms

In three divisions test checked, no samples of water were drawn with the result that quality of water supplied was not assured

3.1.28. As per GOI norms, the water samples from every RWS scheme were to be drawn, twice a year for bacteriological analysis and once for chemical analysis. The scrutiny of records of three¹⁰ test checked divisions revealed that neither samples were drawn nor any record thereof was maintained, as such

⁹ Mansa (4), Muktsar (4), Ferozepur (2), Ropar (2), Bhatinda (2), Moga (6).

¹⁰ RWS Division, Tarn Taran, Ferozepur and Fazilka.

quality of water being supplied was not assured. No reply was furnished (July 2006) to audit observations made (February and March 2006).

Supply of non-potable water

3.1.29. Scrutiny of records of State Level Laboratory at Patiala for the year 2001-02 to September 2005 revealed that out of 7970 number of water samples that were analysed for physical and chemical analysis, in 1003 samples, water was found potable. In 707 cases water was found to be non-potable and in 6260 cases it was within rejection limit but above acceptable.

Scrutiny further revealed that from 2001-02 to 2005-06 (up to September 2005) 315 bacteriological analysis were conducted on water sample. Out of this, 156 water samples (GW Division: 87 and RWS Division: 69) were analysed for the department and out of which in 59 (GW Division: 26 and RWS Division: 33) water samples were declared not potable.

Despite knowledge of the fact that quality of water that was supplied was not potable, no follow-up action has been taken to rectify the defects in quality of water, consequent to testing.

Non-establishment of laboratories

3.1.30. GOI sanctioned (March 2001) nine district level laboratories at a cost of Rs 30 lakh, to be met at a ratio of 60:40 between GOI and State and provided Rs 18 lakh (March 2001) but State's share of Rs 12 lakh (40 *per cent*) had not been released resulting in non-establishment of these laboratories (March 2006). One State level laboratory at Patiala and three district level laboratories at Amritsar, Bhatinda and Ferozepur were already in existence in the State.

Shortfall in testing water samples

3.1.31. GOI fixed yearly norms for testing 6000 water samples for each district laboratory. It was noticed that there is no sanctioned strength of laboratory staff for district laboratories which were functioning with untrained staff i.e. Junior Engineer and Work *Munshi*. Out of three laboratories in Amritsar, Bhatinda and Ferozepur, no bacteriological tests are being performed at Ferozepur and Bhatinda due to non-posting of skilled staff during April 2001 to March 2006. Against the required 54000 tests to be carried in three district level laboratories during the years 2003-06, only 7588 tests were carried out and shortfall ranged between 81 *per cent* to 92 *per cent*. The department attributed the shortfall in test to the non-posting of technical staff for which the case was stated (February 2006) to have been taken up with the Government. However, fact remained that qualitative supply of potable water to the people could not be ensured in the absence of such tests.

On being pointed out (December 2005), it was stated (February 2006) that the new laboratories are being set up and staff proposal has been sent to the State Government.

Conclusion

3.1.32. The review highlights the failure of the department/ Government in the area of financial management planning, implementation of water supply

Nine district level water testing laboratories were not established and in three established laboratories, no technical staff was either sanctioned or posted

Against 54000 tests required to be carried out by three district level laboratories, only 7588 tests were performed and shortfall ranged between 81 *per cent* and 92 *per cent*

schemes and material management. Department failed to utilise the funds released by GOI as these were released late by the State Government to the implementing agencies. Expenditure on deposit works was made in excess of the funds received. Instances came to notice where money was irregularly kept in banks and funds were irregularly transferred between the divisions. Department failed to realize revenue from users of Stand Posts. Expenditure was incurred on water supply schemes for villages which were not on priority rendering the expenditure unjustified besides depriving the priority villages the benefits of these schemes. Shortfall was noticed in achievement of targets for the coverage of main habitation and other habitation. Unfruitful expenditure was incurred on incomplete schemes. Purchase of transportable water treatment plants was irregular. Department did not take steps to ensure supply of potable water.

Recommendations

- A system should be evolved to recover the water charges from the users of Stand Posts;
- Operation of bank accounts should be stopped and government money kept in bank accounts should be deposited into treasury;
- Efforts should be made to complete incomplete/non-functional schemes so that money invested in the schemes may be gainfully utilised;
- Efforts should be made to establish/strengthen laboratories at district level so as to ensure supply of potable water.

The above points were reported to Government in June 2006; reply has not been received (September 2006).

Annexure-A

(Refers to Paragraph 3.1.13, Page 35)

(Rupees in crore)

Year	Name of schemes	Expenditure as per appropriation Accounts	Expenditure reported to GOI	Difference in expenditure reported to GOI
2001-02	ARWSP/Sub-Missions	28.55	22.68	(-) 5.87
	PMGY	11.57	12.73	(+) 1.16
	NABABD	39.66	49.75	(+) 10.09
	MNP	11.36	14.18	(+) 2.82
	O & M (Non-Plan)	58.10	60.17	(+) 2.07
2002-03	ARWSP/Sub-Missions	30.96	29.78	(-) 1.18
	PMGY	17.31	17.58	(-) 0.27
	NABABD	58.87	67.97	(+) 9.10
	MNP	0.27	2.91	(+) 2.64
	O & M (Non-Plan)	85.96	85.26	(-) 0.70
2003-04	ARWSP/Sub-Missions	20.08	19.72	(-) 0.36
	PMGY	13.48	13.61	(+) 0.13
	NABABD	51.67	54.51	(+) 2.84
	MNP	0.49	5.00	(+) 4.51
	O & M (Non-Plan)	113.84	89.03	(-) 24.81
2004-05	ARWSP/Sub-Missions	27.43	25.16	(-) 2.27
	PMGY	8.02	7.98	(-) 0.04
	NABABD	55.12	59.53	(+) 4.41
	MNP	0.22	3.52	(+) 3.30
	O & M (Non-Plan)	115.01	77.20	(-) 37.81
2005-06	ARWSP/Sub-Missions	30.56	21.79	(-) 8.77
	PMGY	13.59	9.72	(-) 3.87
	NABABD	102.37	111.86	(+) 9.49
	MNP	0.20	0.62	(+) 0.42
	O & M (Non-Plan)	125.70	83.12	(-) 42.58

3.2. Functioning of Punjab Agricultural University Ludhiana

DEPARTMENT
OF
AGRICULTURE

Highlights

Review on the functioning of Punjab Agricultural University revealed that the funds and financial management systems were defective. This was evident from the fact that balance sheets were not prepared, calculation of deficit was inaccurate, advances were outstanding for many years and recoveries from client organizations were not effected. The impact of research activity particularly introduction of improved variety of seed did not result in increase in productivity in the State. Extension trainings were not organized as envisaged. Utilisation of infrastructure suffered from major deficiencies and large tract of fallow land was not utilised for agriculture.

- *University did not prepare its balance sheet since its inception i.e. 1962, as a result, exact status of assets and liabilities was not known.*
(Paragraph 3.2.5)
- *Income of Rs 21.78 crore received in sinking fund was not taken into computation while working out overall deficit.*
(Paragraph 3.2.6)
- *Advances to the tune of Rs 26.62 crore were still outstanding and were awaiting adjustment since 1970-71 onwards, while expenditure of Rs 2.52 crore incurred in excess of amount received from sponsoring agencies was not recovered.*
(Paragraph 3.2.7 and 3.2.8)
- *Due to lack of marketing skills and non-adoption of flexibility in sale rates, University suffered a loss of Rs 1.63 crore in sale of seeds as grains.*
(Paragraph 3.2.11)
- *Non-utilisation of infrastructure created in the construction of a college building rendered expenditure of Rs 1.10 crore incurred thereon ungainful.*
(Paragraph 3.2.17)
- *Non-use of land, kept as fallow land resulted in loss of income to the University.*
(Paragraph 3.2.20)
- *Failure of University to avail the waiver of electricity charges on irrigation tubewells granted by the Government resulted in excess payment of Rs 50.92 lakh.*
(Paragraph 3.2.23)
- *Ungainful expenditure of Rs 2.28 crore was incurred on running of University Press.*
(Paragraph 3.2.24)

Introduction

3.2.1. Punjab has a geographical area of 5036 thousand hectares out of which 4201 thousand hectares area (83 *per cent*) was under cultivation. Agriculture provided direct employment to more than 39 *per cent* of its population. For furtherance of agricultural interests of the State, the Punjab Agricultural University Ludhiana (PAU) was established in October 1962 under the Punjab Agricultural University Act, 1961.

The activities of University fall within three key areas viz. (i) 'Teaching', (ii) 'Research' and (iii) 'Extension Education' which are imparted through five constituent colleges located at Ludhiana, comprising 47 departments responsible for teaching, research and extension education work relating to its field of study. The research work is facilitated through 18¹¹ Research Stations (Regional stations, Regional fruit stations and University seed farms etc). The extension work is further facilitated through 15¹² Krishi Vigyan Kendras (KVKs), two¹³ training centres and a centre of communication, language and culture in PAU.

The Governor of the State is ex-officio Chancellor of PAU and honorary Chairman of the Board of Management (Board) of which the Vice Chancellor is working chairman. The Vice Chancellor, a whole time officer of PAU, is appointed by the Board and is the Principal executive and academic officer. He is also responsible for close coordination of teaching, research and extension education. He is assisted in his work by Director of Research, Librarian, Estate Officer-cum-Chief Engineer, Comptroller, Dean of Constituent Colleges, Registrar, Dean Post Graduate Studies, Director of Extension Education and Director Students Welfare.

Scope of Audit

3.2.2. The review covered the activities of PAU for the period 2000-05 and records of 39 (*Appendix-XXIII*) out of 96 drawing and disbursing officers responsible for drawing and making payment in each departments, research station etc., were test checked during October 2005 to March 2006.

Audit objectives

3.2.3. The objectives of Audit during review were to assess:

- the management of financial resources was done efficiently and effectively;
- whether the results of research activities including adaptive research trials in various fields and research projects were evaluated and benefit therefrom was duly extended to beneficiaries;
- whether utilisation of infrastructure created and its maintenance was efficient;

¹¹ Abohar, Ballawal Saunkheri, Gurdaspur, Kapurthala, Bhatinda, Raja Harinder Singh Seed Farm Faridkot, Regional Station Faridkot, Naraingarh, Gangian, Rauni, Usman, Bahadurgarh, Kheri, Ruldhu Singhwala, Samrala, Muktsar, Ladhawal and Nabha.

¹² Bahawal, Bathinda, Faridkot, Ferozepur, Gurdaspur, Kapurthala, Kheri, Langroya, Rauni, Ropar, Samrala, Fatehgarh Sahib, Usman, Goniana and Budh Singhwala.

¹³ Gurdaspur and Ballawal Saunkheri.

Audit findings

Financial management

3.2.4. PAU prepares annual budget on the basis of grants-in-aid received from the State Government, funds received against schemes/projects sponsored by Indian Council of Agricultural Research (ICAR) and other agencies such as University Grants Commission (UGC), etc. and anticipated income likely to be received from various activities taken under ICAR, National Agricultural Technology Project and revolving fund schemes.

The position of funds received and expenditure incurred during 2000-05 was as under:

(Rupees in crore)

Year	Opening balance	Grants-in -aid/funds			Income ¹⁴	Total	Expenditure	Closing balance ¹⁵
		State Govt.	ICAR	Others agencies ¹⁶				
1	2	3	4	5	6	7	8	9
2000-01	(-) 26.27	98.00	41.60	13.72	8.88	135.93	141.61	(-) 5.68
2001-02	(-) 5.73 ¹⁷	78.73	21.26	4.31	11.14	109.72	131.98	(-) 22.26
2002-03	(-) 22.26	90.05	25.80	5.02	12.15	110.76	133.88	(-) 23.12
2003-04	(-) 23.12	90.27	24.20	5.70	14.06	111.11	135.73	(-) 24.62
2004-05 ¹⁸	(-) 24.62	104.57	27.70	6.18	16.98	130.81	148.24	(-) 17.43

Reply to how excess expenditure is met has not been received (September 2006).

Non-preparation of balance sheet

3.2.5. Section 34 (4) of the Haryana and Punjab Agricultural University Act, 1970 provides that the accounts and balance sheet shall be submitted by Vice Chancellor to the Government through the Board along with Boards' comments, for laying before the legislature.

During review it was noticed that no balance sheet since inception of University i.e.1962 had been prepared. Further, the accounts prepared every year were mere consolidation of transactions relating to receipts and payments which neither reflected the assets and liabilities at the end of the financial years nor gave a true picture of developmental expenditure and receipt relating thereto.

On being pointed out (January 2006), it was stated that PAU was not a commercial organisation and was not run on profit motive. Reply was not acceptable as non-preparation of balance sheet was not only violation of the provisions of the Act but also exact status of assets and liabilities of University was not known.

University did not prepare its balance sheet since its inception, as a result, exact status of assets and liabilities was not known

¹⁴ Income includes income from Research Farms, ICAR Schemes, National Agricultural Technology Project and other miscellaneous schemes which include consultancy fees and testing fees.

¹⁵ Minus figures indicate excess of expenditure over receipts.

¹⁶ Grants received from UGC and other sponsoring agencies.

¹⁷ Includes Rs 508386 wrongly entered under ICAR hence transferred to miscellaneous grant.

¹⁸ Provisional as Accounts for 2004-05 not finalized so far (May 2006).

Non-inclusion of income received in Sinking Fund in accounts

Income of Rs 21.78 crore received in sinking fund was not taken into computation while working out overall deficit

3.2.6. The board in its meeting held in January 2000, accorded *ex-post facto* approval for the creation of a fund titled 'Sinking Fund' from 1996-97, to meet the expenditure incurred over and above the Grants-in-aid. During review it was seen that the income earned from Agriculture, Animal Husbandry, interest on short-term deposits, departmental charges and miscellaneous income, was being credited to this fund without incorporating the same in the financial accounts of University. The position of balances lying under sinking fund during 2000-05 was as follows:

(Rupees in crore)

Year	Opening balance	Income	Total	Expenditure	Closing balance
2000-01	9.38	3.08	12.46	NIL	12.46
2001-02	12.46	3.15	15.61	NIL	15.61
2002-03	15.61	2.72	18.33	NIL	18.33
2003-04	18.33	3.45	21.78	NIL	21.78
2004-05	21.78	N.A.	N.A.	N.A.	N.A.

It was observed that amounts which were kept under sinking fund were not taken into computation while working out the overall deficit in any year under review. As a result of which the deficit shown was over-stated to that extent. Thus, financial accounts of University did not depict its true financial position.

When pointed out (December 2005) in audit, it was intimated (January 2006) that no expenditure is directly incurred out of sinking fund and the same is adjusted against over all deficit, but no reasons for keeping the amounts out of University accounts were intimated (September 2006).

Outstanding temporary advances

Advances to the tune of Rs 26.62 crore were still outstanding and were awaiting adjustment since 1970-71 onwards

3.2.7. Test check of records revealed that as per details given in March 2006, Rs 30.48¹⁹ crore paid as temporary advances for purchase of vehicles, machinery and equipment and construction work between 1970-71 and 2004-05 were outstanding at the end of March 2005. The account of temporary advances drawn was required to be rendered as early as possible and unspent balances, if any, refunded during the same financial year.

On this being pointed out (March 2006), it was stated (June 2006) that the action against the defaulting officials was being taken where it was required and details of outstanding balances has now been updated (June 2006) to Rs 26.62 crore. Further, reply has not been received (September 2006).

Expenditure in excess of grants received

Expenditure of Rs 2.52 crore spent in excess of grants received was not recovered

3.2.8. Audit scrutiny of 'grant utilisation certificate' for the year 2003-04 prepared by University and duly audited by Local Fund Examiner revealed that in 111 cases expenditure incurred by University was more than the amounts given by the sponsoring agencies for doing work on their behalf, to the extent of Rs 2.52 crore which was recoverable from them. This amount of Rs 2.52 crore was, however, not recovered from them as of March 2006. Out

¹⁹ 0 to one year: Rs 7.70 crore; one to two years: Rs 4.41 crore; two to five years: Rs 7.44 crore; five to 10 years: Rs 4.58 crore and more than 10 years: Rs 6.35 crore.

of this, amount of Rs 22.30 lakh pertained to 25 private parties also. The amount due from private agencies ranged between Rs 201 to Rs 4,88,802.

Reasons for such huge outstanding amount and action taken to recover the same from concerned agencies though called for (April 2006) were not intimated (September 2006).

Research activities

The PAU is engaged in conducting research and seeking solution to emerging problems in agriculture, agricultural engineering, veterinary science, home science and allied basic sciences. The deficiencies in undertaking of research activities were as under:

Impact of improved varieties/hybrids

Despite the development of improved varieties/hybrids, yield had fallen; thus, forfeiting the objective of research

3.2.9. Development of improved varieties/hybrids is the main research related activity of PAU. Accordingly, University introduced 89 numbers of improved varieties of Wheat, Rice, Sugarcane, Barley, Maize, and Gram. It was further stated that these varieties had become so popular with the farmers in the State that now almost the entire cultivated area was under such varieties. During review it was noticed that data relating to impact on production was not being maintained. However, comparative study of yield as per Statistical Abstract of Punjab 2005 revealed the following:-

Sr. No	Name of Crop	Production/Yield Per Hec. During	
		2000-01	2004-05
1	Wheat	4563 Kg	4221 Kg
2	Barley	3393 Kg	3367 Kg
3	Gram	953 Kg	869 Kg
4	Groundnut	879 Kg	842 Kg
5	Mustard/Rapeseed	1218 Kg	1032 Kg
6	Sugarcane	6425 Kg	6012 Kg

From above it transpired that in spite of release of high varieties/hybrids, the yield per hectare has decreased thus, objective of work undertaken was not fulfilled; reasons therefor were called for (June 2006), but University had not furnished reply (September 2006).

Ungainful expenditure on research scheme

Delay in closure of scheme resulted in ungainful expenditure of Rs 51.32 lakh on pay and allowances

3.2.10. A scheme on the "Research of Tickborne Diseases of livestock and their vectors" was started during 1980-81. The Vice Chancellor ordered (October 1999) the setting up of a Committee to evaluate its achievement. The Committee submitted its report in February 2000 to the State Government which finally decided (November 2001) to terminate the scheme considering that no useful results had come out of the scheme. Although Committee observed the futility of scheme in February 2000 yet the scheme continued upto 2001-02 and expenditure of Rs 51.32 lakh was incurred during 2001-02 on pay and allowances which could have been saved, had department taken timely action. Further, on being asked (January 2006), no information regarding assets created such as building, equipment etc. out of the funds received for the scheme and its present status was supplied (September 2006).

Loss due to sale of seeds as grains

3.2.11. PAU produces seeds of various varieties after preparation of 'Seed Production Programme'.

Loss of Rs 1.63 crore in sales of seeds as grains

Audit scrutiny revealed (March 2006) that the seeds of different varieties such as paddy, wheat, pulses etc. so produced were partly being disposed of as grains. As the production of seeds involves certification and inspection by skilled staff and has higher price tag, its disposal as grains resulted in loss of Rs 1.63 crore during the period 2000-05.

The Director (Seeds) admitted (March 2006) the facts and attributed the reasons for sale of seeds as grains in the absence of confirmed demand and inflexibility in sale rates which resulted in part of seeds produced being disposed of as grains which was unavoidable. Fact remains that the production of seeds was not properly planned, as a result, University had suffered a loss of Rs 1.63 crore.

Bottlenecks/constraints in research

3.2.12. As per vision-2020 published by University, the proportion of direct recruitment of higher positions during the last 15-20 years was relatively small. Majority of the faculty members were stated to have not been exposed to the outside world as 73 per cent of faculty members have obtained Ph.D degrees from PAU and only five per cent obtained from Foreign Universities. Thus, there has been widespread inbreeding of the faculty.

Laboratory equipment were purchased during first 15 years of establishment of PAU and subsequent replacements/modernization were inadequate. Equipment purchased between 1970 and 1980 have become obsolete and required replacement with the latest generation instruments for undertaking research and train the faculty and students in the strategic and frontier areas to keep pace with the latest advancements to cover the bottlenecks/weaknesses in the field of research.

The University was asked (June 2006) about the remedial measures being taken to overcome this; University did not furnish any reply (September 2006).

Non-disposal/transfer of equipments of completed schemes

3.2.13. During test check of records in five²⁰ departments, it was observed that in 89 research schemes operated (2000-01) and completed by the end of March 2005, equipment valuing Rs 1.29 crore purchased between 2000 and 2005 for these schemes lying with Principal Investigators has neither been returned to stores nor disposed of (May 2006). No procedure as to how the equipment was to be used after completion of scheme was in vogue in University.

When pointed out (June 2006), the Head of the Department of Soils, PAU stated (June 2006) that it was not possible to keep a register for merely two to five items and it would be sheer wastage of time, labour and stationary. The reply is not acceptable because preparation of records of stock was obligatory under the rules and not discretionary. No reply was received from other departments.

²⁰ Bio-Chemistry, Entomology, Farm Power and Machinery, Plant Breeding and Departments of Soil.

Due to non-maintenance of records of adaptive research trials, impact of research could not be ascertained in audit

Non-assessment of the impact of adaptive research trials

3.2.14. The newly evolved technologies by PAU for the farmers and farm woman in the state are evaluated extensively on the farmers field by Farm Advisory Service Scheme (FASS) and KVKs working under Director Extension Education. The results thus, obtained from 'Adaptive Research Trials' were to be compiled and analysed by respective subject specialist. On the basis of these results, new technology was either to be approved or to be rejected by the Research Evaluation Committee.

During review, it was observed that for this purpose 1046 adaptive research trials (950 under FASS and 96 under various KVKs) in 11²¹ districts of the State and UT Chandigarh were conducted during 2003-04. The University stated (June 2006) that no record regarding the number of new technology viz new variety/production/protection technology, approved/rejected, number of farmers who adopted the new technology or the impact of these adaptive research trials on the agriculture viz increase in yield etc., was being maintained. In the absence of this, the impact of these trials could not be ascertained in audit.

Ungainful expenditure on soil testing laboratories

3.2.15. ICAR provided funds (2004-05) for establishment of seven Model Soil Testing Laboratories including the facilities for analysis of plant and water samples, to the tune of Rs 82.60 lakh at the rate of Rs 11.80 lakh each at seven²² KVKs. Director Extension Education placed orders for purchase of equipment, chemicals and setting up of laboratories etc. to various suppliers during February and March 2005. An expenditure of Rs 74.48 lakh was incurred (March 2005) on purchase of equipment, chemicals and establishment of laboratory at the rate of Rs 10.64 lakh each.

Non-conducting of tests at KVK's rendered expenditure made on setting up of laboratories and equipment as ungainful

Test check of records in four²³ KVKs, however, revealed that no tests of soils, plant and water samples have been conducted till February 2006. When pointed out (February 2006) in audit, the Deputy Director (Training) KVK, Patiala intimated (February 2006) that no staff (scientists etc.) for testing of samples have been posted. The purchase of equipment/materials without making any provisions for deployment of staff for conducting test not only rendered expenditure as ungainful but also in denial of benefits of soil testing to intended beneficiaries. Replies from remaining three KVK's were awaited (September 2006).

Shortfall in training

3.2.16. For quick dissemination of latest recommendations of research to enhance the production/productivity, quality and post harvest management of various field and horticulture crops in the State of Punjab, PAU organises various training programmes through Directorate of Extension Education in different training units situated at Ludhiana and 15 KVKs. The training courses were also organized in the field of Animal Husbandry, Agricultural Engineering and Home Science. The aim of these training courses was to create awareness and skill

²¹ Amritsar, Bhatinda, Faridkot, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Patiala, Ropar and Sangrur.

²² Bahawal, Faridkot, Ferozepur, Kapurthala, Kheri, Langroya and Patiala.

²³ Bahawal, Faridkot, Kapurthala, and Patiala.

among the farming community and unemployed youth to adopt subsidiary occupations such as bee keeping, mushroom cultivation, floriculture, fish farming, dairy farming, poultry farming, pig farming etc.

The details of training courses planned and actually held in University, as per information supplied, during 2000-05 were as follows:

Year	No of training planned	Actually held	Short fall	Percentage of shortfall
2000-01	1035	676	359	34.69
2001-02	1184	833	351	29.64
2003-04	1085	719	366	33.73
2004-05	1254	1050	204	16.26

Note:- Information for 2002-03 was not supplied.

Reasons for shortfall were called for (March 2006); reply has not been received (September 2006).

Further, test check of records in 4²⁴ KVKs, however, revealed that the shortfall in training planned and actually held was between 40 per cent to 57 per cent in case of in-service trainings.

Year	No of training planned	Actually held	Short fall	Percentage
2000-01	50	22	28	56
2001-02	60	26	34	57
2002-03	74	32	42	57
2003-04	67	40	27	40
2004-05	78	34	44	56

Shortfall in organizing in-service training was attributed (March 2006) to the trainees from department concerned not turning up for training courses and also to shortage of staff. The reply is not acceptable as objective of training was not being fulfilled and more persuasive steps were needed to be taken to achieve the objectives.

Utilisation of Infrastructure

Non-utilisation of college building

3.2.17. A building for College of Basic Sciences was constructed between 1985-86 and 1996-97 at a cost of Rs 1.10 crore at Kauni, district Faridkot, on 19 acres land. The land was given free of cost by village panchayat. In July 2000, the college was closed due to non-availability of students. Since then building was lying unused. Poor response in admission of students indicated improper planning and survey by University which resulted in non-utilisation of infrastructure created at the cost of Rs 1.10 crore.

No tangible efforts were made to utilise the infrastructure since the closure of college.

Non-utilisation of infrastructure created in the shape of college building rendered expenditure of Rs 1.10 crore incurred thereon as ungainful

²⁴ Bathinda, Faridkot, Gurdaspur, and Patiala.

Non-utilisation of training hostels

3.2.18. Training hostels for stay of trainees has been constructed in the KVKs. Audit scrutiny of records in 4 KVKs revealed that the training hostels built at a cost of Rs 27.27 lakh during the period 1993-94 to 2000 were not being utilized since their construction. When pointed out in audit, the Dy. Director (Trg.) intimated that as almost all trainings are scheduled in the day times i.e. 10 AM to 2 PM and most of trainees are from surrounding villages; the hostel buildings were, therefore, not used. Construction of hostels without making any survey for its utility has resulted in infructuous expenditure of Rs 27.27 lakh.

Non-updation of land records

3.2.19. The university account code provides for maintenance of upto date record of all the immovable property of land in the same manner as was being maintained by Government. It was observed that Land measuring 39.18 acre at Patiala was entered twice at page 70 & 87 of the register. The discrepancy of land was required to be reconciled with the original record. Further, Land measuring 700.52 acre though under possession (between 1972 to 1990), was not found transferred in the name of PAU, Ludhiana.

This was pointed out in June 2006; reply has not been received (September 2006).

Non-utilisation of fallow land

3.2.20. PAU is having 5920.94 acres of land at 36 different stations in the State of Punjab. The information about total cultivable land and land kept fallow was not made available to audit. However, test check of records of eight²⁵ stations (four KVKs two research stations, one farm and one department) revealed that out of total cultivable land measuring 1410.6 acres, land kept fallow ranged between 444 to 790 acres during Rabi and Kharif in the period 2000-05. The minimum loss on the basis of rate of rent of Rs 500 per acre fixed (November 1990 and April 1997) by the Revenue Department for the evacuee land worked out to be Rs 13.70 lakh for eight stations only. Actual loss suffered would have been much more.

Reasons for keeping land fallow were attributed (March 2006) to non-availability of canal water and undulated land. The reply is not acceptable because steps taken to make the land cultivable, though called for (April 2006) were not intimated (August 2006) and keeping the land fallow resulted in loss of income to PAU. Immediate steps were needed to be taken to bring the land under cultivation.

Non-maintenance of tree register

3.2.21. As per codal provisions, trees were to be accounted for in the tree register and which are more than two years old and have a minimum girth prescribed by the Chief Engineer, are required to be numbered and entered in a Register of trees to be maintained in the prescribed form (Au-10/9). In case, any tree has felled by storm or otherwise, the detail was required to be entered in the said register. Audit

Non-use of land, kept as fallow land, resulted in loss of income to University

²⁵ Research Station, Bathinda; KVK, Faridkot; Department of Farm Power Machinery; Research Station, Ballawal Sunkhri; KVK Muktsar; KVK Bahawal; KVK Langroya and Ladhowal Farm, Ludhiana.

scrutiny of records, however, revealed (April 2006) that no such record showing numbering of trees was maintained. When pointed out (April 2006) in audit, the department stated that the trees will be numbered and register completed. Further report has not been received (September 2006).

Punjab Government transferred (December 2000) 1250 acres of land of erstwhile Central State Seed Farm, Ladhawal to University. At the time of transfer, there were 116832 forestry trees and 26174 orchard trees valuing Rs 1.04 crore.

Scrutiny of records, further revealed that trees were not accounted for in tree registers. It was further noticed that out of the 116832 forestry trees, 89194 trees (34187 Eucalyptus and 55007 popular) were of early maturing commercial trees which gave yield in six to eight years. Thus, non-accountal of trees was not only in violation of codal provisions but it may also cause revenue loss due to pilferage; besides the disposal of matured forestry trees and trees felled by storms or otherwise could not be ensured/watched.

When pointed out (May 2006), the Farm Manager stated that the register will be prepared in due course. Further report has not been received (September 2006).

Ineffective stock taking in University Library

3.2.22. As per amended (October 1998) codal provisions, random and sample stock taking of Library books and periodicals shall be done once in every two years by the committee after selecting five disciplines.

Audit scrutiny of records in University Library, however, revealed that no physical verification of Library has been done during the period 2000 to 2005. When pointed out (December 2005), University Librarian got done random stock-taking in February 2006 of five out of 45 disciplines. The scrutiny of records of sample stock taking done further revealed that only 16374 books out of 241952 were physically verified which constituted only 6.76 per cent of the total books. Out of this, 2219 books (i.e. 13.55 per cent) were found untraceable which was much more than five books per thousand of the prescribed norms. The results arrived at on the basis of stock taking done on the basis of such a small sample (6.76 per cent) was not indicative of correct position of stock and did not serve the useful purpose.

Thus, by checking five out of 45 disciplines, after every two years, the checking of all disciplines would take eighteen years. Evidently, the purpose of stock taking i.e. the detection of missing books and recovery thereof, if any, cannot be served with such a small sample of stock taking, rather sample should have been representative one. As such norms needed to be reconsidered for upward increase.

Avoidable payment of electricity charges

3.2.23. The electricity charges of the tubewells being used for irrigation purposes in the State of Punjab were waived off from February 1997 by the Punjab Government.

Audit scrutiny of record, however, revealed that University continued to pay electricity charges on these tubewells during the period February 1997 to May 2001 though these were waived off. This resulted in excess payment of Rs 50.92 lakh.

Excess payment of
Rs 50.92 lakh on
electricity bills

When pointed out in audit (April 2001), the Director Farm intimated (December 2005) that case for refund of Rs 50.92 lakh has been taken up (June 2004) by the Vice Chancellor with Punjab State Electricity Board authorities which was yet to be settled (September 2006).

Loss due to running of Printing Press

3.2.24. With a view to avoid financial loss to University due to incurring of expenditure on pay and allowances much more than the services rendered by the Printing Press and to ensure cost effectiveness of the printing jobs, the Vice Chancellor PAU declared the press as a vanishing unit and directed (August 1999) that no more appointment of staff be made in Printing Press in future and the vacant posts should be abolished.

**Ungainful
expenditure of
Rs 2.28 crore was
incurred on running
of University Press**

During review it was noticed that during 2000-05, the printing work valuing Rs 34.74 lakh was only done in the printing press whereas Rs 2.63 crore was spent on pay and allowances of the staff. In addition, printing work valuing Rs 37.34 lakh was got done from the open market during the period. The failure of University authority to ensure optimal utilisation of services of staff of the press in some other departments even after declaring the press as vanishing unit resulted in ungainful expenditure of Rs 2.28 crore.

This was pointed out in December 2005; no reply has been received (September 2006).

Conclusion

3.2.25. The review highlighted the failures of University in the areas of finance management, research activities, extension education and estate functions. The financial management was not upto the mark, as University failed to prepare the balance sheet which could have given a clear picture of fixed assets and liabilities. Further, the amount accruing in sinking fund was not taken into consideration for computation overall deficit of University. The University failed in its main objective to enhance the productivity as over all production of main crops has shown a downward trend though University had claimed that entire cultivable area was now under these new varieties. Shortfall in trainings planned and actually held was between 40 per cent and 57 per cent in case of in-service training. No record of impact of adaptive research trials and other extension education activities was being kept. Non-adherence to codal provisions for maintenance of register of trees reflected upon deficiencies in management of Estate. Fallow land available for cultivation was not put to use. University Press was incurring recurring losses.

Recommendations

- The annual balance sheet of University should be prepared to have a clear picture of financial position of the organisation;
- Amount accruing in sinking fund should be taken into the computation of overall financial position so as to provide a comprehensive and complete position of fund flow;
- Temporary advances drawn should be regularly monitored and reconciled for recovery and adjustments;

- A system should be evolved for recovery of expenditure incurred in excess of the grants received from various sponsoring agencies;
- Effective steps should be made for efficient utilisation of fallow land available with University for agricultural purpose;
- The functioning of printing press should be completely reviewed so as to avoid incurring of financial losses to University;
- Methodology of stock taking of Library should be reviewed and made broad based to ascertain the exact number of volumes that are available in stock and the exercise should be done on a regular basis.

The above points were brought to the notice of the Government in May 2006; reply has not been received (September 2006).

3.3. Educational Development of Scheduled Castes

Highlights

DEPARTMENT OF
WELFARE OF
SCHEDULED
CASTES AND
BACKWARD
CLASSES

The population of Scheduled Castes (SCs) in Punjab State is 70.29 lakh (2001 Census) which is 28.85 per cent of total population and is highest in the country²⁶. The literacy rate among SCs is 56.22 per cent against 69.65 per cent for the whole State indicating a gap of 13.43 percentage points. There is no Scheduled Tribe (ST) population in Punjab. Audit noticed that the State Government had not implemented the welfare schemes effectively in regard to avilment of the central assistance for scholarships for post-matric and pre-matric students, construction of hostels despite the availability of the central assistance. Timely supply of free text books was not ensured. Scheme for improving the representation of the SC candidates in Group A or B services through free coaching centres did not yield results and monitoring of the schemes was deficient.

- *Out of Rs 225.44 crore allocated in the budget, the department failed to utilize Rs 86.43 crore during 2001-06.*

(Paragraph 3.3.5)

- *The State Government failed to avail the central assistance of Rs 20.29 crore due to less release of funds during 2001-06 under centrally sponsored schemes for scholarships to post-matric and pre-matric students.*

(Paragraph 3.3.6 & 3.3.7)

- *Central assistance under "Free Text Books" to SC girl students of Below Poverty Line families studying in 10+1 and 10+2 classes was denied due to inadequate funds and non-supplying of lists of eligible students by Education Department during the years 2003-06.*

(Paragraph 3.3.10)

- *Attendance scholarship to SC primary girl students has been paid Rs 51.76 crore against budget allocation of Rs 97.38 crore during 2001-06 causing adverse impact on the implementation of the scheme.*

(Paragraph 3.3.11)

²⁶ Total number of SC student in different courses was 15.32 lakh and enrollment in school was 15.04 lakh as on 2004.

➤ *Non-construction of hostels despite availability of central assistance of Rs 37.52 lakh for the last four to eight years resulted in denial of accommodation to SC students.*

(Paragraph 3.3.15)

➤ *The expenditure of Rs 1.15 crore incurred for running the pre-examination coaching centre remained largely ungainful as it failed to improve the representation of SC candidates in Group A or B services.*

(Paragraph 3.3.17)

Introduction

3.3.1. The department functions under the overall control and supervision of Secretary, Welfare Department. Director, Welfare of Scheduled Castes and Backward Classes (Director) is responsible for the preparation and implementation of various schemes and is assisted by the Additional Director (AD), Joint Director (JD) and four Deputy Directors (DDs) at Headquarters and 17 District Welfare Officers (DWOs) at the district level. Certain schemes are also implemented through the Education, Technical Education and Research and Medical Education Department, to whom the funds are allocated/ released by the Director.

The objectives of this programme are to increase enrolment, retention of SCs in educational institutions, reduce drop out rates and increase their representation in jobs and higher educational and professional institutions.

Scope of Audit

3.3.2. Implementation of schemes during 2001-06 was reviewed in audit between February 2006 and April 2006 based on test check of records of Director, seven²⁷ (out of 17) DWOs selected on random sampling by adopting "Probability Proportional to size with Replacement" method considering district wise population of SC students as the size measure and supplemented by scrutiny of records of different units²⁸ of implementing departments.

Audit objectives

3.3.3. The objectives of audit were to assess:

- the allocation, release and utilization of funds earmarked for various schemes were judicious, adequate and effective;
- books and scholarship were distributed to students as per norms and within time schedule of the schemes;
- the effectiveness of implementation of schemes for construction of hostels and other scheme for imparting of specialized pre-examination coaching to SC students;

²⁷ Amritsar, Bhatinda, Hoshiarpur, Jalandhar, Ludhiana, Moga and Ropar.

²⁸ District Education Officers (EE): 7, District Education Officers (Secondary): 7 and Colleges:9.

- the efforts of the State Government resulted in improving the educational indicators i.e. literacy rate, gross enrolment ratio, drop out rate and gender parity index and
- the monitoring systems at various levels were functioning effectively.

Audit methodology

3.3.4. All documents at the Government level as well as the Directorate, other implementing agencies and their lower formations relating to the implementation of schemes were studied. The budget and the expenditure incurred were examined. Physical targets and achievements were also studied at the level of Directorate and the seven test checked districts.

Audit Findings

Financial Management

3.3.5. The budget allocated by the Finance and Administrative Department is released by the Director to the DWOs and other implementing agencies. With a view to ensure timely release of funds under five²⁹ major educational schemes (out of 17³⁰) the State Government decided (April 2005) that the payment to the beneficiaries/institutions would be met out of the "Social Security Fund" by opening Personal Ledger Accounts in favour of Director at State Headquarters and DWOs in all the 17 districts in the State. Contribution to the fund was to be made from the revenue collected through the enhanced Electricity Duty and Stamp Duty.

Budget provision vis-à-vis expenditure incurred on Educational Schemes (17) by the Department during 2001-06 was as under:-

(Rupees in crore)

Year	Budget provision			Expenditure			Saving		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
2001-02	21.26	16.84	38.10	4.25	12.20	16.45	17.01	4.64	21.65
2002-03	19.54	18.04	37.58	19.14	17.37	36.51	0.40	0.67	1.07
2003-04	21.98	20.02	42.00	10.60	10.77	21.37	11.38	9.25	20.63
2004-05	25.93	20.16	46.09	NIL	14.76	14.76	25.93	5.40	31.33
2005-06	29.35	32.32	61.67	24.05	25.87	49.92	5.30	6.45	11.75
Total	118.06	107.38	225.44	58.04	80.97	139.01	60.02	26.41	86.43

²⁹ 1. Promotion of education among educationally Backward Classes 2. Scholarships for post matric students for SCs 3. Attendance scholarship to SC primary girl students 4. Pre-matric scholarship to the children whose parents are engaged in unclean occupation 5. Free books to SC students (1st to 10th classes).

³⁰ 1. Attendance scholarships to SC girl students in rural areas. 2. Opening of hostels for boys/girls studying in schools/colleges 3. Scheme for coaching SC students studying in 9th, 10th, +1 level and +2 level 4. Setting up of institute for training in typing and stenography to below poverty line for SCs. 5. Free text books to SC girls students studying in 10+1 and 10+2 classes. 6. Award to SC sport students 7. Attendance scholarship to SC primary girl students 8. Scholarship for post matric students for scheduled castes. 9. Grant to SC students studying in medical and engineering colleges. 10. Grant for purchase of medical and engineering books 11. Grant to Scheduled Caste girls studying in post-matric and post graduation classes etc. 12. Award to brilliant SC students. 13. Setting up of residential institute for IAS/PCS and allied services/banking/ LIC services for coaching. 14. Free books to SC students of 1st to 10th classes. 15. Pre-matric scholarship to the children whose parents are engaged in unclean occupation. 16. Promotion of education among educationally Backward Classes. 17. Coaching for stenography.

Out of Rs 225.44 crore allocated in the budget, the department failed to utilize Rs 86.43 crore during April 2001 to March 2006

The savings were attributed to non-according of sanctions by the State Government and non-passing of bills by the treasury. The Finance Department admitted (June 2006) that less budget was provided and bills were not cleared by the treasury due to financial crunch in the State and further stated that during 2005-06, the funds under the scholarships schemes were released as per demand of the department. The reply is indicative of the fact that adequate efforts in terms of providing sufficient funds were not made by the Government.

Non-availment of central assistance under the scheme for scholarship to Post-matric students

The State Government failed to avail the central assistance of Rs 19.38 crore due to less release of funds during 2001-06

3.3.6. As per the scheme, the Government of India (GOI) was to meet the entire expenditure if incurred over and above the committed liability of the State. Further, in the event of there being unspent balance of GOI, funds were not to be released by them. It was observed that GOI released Rs 3.20 crore in the year 2001-02 and another amount of Rs 60 lakh in the ensuing year 2002-03. As this amount remained unspent, no funds were released in the year 2003-04 and 2004-05. Further, the expenditure incurred by the State Government during the year 2004-05 was much less than its committed liability as could be seen from the table below. Resultantly, no funds were released by GOI upto the year 2004-05. For the year 2005-06, GOI allowed adjustment of unspent balance of Rs 3.80 crore as central assistance for incurring expenditure for the year 2005-06. As such, against the anticipated expenditure of Rs 45.70 crore for the period 2001-06 after adjusting the committed liability of the State Government amounting to Rs 22.52 crore and unspent balance of central assistance of Rs 3.80 crore, Rs 19.38 crore which were otherwise available as central assistance were not availed by the State Government. Had the unspent balance of the central assistance emanating from the year 2001-02 not been carried forward and if the expenditure equivalent to anticipated expenditure had been incurred by the State Government, additional funding of Rs 19.38 crore that was available could have been utilised for extending the benefit of providing the scholarships to post-matric students during this period. The number of students who were actually deprived of this scholarship ranged between 5753 and 39993 during 2001-06.

Anticipated expenditure, budget allotment, funds released and expenditure incurred, during 2001-06 was as under:

Year	Anticipated expenditure	Provision required for committed liability	Actual provision for committed liability	Budget provision including committed liability	(Rupees in crore)	
					Released	Expenditure
2001-02	6.00	2.80	2.80	6.00	2.80	1.73
2002-03	6.60	4.93	2.80	6.00	6.00	4.78
2003-04	6.90	4.93	2.80	6.00	2.80	1.81
2004-05	12.05	4.93	2.80	6.00	2.80	2.12
2005-06	14.15	4.93	4.93	14.15	8.73	8.73
Total	45.70	22.52	16.13	38.15	23.13	19.17

On this being pointed out, the Government stated (August 2006) that under the post-matric scheme, the Finance Department (FD) had not released central share of Rs 3.80 crore during 2001-02 and less amount was released during 2003-04

and 2004-05 due to poor financial position of State which too could not be spent as the treasury did not clear the bills.

Non-availment of central assistance under scheme for scholarship to pre-matric students

The State Government failed to avail central assistance of Rs 0.91 crore due to less release of funds during 2001-06

3.3.7. The centrally sponsored scheme for scholarship to pre-matric students envisaged payment of scholarship and adhoc grant to the children of I to X classes, of traditional scavengers of dry latrines, flaying and tanning to check their drop-out tendency. The State Government was to meet its committed liability of Rs 19.65 lakh each year and expenditure incurred in excess of committed liability was to be equally shared by the State and the Central Government.

During 2001-06, the anticipated expenditure, budget allotment, funds released and expenditure was as under:

(Rupees in lakh)

Year	Anticipated expenditure	Committed liability	Provision	Funds released	Expenditure
2001-02	70.27	19.65	85.00	19.65	-
2002-03	76.51	19.65	85.00	76.51	60.71
2003-04	70.38	19.65	70.38	19.65	-
2004-05	85.00	19.65	85.00	19.65	19.01
2005-06	85.00	19.65	85.00	77.39	75.29
Total	387.16	98.25	410.38	212.85	155.01

The anticipated expenditure during 2001-06 was Rs 387.16 lakh and after adjusting the committed liability of Rs 98.25 lakh, the 50 per cent central share worked out to Rs 144.45 lakh. Against this, central assistance of Rs 53.49 lakh³¹ only was availed during this period due to non-incurring of expenditure during the year 2001-02 and 2003-04, whereas the expenditure incurred during 2004-05 was Rs 19.01 lakh which was even below the committed liability of the State as could be seen from the table above. This resulted in non-availing of central assistance of Rs 90.96 lakh (Rs 144.45 lakh – Rs 53.49 lakh). If the expenditure equivalent to anticipated expenditure had been incurred by the State Government, additional funding of Rs 90.96 lakh that was available could have been utilised for extending the benefit of providing scholarship to target group of students during 2001-02, 2003-04 and 2004-05. The number of students who got deprived of the scholarships ranged between 449 and 8791 during these years. This also had adverse impact on the drop out rate as it increased from 51.86 (2001-02) to 52.84 per cent (2005-06) in classes I-VIII while in classes I-X, it increased from 60.91 (2001-02) to 64.28 per cent (2005-06).

On this being pointed out, the Government stated (August 2006) that requisite funds were not released by the Finance Department. The reply is indicative of the fact that adequate efforts in terms of providing sufficient funds were not made by the Government.

Denial of central assistance

3.3.8. With a view to build the basic foundation of the SC children from school level by providing extra coaching a 100 per cent centrally sponsored scheme was

³¹ Unspent balance upto 2000-01 Rs 29.43 lakh + Rs 18.51 lakh and Rs 5.55 lakh released during the years 2003-04 and 2004-05 respectively = Rs 53.49 lakh.

Failure of State Government to utilize the GOI funds in time resulted in denial of availment of Rs 6.40 crore under the 100 per cent centrally sponsored scheme included in special component plan

included in Special Central Assistance (SCA) and allocation of Rs 3.20 crore was made each year during 2004-05 and 2005-06. The above scheme was not implemented in the State as no funds were released by GOI under this scheme as the State Finance Department was already having Rs 15.31 crore as unspent balance as on 1 April 2005 as SCA and due to this huge amount of unspent balance, GOI despite making provision did not release any funds under this programme.

Implementation of Schemes pertaining to providing of text books and scholarships

Delay in supply of free books

3.3.9. Under the Scheme, free books were supplied to SC students at school level from 1st to 10th classes. After collecting the demand from DWOs, the Director placed supply orders (February 2003 and March 2004) for the academic session 2003-04 and 2004-05 respectively with the Punjab School Education Board, Mohali (Board) for the supply of books by 31 March of each session. Neither any penalty clause was laid down in the supply order for late supply nor was any agreement executed till the session 2004-05. It was noticed that the Board completed the supply of books by September 2003 and July 2004 i.e. late upto six and four months for the academic session 2003-04 and 2004-05 respectively, which eventually delayed the process of distribution of books to about 14 lakh SC students. Taking cognizance of the delayed supply of books for the academic session 2003-04 and 2004-05, the State Government imposed 10 per cent penalty of Rs 2.27 crore (2003-04: Rs 1.15 crore and 2004-05: Rs 1.12 crore) in June 2005 which was not deposited by the Board (April 2006). On this being pointed out, the Director admitted (April 2006) that recovery was not enforceable as the agreement incorporating penalty clause was made only for the supply for academic session 2005-06. The delay in supply of books was attributed (August 2006) by the Government to late purchase of paper for printing by Board during 2003-04 and due to change in syllabus during 2004-05. The reply was not tenable as the timely supply of books was to be ensured by the department which was, however, not done and as a consequence, the studies were adversely affected.

Non-supply of free books to SC girl students of below poverty line

Free Text Books to SC girl students of Below Poverty Line families studying in 10+1 and 10+2 classes not supplied

3.3.10. The Government introduced a scheme which was to be entirely funded from the State Plan for providing free books to SC girl students of Below Poverty Line (BPL) families who were studying in classes 10+1 and 10+2. The aim of the scheme was to relieve the parents/guardians of the students from the financial burden. A budget provision of Rs one crore and Rs 60.00 lakh was made for the year 2003-04 and 2004-05 respectively but no funds were released during these years. Against the budget provision of Rs 60.00 lakh during the year 2005-06, FD released (September 2005) Rs 30.00 lakh to Welfare Department to benefit 5250 girl students reportedly due to financial crunch. The books were, however, not purchased by the department as of March 2006 due to inadequate funds and incomplete supply of lists of eligible SC girls of all districts by Education Department thereby depriving SC girl students of the intended benefits of the scheme. Thus, due to non-release of required funds by the FD and lack of coordination between the Welfare and Education Department coupled with non-initiating timely action for collection of data i.e. before the start of academic

session, led to complete non-implementation of scheme consecutively for the three years.

SC girl students deprived of attendance scholarship

3.3.11. Subject to the fulfillment of certain conditions³² attendance scholarship of Rs 50 per month per girl student, for ten months in a year was to be given to SC girls of primary classes to check the drop out tendency at primary stage. Funds were released from the State Headquarters to District Planning and Development Boards of all the districts in quarterly installments till 2004-05. Thereafter, the funds were released from "Social Security Fund" on monthly basis.

The details of budget allocation, budget released, expenditure, targets fixed/achieved during 2001-06 were as under:

(Rupees in crore)

Year	Budget allocation	Budget released	Expenditure	Targets fixed	Achieved targets
				(Students in lakh)	
2001-02	20.10	10.05	4.06	4.02	4.02
2002-03	19.54	19.54	19.14	3.91	3.83
2003-04	21.54	10.77	10.56	4.31	4.31
2004-05	17.10	-- ³³	--	4.31	--
2005-06	19.10	19.10	18.00	4.42	3.91
Total	97.38	59.46	51.76	20.97	16.07

Attendance scholarship to SC primary girl students has been less paid during 2001-06.

The above table shows that against the budget allocation of Rs 97.38 crore Rs 59.46 crore were released against which only Rs 51.76 crore were spent thereby achieving target of 16.07 lakh students (units) during these years. If the total achieved target of 16.07 lakh students were to be considered and computation, keeping in view Rs 500 per year per student was made, an amount of Rs 80.35 crore was required for proper implementation of the scheme. As against this, expenditure incurred was only Rs 51.76 crore. Thus, it is clear that the coverage of the achieved targets as shown appears to be over-stated. Therefore, the purpose of the scholarship was diluted and consequently, its impact was minimized as is revealed from the fact that the enrolment of SC girls had actually decreased from 442880 (2001-02) to 435443 in academic session 2004-05.

Non-checking of attendance scholarship scheme by DWOs

3.3.12. Secretary (Welfare) requested (August 2005) all the Deputy Commissioners (DCs) to get the physical verification/checking of the disbursement of attendance scholarship done on the basis of class/ school/block-wise lists of beneficiaries to be supplied by DWOs and send the reports to Director for further submission to Government by September 2005.

It was, however, noticed that no such checking reports were received from the DCs in the office of Director as of April 2006. Records of five districts revealed that in three districts³⁴ even the lists of beneficiaries were not received from DWOs and in two districts³⁵, though the lists were supplied but checking was not

³² 1. The parents have not more than five acres of land, 2. minimum 75 per cent class attendance and 3. parents/guardian is not income tax payee.

³³ No funds were released in 2004-05 due to financial crunch in State.

³⁴ Amritsar, Jalandhar and Ropar.

³⁵ Hoshiarpur and Ludhiana.

got conducted by the concerned DCs. Thus, State Government also did not monitor compliance of its own orders.

Scholarships under scheme "Promotion of education amongst educationally backward classes" were given to students in irregular and partial manner

Irregular and partial implementation of scholarship scheme

3.3.13. Under the Scheme "Promotion of education amongst educationally backward Classes" scholarship was to be given to students belonging to SC and BC of 6th class onward at prescribed norms and rates. Admission fees and tuition fee paid by students was also to be reimbursed. The details of budget allocation, expenditure, targets fixed and achieved during 2001-05 were as under:

Year	(Rupees in crore)		(Number of students)	
	Budget allocation	Expenditure	Targets fixed	Targets achieved
2001-02	23.68	10.73	600000	500000
2002-03	22.94	19.65	600000	600000
2003-04	22.94	1.67	600000	29166
2004-05	22.94	4.63	600000	120209

This indicated that allocated funds were not fully utilized during 2001-05. Implementation of the schemes was, thus, partial.

On this being pointed out, Director stated (May 2006) that less expenditure and non-achievement of targets was due to non-clearance of bills by treasury. In the absence of adequate funding, the implementation of the scheme left much to be desired, particularly since the achievement of the target was as low as five *per cent* in the year 2003-04.

Delayed release of funds for scholarship

3.3.14. Test check of records of six³⁶ colleges in four districts, however, revealed that funds relating to three³⁷ schemes amounting to Rs 16.02 lakh for the years 1999-2004 were released late by 5-23 months (Amritsar: 5 to 21 months, Bathinda: 12 to 23 months, Moga: 10 to 23 months and Hoshiarpur: 12 to 21 months) by Director of Public Instructions (Colleges) (DPI(C)) for disbursement thus depriving the eligible needy students of timely financial assistance.

Implementation of schemes for construction of hostels and providing of specialized coaching

Construction of Hostels

3.3.15. GOI introduced the Centrally Sponsored Scheme for construction of hostels for SC boys and girls students studying in Middle, Secondary, Colleges and University stage of education. Under the scheme, financial assistance was to be given by GOI for the construction of hostel/expansion of the existing hostel buildings on 50:50 basis to the State Governments. In respect of non-government organization (NGO)/Universities, 45 *per cent* financial assistance was to be provided by the concerned State, 45 *per cent* by Central Government on the estimated expenditure and remaining 10 *per cent* by Universities/NGOs.

³⁶ DAV College & Khalsa College, Amritsar, Government Rajindra College, Bhatinda, DAV College, Hoshiarpur, DM College, Moga & D.M College of Education, Moga.

³⁷ Scholarship for Post-matric students for SCs, Special grant to SC girl students and promotion of education among educationally backward classes.

However, 55 per cent contribution (45 per cent State and 10 per cent University) was to be borne by the Universities wherever it was not possible for the State Government to contribute its 45 per cent share. Scrutiny of records revealed the cases of non-implementation of scheme etc. as discussed below:

(i) GOI accorded (March 2002) approval for incurring an expenditure of Rs 25.70 lakh for extension of existing hostel building belonging to Lyallpur Khalsa College, Jalandhar and released Rs 11.57 lakh (45 per cent share). State Government, however, sanctioned Rs 23.13 lakh including its 45 per cent share on 31st March 2003 and as such the amount could not be spent. The sanctioned amount of Rs 23.13 lakh could not be drawn for the construction of hostel despite proposal sent by the department in this regard. The FD in January 2006 advised that the scheme should be included and funded from Social Security Fund that has been set up in 2005-06. Resultantly, despite release of funds by GOI in March 2002, the construction of the hostel had not commenced and purpose of providing accommodation to SC students was also not fulfilled.

Funds of Rs 51.91 lakh including central assistance of Rs 25.95 lakh remained blocked for more than eight years

(ii) For the construction of hostel for Government Senior Secondary School, Goniana, District Bathinda, GOI accorded (January 1998) approval for incurring an expenditure of Rs 59.09 lakh on 50:50 basis. Based on the sanction accorded (March 1998) by the State Government, Director sanctioned the payment of Rs 51.91 lakh and the amount was disbursed to the Principal of school in March-April 1998. As per terms and conditions, the institute was to complete the building within two years of the receipt of grant-in-aid.

Scrutiny of records revealed that the school authorities deposited (April 1998) the funds with PWD (B&R), Bathinda who further deposited the amount in the Personal Ledger Account (PLA). The Director requested (April 1999) the DPI(S) to get the administrative approval for furnishing the same to PWD (B&R). The work, however, could not be taken up (June 2002) by the PWD (B&R) in the absence of administrative approval of Education Department and due to ban imposed by the State Government for withdrawals of funds from treasury. Resultantly, the amount had been lying in the PLA of the Executing Agency i.e. PWD (B&R) for last eight years without commencement of activity for construction.

As the funds were not utilized within the stipulated period of two years, it was decided (October 2003) by the Director to refund the 50 per cent share of GOI and remaining 50 per cent share of State be deposited in the treasury. Out of central assistance of Rs 25.95 lakh, Rs 6.15 lakh was permitted by GOI in October 2005 for construction of another hostel at Government College, Mohali. The balance amount of Rs 19.80 lakh as Central share and Rs 25.95 lakh as State share continued with the PWD B&R as of August 2006.

Thus, failure of the department in timely obtaining the administrative approval, which was pre-requisite coupled with non-response of Education Department led to abandoning the scheme thereby denying of intended benefits to SC students and also blockage of funds including 50 per cent central assistance (Rs 25.95 lakh) for more than eight years.

Absence of monitoring of functioning and construction of hostels

(iii) Though the Director being the Head of Department is responsible for efficient running of hostels, periodical returns were not prescribed by the

department for physical and financial progress of the centrally assisted schemes for the construction of hostels, category-wise admissions given to SC students in the hostels, position of vacant posts of hostel staff and position of infrastructure facilities available. As a result, the department was unable to ensure implementation of scheme as per guidelines and take remedial measures for improvement on a regular basis.

After this was pointed out, the department stated (August 2006) that information of inmates was collected from time to time and there was no provision in the scheme for having periodical returns for these hostels. The reply was not acceptable in view of non-maintenance of connected records of hostels, which was to ensure the proper implementation of scheme by taking remedial measures for improvement on regular basis.

Scheme for Upgradation of Merit for SC students

3.3.16. The above scheme provided for 100 *per cent* central assistance to States for arranging remedial coaching to SC students studying in class IX to XII, with a view to removing deficiencies in their school subjects and to prepare them for competitive examinations for entry to professional courses. The Punjab State was allotted 28 number of awards (28 students to be covered). It was noticed that despite the students having been identified by the Education Department in two³⁸ schools, no proposal was submitted by the State Government to GOI, during 2001-06 to claim the assistance of Rs 21 lakh resulting in denial of intended benefits to students. Further, the central assistance of Rs 4.20 lakh received during 1999-2000 was also lying unspent with the State Finance Department.

The State Government failed to avail central assistance of Rs 21 lakh due to non-submission of proposals to GOI during 2001-06

On this being pointed out, the Director stated (April 2006) that DPI (S) did not submit any proposal though requested every year. The reply was not tenable as the Education Department had submitted the proposal to Welfare Department for claiming of central assistance in respect of these two schools for academic session 2004-05.

Unfruitful expenditure on the scheme for Pre-examination coaching

3.3.17. With a view to providing pre-examination coaching (PEC) to the students belonging to SCs/OBCs/Minority communities for improving their representation and standard of performance in the competitive examination for various posts and services held by the UPSC, State Public Service Commission, Staff Selection Commission, Public Sector Undertakings, other Central Government agencies etc. and admission to institutions imparting technical courses such as engineering, medical etc. a Coaching Institute was set up at Mohali under the Centrally Sponsored Scheme "Coaching and Allied Assistance".

During 2001-06, 692³⁹ students (PMT: 201; CET: 130; General⁴⁰ Capsule Courses (GCC): 125; Civil Services: 234; and C.S (Main): 2) were given coaching against 840 sanctioned seats in different courses (PMT:200, CET:200, GCC:200 and CS (Pre):240) by spending Rs 1.15 crore on account of running

Amount of Rs 1.15 crore spent on coaching institute Mohali was largely ungainful as the performance was dismal

³⁸ Government Sports School, Jalandhar and Government Senior Secondary School, Kotkapura.

³⁹ SCs: 686, BCs: 5 and Minorities: 1 (BCs and Minorities admitted only in 2005-06).

⁴⁰ General Capsule Courses includes P.O (Banks), LIC, GIC, Assistant Grade, SSC, and other Service related examinations.

institute. The enrolment was 100 *per cent* for PMT and IAS (Preliminary), while that for GCC and CET the same was 63 and 65 *per cent* respectively. In none of the courses the envisaged success rate of minimum 33 *per cent* except CET (83 *per cent*) was achieved. In the course like GCC, the success rate was dismally low i.e six *per cent*. Out of 236 candidates for Civil Services, no candidate could make to group A or B services. The Institute, thus, failed to improve representation of these categories in various services. Consequently, the expenditure of Rs 1.15 crore had thus, remained largely unfruitful.

It was also seen that prescribed ratio of seats for BCs (30 *per cent*) and Minorities (20 *per cent*) was also not adhered to during the years 2001-02 to 2004-05 as the provision for the same was not incorporated in the admission notice. Likewise, the coverage of 30 *per cent* women and five *per cent* disabled in each category was also not ensured by mentioning it in admission notice till 2004-05. As a result, no BC and minority candidate was admitted upto 2004-05 and the coverage of women remained quite low ranging between three and 26 *per cent* during the said period. No publicity to the scheme was given by the State Government for attracting quite a good strata among the SCs/BCs. It was further observed that though the scheme was amended in September 2001 by GOI enhancing the income limit for admission from Rs 44,500 to Rs one lakh, this amendment, however, was not implemented by the State Government up till the year 2004-05. As a result, the benefit that was envisaged to be extended was not made available to other prospective candidates.

On this being pointed out, the Principal of the Institute stated (June, 2006) that most of the students admitted in the Institute belonged to rural area having very poor academic background and negligible awareness about the competitive examinations and further stated that the scheme for SC, BC and Minorities prescribing their ratio and coverage of women and disabled and increasing income ceiling was cleared by the Government only in February 2005. The reply was not acceptable as the purpose of this specialized coaching was to improve the standard of performance and the Institute was set up for specific purpose to hone the skills considering the background and limited awareness that the prospective students of the rural area will have. Further, necessary amendments as carried out by GOI was not implemented resulting in deprival of benefits of other prospective candidates.

Educational Indicators

3.3.18. Literacy rates, gross enrolment ratio, gross drop out rate, gender parity index are some of the important indicators of educational development, the extent of progress or otherwise made in this regard are indicated below:

The percentage literacy rate for SCs male and female was 49.82 and 31.03 (as per 1991 census), which increased to 63.38 and 48.25 (as per 2001 census). The literacy rate among SCs is 56.22 *per cent* against 69.65 *per cent* for the whole State indicating a gap of 13.43 percentage points.

Educational indicators of educational development of SCs revealed no improvement in terms of gross enrolment ratio and drop out position

Gross Enrolment Ratio (GER) of SC students in classes I-V, VI-VIII and I-VIII in the age groups of six to below 11, 11 to below 14 and six to below 14 years in Punjab State during 2001-02 to 2005-06 was as under:

Year	Classes I to V (6 to 11 Yrs.)			Classes VI to VIII (11 to 14 Yrs.)			Classes I to VIII (6 to 14 Yrs.)		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
2001-02	110.22	109.44	109.85	81.87	81.28	81.59	100.93	100.31	100.64
2002-03	103.04	107.10	104.93	61.45	61.31	61.38	87.33	89.53	88.36
2003-04	106.05	113.34	109.41	75.10	77.82	76.36	95.15	100.72	97.72
2004-05	102.90	108.30	105.41	64.55	64.94	64.73	87.65	90.91	89.16
2005-06	97.83	98.78	98.27	62.83	62.48	62.67	83.91	84.22	84.06

The above table indicated that GER of SC students in Classes VI to VIII was reduced to 62.67 *per cent* in 2005-06 from 81.59 *per cent* in 2001-02. Likewise, the GER in classes I to VIII dropped to 84.06 *per cent* in 2005-06 from 100.64 *per cent* in 2001-02. The Scheme for the welfare of SCs, thus, did not deliver the expected results.

Position of drop outs

Details of total percentage of drop out rates vis-a-vis SCs students drop out rates in Classes I-V, I-VIII and I-X during the years 2001-02 to 2005-06 in the State of Punjab were as under:

Year	Classes I to V			Classes I to VIII			Classes I to X		
	Total drop out	SCs drop out	Gap	Total drop out	SCs drop out	Gap	Total drop out	SCs drop out	Gap
2001-02	20.30	29.83	9.53	37.10	51.86	14.76	38.60	60.91	22.31
2002-03	NA	31.78	--	NA	53.87	--	NA	63.35	--
2003-04	21.90	31.37	9.47	34.40	52.84	18.44	43.50	64.27	20.77
2004-05	26.50	29.20	2.70	34.20	52.46	18.26	43.70	65.69	21.99
2005-06 ⁴¹	25.10	NA	--	32.50	52.84	20.34	42.30	64.28	21.98

The above table shows that the gap between total drop out and SC students in Classes I to V decreased to 2.70 (2004-05) from 9.53 percent (2001-02) while in classes I to VIII it increased from 14.76 (2001-02) to 20.34 percent (2005-06). However, in classes I to X, an insignificant reduction of only 0.33 percent (22.31-21.98) in such gap was noticed during 2001-02 to 2005-06. Thus, the overall position of SC students did not improve except in primary classes (I to V).

Monitoring and Evaluation

3.3.19. Regarding Scholarship Schemes these were to be checked jointly by District Education Officers/DWOs (five *per cent*) and Tehsil Welfare Officers (TWOs) (ten *per cent*). Deputy Directors concerned at the Headquarters in their Division (at least once a month). Joint Director (JD), Additional Director (AD) and Director would conduct random checking as and when they were on tour. Further, Deputy Controller (Finance & Accounts) was required to check the accounts of DPI(C)/DPI(S), Director Technical Education (DTE) and Director,

⁴¹ Source :- Director Public Instruction (Sr. Secondary) Punjab.

Research and Medical Education once a month and each Section Officer (total four) was to check the accounts of at least 60 DDOs in a year and five in every month in the Districts allotted to them. The checking was to be confirmed by Director. In respect of the scheme "Free Books to SC students (1st to 10th classes)", TWO and DWO was required to conduct the 100 *per cent* and 25 *per cent* checking of schools falling under concerned sub-division and in the district respectively whereas Deputy Director was to conduct random check in 120 schools in a year. Likewise JD, AD and Director was to conduct the random check. Audit scrutiny of records in the office of Director and in five⁴² test-checked districts revealed that the prescribed checks for the scholarship schemes were not exercised either by the officers of the Headquarters or field and also the accounts were not checked by the concerned staff. As regards the scheme "Free Books to SC students", only five⁴³ districts (out of 17) conducted three to seven *per cent* checking of total schools in the districts against the requirement of 100 *per cent*. The State Government, thus, failed to ensure the smooth operation, maintenance and monitoring of funds.

The State Government set up (October 2005) the District Level and Sub Divisional Level committees to monitor the social security fund. Concerned Sub Divisional Magistrates were required to convene monthly and quarterly meetings. A quarterly report was further required to be sent by DC-cum-Chairman Social Security Fund Review and Monitoring Committee to Director for onward submission to the State Government. It was noticed that only one district (Moga) (out of 17) had sent such report as of April 2006. Consequently, the quarterly report to be submitted by Director in last three quarters ending as of June 2006 was not sent to Government.

No scheme was evaluated during 2001-02 to 2005-06 to see the impact of the schemes.

Conclusion

3.3.20. The programme objectives of increase in enrolment, retention of SCs in educational institutions reduce drop out rates and increase their representation in jobs and higher educational and professional institutions could not be achieved in as much as gross enrolment ratio of SC students in classes 1 to VIII decreased from 100.64 *per cent* (2001-02) to 84.06 *per cent* (2005-06) retention of students could not be ensured because the drop out rate of SC students in classes I-VIII increased from 51.86 (2001-2002) to 52.84 percent (2005-06) while in Classes I-X it increased from 60.91 (2001-02) to 64.28 percent (2005-06). The gap of total drop out and SC drop out in Classes I-VIII increased from 14.76 (2001-02) to 20.34 *per cent* (2005-06). No significant reduction in drop out in classes I-X was observed during 2001-06 which hovered around 22 *per cent*. The State Government failed to avail the central assistance of Rs 20.29 crore due to less release of funds during 2001-06 under centrally sponsored schemes for post-matric and pre-matric students. The schemes for attendance scholarships and promotion of education for Educationally Backward Classes were not fully implemented due to less release of funds by the State Government. Free books to SC students were issued late for the academic session 2003-04 and 2004-05, thereby affecting their studies. The construction of hostels for SC students was

⁴² Amritsar, Hoshiarpur, Jalandhar, Ludhiana and Ropar.

⁴³ Bathinda, Gurdaspur, Kapurthala, Ropar and Sangrur.

not taken up despite the central assistance having been received from GOI. Educational indicators of educational development of SCs revealed no improvement in terms of gross enrolment ratio and drop out position. Prescribed checks for ensuring proper functioning of free text books and scholarships were not exercised by the authorities concerned for proper monitoring.

Recommendations

- Regular release of funds under the State and Centrally sponsored schemes should be ensured for un-interrupted flow of central assistance as well as smooth implementation of schemes;
- Timely supply of free books to SC students should be ensured to obviate the adverse impact that may cause on studies to the students;
- Regular payments of scholarship to SC students need to be ensured by timely release of funds with a view to facilitate them to continue their studies;
- Proper monitoring should be made so as to ensure that checks that have been prescribed for ensuring proper functioning of scholarships schemes are carried out by the authorities concerned;
- District level and Sub Divisional level committees constituted to ensure proper utilization of funds and regular review of progress of major educational schemes should be impressed upon to convene regular meetings.

The reply received (August 2006) from the Government has been incorporated.

3.4. Implementation of Sarva Shiksha Abhiyan

Highlights

Sarva Shiksha Abhiyan (SSA) failed to deliver the intended objectives in as much as project grant of Rs 55.17 crore released to the State Government by Government of India (GOI) during 2001-02 was retained by the State Government resulting in non-implementation of the scheme in that year. An amount of Rs 3.62 crore was released by State Project Director (SPD) to District Project Directors (DPDs) for construction and repair of schools and other buildings in violation of norms and conditions of SSA. Besides, SPD failed to fill up vacancies of teachers despite funds being available. There was heavy shortfall in training of Village Education Development Committee (VEDC) members and teachers. The Education Guarantee Scheme (EGS) did not work properly because against 39179 out of school children, only 8659 students were actually enrolled.

- *The State Government failed to maintain level of expenditure of 1999-2000 on elementary education during 2001-2002 and 2003-05 indicating lack of commitment to SSA.*

(Paragraph 3.4.6)

EDUCATION
DEPARTMENT

> *Funds were not provided as per Annual Work Plan (AWP) during 2001-05 as a result of which the implementation of the programme suffered particularly in the initial year of implementation.*

(Paragraphs 3.4.7, 3.4.8 & 3.4.9)

> *Rs 3.62 crore were released for different components i.e. construction, repair etc. in violation of norms and conditions of SSA.*

(Paragraph 3.4.13)

> *Out of 39179 out-of-school children identified, only 8659 were actually enrolled.*

(Paragraph 3.4.16)

> *In Gurdaspur district, out of a total purchase of books valuing Rs 1.41 crore, books valuing Rs 1.09 crore remained undistributed. Training modules were procured at a cost of Rs 75.17 lakh without following the prescribed process of competitive tendering.*

(Paragraphs 3.4.21 & 3.4.23)

Introduction

3.4.1. SSA is the comprehensive and integrated flagship programme of GOI, to attain universal elementary education in the country in a mission mode. Launched in partnership with the State Governments, SSA aims to provide useful and relevant education to all children in the 6-14 age group by 2010. The components of SSA include house hold survey, school based activities, appointment of teachers, opening new primary and alternative schooling facility, opening of upper primary schools, construction of additional classrooms, schools and maintenance of school buildings, free text books to all girls/Scheduled Caste (SC)/Scheduled Tribe (ST) children and teaching/learning equipment for primary and upper primary schools. SSA was launched in 2000-01 with the objective of all Children to be in School, Education Guarantee Centre, Alternative School, Back-to-School camp by 2005, all children complete five years of primary schooling by 2007 and complete eight years of elementary schooling by 2010 and universal retention by 2010.

Organisational set up

3.4.2. At State level, SSA State Mission Authority (Authority) registered in June 2000 as a society is responsible for implementing SSA in a mission mode. SPD being Member Secretary of the mission acts as Chief Executive Officer and is responsible for proper administration of the affairs and funds of the mission and implementation of its various activities under the direction and guidance of the Chief Secretary who is the Chairman of the Executive Committee. At district level, the programme was implemented by DPD which was headed by District Education Officer designated under the programme as DPD. A block unit shall be set up for every block in which the project will be implemented. At village level, VEDC secures the cooperation of local community and oversees the implementation of SSA. VEDCs are assisted by Sub Divisional Magistrate (Civil), Mother Teacher Association, Parent Teacher Association and Women's group etc.

Audit Objectives

3.4.3. Main objective of the performance audit was to evaluate the performance of the programme in attaining universal elementary education. The focus of audit was to examine and evaluate efficacy of planning for implementation of various components of the programme. The audit objectives were to examine and assess whether:

- different components of the programme were well designed, need based and relevant to the operational environment prevalent in the State;
- the funds provided under various components were utilised as per the approved plan;
- the enrolment under special focus group⁴⁴ had reached satisfactory level;
- the quality of educational standards has improved as a result of implementation of SSA; and
- proper system of monitoring was evolved and implemented.

Audit Criteria

3.4.4. Audit criteria covered following aspects of the scheme:

- receipt and utilisation of funds as per approved annual work plan;
- the standard of education, comprising curricular, teaching and learning material, teachers training and teaching-learning process were in place as envisaged in the scheme;
- enrolment and drop out of girls and SC/ST children and retention of these children in the school;
- facilities provided to special focus group.

Scope of Audit and Methodology

3.4.5. Review on implementation of SSA for the period 2001-05 was conducted by Audit between April and July 2005 based on test check of records of SPD, five⁴⁵ DPDs, (out of 17) 14 Block Primary Education Officers (BPEOs) in these selected DPDs and 84 government primary/upper primary schools.

The services of Social and Rural Research Institute (SRI), a specialist unit of IMRB International were commissioned to survey and assess the impact of SSA. All the heads of all schools in the State were requested (January 2006) to provide full co-operation to the representatives of SRI. Sampling methodology/design for the beneficiary assessment as utilised by SRI is given in *Appendix-XXIV*. SRI carried out the survey in all the 17 districts covering 255 villages/blocks and 4935 households during January 2006- February 2006. Findings of the SRI are contained in the Executive summary (*Annexure-A* at Page 79). Review with SRI findings was issued to Government in July 2006, no reply has been received

In order to know the detailed organisational set up and functioning of SPD and DPDs an entry conference was organised (March 2005) with SPD SSA Punjab Chandigarh. Study of frame work of SSA, manuals, financial sanctions, annual work plan and budget, expenditure statements, cash vouchers, special focus groups, progress reports, various information/statements maintained by SPD and DPDs and guidelines was conducted. Meetings were held with SPD and

⁴⁴ Girls and SC/ST children and disabled children.

⁴⁵ Amritsar, Gurdaspur, Ferozepur, Hoshiarpur and Nawanshahar.

other officers of the project from time to time during audit. The results of performance audit and survey are discussed in the succeeding paragraphs.

Audit Findings

Financial Management

Investment on elementary education curtailed to the extent of State share

3.4.6. As per Manual of Financial Management and Procurement of SSA (SSA manual), the State Government will have to maintain their level of expenditure in elementary education as in 1999-2000. The State share for SSA has to be over and above the expenditure being incurred at the 1999-2000 level in a particular State. SSA will not substitute State funding for elementary education.

Audit scrutiny of records of SPD revealed (July 2005) that the expenditure level of 1999-2000 incurred on elementary education was not maintained. Against the expenditure of Rs 519.44 crore incurred during 1999-2000, expenditure of Rs 458.92 crore, Rs 507.44 crore and Rs 509.59 crore was incurred during 2001-02, 2003-04 and 2004-05 respectively resulting in lesser investment of Rs 82.37 crore during these years. The State Government contributed an amount of Rs 67.33 crore as State share during these years. Thus, SSA (State share) was met out of cut in expenditure incurred on elementary education by the State. SPD admitted (October 2005) the facts.

3.4.7. As per SSA manual, the assistance under the programme of the SSA was to be shared between the Central and the State Government in the ratio of 85:15 during the year 2001-02 (IX Plan) and 75:25 during the year 2002-03 to 2006-07 (X Plan).

Details of funds requirements as per AWP, funds provided to SPD and the expenditure incurred thereagainst during 2001-05 were as under:

Year	Approved AWP			Funds transferred to SPD			(Rupees in crore)
	GOI	State Share	Total	GOI	State share	Total	Expenditure
2001-02	110.34	19.47	129.81	55.17	--	55.17	--
2002-03	106.60	35.54	142.14	49.68	9.73	59.41	66.49
2003-04	150.44	50.14	200.58	64.76	30.83	95.59	44.42
2004-05	149.64	49.88	199.52	30.56	26.77	57.33	49.74 ⁴⁶
Total	517.02	155.03	672.05	200.17	67.33	267.50	160.65

Note: While GOI share during 2001-02 was provided to SPD through the State Government, the same was provided by GOI directly to SPD in subsequent years.

Delay in implementation of the programme

3.4.8. As against the share as per the approved AWP amounting to Rs 517.02 crore of GOI and Rs 155.03 crore of the State Government for the period 2001-05 the actual amount transferred to SPD during the above period by GOI and the State Government was Rs 200.17 crore and Rs 67.33 crore respectively. As result of which the implementation of the programme suffered particularly in the initial

⁴⁶ This amount represents amount released to DPDs by SPD. Actual expenditure will be available in due course on receipt of utilisation certificates by SPD.

The State Government failed to maintain level of expenditure of 1999-2000 on elementary education during 2001-2002 and 2003-05

No activity could be undertaken by SPD during 2001-02 due to late transfer of funds

year of implementation. Rupees 55.17⁴⁷ crore were given by GOI between 11 October 2001 and 22 January 2002 to the State Government. The State Government remitted this amount to SPD on 17 June 2002 (after 5-8 months) with the result that no activity on the programme could be undertaken by SPD during 2001-02.

Release of State share of grant

Delay in receipt of state matching share ranged upto 334 days

3.4.9. As per framework of implementation of the programme, the State Government was to transfer its share to SPD within 30 days of the receipt of the Central share. It was, however, observed that the State share was received by SPD with delay ranging upto 334 days during 2001-05 over and above the stipulated period as detailed below:

(Rupees in crore)

Year	Date of receipt of Central share		Due date of receipt of State Share		Actual date of receipt of State share ⁴⁸	Delay in days
	Amount	Date	Amount	Due date		
2001-02	10.69	11.10.01	1.60	10.11.01	17.06.02	220
	19.12	27.12.01	2.87	26.01.02	17.06.02	143
	25.36	22.01.02	3.80	21.02.02	17.06.02	117
2002-03	1.00	18.04.02	0.33	17.05.02	25.08.03	101
	48.68	19.12.02	16.23	18.01.03	25.08.03	220
2003-04	64.76	25.09.03	21.59	24.10.03	22.09.04	334
2004-05	0.56	17.04.04	0.18	16.05.04	18.03.05	307

Thus, the State Government failed to fulfill its obligations to provide matching share on due dates.

Non-adjustment of advances

Non adjustment of advances of Rs 66.38 crore given to various authorities

3.4.10. The funds released by SPD to DPDs and by DPDs to BPEOs were initially to be classified as advances, which were to be adjusted on the basis of the expenditure statements/ utilisation certificates (UCs) required to be submitted by the concerned authority within one month after the close of the financial year. Test check of records of SPD revealed that the advances of Rs 66.38 crore (out of Rs 194.68⁴⁹ crore) given to DPDs during April 2002 to March 2004 were pending adjustment by SPD for want of expenditure statement/UCs, from the concerned authorities as of January 2005. In the absence of expenditure statement/ UCs, bonafide utilisation of the funds could not be ascertained in audit.

Programme implementation

Research studies and data verification

3.4.11. SSA framework envisaged the undertaking of studies on the base line assessment with regard to retention, access, gender/social equality etc. which should be diagnostic in nature and utilised in planning process with consistence in data presentation. Besides, District Information System for Education (DISE) data base was required to be used in the planning process. No such

⁴⁷ Rs 10.69 crore (11.10.01), Rs 19.12 crore (27.12.01), Rs 25.36 crore (22.1.02).

⁴⁸ State Government share was released on 17.6.02 (Rs 8.27 crore), 25.8.03 (Rs 16.56 crore), 22.9.04 (Rs 21.59 crore) and 18.3.05 (Rs 10.18 crore).

⁴⁹ Rs 113.58 crore (2002-03), Rs 81.10 crore (2003-04).

studies were conducted and DISE data was also not put to use for the planning purpose.

Further, National Institute of Education Planning and Administration (NIEPA) guidelines envisaged five *per cent* sample checking of DISE data to ensure the reliability of these data. It was observed that this requirement was also not fulfilled as of March 2005 as samples were not taken in the test check districts.

Shortage of Primary teachers

3.4.12. As per SSA manual, 40:1 pupil -teacher ratio should be maintained and minimum two teachers should be posted in a primary school. Test check of record of SPD revealed that as of September 2004, there were 1565431 primary students on the roll in 13341 government primary schools in the State. For this, 39135 teachers were required to impart education in view of given pupil-teacher ratio. But only 34652 teachers were in position. Thus, 4483 teachers were less posted in schools. Audit noticed that only 1868 elementary trained teachers were recruited (July 2004) by SPD at Rs 5000 per month on contract basis and posted at various primary schools thus, even after considering the contract teachers that have been recruited, the shortfall works out to 2615 as of September 2005.

Test check of records in five test checked districts, however, revealed that 334⁵⁰ schools were running without any teacher although the number of students on the roll of these schools varied between four and 284. In 1350⁵¹ primary schools of four⁵² districts, against the requirement of two to six teachers, only one teacher was posted although strength of students ranged between 40 and 230 (772 schools), 21 and 40 (459 schools) and between zero and 19 (119 schools). Thus, the pupil-teacher ratio was highly imbalanced. Failure on the part of department to rationalize the posting of teachers and provide teachers as per requirement reflected failure to implement the scheme effectively.

On this being pointed out (May 2005), DPDs (Amritsar, Hoshiarpur) stated that since the recruitment policy was formulated by the Government, DPD was not competent to appoint teachers. DPD Gurdaspur stated (July 2005) that policy of rationalization was under process. DPD Ferozepur did not furnish any reply (September 2005).

Excess release of grants

3.4.13. As per provision of SSA manual, funds for construction and maintenance of schools and other buildings were to be provided as per following:

- Schools having their own buildings upto three classrooms were eligible for maintenance grant upto a maximum of Rs 4,000 per school per year.
- One time grant of Rs 35,000 for providing sanitation was to be issued to the schools having their own building.
- Annual grant of Rs 500 was payable to the teachers actually in position for arranging the teaching learning materials such as work books, teacher's guide etc.

⁵⁰ Amritsar (121), Ferozepur (93), Gurdaspur (95), Hoshiarpur (17) and Nawanshahar (8)..

⁵¹ Amritsar (276), Ferozepur (319), Gurdaspur (387) and Hoshiarpur (368).

⁵² Amritsar, Ferozepur, Gurdaspur, Hoshiarpur.

There was shortage of Primary school teachers and pupil teacher ratio was not as per the norm

Rupees 3.62 crore were released for different components i.e. construction, repair, etc. in violation of norms and conditions of SSA

- Grant for construction of a branch school (Rs three lakh), Block resource centre (BRC) (Rs six lakh) Cluster resource centre (CRC) (Rs two lakh) was to be released after ensuring availability of land with the institution.

Test check of records in five⁵³ districts revealed that 3552⁵⁴ schools having upto three classrooms and entitled for grant at Rs 4,000 per annum were disbursed at Rs 5,000 per school per year during 2002-05. This resulted in release of excess grant amounting to Rs 1.07 crore.

Again in same five districts, teacher grant at Rs 500 per teacher amounting to Rs 4.67 crore claimed for 93572 teachers by DPDs during 2002-05 was paid by SPD. Actually only 74449 teachers were in position in these districts during the same period. The payment of grant against 19123 vacant posts of teachers in these districts resulted in excess release of Rs 95.63 lakh.

On being pointed out, DPD Amritsar and Nawanshahr admitted (April 2005) the excess claim but stated that the annual plan had been prepared on the basis of sanctioned posts.

Text check of records in respect of two districts (Amritsar:10, Gurdaspur:11) revealed (May-July 2005) that one time sanitation grant at Rs 35,000 per school was released (October 2002-March 2005) to 21 schools which did not have their own buildings. This resulted in inadmissible grant of Rs 7.35 lakh. No reply was given by respective DPDs to observations (May-July 2005) raised by Audit.

Again in the same two districts, for the construction of 15⁵⁵ BRCs, nine⁵⁶ CRCs and 20⁵⁷ branch schools, Rs 1.68 crore were released between March 2003 and March 2004 but only one BRC (Amritsar) and five CRCs (Amritsar) had been constructed (May 2005) at the cost of Rs 16 lakh. Balance amount of Rs 1.52 crore was lying unutilised as of September 2005 with DPDs.

Diversion of SSA grant

3.4.14. SSA did not provide for implementation of mid-day meal programme. Test check in audit of the records of SPD Ferozepur revealed that an amount of Rs 1.20 crore was released (October 2004) by SPD for teachers' salary and school grant. SPD instructed (December 2004) DPD to return Rs 30 lakh out of this amount for utilisation under mid-day meal programme being implemented by the Director Public Instruction (Elementary Education) which was returned (January 2005) to SPD through bank drafts. Diversion of funds from SSA grant to mid-day meal programme was in contravention to the provisions of the programme and was thus irregular.

Failure in implementation of scheme of training by DIETs

3.4.15. District Institute of Education and Trainings (DIET) was to serve as a nodal institution at district level to undertake the responsibility of improving the

⁵³ Amritsar, Ferozepur, Gurdaspur, Hoshiarpur and Nawanshahr.

⁵⁴ Amritsar (78), Ferozepur (820), Gurdaspur (1177), Hoshiarpur (1243) and Nawanshahr (234).

⁵⁵ Amritsar -(12), Rs 72 lakh, March 2003; Gurdaspur (3), Rs 18 lakh, March 2004.

⁵⁶ (9) CRC- Amritsar -Rs 18 lakh, March 2003.

⁵⁷ Amritsar -(19), Rs 57 lakh, March 2003; Gurdaspur -(1), Rs 3 lakh, March 2004.

Scheme of training of teachers was not implemented

quality of elementary education by providing academic guidance and performance support for teachers training programme etc.

Test check of the records of five⁵⁸ DIETs revealed that the prescribed training of 20 days was not imparted to in-service teachers and the members of VEDCs in any district during the year 2002-03. The shortfall in achievement of training during 2003-04 ranged between 69 and 100 *per cent* and nine and 62 *per cent* during 2004-05.

On this being pointed out (May 2005) Principal DIET Amritsar, Gurdaspur and Nawanshahar stated (April -July 2005) that due to shortage of staff, the required training could not be imparted. Principal DIET, Hoshiarpur attributed (July 2005) the failure in achievement to late receipt of funds from State SSA.

Deficient working of Education Guarantee Scheme centers

3.4.16. As per EGS, all habitations not having a primary school within one kilometer and having a minimum of 20 children are entitled to have an EGS centre. For the drop out children, facility of bridge courses was provided through EGS centres. The bridge courses were to equip and enable the drop out children for availment of proper education in mainstream schools.

As a result of survey carried out by department during 2002-03, in three districts 39179 out of school children (Amritsar-34177, Hoshiarpur-2606, and Nawanshahar-2396) were identified, of which 17852⁵⁹ children were proposed to be enrolled in EGS centres during 2003-04 for which funds of Rs 1.51 crore at Rs 845 per child were provided during the year. Audit scrutiny of records in these districts revealed that against proposed enrolment of 17852 children, 8659 children were actually enrolled. Thus, there was shortfall of enrolment of 9193 children (52 *per cent*) and funds amounting to Rs 77.68 lakh provided were lying unutilized (September 2005).

On this being pointed out, DPD Amritsar stated (May 2005) that in initial years, it was difficult to attract out of school children to EGS centres as they were not inclined to join. DPD Hoshiarpur stated (July 2005) that matter was being looked into.

Inadequate number of schools/alternative schooling facility

3.4.17. Beneficiary survey by SRI disclosed that about 9.8 *per cent* of the villages and 14.7 *per cent* of the urban blocks were not covered by SSA.

This indicates lack of proper planning and survey by the Government which adversely affected attainment of the objective of SSA.

Insufficient Upper Primary Schools

3.4.18. Following GOI norms, the State Government should upgrade Primary Schools in the ratio of 2:1 (Primary Schools : Upper Primary Schools). The number of Primary Schools opened is 12972. As per norms, there should be 6486 Upper Primary Schools, whereas there are only 5437 Upper Primary

⁵⁸ Amritsar, Ferozepur, Gurdaspur, Hoshiarpur & Nawanshahar.

⁵⁹ Amritsar: 15500, Hoshiarpur: 1254, Nawanshahar: 1098.

Out of 39179 out-of-school children identified, only 17852 were proposed to be enrolled (less than half)- of these 8659 were actually enrolled

sections in all the Middle, High and Senior Secondary Schools resulting in a shortfall of 1049 Upper Primary Schools.

The reasons for the shortfall are:

- a) No school upgradation has been done since 2001 by the State Government/Education Department.
- b) The State Government is not providing teaching staff for upgraded Upper Primary Schools. The Panchayat/VEDCs have to arrange teachers from their own sources, which are limited, therefore they are not willing to get their schools upgraded.

Out of School Children

3.4.19. Beneficiary survey by SRI revealed that there were 29 (male) and 18 (female) per thousand of out of school children in the age group of 6-14 years in Punjab. Survey also disclosed that 77 per thousand disabled children in the age group of 6-14 years were out of school.

National Programme of nutritional support to primary education and its integration with SSA

3.4.20. Beneficiary survey of school conducted by SRI disclosed that the mid-day meal scheme was implemented in 41.2 *per cent* Primary School, 10.3 *per cent* Upper Primary School and 3.5 *per cent* High Schools with Upper Primary sections. It was also disclosed that 78.6 *per cent* children in Punjab reported not receiving the mid day meals.

Coverage of special focus group

Distribution of free text books

3.4.21. SSA manual and financial rules of the State Government provide that funds may be used with due economy and efficiency and purchases must be made to the best advantage of the programme after comparison of competitive rates.

Audit scrutiny of record of DPD Gurdaspur (July 2005) revealed that under the scheme of distribution of free text books to all focus⁶⁰ group children of government schools and government aided schools (both at primary and upper primary level) books valuing Rs 1.41 crore were purchased during June 2004. Out of this, books valuing Rs 0.32 lakh were delivered to schools for distribution to students between July and December 2004. The balance books valuing Rs 1.09 crore were lying in the store of the department (September 2005). Interestingly, the books were distributed to the students between July and December 2004 when more than half of session was already over. The objective of the scheme thus, remained unfulfilled. SPD admitted the facts and stated (October 2005) that targets of distribution of books could not be achieved which resulted in surplus number of books.

Out of a total purchase of books valuing Rs 1.41 crore, books valuing Rs 1.09 crore remained undistributed in Gurdaspur district

⁶⁰ All girls and scheduled caste/scheduled tribe children.

On this being pointed out (July 2005), DPD Gurdaspur admitted the facts and stated that books were sent by SPD in excess of demand by DPD.

Irregularities in purchase of books

3.4.22. Audit of DPD Gurdaspur revealed (July 2005) that 11600 sets of 10 books each valuing Rs 17 lakh for distribution of one set to each girl student (general category) were procured for 8th class students. As the total strength of girls students during the year 2004-05 was 3243 the same number of sets (3243) were distributed to the students between July and December 2004 leaving the balance of 8357 sets worth Rs 12 lakh lying undistributed (June 2005). Further, scrutiny of records revealed that syllabus of four (out of ten) books procured as above was changed from the session 2005-06 resulting in unfruitful purchase of books worth Rs five lakh.

On this being pointed out (July 2005), the department admitted the facts.

Irregular purchase of training Modules

Training modules were procured at a cost of Rs 75.17 lakh without following the prescribed procedure

3.4.23. Financial rules of the State Government provide that purchase may be made in economical manner after comparison of competitive rates. Test check of records (September 2005) of SPD revealed that SPD placed (October 2003) supply order with Punjab Small Industries and Export Corporation for supply of 50000 number of sets of training modules (books) valuing Rs 75.17 lakh to be consigned to the Principals of DIETs located at each district in Punjab without receiving any demand from DIETs.

It was noticed that neither the reasonability and competitiveness of rates was ensured before placing the supply order nor the State Mission worked out the costing data independently on the basis of design/specifications after surveying the market for verification of competitiveness of rates. The purchase was ordered without following laid down purchase procedure of inviting open tenders and was made without obtaining approval of Executive Committee.

On being pointed out, SPD stated (October 2005) that purchases were made (October 2003) before the introduction/issue (2004) of SSA manual. The reply was not acceptable because purchase was made in contravention of financial rules of the Government.

Internal Audit

3.4.24. Manual of Financial Management and procurement stipulated that SPD should introduce proper internal audit system to ensure proper utilization of funds. The internal audit of DPDs and BPEOs selected on a percentage basis should be conducted so as to cover all districts and sub-district units atleast once in three years. Test check of records of SPD revealed that no internal audit system was introduced in the organisation as of August 2005. The department was thus deprived of valuable inputs from the Internal Audit Wing.

Conclusion

3.4.25. The SSA programme suffered in the State as the project grant amounting to Rs 55.17 crore released by GOI during 2001-02 was retained by the State Government during whole of the year as a result of which the scheme could not

be implemented in that year. Further, the expenditure level of 1999-2000 on elementary education was not maintained by the State Government though stipulated resultantly the State funding of SSA was met from the cut in expenditure on elementary education. This was also compounded by further delays in releasing of State share to SPD in contravention to the frame work of the implementation of the programme. UCs for a sum of Rs 66.38 crore disbursed to DPDs during 2002-04 were not received till January 2005 putting the matter to risk of misappropriation of government money. An amount of Rs 3.62 crore was released by SPD to DPDs for construction and repair of schools and other buildings in violation of norms and conditions of SSA. Besides, SPD failed to fill up vacancies of teachers despite funds being available. There was heavy shortfall in training of VEDC members and teachers. Books worth Rs 1.09 crore purchased were lying undistributed in stores and there were cases of irregularities in purchase of books and training modules. The EGS did not work properly because against 39179 out of school children, only 8659 students could be actually enrolled.

Recommendations

- The State Government should exercise financial discipline in maintaining level of investment in elementary education of year 1999-2000 during next years as it failed to maintain the same during 2001-05 and further funds received under this programme including State share should be expeditiously disbursed to implementing agencies by the State Government;
- Utilisation certificates should be received from subordinate offices on due dates to ascertain actual position of expenditure and progress of work;
- Grants for civil works, teacher grant and other grants under SSA should be released only as per norms and as per provisions of SSA to avoid unjustified spending/ blocking of the same;
- All out of school children identified by SPD should be enrolled in schools on urgent basis to make the scheme effective;
- The purchase of material/books/training modules should be made as per financial rules/ instructions of Government.

The above points were reported to Government in September 2005; reply has not been received (September 2006).

Annexure-A

(Refers to paragraph 3.4.5: Page 70)

Summary of findings of SRI

(i) School Survey

Average attendance of the enrolled children

Average attendance in primary schools amongst males was found to be 85 per cent and amongst females the attendance was 84 per cent. In upper primary schools the attendance amongst males was 82 per cent and amongst females, the attendance was 84.5 per cent. The attendance in high schools reported for males was 75 per cent and amongst females it was 81.5 per cent.

Type of the school building

Majority of the primary schools had pucca buildings in the State. 3.4 per cent of the primary schools were observed having a kutcha building. 7.2 per cent had a semi-pucca building and another 89 per cent had a pucca building.

The pattern was observed to be very similar even among the upper primary schools with 82.4 per cent of the schools having a pucca building and 2.9 per cent having kutcha building.

Amongst the high schools with a upper primary section 92.4 per cent had pucca building whereas 4.2 per cent had a kutcha building.

School Facilities

An attempt was also made to assess the infrastructural facilities across the schools covered. 70.8 per cent of the primary schools, 77.9 per cent of the upper primary and 80.6 per cent of the high schools with upper primary sections had compound walls. Toilets were provided in 86.6 per cent of the primary schools, 89.7 per cent of the upper primary schools and 93.8 per cent of the high schools with upper primary sections. Separate toilets for girls were constructed in 22.9 per cent of the primary schools, 4.3 per cent of the upper primary schools and 10.8 per cent of the high schools with upper primary sections. Drinking water supply was present among 89.7 per cent of the primary schools, 91.2 per cent of the upper primary schools and 98.6 per cent of the high schools with upper primary 81.4 per cent of the primary schools, 79.4 per cent of the upper primary schools and 92.4 per cent of the high schools with upper primary had electricity connection.

Grants and schemes under SSA

It was found that 100 per cent of primary schools, upper primary schools and high schools with upper primary received SSA grants. Concerning the school grant of Rs 2,000, it was found that 96.2 per cent primary schools and 94.1 per

cent upper primary and 91.7 *per cent* high schools with upper primary received the same.

97.2 *per cent* of primary schools, 98.5 *per cent* of upper primary and 93.8 *per cent* of the high schools with upper primary sections received the teacher' grant of Rs 500 per year. 0.3 *per cent* of primary schools said that they received grants for disabled children. The *percentage* of schools who received this grant was reported to be 1.5 *per cent* for upper primary and no grant was received by high schools with upper primary.

School Committee

It was found that about 53.5 *per cent* of primary schools, 12.4 *per cent* of upper primary schools and 26.1 *per cent* of high schools with upper primary sections had education committees formed in the locality.

Mid-day meal

With regard to the schemes operated under SSA it was found that implementation of mid-day meal scheme was not satisfactory as 41.2 *per cent* of the primary schools, 10.3 *per cent* of upper primary schools and 3.5 *per cent* of the high schools reported implemented mid-day meal scheme.

Free text books for girls

The scheme for free text books for girls was implemented to the extent of 86.9 *per cent* in primary schools, 73.5 *per cent* in upper primary schools and 83.3 *per cent* in high schools with upper primary sections.

Free text books for SC/ST students

82.5 *per cent* of primary schools, 73.5 *per cent* of upper primary schools and 83.3 *per cent* of high schools with upper primary sections reported that free text books are also being given to the SC & ST students in the schools.

Activities undertaken under SSA

Pertaining to the activities undertaken under SSA, it was found that across all the schools covered, various activities were undertaken under SSA. Repairing of existing structures was most commonly undertaken as 61.2 *per cent* of the primary schools, 67.7 *per cent* of the upper primary schools and 69.4 *per cent* of high schools with upper primary have taken it up.

The activity that was least undertaken was construction of girls toilets, as only 22.9 *per cent* of the primary schools, 4.3 *per cent* of the upper primary schools and 10.8 *per cent* of the high schools with upper primary had taken it up.

Teaching aids

Black boards, chalk and duster and posters/globe/maps etc. were most commonly used as teaching aids. 97.6 per cent of the primary schools, 98.5 per cent of the upper primary and 95.8 per cent of the high schools with upper primary reported blackboard usage.

(ii) Household survey

Out of school children

- The study estimates 45.28 lakh children in the age group 6 to 14 of which 1.08 lakh were reportedly out of school. Thus, there were 24 children out of school per thousand.
- In the age group 6 to 14 of the total 45.28 lakh, while there were 24.83 lakh boys, there were 20.45 lakh girls. Of the boys, 0.72 lakh were reportedly out of school. Among girls, 0.36 lakh were observed to be out of school. Thus, the proportion of those out of school was higher among boys (29 per thousand boys) compared to girls (18 per thousand girls). When looked from gender perspective, the proportion of boys who were out of school per thousand was higher compared to girls.
- In urban areas, in the 6 to 14 age group, four out of 1,000 children were reportedly out of school. In rural areas, 33 out of 1,000 children were reportedly out of school. In different social groups, the proportion of the children who were out of school per thousand was much higher in rural areas as compared to urban areas.
- The estimated proportion of children in the 6-14 age group who were out of school was highest in OBC (54 per thousand), followed by SC (43 per thousand) and General Category (4 per thousand).
- Analysis by disability shows that across disabilities, the estimated proportion of out of school children (445 per thousand) was much markedly higher than the proportion of all children aged 6 to 14 who were out of school (24 per thousand).
- Children with mental disability were the worst sufferers as 100 per cent children were out of school.

Coverage of Schools under SSA

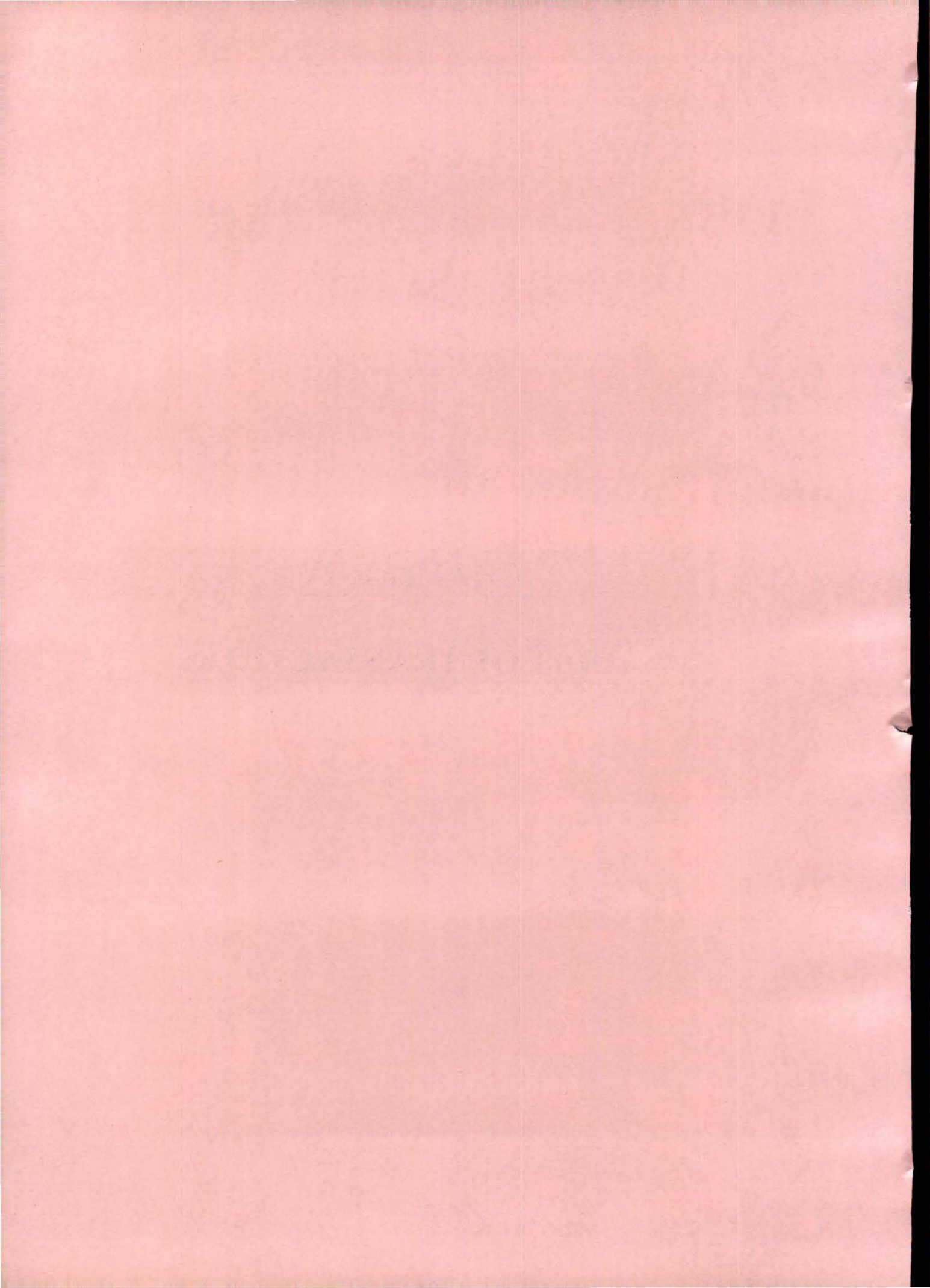
- When a village or urban area does not have a primary school within a radius of one kilometer, it is defined as not covered by a primary school and hence not covered by SSA. SRI findings revealed that around 9.8 *per cent* of the habitations/villages and 14.7 *per cent* of the urban blocks did not have a school/alternative schooling facility within a radius of one kilometer.

Reasons for non-enrollment and non-attendance

The main reasons reported by parents for not enrolling their children in schools was that the children had to go to work to supplement their family needs.

CHAPTER-IV

AUDIT OF TRANSACTIONS



CHAPTER-IV

AUDIT OF TRANSACTIONS

Audit of the departments of the Government, their field formations as well as of the autonomous bodies brought out several instances of lapses in management of resources and failures in the adherence to the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

4.1. Fraudulent drawal /misappropriation, embezzlement and losses

IRRIGATION AND POWER DEPARTMENT

4.1.1. *Embezzlement of government money*

Failure of the Executive Engineer to follow the procedure laid and observe codal provisions and instructions issued for handling government money, facilitated embezzlement of Rs 70.30 lakh.

The Punjab Financial Rules provide that the head of the office should verify cash balance in the cash book and record a signed and dated certificate to that effect. Further 'Manual of Administration' provides that revenue clerk is responsible for proper upkeep of cheque books, cash books (main and subsidiary) and remittance of cash into treasury, to make all payments and be responsible for contents of the chest.

Audit of records of Executive Engineer (EE), Majitha Division, Upper Bari Doab Canal, Amritsar revealed (May-July 2005) that three¹ cash books were being maintained and money was being kept in three² banks instead of depositing into treasury as required under the Punjab Financial Rules. All the three cash books were being handled and maintained by an official other than the revenue clerk. It was further seen in audit that as on 31 March 2005 there was an aggregate amount of Rs 71.15 lakh appearing as closing balance in the three cash books. As per certificate found recorded in the cash books (certificate in one cash book was not signed by any authority) as on 31 March 2005, the entire amount was certified to be lying in chest. However, the details of amount as on 31 March 2005 lying in the chest as well as in three bank accounts each being operated separately from March 1988, September 1995 and May 2001 were not mentioned in the certificate. Whereas, the scrutiny of bank statements in Audit revealed that there was a closing balance of Rs 84,329 in three bank accounts as on 31 March 2005 and as such Rs 70.31 lakh was supposed to be in chest. When the details of exact amount lying in the chest and bank were sought, (May-June 2005), the

¹ Cash book of revenue receipts, Main cash book of execution of works and Sub-cash book of establishment expenses.

² United Commercial Bank, Amritsar A/C No. 76. Indian Overseas Bank, Amritsar A/C No. 4240 and Canara Bank, Amritsar A/C No. 5025.

EE could not intimate the same on the plea that keys of chest were not available with him. However, taking cognizance of audit observation, an FIR was lodged (July 2005) by the EE on the directions of the Government.

In pursuance of further audit observations, the EE intimated (August 2005 and February 2006) that on the chest being unlocked (August 2005) by a committee formed by the department, an amount of Rs 860 and 100 revenue stamps each of rupee one denomination was found in the chest against the required amount of Rs 70.31 lakh, thus confirming the embezzlement. It was further stated (February 2006) that the three officers/officials considered to be held responsible for embezzlement, had been placed under suspension and charge-sheets had been submitted (February 2006) for the approval of the higher authorities. Final results of investigations were awaited (August 2006). Thus, failure of the EE to follow the procedure laid down and observe codal provisions and instructions issued with regard to handling of government money facilitated embezzlement of Rs 70.30 lakh.

The matter was referred (May 2006) to Government/ Chief Engineer; reply has not been received (September 2006).

4.1.2. Possible fraud in respect of government money

Non-adherence to prescribed rules in handling cash facilitated embezzlement of Rs 15.30 lakh.

Rules provide that all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of office in token of check exercised by him. All receipts collected during the day should be credited into the treasury on the same day or on the morning of next day at the latest.

Test check of records of Executive Engineer, Majitha Division, Upper Bari Doab Canal, Amritsar revealed (July 2005) that Government accorded (September 2004) approval to transfer 2.82 acres government land in the name of the buyer (Shri Gur Alam Bir Singh) which was sold to him (June 1998) for Rs 25.13 lakh. As the payment was delayed, total payment due to be received inclusive of interest of Rs 7.17 lakh worked out to Rs 32.30 lakh. Payment thereof was stated to have been received in full. Accordingly, a sale certificate was issued (November 2004) declaring buyer as owner of the said land. Against Rs 25.13 lakh (cost of land), Rs 17 lakh³ received between July 1998 and June 2000 were duly accounted for and Rs 15.30 lakh (cost of land: Rs 8.13 lakh and interest: Rs 7.17 lakh), stated to have been received from the buyer vide receipt No. 77 of book No. 39276 dated 12 March 2004 was neither taken in the cash book nor remitted into treasury. It was found that counterfoil of the said receipt number was for Rs 1680 shown to be received on 29 March

³ Rs 2,51,262: 23.07.1998, Rs 6,28,155: 21.09.1998 and Rs 8,20,000: 21.06.2000.

2004 from another transaction that of auction of *gharat*⁴ and not for Rs 15.30 lakh. Thus, amount of Rs 15.30 lakh stated to have been received vide receipt number 77 was wrong and possibly mis-appropriated.

Thus, lack of monitoring of entries of all monetary transactions in the cash book resulted in this alleged embezzlement.

On this being pointed out (July 2005), the Executive Engineer stated (February 2006) that FIR had been lodged (July 2005) and official involved had been placed under suspension. Further, report has not been received (August 2006).

The matter was referred to Government in October 2005; reply has not been received (September 2006).

INDUSTRIES AND COMMERCE DEPARTMENT

4.1.3. Irregular grant of sales tax exemption.

Grant of exemption certificate in violation of provisions of Industrial Policy 1996 resulted in loss of Rs 1.01 crore to State exchequer.

As per Punjab Industrial Incentive code under the Industrial Policy, 1996 new industrial units that came into production or undertook expansion on or after 1 April 1996 were eligible for sales tax exemption at the rate of 300 *per cent* and 150 *per cent* of fixed capital investment in areas specified in category "A" and "B" for 120 months or 84 months respectively. Government while amending Industrial Policy, 1996 in April 2000 had decided to discontinue the sales tax exemption with effect from 1 May 2000. It was however, stipulated that units which may have taken necessary steps or which may take effective steps by 30 April 2000 regarding registration with Department of Industries and Commerce will be eligible for grant of sales tax exemption after coming into production.

Scrutiny of records of General Manager, District Industries Centre, Mansa (GM DIC) revealed (March 2005) that a unit M/s. Sejji Plast Pvt. Ltd. applied for registration with the GM DIC, Mansa on 10 July 2002. Similarly audit of GM DIC, Ludhiana disclosed (April 2005) that M/s. Kudu Knit Process Pvt. Ltd. applied for registration with the GM DIC, Ludhiana on 17 May 2000. As both these units applied for registration with respective GMs after 30 April 2000, these were not eligible for sales tax exemption. Audit, however, noticed that certificates for sales tax exemption amounting to Rs 7.64 crore (Rs 4.45 crore-Mansa; Rs 3.19 crore-Ludhiana) were issued to them in August 2003 and September 2004 respectively ignoring above instructions of Government.

The sales tax authority confirmed (March 2006) that sales tax exemption amounting to Rs 1.01 crore (Rs 65.11 lakh Mansa; Rs 35.42 lakh; Ludhiana) had been availed of by both these units upto February 2006.

⁴ Water mill is called Gharat.

On being asked (April 2006), GM DIC, Mansa stated that exemption certificate was given as per advice of Head office. Grant of tax exemption certificate in violation of provisions of industrial policy resulted in loss of Rs 1.01 crore to the State exchequer. No specific reply was given by the department.

The matter was brought to the notice of Government (January 2006); the reply has not been received (September 2006).

4.2. Infructuous/wasteful expenditure and overpayment

FOOD AND CIVIL SUPPLIES DEPARTMENT

4.2.1. Avoidable payment

Failure to make payments to the rice millers in time by the department despite its receipts from FCI resulted in avoidable payment of interest amounting to Rs 2.12 crore.

According to Punjab Rice Procurement Levy Order 1983 (Order), every licenced miller or dealer shall deliver levy rice in Central Pool (at fixed percentage of milled rice) to Food Corporation of India (FCI) on behalf of Punjab State. Further, full payment shall be made to the millers within 24 hours of delivery of rice. The payments to the millers are released through District Food and Supplies Controllers (DFSCs) after receipt from FCI.

Test check of records of seven⁵ DFSCs revealed (March 2006) that 142 firms had supplied 28.44 lakh quintals of levy rice valuing Rs 278.65 crore between October 2001 and August 2002 to FCI for Central Pool on behalf of Punjab State during the crop year 2001-02. FCI paid full price of the rice to respective DFSCs who deposited it in the treasury. But, the payment to the firms/millers was not released within time period prescribed in Order 1983.

Aggrieved with the delay in receipt of payments, the rice millers filed (2002-03) writ petitions in the Punjab and Haryana High Court against the department for the settlement of their claims. The cases were decided (May 2004) in favour of rice millers with the direction to Government to pay interest at the rate of six *per cent* per annum for the period of delay in payments exceeding one week from the date of payment of price by FCI to the Punjab State (DFSCs). As a result, interest amounting to Rs 2.12 crore on account of delayed payments to millers was paid by the department in March 2005.

Thus, failure on the part of department to make payments to the rice millers in time despite its receipt from FCI resulted into avoidable payment of interest amounting to Rs 2.12 crore.

On being pointed out (March 2006), the DFSCs stated that the payments could not be released in time as the Government did not release the funds due to financial crunch. The reply was not tenable as the Government was merely to release the payments received from FCI against these transactions.

⁵ Amritsar, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, Nawanshahar and Sangrur.

The matter was referred to Government (May 2006); reply has not been received (September 2006).

ANIMAL HUSBANDRY DEPARTMENT

4.2.2. Unfruitful expenditure on incomplete slaughter house

Failure of the department to carry out a project not only rendered the expenditure of Rs 1.59 crore as unfruitful but supply of hygienic meat could not be ensured.

With the objective of preventing environmental pollution and to cater to the needs of the domestic consumer and also to explore international market for meat and meat products, Government of India (GOI) sanctioned (December 1999) setting up of modern slaughter house at Amritsar at the cost of Rs 4.38 crore on 50:50 sharing basis.

Scrutiny of records of Director, Animal Husbandry (December 2005) revealed that GOI sanctioned Rs 79.70 lakh⁶ and matching share of Rs 79.70 lakh⁷ was also provided by the State Government for setting up of slaughter house through Punjab Poultry Development Corporation now Punjab Livestock Development Board (PLDB). An expenditure of Rs 1.59 crore was incurred by the implementing agency upto February 2002. GOI released further grant of Rs one crore in March 2002 (Rs 50 lakh) and in November 2002 (Rs 50 lakh). However, the State Government did not release the amount of GOI share of Rs one crore to executing agency nor contributed their own matching share of Rs one crore till March 2005. The State Government, however, asked (April 2005) GOI for release of balance Rs 39.43 lakh as their share.

The GOI did not release the balance because the State Government failed to submit the progress report and utilization certificate of the funds (Rs 1.79 crore) already released. The GOI further observed (April 2005) that the State Government was not serious in implementation of this project and weeded out the project and asked for refund of Rs 1.79 crore.

Thus, even after spending Rs 1.59 crore upto February 2002 the building was incomplete (December 2005) and part of the machinery and equipment was yet to be purchased. The Director recommended (July 2005) to the Government that the incomplete project may be handed over to Local Government Department on "as and where" basis to finalise and use at their own level. No further action has been taken and the project is lying incomplete so far (August 2006).

On being pointed out (March 2006) the department admitted that incomplete building was not being put to use and stated (March 2006) that the left over work on slaughter house could not be completed as the State Government could not release its share due to financial crunch.

⁶ Rs 10 lakh: March 1998 Rs 69.70 lakh: December 1999.

⁷ Rs 10 lakh February 1999: Rs 69.70 lakh January 2001.

Thus, failure of the department to carry out the project not only created liability of Rs 1.79 crore towards GOI, but the intended benefit of supplying hygienic meat to public could also not be ensured.

The Government when referred (January 2006) the matter, confirmed (July 2006) that GOI has directed the State Government to refund the amount within two months, which however has not been refunded as of August 2006.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.2.3. Overpayment of non-practising allowance

Payment of non-practising allowance to officers holding pay scales inclusive of NPA resulted in over payment of Rs 52.23 lakh.

As per notification issued (November 2003) by Punjab Government Department of Health and Family Welfare, the pay scales of the post of Director, Joint Director, Additional Director and Deputy Director of Health services were inclusive of non-practising allowance (NPA). As per notification, the post of Deputy Director included the post of Civil Surgeon, Medical Superintendent and Chemical Examiner. The officers working on these posts were as such not entitled for the payment of NPA in addition to the pay drawn by them.

Scrutiny of records (April 2005) of the office of the Director Health Services Punjab (Director) and information collected (March 2006) from 19 field offices⁸ located in various districts of the State, however, revealed that in contravention of the instructions of the State Government, non-practising allowance was paid to 55⁹ officers between December 2003 and March 2006. Further, for computation of house rent allowance, dearness pay and dearness allowance, the component of NPA was also taken. This resulted in overpayment of Rs 52.23 lakh.

The Director did not respond to the audit query raised (April 2005) during local audit. The matter was also referred (July 2006) to Treasury Officers as to how the salary bills of these officers were passed if NPA was included in their pay scales. In their response, District Treasury Officer, Chandigarh intimated (August 2006) that the treasury was not aware of Government notification of November 2003 and the treasury merely checked the calculations.

The matter was brought to the notice of the Government (December 2005); reply has not been received (September 2006).

⁸ 1.Amritsar 2.Bathinda 3.Faridkot 4.Fatehgarh Sahib 5.Ferozepur 6.Gurdaspur 7.Hoshiarpur 8.Jalandhar 9.Kapurthala 10.Ludhiana 11.Mansa 12.Moga 13.Muksar 14.Nawanshahar 15.Patiala 16.Ropar 17.Sangrur 18. Chemical Examiner, Patiala 19. Medical Superintendent, Mata Kaushalya Hospital, Patiala.

⁹ Director Health Services:17, Medical Superintendent, Mata Kaushalya Hospital, Patiala:1, Chemical Examiner Patiala:1, Civil Surgeon, Amritsar:2, Bathinda:3, Faridkot:1, Fatehgarh:3, Ferozepur:2, Gurdaspur:1, Hoshiarpur:2, Jalandhar:2, Kapurthala:2, Ludhiana:2, Mansa:2, Moga:2, Muksar:2, Nawanshahar:1, Patiala:4, Ropar:2, Sangrur:3.

FINANCE DEPARTMENT

4.2.4. *Excess payment due to non-availing of commission on advertisements*

Failure of department to avail the prescribed commission as per DAVP rates resulted in excess payment of Rs 43.39 lakh.

Government of Punjab issued instructions (March 1995 and December 1996), that advertisements of Government departments, Boards and Corporations be released to various newspapers through Department of Information and Public Relations (DIPR) at rates fixed by the Government of India, Directorate of Advertisement and Visual Publicity (DAVP). The DAVP rates agreed with various newspapers contained a clause to allow commission at the rate of 15 *per cent* to be paid to Government on all the display and classified advertisements.

A scrutiny of records (February 2005) of the Director of Lotteries, Punjab revealed that an expenditure of Rs 2.89 crore was incurred between March 2003 and April 2004 on displayed¹⁰ and classified advertisements got made directly through private agencies instead through DIPR without availing 15 *per cent* commission. Failure of department to avail the prescribed commission as per DAVP rates resulted in excess payment of Rs 43.39 lakh.

On being pointed out, the Director of Lotteries stated (August 2005) that the lottery department had been allowed (April 1997) to make publicity through private agencies at DAVP rates in relaxation of Government instructions of December 1996. The reply is not tenable because Government while relaxing the condition of issue of advertisements through private agencies instead through DIPR had ordered to get these published at DAVP rates which *inter alia* provided for a commission of 15 *per cent*.

The matter was referred to Government in October 2005; the reply has not been received (September 2006).

DEPARTMENT OF INFORMATION TECHNOLOGY

4.2.5. *Ungainful expenditure due to non-providing of hardware*

Failure of the department to provide hardware required for connectivity alongside the development of software not only resulted in ungainful expenditure of Rs 60.50 lakh but also deprived the benefit of computerization.

To provide accurate and timely information at various levels for effective decision making, reduce the redundancy of efforts and improve utilization of its resources, Department of General Administration (Evaluation Wing), which was the nodal agency, assigned (January 1995) a project to analyze, design and develop an integrated and computerized system to M/s Tata Consultancy Services, Chandigarh (TCS) at a cost of Rs 51.50 lakh excluding the cost of

¹⁰ Displayed advertisements are those advertisements where rates are paid as per space occupied for it and classified advertisements are those advertisements where rates are paid as per words.

Relational Data Base Management System (RDBMS), system software and hardware required for connectivity. The system was to be developed in six modules and was aimed at computerization of the data relating to 3.50 lakh employees and 1.5 lakh pensioners. For running the system, hardware was to be located at State Headquarters, District Offices/Treasuries and Field Offices (DDOs and Sub Treasuries).

Audit scrutiny (November 2002) of records of the Director, Department of Information Technology, Punjab, (DOIT) Chandigarh and information collected subsequently from the Director, Technical Education and Industrial Training (DTEIT) revealed that all the six modules, duly approved by the technical experts, were accepted (between February 1997 and February 1998) by Department (Evaluation Wing). Amount of Rs 60.50 lakh which included three additional functionalities costing Rs nine lakh though approved by the Government in March 1996 but not earlier provided, was paid between January 1995 and October 2000. The concurrence of the user departments was also obtained between February 1997 and February 1998. But, due to non-availability of funds, hardware estimated to cost Rs 8.74 crore was not purchased and simultaneously no connectivity and database could be created at treasuries and Finance Department as a result of which Punjab Government Personnel Management System (PGPMS) could only be implemented partially utilizing existing hardware in Secretariat and in three departments viz. DTEIT, DOIT and Department of Treasury and Accounts. However, in the absence of Local Area Network (LAN) and connectivity, this partial utilisation has not met the expected objectives.

Further, against the targeted data of 3.50 lakh employees and 1.50 lakh pensioners, data of only 2133 employees was keyed in. No data of pensioners was keyed in.

DOIT confirmed in December 2005 that no hardware had been purchased by the department for providing connectivity to treasuries and Finance Department. Further, database connectivity has not been created by DOIT at treasuries and Finance Department for implementation of PGPMS application software and progress has not been made, as hardware is yet to be procured for remaining departments for implementation.

The failure of the department to provide hardware required for connectivity to date (December 2005) alongside the development of software not only resulted in ungainful expenditure of Rs 60.50 lakh but also on account of rapid updation of technology, the compatibility of existing software with hardware could pose a problem in future.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.2.6. *Excess payment*

Regularisation of contract employees in violation of the instructions of State Government and the opinion of Advocate General resulted in excess payment of Rs 30.54 lakh.

Government issued (June 2001) instructions to all the public sector undertakings/boards/authorities of State of Punjab in regard to ban of contract/

daily wage appointment that no contractual or daily wage appointment shall be made without the prior approval of Finance Department and wherever such powers are vested with the functionaries of these organizations through bye-laws, the said bye laws would be modified forthwith; whereas contractual appointments have been made earlier, should be dispensed with immediately; any contractual appointment, which is likely to assume the character of regular appointment, should be dispensed with on priority.

During the course of audit of Punjab Urban Development Authority (PUDA) (Head office) at SAS Nagar, (Mohali) conducted in August 2003, it was noticed that in pursuance to a decision taken in 4th meeting of PUDA held on November 1996, PUDA made 36 appointments on contractual basis between August and November 1998 with a condition that services of these employees will not be regularized. However, PUDA decided (December 2001) to regularize the services of these employees. It was further noticed that inspite of recommendations of a Committee formed (May 2002) to look into this aspect; opinion of Advocate General obtained in September 2002, advised against this decision and instructions of the State Government to reverse this decision, PUDA had not reversed the decision. This has resulted in excess payment of Rs 30.54 lakh as salaries from January 2002 to March 2006 to these 36 appointees after deduction of contractual wages as admissible to them.

On the matter being reported (February 2004), the Finance Department agreeing to the audit observations clarified (March 2004) that PUDA had regularized the contractual employees in contravention of Government instructions. Despite this, PUDA has not reversed its decision to comply with Government instructions so far (August 2006).

FISHERIES DEPARTMENT

4.2.7. Ungainful expenditure

Ill planning on the part of Government to conceive a fish seed farm without getting the quality of water checked resulted in unfruitful expenditure of Rs 86.38 lakh.

Government of Punjab accorded (February 1995) administrative approval for Rs 45.57 lakh for establishment of fish seed farm at Faridkot. The work of seed farm having targeted production capacity of 20 lakh fingerlings (fish seed) per annum was completed at a cost of Rs 57.99 lakh in December 1999. The water of appropriate quality was a pre-requisite for production of fish seed.

Audit scrutiny (July 2005) of records of Assistant Director Fisheries (ADF) Faridkot, however, revealed that during 2000-06, against the

targeted production of 1.20 crore fingerlings, only 0.22 crore (shortfall of 82 *per cent*) were produced by spending Rs 30.86 lakh on salary of staff. The shortfall was attributed to the fact that the water obtained from the tubewell installed in the farm, being saline, was not suitable for development of seed. Sample of water was sent for testing to Regional Research Centre of Indian Council of Agricultural Research, Ludhiana (RRC) in February 2001. The RRC confirmed (March 2001) that physical and chemical parameters of water were not suitable for seed production. The RRC also observed that the treatment of existing saline water will be very expensive for hatching operations and recommended use of canal water or fresh borewell water from any other area for fish seed production. The department submitted (June 2000) a proposal for supply of canal water to Irrigation Department which was turned down (February 2004) by the Chief Engineer (Irrigation) stating that Government had banned bulk supply of water. No further efforts were made by department to arrange water for the seed farm from other sources as recommended by RRC (April 2006).

Thus, the infrastructure created at a cost of Rs 57.99 lakh did not yield the expected output and thus, establishment of fish seed farm without ensuring quality water was imprudent. As a consequence to this, department incurred ungainful expenditure of Rs 86.38 lakh.¹¹

On being pointed out in Audit (July 2005), the ADF, Faridkot admitted (July 2005) the facts and further stated that in spite of efforts other sources of water could not be identified.

The matter was brought to the notice of Government (May 2006); the reply has not been received (September 2006).

IRRIGATION AND POWER DEPARTMENT

4.2.8. Ungainful expenditure

Commencement of work of reclamation channel without acquisition of land by the department resulted in ungainful expenditure of Rs 24.37 lakh, besides depriving the farmers of the intended benefits.

For the reclamation of saline and alkaline land of about 3807 acres belonging to seven villages¹², the State Government accorded (September 2001) administrative approval for construction of Ghanga Kalan Reclamation Channel (from RD 0-44500) off taking at RD 125850/R of main branch in Tehsil Jalalabad, district Ferozepur, at a cost of Rs 3.85 crore. For this, land measuring 74.99 acres was required to be acquired. The notification and declaration under Section 4 and 6 of the Land Acquisition Act, 1894 for

¹¹ $57.99 + 30.86 - 2.47$ (value of 0.22 crore fingerlings) = Rs 86.38 lakh

¹² Lapon, Jandwala, Roranwali, Chak Saidoke, Ghanga Kalan, Rattewal (also known as Shoangarh) of Ferozepur district and Ranjitgarh of Muktsar district.

acquisition of land were issued in January 2002 and February 2003 respectively.

During the audit of records of the Executive Engineer, Eastern Canal Division, Ferozepur it was noticed (June 2004) that four¹³ estimates amounting to Rs 53.48 lakh were sanctioned by the Chief Engineer in December 2001 which *inter alia* included earthwork costing Rs 25.24 lakh. The work was taken up in December 2001 even before issuing the declaration (January 2002) and notification (February 2003) under section 4 and 6 of the Act for the acquisition of land. However, the work in different stretches of channel except five¹⁴ was completed between January 2002 and April 2002 and payment of Rs 24.37 lakh was made between January 2002 and February 2006. Executive Engineer further stated (February/April 2005 and June 2006) that no work could be carried out after April 2002 due to protest by land owners because the award was not announced, and some of landlords/villagers went (December 2001-January 2002) to court for getting compensation. The rates of land were also stated (April 2005/June 2006) to have not been finalized and sanctioned so far (June 2006). However, no reasons for non-finalisation of rates of land and of delay in arrangement of funds for land compensation were given. Thus, the commencement of work without completing the process of acquisition of land not only invited unnecessary litigation but also resulted into stoppage of work since April 2002, rendering expenditure of Rs 24.37 lakh as paid to contractor as ungainful, besides beneficiaries were also denied the intended benefits.

The matter was referred to the Government in March and May 2005; reply has not been received (September 2006).

4.3. Undue financial aid to statutory body and avoidable expenditure

IRRIGATION AND POWER DEPARTMENT

4.3.1. Avoidable expenditure on damages due to delay in deposition of statutory liability

Failure of the department to deposit contributions towards Employees Provident Fund resulted in the payment of avoidable damages of Rs 18.21 lakh.

Employees Provident Fund and Miscellaneous Provisions (EPF) Act, 1952 (Act), provided that employee's contributions towards EPF shall be equal to the contributions payable by the employer and were required to be deposited

¹³ Constructing Ghanga Kalan Reclamation Channel from RD 0 to 10,000 (Rs 5.42 lakh).
Constructing Ghanga Kalan Reclamation Channel from RD 10,000-20,000 (Rs 9.52 lakh).
Constructing Ghanga Kalan Reclamation Channel from RD 20,000-30,000 (Rs 23.97 lakh).
Constructing Ghanga Kalan Reclamation Channel from RD 30,000-40,500 (Rs 14.57 lakh).

¹⁴ RD 6000-13000, 16000-20000, 21000-22000, 24000-26000 and 32000-42000.

towards EPF as prescribed, failing which penal action under the provisions of the Act was liable to be taken.

Scrutiny of records of Executive Engineer (EE), Lohand Construction Division, SYL Project, Ropar (the Employer) revealed (May 2006) that Regional Provident Fund Commissioner, Chandigarh (RPFC) in its order dated 31 January 2005 pointed out that the EE had deposited Rs 54.36 lakh between May 1996 and May 2004 instead of Rs 69.11 lakh which was due towards EPF (both shares) for the period February 1996 to December 2004 leaving a balance of Rs 14.75 lakh and directed (January 2005) to deposit the same within 15 days. It was also stated in orders *ibid* that this order would not absolve the establishment of its liability to pay the penal damages as per provisions of Act. The department did not deposit the money within prescribed period of 15 days. However, the RPFC vide his orders dated 7 April 2005 levied damages of Rs 14.15 lakh and further enhanced to Rs 18.21 lakh adding interest upto 31 May 2006. Amount of Rs 32.96 lakh (Rs 14.75 lakh; short payment of contributions and Rs 18.21 lakh; damages) was deposited by the department on 2 May 2006. Thus, the failure of the department to deposit contributions (both shares) towards EPF with the RPFC resulted in avoidable expenditure of Rs 18.21 lakh.

On this being pointed out (May 2006), the EE stated (May 2006) that the matter had been taken up with EPF authorities for review of the case, but no reasons were given for not depositing the full payment of statutory liability. Further, on having been enquired (June 2006), RPFC stated (June 2006) that the review petition filed (May 2006) by the department had been rejected.

The matter has been referred to Government/Chief Engineer (June 2006); reply has not been received (September 2006).

4.3.2. Avoidable expenditure of land compensation

Failure to include a holding of land in the award resulted in avoidable expenditure of Rs 48.64 lakh.

To facilitate the acquisition of land by Government for public purposes, a preliminary notification is required to be issued under Section 4 of the Land Acquisition Act, 1894 (Act) which empowers the acquiring department to enter upon the land and before the expiry of one year from the date of publication of such notification, a declaration is issued under Section 6 of the Act that land is needed for a public purpose. The market value of land is determined as on the date of publication of the notification under Section 4 of the Act and if compensation so assessed is not paid before acquisition of land, the amount due is awarded by the Land Acquisition Officer with interest from the date of taking possession of land till payment is made to the land owners.

Test check of records of Land Acquisition Officer (LAO), Drainage Circle, Patiala revealed (December 2005) that notification under Section 4 and declaration under Section 6 of the Act were issued (April and July 1976) for

the acquisition of 31.70 acres of land for the construction of Banur Drain¹⁵ in Patiala District. The LAO announced (November 1976) award of Rs 1.57 lakh for 26.40 acres of land but Khasra¹⁶ No.(s) of 5.30 acres of balance land was not included. Out of 5.30 acres, the possession of 2.84¹⁷ acres of land of Banur village was, however, taken in April 1976. Further, notification under Section 4 of the Act for the acquisition of 2.84 acre of land issued on 7 November 1994, lapsed as the declaration under Section 6 of the Act could not be issued. The notification/declaration under Section 4 and 6 was again issued on 8 August 2001 and the Deputy Commissioner, Patiala approved (14 November 2002) draft award for 2.84 acres of land, but the LAO did not announce the award because payment was not deposited by the Executive Engineer (EE) reportedly (March 2006) due to non-clearance of Letter of Credit by district treasury officer. Then on being approached (July 2005) by one of the aggrieved land owners, the Punjab and Haryana High Court ordered (August 2005) to release payment to the land owners by November 2005. Accordingly, award was announced on 1 December 2005 for Rs 48.78 lakh (cost of land: Rs 8.71 lakh, 30 per cent solatium Rs 2.61 lakh and interest Rs 37.46 lakh from November 1976 to November 2005) against compensation of Rs 0.14 lakh which was payable had the award for the left over land been announced simultaneously in November 1976. Thus, failure of department to include the land (khasras) in the award announced in November 1976, coupled with subsequent delay in announcement of award (December 2005), resulted in avoidable payment of Rs 48.64 lakh.

On this being pointed out (December 2005), the EE stated (December 2005) that payment was made on the orders of the court. Reply was not acceptable because laxity on the part of department in not including the land (Khasra) in the award had invited unnecessary litigation besides avoidable payment of Rs 48.64 lakh.

The matter was referred to the Government in January 2006; reply has not been received (September 2006).

4.3.3. Avoidable payment

Not taking cognizance of undertaking given by village panchayat for providing land free of cost for the construction of drain, by the Land Acquisition Collector at the time of announcing the award, resulted in avoidable expenditure of Rs 27.74 lakh.

Notifications under section 4 and 6 of Land Acquisition Act, 1894, (Act) for acquisition of 21.58 acres¹⁸ of land, falling in six villages of Gurdaspur district for the construction of drain was issued in April and May 2000. The Land Acquisition Collector (LAC) submitted (March 2004) draft award of 21.58

¹⁵ RD 0-15156, 23720-23920, 24456-24764, 25510-25710, 26300-26670.

¹⁶ The term "Khasra" is used to mention the smallest area involved in a land holding.

¹⁷ The balance 2.46 acre land was not required.

¹⁸ Gadrian (6.83 acres), Balewal (3.31 acres), Shampura (1.61 acres), Winjwan (5.46 acres), Bhullar (3.54 acres) and Jourha Singh (0.83 acres).

acres of land for Rs 89.46 lakh to the Principal Secretary, Irrigation Department who accorded approval in April 2004. The LAC pronounced the award in September 2004 for the entire land of 21.58 acres.

Test check of records of Executive Engineer, Drainage Division Gurdaspur, however, revealed (September 2005) that 21.58 acres of land acquired, included 6.83 acres of land of Gadrian village in respect of which village panchayat had given (June 2000) an undertaking for providing this land without objection and free of cost. Though the concerned LAC was informed of this fact in June 2004 and September 2004 i.e. prior to the announcement of award, even then the LAC pronounced award for the entire land measuring 21.58 acres without taking cognizance of undertaking of village panchayat for 6.83 acres of land.

Not taking cognizance of the undertaking given by village panchayat by the LAC while announcing the award, resulted in avoidable expenditure of Rs 27.74 lakh.

On this being pointed out (September 2005), the department only stated (January 2006) that payment of Rs 26.73 lakh had been made leaving a balance of Rs 1.01 lakh which is the unpaid amount lying with LAC as of May 2006.

The matter was referred to the Government (November 2005 and April 2006); reply has not been received (September 2006).

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

4.3.4. Undue financial aid for construction work

Funds of Rs 25 lakh were granted irregularly from the Rural Development scheme for strengthening of infrastructure and institutional works in urban areas.

As per the special programme for Rural Development, main emphasis was to be made on the consolidated development of the villages in Punjab through improvement of village sanitation, construction of drains, disposal of sullage water, shelter to the poor and wage/self employment etc. As per guidelines issued (November 1997) by the State Government, the funds under the scheme could be released to bodies in or outside Punjab for purposes such as water supply, agricultural development, rural sanitation etc. relating to rural population only.

Scrutiny of records in Audit (May 2006) revealed that Director Rural Development and Panchayats Department, Punjab sanctioned (February 2005) a grant of Rs 25 lakh for the construction of building of Bar Council of Punjab and Haryana (a Statutory body under the Advocates Act 1961) in Sector 37, Chandigarh under the scheme "Grant for strengthening of infrastructure and institutional works" under the special programme for Rural Development.

The funds were drawn and released (February 2005) to the Bar Council by Deputy Commissioner Ropar. As the construction of building for Bar Council at Chandigarh was neither a work of rural development in/outside the State nor it related to improvement of conditions of rural population, the grant of assistance of Rs 25 lakh was irregular. Failure of department to ensure that sanction of funds was covered under the provisions of scheme resulted in undue financial aid amounting to Rs 25 lakh to the Bar Council.

The matter was referred to Government (June 2006); reply has not been received (September 2006).

4.4. Idle investments/idle establishment/blocking of funds, delays in commissioning equipment; diversion/ misutilisation of funds

ANIMAL HUSBANDRY DEPARTMENT

4.4.1. Unauthorised expenditure

Irregular credit of government receipts into Board's accounts not only resulted in unauthorised expenditure of Rs 4.73 crore but also irregular retention of Rs 8.98 crore outside Government accounts.

As per financial rules, departmental receipts are credited into Government accounts and the utilization of these receipts towards expenditure is strictly prohibited.

With a view to supplement the efforts of the department in development of livestock, the Administrative Secretary through a notification (June 2001) got registered a society named Punjab Livestock Development Board (Board) (without enactment of an Act by legislature), to act as a nodal agency for implementation of State cattle and buffalo breeding programme. As per notification, the Board was to be financed through grants and loans from the State Government and sale proceeds of the services rendered by the Board.

Audit of Director Animal Husbandry (DAH) disclosed (December 2005) that though artificial insemination (AI) charges were creditable as government receipt, the DAH proposed (September 2001) to Government that AI charges (being realized by department) be allowed to be deposited with Board. Government agreed (March 2003) to the proposal with the condition that budget provision of AI will be phased out in a period of five years with a reduction of 20 per cent per year taking 2002-03 as base year. As a consequence of this order, AI charges amounting to Rs 8.98¹⁹ crore (received

¹⁹ Dy. Director Amritsar Rs 0.94 crore, Bathinda Rs 0.48 crore, Faridkot Rs 0.22 crore, Fatehgarh Rs 0.28 crore, Ferozepur Rs 0.42 crore, Gurdaspur Rs 0.81 crore, Hoshiarpur Rs 0.77 crore, Jalandhar Rs 0.73 crore, Ludhiana Rs 0.54 crore, Mansa Rs 0.23 crore, Moga Rs 0.48 crore, Nabha Rs 0.01 crore, Nawanshahar Rs 0.32 crore, Patiala Rs 1.36 crore, Ropar Rs 0.31 crore, Sangrur Rs 0.47 crore, Kapurthala Rs 0.23 crore, Muktsar Rs 0.31 crore, Misc. receipts Rs 0.07 crore.

between April 2003 and March 2006) were deposited with the Board (instead into treasury) by all the Deputy Directors of department. Out of this, a sum of Rs 4.73 crore was utilized by the Board towards purchase of liquid nitrogen gas, semen bank material, installation of tubewells etc., during the same period leaving unspent balance of Rs 4.25 crore as of March 2006.

The orders of the Secretary, to credit government receipts into Board's accounts not only resulted in unauthorised expenditure of Rs 4.73 crore but also retention of Rs 8.98 crore outside government accounts.

On being pointed out, the DAH stated that receipt of AI was got deposited with the Board as the budget estimates (BEs) were reduced each year at the rate of 20 per cent as approved by Finance Department. On pointing out (January 2006) the matter, the Government stated (May 2006) that the deposit of AI charges directly to Board was approved to make the Board a self sustaining body and not dependent on budgetary provisions of department and budget provision was reduced at the rate of 20 per cent every year.

Reply was not acceptable because scrutiny of BE further revealed that even the required reduction in BE was also not made while approving BE for 2004-05 and 2005-06.

EDUCATION DEPARTMENT

4.4.2. Irregular retention of government money outside treasury and spending money without approval of legislature

Government receipts amounting to Rs 2.62 crore were kept outside treasury affecting ways and means position of Government and Rs 2.94 crore were spent without approval of legislature.

Financial rules provide that departmental receipts collected have to be credited into the treasury on the same day or next day for crediting into consolidated fund of the State, from which expenditure of the State is met when authorized by the legislature.

4.4.2(i) Audit scrutiny (January 2006) revealed that Director State Council of Education Research and Training (SCERT) Punjab issued advertisement (December 2004 and April 2005) for entrance test for Elementary Teachers Training Diploma Course (ETT) and collected Rs 2.62 crore during December 2004 to May 2005 as sale price of Brochures for admission to ETT initially got printed against plan budget grant. Audit noticed that instead of depositing the sale proceeds of brochures into treasury, it was deposited by the Principals²⁰ of District Institute of Education and Training (DIET) in the saving bank accounts opened by them on the orders from Director SCERT.

²⁰ Ajjawal (Hoshiarpur), Budhladha (Mansa), Deon (Bathinda), Faridkot, Fatehgarh Sahib, Ferozepur, Gurdaspur, Jagraon (Ludhiana), Khose Pandov (Moga), Muktsar, Nabha (Patiala), Naure (Nawanshahar), Rampur Lalia (Jalandhar), Sangrur, Sheikhpur (Kapurthala) and Verka (Amritsar).

The action of the department to keep government receipts amounting to Rs 2.62 crore outside government accounts was violative of the financial rules besides affecting the Ways and Means position of the Government.

On being pointed out, Director SCERT confirmed (August 2006) that the amount received was required to be deposited in the treasury for which the necessary instructions have been issued to the Principals concerned.

4.4.2(ii) During audit of Director Public Instructions (Schools) (DPI(S)) conducted (April 2001) for the period June 1995 and March 2001, an audit objection was raised that application fee amounting to Rs 2.52 crore received from candidates for recruitment of B.Ed. teachers/school lecturers was retained by DPI in saving bank accounts in commercial banks instead of depositing in government treasury. This irregularity was pointed out to Government in February 2002.

As no response was received, audit again pointed out (April 2003 and November 2005) that amount of Rs 1.95 crore collected for similar recruitments between April 2001 and October 2005²¹ was also deposited in saving account in bank. Out of total amount of Rs 4.47 crore, only Rs 1.53 crore were deposited into treasury between October 2004 and March 2005.

It was further noticed that out of balance application fees of Rs 2.94 crore, Rs 1.94 crore was spent on computerization etc. and an amount of rupees one crore for construction of Vidya Bhawan, Mohali.

Action of the department to retain government money in banks and incurring expenditure without approval of the State legislature resulted in unauthorised expenditure of Rs 2.94 crore.

DPI(S) stated that funds were utilized as per orders (January 1996) of Secretary Education. The reply was not acceptable because the action of department was violative of financial rules of the Government.

The matters were referred to Government (January 2006 and April 2006); reply has not been received (September 2006).

²¹ After October 2005 no recruitment of teachers has been made resultantly fees on this account have not been received from recruits.

DEPARTMENT OF HOME AFFAIRS AND JUSTICE

4.4.3. Non-establishment of Forensic Science Laboratory

Rs 2.41 crore was lying blocked due to non-establishment of Forensic Science Laboratory which in turn impacted speedy disposal of criminal cases.

The Government of India (GOI) and the State Government had together launched (March 2000) a scheme for the modernization of the State Police Forces. As per scheme, a Regional Forensic Science Laboratory (FSL) was to be established (in addition to the existing laboratory at Chandigarh) at a cost of Rs 3.50 crore for speedy disposal of criminal cases. Though land (site) is a pre-requisite for construction of FSL building, no decision was taken by the department to select the site.

Audit scrutiny of the records in the office of Director General of Police, Punjab, Chandigarh (DGP) revealed (September 2005) that on the advice of the State Government, GOI released Rs one crore (March 2004) and the State Government released (September 2005) another Rs 1.41 crore to Punjab Police Housing Corporation (PPHC a designated construction agency) even though no site was selected, as a result Rs one crore was blocked for more than two years and Rs 1.41 crore since September 2005 and the amount was lying unutilised with PPHC (August 2006).

Failure of the department to select a site for the building of FSL and instead release of the funds despite there being no finality to the land for construction of building not only resulted in blockage of Rs 2.41 crore with PPHC but also a loss of interest of Rs 23.78 lakh (calculated at borrowing rate of the State Government). The purpose of speedy disposal of criminal cases was also not achieved.

On being pointed out (March 2006), DGP informed (May 2006) that Director, FSL has now selected a site in Village Balongi (Mohali) but the proposal was under consideration of Government. The DGP confirmed (August 2006) that the matter was still under process (August 2006).

The matter was referred to the Government (June 2006); reply has not been received (September 2006).

4.4.4. Non-utilisation of central grant

Failure of department to implement Government of India scheme not only deprived the State Government of central assistance of Rs 33.51 crore but also caused set back to the implementation of Scheme.

Government of India (GOI) Ministry of Home Affairs in consultation with Bureau of Police Research and Development formulated (September 2002) a perspective plan at a cost of Rs 74.46 crore for improvement of jails. The

scheme was to be implemented over a period of five years (2002-07) on cost sharing basis between GOI (75 per cent) and State Government (25 per cent). As per guidelines issued (November 2002) by GOI the allotted funds for first year were to be released to the State Government as per their plan and funds in the subsequent years were to be released equivalent to the funds utilized.

Audit scrutiny (January 2006) of the records of the office of Director General of Police (Prisons), Punjab revealed that GOI released (March 2003) the first instalment of Rs 11.17 crore for utilization upto March 2003. As the grant was not utilized within the specified period, it was revalidated in April 2003 and again in July 2004 for utilization upto September 2004 but the same was utilised upto July 2006. The State Government, however, released its share of Rs 3.72 crore in December 2005 which was also lying unutilised with the department (August 2006).

Thus, failure of the department to release GOI funds in time coupled with inability to utilize the grant within the specified period, not only stalled remaining central assistance amounting to Rs 33.51 crore (to be released in three years 2004-06) but the prison staff as well as prisoners were also deprived of the benefit of having the conditions of jails improved.

On being pointed out, the Government admitted (August 2006) the facts and stated that it will take more time to complete the tender formalities and utilize the balance amount.

4.5 Regularity Issues and Others

TECHNICAL EDUCATION DEPARTMENT

4.5.1. Appointment of unqualified staff

Appointment of unqualified staff resulted in irregular payment of Rs 1.98 crore.

Board of Governors (BOG) of Sant Longowal Institute of Engineering and Technology (SLIET) approved in February 1990 and December 1999 Recruitment Rules and general conditions of service for non-teaching staff. Services of teaching staff were to be governed by recruitment rules approved by All India Council for Technical Education (AICTE) from time to time. There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office.

Audit scrutiny (November 2004) of records of SLIET revealed that 23 number of teaching (7) and non-teaching staff (16) were appointed by Director SLIET between January 1997 and March 2002 ignoring prescribed standards for appointment because the candidates appointed did not have required

qualification (3)²² and experience (3)²³, the candidates were over age(5), selection not recommended by screening committee(3), posts not advertised(8) and a clerk was appointed against the post advertised for telephone operator (1). Similarly, a Hindi teacher of Himachal Pradesh University while on extra ordinary leave was appointed (August 1999) as Councillor-cum-Chief warden (Girls) though the candidate had no experience of the said post. An amount of Rs 1.59 crore had been paid to these irregular appointees upto October 2005.

Further, the Punjab and Haryana High Court in a case pertaining to employees of SLIET ordered (November 1998) that no extension shall be given to contractual employees. BOG also ordered (March 2003), the Director not to grant any extension. In disregard to these instructions, the Director appointed 12 officials on contract basis between July 1999 and May 2004 for one year with subsequent extensions for a period upto February 2006. This resulted in irregular payment of Rs 38.57 lakh made to these employees as salary and leave salary contributions from August 1996 to March 2005.

On being pointed out, Director stated (August 2005) that individual cases were being scrutinized and the comments of the then Director have been sought. Further developments were awaited (August 2006).

The matter was brought to the notice of the Government (March 2006); reply has not been received (September 2006).

DEPARTMENT OF ARCHITECTURE

4.5.2. *Non-realisation of establishment charges*

Failure of the department to recover establishment charges, resulted in non-realisation of charges amounting to Rs 2.15 crore.

The Department of Architecture, Government of Punjab, with the concurrence of Finance Department issued (July 1963) instructions for the recovery of establishment charges at the prescribed rates of the total cost of works, for architectural services rendered to Government department at the rate of 1.7 *per cent* and local bodies and private institutions at the rate of three *per cent*.

Audit scrutiny (May 2006) of records of Chief Architect Punjab revealed that the department provided architectural services for six government works costing Rs 88.03 crore and for five institutional works costing Rs 32.21

²² One person was under-graduate and two persons did not possess Industrial Training Certificate in relevant trade at the time of selection.

²³ One Professor was appointed with teaching experience of five years against the requirement of ten years.

One Assistant Professor was appointed with teaching experience of three and half years against the requirement of five years.

One Store Keeper having experience as Clerk-cum-Accountant for two years was appointed against the requirement of three years experience as Store Keeper.

crore, during 2001-02 to 2005-06 on which establishment charges amounting to Rs 2.46 crore were recoverable from government works (Rs 1.49 crore) and institutional works (Rs 0.97 crore), out of which charges amounting to Rs 30.87 lakh only were recovered so far. Thus, failure of the department to initiate action for recovery resulted in non-realisation of charges amounting to Rs 2.15 crore (six government works: Rs 1.29²⁴ crore and five institutional works: Rs 86.24²⁵ lakhs) even though the matter was also pointed out earlier in November 2002 during local audit.

On this being pointed out (May 2006), Chief Architect admitted the facts and stated (May 2006) that the matter was taken up demi-officially at Secretary level. It was, however, observed that this issue was earlier also raised by Audit three years back but adequate efforts have not been made to evolve a proper system to levy these charges by the department.

The matter was brought to the notice of Government (June 2006); reply has not been received (September 2006).

POLICE DEPARTMENT

4.5.3. *Ineffective manpower management in Police Department*

Ex-cadre posts at the level of DGP, ADGP, IGP, DIGP and SP operated in excess of norms without approval of GOI resulted in irregular expenditure of Rs 4.85 crore; Six police posts were operated without the sanction of Government; and claims of Rs 6.77 crore of cost of police force deployed to other States/organisations had not been realised.

A test check in audit was carried out during October 2005 to May 2006 to assess the effectiveness of the implementation of the various instructions that have been issued by Government of India (GOI) and the State Government pertaining to operation of posts, deployment of personnel, recovery of cost of deployment of police force, recovery of leave salary and pension contributions in case of deployment on foreign service and imparting of training to the new recruits. For this audit exercise, records for the period 2001 to 2006 of 20 units out of 72 units of the Police Department in the State were test checked. It was observed that excess posts were operated in disregard to IPS Cadre Rules, staff was diverted in violation of instructions of the Finance Department and leave salary and pension contributions were not recovered. Besides this, cost of police force deployed in other States/organizations was not recovered. Police posts were opened and operated without sanction and training to new recruits

²⁴ District Administrative Complex, Moga: Rs 0.57 crore; DAC, Hoshiarpur: Rs 0.38 crore; Tehsil Complex, Jalalabad: Rs 0.07 crore; India Gate, Hussianiwala: Rs 0.01 crore; Multitrade integrated centre: Rs 0.01 crore and Bus stand, Amritsar: Rs 0.25 crore.

²⁵ Malout Institute of Management and Information Technology, Malout: Rs 0.30 crore; Community Rehabilitation Centre, Malout: Rs 0.21 crore; Bus stand, Jagraon: Rs 0.10 crore; Anandpur Sahib Community Centre: Rs 0.02 crore and Regional Rehabilitation Centre for Spinal Injuries, Mohali: Rs 0.23 crore.

was not imparted. These cases highlight the deficiencies in implementation of instructions issued by the Government in this regard. These cases are discussed below:

Excess creation of ex-cadre posts

The IPS (Cadre) Rules, 1954 provide that there is no restriction on the State Government for creation of ex-cadre posts at the level of Additional Director General of Police (ADGP), Inspector General of Police (IGP), Deputy Inspector General of Police (DIGP) and Superintendent of Police (SP) as long as the number of such ex-cadre posts are kept within the prescribed number of State deputation reserve. At the level of Director General of Police (DGP), ex-cadre posts can be created by the State Government only upto the equivalent number of sanctioned posts in the cadre (at the ratio of 1:1). The number of such ex-cadre posts can exceed the prescribed limit only with the approval of GOI.

During test check of records, it was noticed that the cadre strength of 144 Indian Police Service (IPS) Officers, for the State of Punjab was fixed (November 2003) by GOI, which included 79 senior posts of IPS officers, 31 posts of Central deputation reserve, 19 posts of State deputation reserve, 13 posts of leave reserve and junior posts reserve and two posts of training reserve. Further scrutiny revealed (March 2006) that during the period 2001-06, ex-cadre posts at the level of DGP, ADGP, IGP, DIGP and SP were created in excess of the prescribed limits without the approval of GOI. Year-wise details of ex-cadre posts authorized/created/operated/excess in the different levels of IPS officers were as below:

Year	At the level of DGP				At the level of ADGP, IGP, DIGP and SP			
	Ex-cadre posts				Ex-cadre posts			
	Authorized	Created/operated	Excess operated		Authorized	Created/operated	Excess operated	
2001-02	1	-	-	-	19	59	59	40
2002-03	1	2	2	1	19	60	56	37
2003-04	1	1	1	Nil	19	62	62	43
2004-05	1	3	3	2	19	53	53	34
2005-06	1	8	8	7	19	28	28	9

Thus, one to seven ex-cadre posts at the level of DGP and nine to 43 ex-cadre posts at the level of ADGP and IGP etc., were operated in excess during 2001-06. Failure of the department to follow rules also resulted in irregular expenditure of Rs 4. 85 crore incurred as salary against excess operated posts.

The department stated (March 2006) that as GOI had not taken the required number of IPS Officers on deputation, these were posted in the State against the State deputation reserve. The department further stated that prior to December 2004, the Punjab Police Service (PPS) officers were posted against junior level cadre posts and IPS officers on senior level at ex-cadre posts.

However, the fact remains that approval of excess ex-cadre posts was not obtained from GOI as required. As regards excess creation of ex-cadre posts at the level of DGP, reply from the State Government was awaited (September 2006).

Operation of police posts without sanction

The Punjab Police Rules, 1934, Vol I, provide that no alteration in the number of police stations and out posts may be made without the sanction of the State Government

Test check of records in the office of SSP Muktsar revealed that seven police posts (Panniwala, Kabarwala, Bhai Ka Kera, Doda, Bus Stand Muktsar, Lakhewali and Killianwali) and one police station (Bariwala) were operated during 2001-02 to 2005-06 (September 2005) without any sanction.

On this being pointed out (May 2006), it was stated by the DGP that police station Bariwala and police post Lakhewali had been approved (August 2002) by the Government. But the remaining six police posts had not been approved by the Government as of August 2006.

Diversion of staff

As per instructions issued by the Finance Department from time to time and last reiterated in February 2003, there is a complete ban on deputing of officer/official at any place other than one where sanctioned post exists.

Test check of records revealed that contrary to the instructions, the services of 48 police personnel working in the office of the SSP Muktsar (5), Commandant 13th Bn Punjab Armed Police (PAP) Chandigarh (1), SSP Ropar (8), ADGP Jalandhar (6), General Reserve Police, Patiala (16), Punjab Police Academy, Phillaur (4) and SSP Batala (8) were utilised in offices other than their place of posting but getting salary from their parent offices during the period July 1999 to March 2006 in violation of instructions of Government.

Non-recovery of pension contributions and leave salary contributions

The Punjab Civil Services Rules (Vol-I Part-I) provide that the payment of leave salary and pension contributions in respect of government employees on foreign service shall be made by the foreign employer or by the employee concerned as specified in the terms of transfer to foreign service, within fifteen days from the end of the financial year or at the end of the foreign service whichever is earlier failing which interest shall be paid to the Government on the unpaid contributions.

Test check of records in the office of the SSP Ropar, Amritsar, Batala, Commandant 5th Indian Reserve Battalion (IRB) Amritsar, 5th Commando Bn Bahadurgarh and 27th Bn PAP Jalandhar revealed (between November 2005 and May 2006) that an amount of Rs 26.81 lakh on account of pension and leave salary contributions in respect of police personnels (ranging from seven to 23) who were/are on foreign service with the Municipal Corporation

Ludhiana, Amritsar, Jalandhar, State Transport Corporation and Punjab State Electricity Board during 2001-06 were not recovered.

On being pointed out (November 2005/May 2006), the department stated that efforts would be made to effect the recovery from the concerned organisations.

Further report has not been received (September 2006).

Non-recovery of cost of police force deployed in other States/organisations

As per instructions issued (April 1997) by the Punjab Government, all recurring expenditure on the battalions sent by the Punjab Police to other States shall be borne by the borrowing States and the amount was required to be paid in advance.

Test check of records in the office of six Battalions revealed (November 2005 –May 2006) that 3118 police personnel²⁶ were sent to other States between November 2002 and January 2006. Of the total claims of Rs 5.48 crore, claims for Rs 0.85 crore²⁷ were raised between December 2003 and March 2005 and only Rs 0.63 crore recovered so far (August 2006) However, claims valuing Rs 4.63²⁸ crore were not raised against the States of Bihar (Rs 2.34 crore), Uttar Pradesh (Rs 0.16 crore), Chhattisgarh (Rs 0.45 crore) and Union Territory of Chandigarh (Rs 1.68 crore) as of August 2006.

Besides, an amount of Rs 1.92 crore was pending recovery as of August 2006 from the Senior Aerodrome Officer, Sahnewal (Ludhiana) on account of 122 police personnel deployed at the Civil Airport, Sahnewal by the Commandant 27th Bn PAP Jalandhar during 2003-06.

Training of new recruits

Police rules provide for training of nine months to every new recruit to enable him/her to perform his/her duties efficiently before he/she is allotted regular duties.

- During test check of records in the office of the SSP Muktsar, Amritsar, Hoshiarpur, Majitha, Ropar, Commandant 9th Bn PAP Amritsar, 27th PAP Bn Jalandhar, SP Telecommunications Punjab Chandigarh, 4th IRB Jalandhar and 5th IRB Amritsar revealed that 133 recruits recruited between March 1993 and November 2005 were not imparted the requisite basic training as of May 2006.

²⁶ 27th PAP Bn Jalandhar, 84 personnel = Rs 7.90 lakh, 13th PAP Battalion Chandigarh, 377 personnel = Rs 40.53 lakh, 4th Commando Bn Mohali, 716 personnel = Rs 302.27 lakh, 5th Commando Bn Bahadurgarh, 1493 personnel = Rs 129.77 lakh, 5th IRB Amritsar, 376 personnel = Rs 67.44 lakh and ADGP Armed Battalions Jalandhar, 72 personnel = Rs 0.42 lakh.

²⁷ 5th IRB Amritsar Rs 67.44 lakh and 13th PAP Bn Chandigarh Rs 17.93 lakh.

²⁸ 27th PAP Bn:84 personnel, August 2005 Rs 7.90 lakh; 13 PAP Bn :146 personnel, January, February and August 2005, Rs 22.60 lakh; 4th Commando Bn:716 personnel, August 2004 to January 2006, Rs 302.27 lakh, 5th Commando Bn :1493 personnel, April 2004, August 2004 and October and November 2005, Rs 129.77 lakh; ADGP Armed Bn:72 personnel, October to November 2005, Rs 0.42 lakh.

- In the office of the Commandant, 4th Bn Commando, Mohali, it was noticed that 13 commandos enlisted between August 2000 and January 2005 were not imparted (February 2006) the special training for commandos.

In reply to audit observations, it was stated (October 2005/May 2006) that requisite training to the recruits/commandos will be imparted shortly.

4.6. General

4.6.1. Follow-up on Audit Reports/outstanding action taken notes

The Comptroller and Auditor General of India's Audit Reports represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. At the instance of the Public Accounts Committee (PAC), Finance Department issued (August 1992), instructions to all the departments to initiate *suo moto* positive and concrete action on all paragraphs and reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by PAC or not. The departments were also required to furnish to PAC detailed Action Taken Notes (ATNs), 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. But as per existing practice, ATNs are not sent to Accountant General's office for vetting before submission to PAC.

Audit Reports

Out of 168 paragraphs and reviews included in the Audit Reports relating to the period 1999-2000 to 2003-04, which, had already been laid before the State Legislature, ATNs in respect of 71 paragraphs and 20 reviews as detailed below had not been received in the Audit Office as of March 2006, even after the lapse of prescribed period of three months:

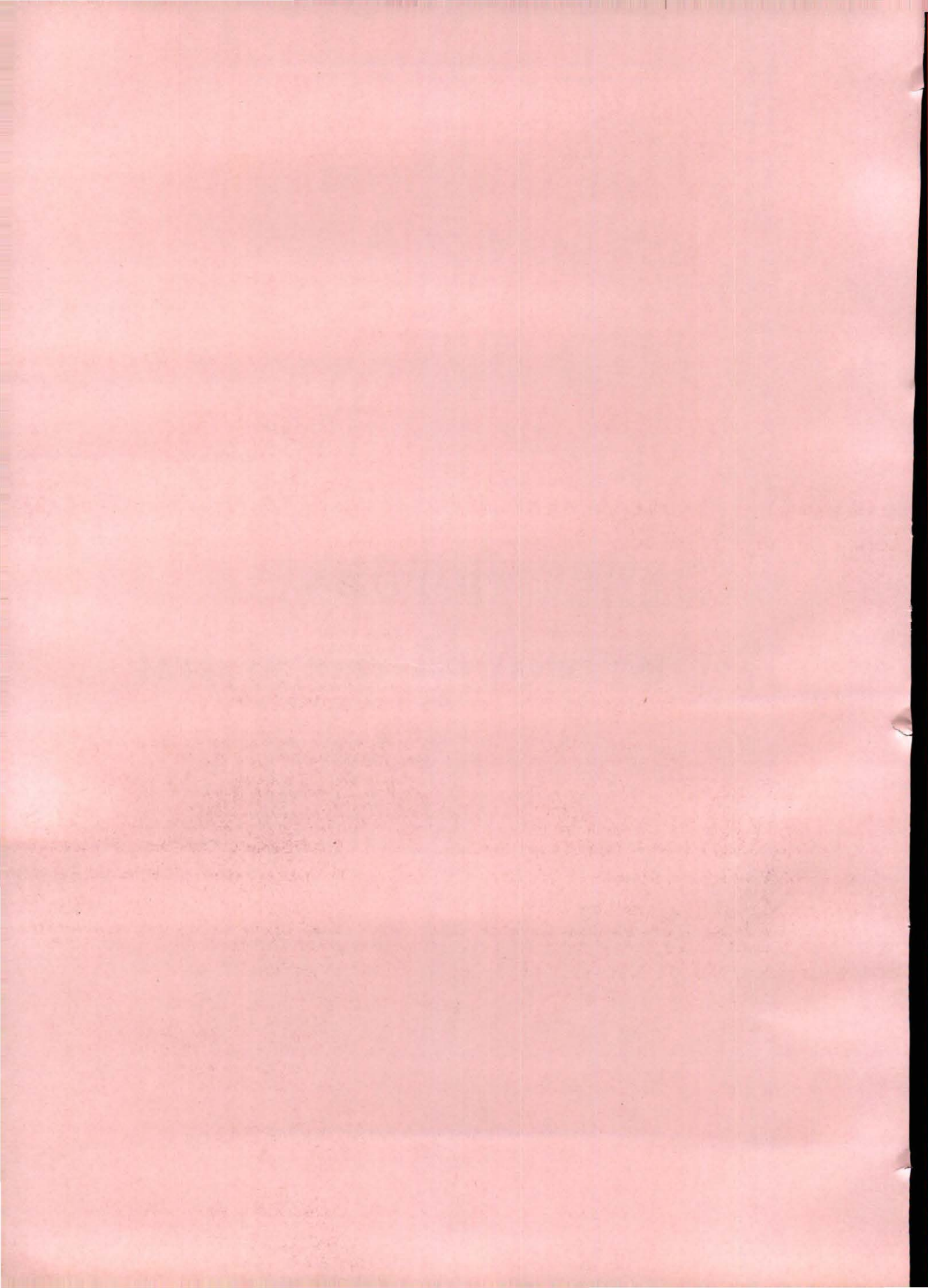
Year of the Audit Report (Civil)	Total Paragraphs/Reviews in Audit Report	No of Paragraphs/Reviews for which ATNs were not received.
1999-2000	44	8
2000-01	33	11
2001-02	31	12
2002-03	29	29
2003-04	31	31
TOTAL	168	91

Department-wise analysis is given in the *Appendix XXV and XXVI*. Departments largely responsible for non-submission of ATNs were Public

Works, Education, Health and Family Welfare and Housing and Urban Development. Government did not respond even to reviews containing important issues such as system failures, mismanagement and misappropriation of government money. Such non-receipt of ATNs hampered the work of PAC.

CHAPTER-V

INTERNAL CONTROL SYSTEM



CHAPTER-V

INTERNAL CONTROL SYSTEM

5.1. Evaluation of Internal Control System and Internal Audit Arrangement in Punjab Roadways

TRANSPORT DEPARTMENT

Highlights

Internal control mechanism in the Punjab Roadways was not functioning effectively, which adversely affected the key areas of administration, finance and accounting. Inadequate internal control led to improper maintenance of cash books. There were deficiencies in maintenance of accounts of General Provident Fund and Group Insurance Scheme. Cases of excess deployment of man power, frequent transfers of General Managers were indicative of the ineffectiveness of internal control mechanism. Missing of scheduled kms, irregular purchases, non-disposal of obsolete stores and excess consumption of High Speed Diesel(HSD) was resultant effect of inadequacies and ineffectiveness of Internal controls. Internal Audit arrangement was adhoc and weak.

Cash management was deficient as neither the cash balances were verified by the head of the office nor the bill-wise details of the undisbursed amount was worked out against monthly closing balances of the cash book.

(Paragraph 5.1.5)

GPF and GIS accounts were not maintained properly as consolidated statements of the accounts of GPF and GIS were not prepared.

(Paragraph 5.1.6 and 5.1.7)

Excess deployment of conductors and drivers resulted in extra expenditure of Rs 3.47 crore .

(Paragraph 5.1.10)

Non-operating of scheduled kilometers led to missing of 538.40 lakh kms.

(Paragraph 5.1.11)

Excess consumption of HSD led to loss of Rs 4.12 crore.

(Paragraph 5.1.13)

Internal Audit arrangement due to lack of proper staff was weak.

(Paragraph 5.1.19)

Introduction

5.1.1. Internal control is an integral part of the process designed and affected by the management of an organization to achieve its specified objects ethically, economically and efficiently. It helps in creating reliable financial and management information system besides effective decision making. Internal audit is an appraisal of activity established with an entity as a service to the entity. Its functions, *inter alia* include examination, evaluation and monitoring the adequacy and effectiveness of the accounting and internal control system. According to the Accounting Rules, Procedure and Forms for Government Transport Services in Punjab, the responsibility for internal accounts and audit control rests with the Director State Transport (DST).

Organizational set-up

5.1.2. The Principal Secretary to the Government of Punjab, Transport Department is in overall charge of the department. Punjab Roadways is headed by DST, who is assisted by an Administrative Officer, Additional Director (Finance & Accounts), Mechanical Automobile Engineer, Deputy Director State Transport, Chief Store and Purchase Officer and 18 General Managers in depots. Each depot is the basic functional unit of the Punjab Roadways and is headed by a General Manager (GM) who is assisted by Works Manager, Traffic Manager, Assistant Mechanical Engineer and Assistant Controller (Finance & Accounts). The store is under the charge of Chief Store Keeper.

Besides, Punjab Government had set up Punjab State Bus Stand Management Company Limited (Company) in March 1995 to control, upkeep and maintain bus stands in the State. The Company purchased 360 buses in 2005-06 to operate on the route permits of Punjab Roadways. The services of Punjab Roadways staff were to be utilised for operation and maintenance of buses of the Company on payment basis.

Audit Objectives

5.1.3. To evaluate the effectiveness of Internal Control System and Internal Audit arrangement in the department, audit objectives were to assess whether the internal control system of the department provided a reasonable assurance that the department would achieve its objectives through the following types of controls:

- Cash controls;
- Administrative controls;
- Operational controls;
- Stores and Inventory controls; and
- Internal audit and Vigilance Mechanism.

Audit Coverage

5.1.4. The records of head office and offices of five Depots¹ out of 18 depots and office of Chief Store and Purchase Officer for the last five years ending 2005-06 were test checked between October 2005 and April 2006. The results are discussed in the succeeding paragraphs.

Cash Controls

Cash book

5.1.5. Test check of cash books (April 2006) maintained in five depots revealed the following deficiencies:

- As required under Rule 2.2 (iv) of Punjab Financial Rules (P.F.R.) Volume-I, at the end of each month, the Head of office should verify the cash balance in the cash book and record a signed and dated certificate to that effect. However, the balances of cash books for the periods ranging from four to five years (2002-2006) were not verified by any such authority.
- Details of closing balances of cash book i.e. actual cash of various denominations were not given in the cash book at the end of each month for the last five years ending March 2006.
- Bill-wise details of undisbursed amount are required to be mentioned against monthly closing balances of cash book. However, no such details were worked out during last five years by four depots².

Improper maintenance of cash book and non-verification of cash balances, non-working out of bill-wise detail of un-disbursed amount shows internal control failures, exposed the organization to the risk of misappropriation and fraud.

Administrative Controls

Improper maintenance of General Provident Fund accounts

5.1.6. As per instructions (May 1989) issued by Government of Punjab, DST was responsible to maintain General Provident Fund accounts. As per instructions, total figures of receipts and interest should be intimated to the Finance Department by the end of June for onward transmission to Accountant General (A&E) Punjab for compilation purposes. The consolidated statement of receipts and interest for the period 2002-05 had not been sent. This lack of internal control could give rise to inflated credits and deflated debits which could cause overdrawal from the fund, the reverse would affect the interests of the employees.

¹ Chandigarh, Hoshiarpur, Ludhiana, Nawanshahar and Ropar.

² Chandigarh, Hoshiarpur, Nawanshahar and Ropar.

Neither the cash balances were verified by the head of the office nor the bill-wise details of the undisbursed amount were worked out against monthly closing balances of the cash book

GPF accounts were not maintained properly

Improper maintenance of Employees Group Insurance Scheme (GIS) accounts

GIS accounts were not maintained properly

5.1.7. As per the Punjab Government Employees Group Insurance Scheme (GIS), 1982, a consolidated statement of subscription received and payment made shall be sent by each Head of office in respect of the members of the Scheme working in his office to the head of the department by the 20th of that month. Further, the Drawing and Disbursing Officer (DDO) will reconcile the total amount credited to/paid from the Saving Fund/Insurance Fund in respect of the establishment of his office with the figures booked in the office of the Accountant General (A&E) Punjab on quarterly basis and record a certificate to this effect.

However, the following irregularities in maintenance of the Punjab Government Employees GIS 1982 were noticed in Audit:

- (i) The DST had not received consolidated statements from the depots etc., for the last five years ending 2005-06 showing details of total amount of subscription received in the Saving Fund and Insurance Fund and payments made out of these funds to employees who resigned/retired or otherwise ceased to be in Punjab Government service or died in harness.
- (ii) Total amount credited and debited in the Saving and Insurance Fund accounts were not reconciled with the figures booked in the office of the Accountant General (A&E) Punjab on quarterly basis and certificate to this effect was not recorded on the broadsheet maintained by the DST, for the period 2002-06.

Irregular temporary advances

Temporary Advances amounting to Rs 10.84 lakh were paid in contravention of the financial rules

5.1.8. Though there was no provision for temporary advance in the Punjab Financial Rules (PFR) yet advances were paid to officials regularly. Scrutiny of the record of five³ depots revealed that as on 31 March 2006, temporary advances of Rs 10.84 lakh were outstanding against 48 employees paid during 1975-76 to 2005-06 in contravention of the rules. The advances related to the period below six months: Rs 9.63 lakh, six months and above: Rs 1.21 lakh.

On being pointed out in audit, GM Nawanshahar stated (April 2006) that temporary advances are given to the officials to meet emergent requirements such as payment of token tax, permit fee, passing fees, renewal of permit fee and toll tax of National Highways etc. in order to avoid penalty. No reply was received from other four depots (June 2006).

Reply was not acceptable since the advances pertain to the period as back as 1975-76 and needed to be got adjusted at the earliest. Failure on the part of the department to adjust temporary advances for 30 years is indicative of improper internal control.

³ Chandigarh Rs.3.04 lakh , Hoshiarpur Rs.2.82 lakh, Ludhiana Rs.1.61 lakh, Nawanshahar Rs.1.81 lakh and Ropar Rs.1.56 lakh.

Frequent changes of General Managers

5.1.9. Stability of tenure of incumbent key functionary, who has been vested and delegated with requisite powers is one of the important contributing factors to the smooth overall functioning of the depot. However, a scrutiny of records of five depots revealed that:-

- (i) Out of 33 postings of General Managers in five depots during 2002-06, the stay of 25 was less than one year.
- (ii) In Nawanshahar depot, seven General Managers were transferred during May 2002 to August 2004 and the period of their stay ranged between 12 days and 332 days.
- (iii) In Ludhiana depot, the stay of two General Managers ranged from 27 days to 237 days whereas another General Manager stayed for two years and three months during November 2001 to July 2005.

It was noticed in audit that longer stay of General Manager in Chandigarh depot for the period from May 2002 to August 2004 improved kmpl⁴ of the buses in the depot from 4.45 kmpl (2001-02) to 4.64 kmpl (2004-05) and in Hoshiarpur depot kmpl increased from 4.25 (2003-04) to 4.70 (2005-06) where the stay of General Manager was continuous from July 2004 till date (April 2006). Whereas kmpl decreased from 4.23 (2003-04) to 4.18 (2004-05) in Ropar depot where three General Managers were transferred between April 2003 and August 2004.

The DST in its reply (May 2006) stated that transfer of General Managers becomes necessary due to retirement, promotion, suspension or proceeding on leave. While this is true, it was seen that such events were insufficient in number.

Manpower management

5.1.10. Ever since its inception (1918), Punjab Roadways fixed norms for deployment of 1.3 drivers and 1.3 conductors against each bus in the depot. However, actual deployment of drivers and conductors noticed in audit in five depots as on 31 March 2006 was as under:

Excess deployment of conductors and drivers resulted in extra expenditure of Rs 3.47 crore

Name of Depot	No. of buses	Deployment as per norms	No. of Drivers employed	Excess driver employed	No. of conductors employed	Excess conductors employed
Ropar	72	94	110	16	139	45
Nawanshahar	98	127	169	42	213	86
Ludhiana	99	129	148	19	234	105
Hoshiarpur	80	104	166	62	166	62
Chandigarh	87	113	148	35	208	95
Total	436	567	741	174	960	393

⁴ Kilometer per litre

The table shows that 174 drivers and 393 conductors were deployed in excess of norms resulting in extra expenditure of Rs 3.47 crore for the year 2005-06.

Operational Controls

Non-operating of scheduled kilometers

5.1.11. Every depot had been allotted operation of specified kilometers (kms) and General Manager of the depot was responsible to cover the scheduled kilometers during the month. Year-wise position of scheduled vis-à-vis actual kilometers covered in five⁵ depots for the last five years ending March 2006 was as under :

(Kilometers in lakh)

Year	Scheduled kms	Covered kms	Missed kms
2001-02	650.37	615.71	34.66
2002-03	608.46	547.67	60.79
2003-04	600.06	489.66	110.40
2004-05	581.27	426.28	154.99
2005-06	602.01	424.45	177.56
Total	3042.17	2503.77	538.40

The above detail shows that non-operation of 538.40 lakh kms by five depots. The management had not carried out cause-wise analysis of missed kms. However, audit noticed that against the norms of detaining maximum 10 *per cent* of the fleet in the workshop for repairs and servicing, the actual detention in five depots ranged between 11.0 and 29.4 *per cent* during the last five years ending March 2006 as per *Appendix-XXVII*.

The DST in its reply (May 2006) attributed the reasons of detention to old fleet and acute shortage of spare parts. The reply was not acceptable because even the budget allotted by legislature was not utilised.

Delayed renewal of contracts

5.1.12. To cover scheduled kilometers being missed due to its old fleet and also avoid expenditure on special road tax being paid on these missed kilometers, Punjab Roadways hired buses on kilometer basis (Km Scheme) @ Rs 7.76 to Rs 7.89 per kilometer. As per the scheme the owner of buses was to provide vehicles with drivers and bear all expenditure for the running of buses. The department was to provide conductors and make payment to the owner as per actual kilometers covered by the hired buses. Agreement with the private bus owner provides that the department shall hire a bus for minimum period of three years in the first instance. A test check of records of three depots (Pathankot, Batala and Jalandhar-I) revealed that the scheme was in profit and it was in the interest of the department to renew the agreement promptly to avoid loss of profit. However, audit noticed that in 16 cases⁶, hired buses remained off the road after the expiry of agreed period of three years because the agreements were renewed after a delay ranging between two to 21 months

The department suffered a loss of Rs 36.65 lakh due to delayed renewal of agreement under kilometer scheme

⁵ Chandigarh, Hoshiarpur, Ludhiana, Nawanshahar and Ropar.

⁶ In Jalandhar-I depot 2 buses from 1.10.2002 to 17.7.2004 Batala depot 6 buses from 9.8.2003 to 6.11.2003 Pathankot depot, 8 buses from 10.8.2003 to 10.11.2003.

which resulted in 11.12 lakh missed kilometers and a loss of profit of Rs 36.65 lakh during August 2003 to July 2004.

Excess consumption of high speed diesel

5.1.13. As per prescribed norms, a bus should run 4.5 kilometers per litre of HSD. Average kilometers per litre (KMPL) of diesel in five depots during the last five years ending March 2006 were as under:

Year	Norm/ KMPL	Ropar	Hoshiarpur	Ludhiana	Nawan- Shahar	Chandigarh	Aggregate/ Actual	Less Kmpl vis-a-vis norms
2001-02	4.5	4.21	4.12	4.35	4.18	4.45	4.26	0.24
2002-03	4.5	4.21	4.21	4.30	4.13	4.52	4.27	0.23
2003-04	4.5	4.23	4.25	4.41	4.23	4.59	4.34	0.16
2004-05	4.5	4.18	4.29	5.21	4.20	4.64	4.57	--
2005-06 ⁷	4.5	4.25	4.70	4.41	4.32	4.15	4.36	0.14

Excess consumption of HSD led to loss of Rs 4.12 crore

Inadequate control mechanism over consumption of HSD above norms, resulted in excess consumption of 21.92 lakh litres of HSD thereby loss of Rs 4.12 crore. The DST in its reply (May 2006) attributed the reasons of excess consumption of HSD to old fleet⁸. The reply is not acceptable as norms were fixed considering fleet comprising of old as well as new buses.

Non-recovery of hiring charges

5.1.14. Accounting Rules of Transport Department regarding special booking provide that special booking will be done by the General Managers subject to the conditions that these bookings for marriage parties, excursion trips will be done only when vehicles are spare after meeting requirements of the regular services and the charges will be full fare on the basis of seats in the vehicle and the distance actually run plus detention charges along with security deposit for unforeseen charges be taken in advance at the time of contract.

⁷ The buses of PUNBUS not included for working out excess consumption of HSD during 2005-06.

⁸ Old fleet means buses having outlived their life i.e having either run for 7 years or covered 5.25 lakh kilometers.

State Government requisitioned the buses from the department to facilitate transport of general people in connection with the celebration of various occasions i.e. (i) Khalsa Tricentenary Celebration held⁹ in April 1999, (ii) Inauguration of Thein Dam in March 2001, (iii) Coronation ceremony of Maharaja Ranjit Singh in March 2001 and (iv) First Indo-Pak Cricket Match during March 2005. Department sent buses on all the occasions without taking requisite advance payment worth Rs 1.61 crores as required under rules *ibid*. The department raised (between October 1999 and May 2005) the claims worth Rs 1.61 crore (Rs 81.12 lakh towards Anandpur Sahib Foundations and remaining Rs 79.80 lakh with the State Government) but no amount could be recovered so far (June 2006). Sending the buses on special booking was in violation of rules and indicated a weak internal control mechanism.

Pending claims against suppliers

5.1.15. Audit noticed that purchases were made by the department on FOR destination basis. Accordingly, in these cases, expenses incurred by the department on octroi, demurrage, toll tax etc., if any are recoverable from the supplier. Besides, the suppliers are also liable to replace damaged/defective supplies or refund the cost of such part.

Scrutiny of records revealed that 50 claims amounting to Rs 8.06 lakh pertaining to the period prior to March 2000 were pending against 66 suppliers on these grounds. The failure of the department to effect recovery from the suppliers for such a long period reflected inadequate operational management control.

Store and Inventory Controls

Stores and stock

5.1.16. The purchase order for the supply of spares, tyres, lubricants etc. issued by DST *inter alia* provided that supplier firm should supply special certificate by the firm on the supply bill that "It is certified that items mentioned in this bill have not been supplied at lower rates than quoted in the Rate Contract to any other firm".

However, during course of test check of purchase orders of Central Stores for the year 2005-06, it was noticed that out of total 176 supply bills of Rs 1.88 crore for the months of August 2005 to October 2005 submitted by the firms for payment, 42 bills amounting to Rs 53.72 lakh were not supported by the special certificate *ibid*, in the absence of which authenticity of rates could not be vouchsafed.

Irregular local purchases

5.1.17. As per Rule 19.6 of Punjab Financial Rules, (Vol. I) General Manager of the depot was competent to incur expenditure on the repairs, servicing and other contingencies up to Rs 3000 on each item subject to the overall limit of

Irregular purchases of Rs 83.50 lakh were effected in excess of the stipulated limit

⁹ Celebrated by Anandpur Sahib Foundation.

Rs 85,000 per month. However, it was noticed in audit (April 2006) that General Managers of four¹⁰ depots had incurred an expenditure of Rs 2.36¹¹ crore on local purchases against the stipulated limit of Rs 1.53 crore during the last four years ending March 2005. Considering the above, on an average the depots had incurred excess expenditure of Rs 0.46 lakh per month over the limit and in four depots this was found to be exceeding the limit by Rs 0.03 lakh to Rs 18.38 lakh per year. The DST in its reply (May 2006) admitted that excess expenditure was incurred due to fleet of old buses.

Non-disposal of obsolete stores

5.1.18. A review of records revealed that the department constituted a committee (December 2002) to declare stores obsolete lying in various depots and Central Store, which had declared (September 2005) 2134 items valuing Rs 47.82¹² lakh as obsolete. However, these have not been disposed of so far (June 2006).

Internal Audit

5.1.19. In each depot, one Resident Section Officer (posted by Finance Department) and assisted by two auditors of department had been entrusted with the responsibility of carrying out internal audit to exercise prescribed checks to effect the economy and safeguard against irregular expenditure and loss of public money and to report errors and irregularities to the DST for remedial action. Besides, the State Government had established (October 1981) Internal Audit Organization for conducting the internal audit of all the departments of the State Government with special emphasis on audit of the revenue receipts in the revenue earning departments. This organization had conducted the internal audit of Punjab Roadways Depots only once during 1991-92. Thereafter, the internal audit of the organization was discontinued in view of decision taken (November 1991) by the Government. Out of 270 audit paras issued by Internal Audit Organization during 1991-92, 95 audit paras were pending settlement and remedial action (June 2006).

From the test check of records for the year 2004-05 and 2005-06 it was, however, observed (May 2006) that only six Resident Section Officers (RSO) were posted in 18 depots during 2004-05 and five during 2005-06. Further, a test check of record of five depots revealed that no RSO and auditor were posted in Hoshiarpur since August 2003. In the remaining four depots, only four auditors were posted against the sanctioned posts of eight auditors. Audit further observed the following deficiencies:

¹⁰ Excess expenditure incurred by depots i.e. Chandigarh Rs 12.85 lakh, Hoshiarpur Rs 19.31 lakh, Ludhiana Rs 11.01 lakh and Ropar Rs 40.33 lakh.

¹¹ Figures does not include data of 2003-04 of Chandigarh depot as there was no excess expenditure in that year.

¹² During 2002-03 (761 items valuing Rs 10.46 lakh), 2003-04 (469 items valuing Rs 4.52 lakh), 2004-05 (392 items valuing Rs 5.95 lakh and 2005-06 (512 items valuing Rs 26.89 lakh).

- Specific training was not imparted to the auditors attached with RSO's,
- Special audit by the Director State Transport was not conducted during the last five years in the violation of Rule 107 of the "Accounting Rules, Procedure and Forms" of the department,
- RSO had not pointed out any irregularity during the last five years.

In response to Audit observations, the department stated (May 2006) that there were no instructions for internal audit. The reply is not acceptable as the DST's orders dated 13.02.1970 followed by detailed orders dated 18.1.1990 had provided for checking of various items for overall internal audit of Punjab Roadways depots by the RSO posted by the Finance Department. Resultantly, the important errors and omissions e.g. improper maintenance of cash book, irregular temporary advances/local purchase excess deployment of staff etc. were not reported to DST for remedial measures.

Vigilance Mechanism

5.1.20. As per State Vigilance Department directions (March 2000) to all the departments, creation of a Vigilance Wing in each department of the State was mandatory. However, no Vigilance Wing was in existence in the Punjab Roadways. There was a Central Flying Squad working in the Transport Department headed by a Deputy Director State Transport. No vigilance cases were referred to the Vigilance Department of the State by Punjab Roadways during last five years.

Conclusion

5.1.21. Internal controls viz. Cash controls, Administrative controls, Operational control, Store and Inventory controls were inadequate and ineffective in the department. Cash books were not maintained as per rules and these were not verified and signed by the Head of office at the end of each month. The lack of Administrative control led to improper maintenance of General Provident Fund and Group Insurance Scheme accounts, as consolidated statements were not sent to Finance Department/Accountant General (A&E) Punjab. Deployment of drivers and conductors was in excess. Ineffective Operational control resulted in non-operation of scheduled kilometers, excess consumption of high speed diesel by the buses, non-recovery of hiring charges of buses from other organizations. Non-imparting of training and inadequate posting of staff led to ineffective Internal Audit arrangement in the department resulting in non-reporting of important errors and omissions to DST.

Recommendations

- Proper maintenance of cash books, General Provident Fund and Group Insurance Scheme accounts should be ensured to safeguard against over payments and misappropriation;

- Speedy adjustment of temporary advances should be ensured, besides stoppage of further sanction of such advances as it is violative of financial rules;
- Frequent changes of General Managers should be avoided and excess deployment of conductors and drivers should be rationalized;
- Timely renewal of various kilometer scheme agreements should be made so as to gain additional revenue;
- Stringent measures should be taken to limit the consumption of HSD within the norms.

In response to audit, the DST admitted the facts and accepted the audit observations and findings and assured to take remedial action. The above points were referred to Government (March 2006); reply is awaited (September 2006).



(R.P. SINGH)

Pr. Accountant General (Audit), Punjab

CHANDIGARH

The

28 NOV 2006

Countersigned



(VIJAYENDRA N. KAUL)

Comptroller and Auditor General of India

NEW DELHI

The

30 NOV 2006

APPENDICES

ALPHABETIC

Appendix-I
(Refers to Paragraph 1.4, Page 5)

**Summarised Financial Position of the Government of Punjab
as on 31 March 2006**

(Rupees in crore)

As on 31.03.2005	Liabilities		As on 31.03.2006
30396.89	Internal Debt -		34041.35
7718.66	Market Loans bearing interest	8696.72	
0.18	Market Loans not bearing interest	0.31	
7.31	Loans from LIC	6.27	
7306.30	Loans from other Institutions	6940.67	
283.30	Ways and Means Advances/Overdrafts from Reserve Bank of India	-	
15081.14	Special Securities issued to National Small Savings Fund of Central Government	18397.38	
7398.73	Loans and Advances from Central Government -		7220.84
19.89	Pre 1984-85 Loans	13.02	
781.48	Non-Plan Loans	706.45	
6522.44	Loans for State Plan Schemes	6431.34	
-	Loans for Central Plan Schemes	-	
74.92	Loans for Centrally Sponsored Plan Schemes	70.03	
-	Other Ways and Means Advances	-	
25.00	Contingency Fund		25.00
7186.33	Small Savings, Provident Funds, etc.		7575.43
1459.33	Deposits		1374.60
1106.02	Reserve Funds		1296.78
101.35	Remittance Balances		90.46
47673.65			51624.46
	Assets		
13272.11	Gross Capital Outlay on Fixed Assets -		14903.24
3544.55 ¹	Investments in shares of Companies, Corporations, etc.	3718.60	
9727.56	Other Capital Outlay	11184.64	
5681.46	Loans and Advances -		5463.99
4284.68	Loans for Power Projects	4141.97	
1021.76	Other Development Loans	1014.26	
375.02	Loans to Government servants and Miscellaneous loans	307.76	
0.69	Advances		0.64
79.26	Suspense and Miscellaneous Balances		69.48
460.92	Cash -		1767.65
---	Cash in Treasuries and Local Remittances	-	
81.52	Deposits with Reserve Bank	(-)127.82	
132.68	Departmental Cash Balance	121.83	
0.19	Permanent cash imprest	0.19	
144.51	Investment of Earmarked Funds	144.51	
102.02	Cash Balance Investments	1628.94	
28179.21	Deficit on Government Accounts -		29419.46
3390.55	Revenue Deficit of the Current Year	1240.25	
-	Other adjustments	-	
24788.66	Accumulated deficit up to previous year	28179.21	
-	Performa correction	-	
47673.65			51624.46

¹ Differs by Rs 0.26 crore with investments (Rs 3718.86 crore) as per Statement No.-14 of Finance Account for 2005-06.

APPENDIX- II
(Refer : Paragraph – 1.4 Page 5)
Abstract of Receipts and Disbursements for the year
2005-06

(Rupees in crore)

Receipts				Disbursements				
2004-05		2005-06	2004-05		2005-06		2005-06	
Section A : Revenue			Total	Non-Plan			Plan	Total
13807.48	I. Revenue Receipts	16966.48	17198.03	I. Revenue Expenditure	17246.08	960.65	18206.73	
6944.63	Tax Revenue	8989.28	9850.04	General Services	10503.89	12.36	10516.25	
5358.03	Non Tax revenue	4536.33	3535.79	Social Services	3321.31	281.09	3602.40	
902.35	State's share of Union Taxes and Duties	1227.55	2113.24	Education, Sports, Art and Culture	2171.92	117.17	2289.09	
186.14	Non Plan Grants	1703.42	603.79	Health and Family Welfare	631.63	64.23	695.86	
202.31	Grants for State Plan Schemes	310.22	289.23	Water Supply, Sanitation, Housing and Urban Development	206.61	0.65	207.26	
7.34	Grants for Central Plan	5.45	12.89	Information and Broadcasting	15.60	-	15.60	
206.68	Grants for Centrally Sponsored Plan Schemes	194.23						
			25.99	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	58.70	24.24	82.94	
			54.04	Labour and Labour Welfare	58.09	0.36	58.45	
			428.88	Social Welfare and Nutrition	174.30	70.53	244.83	
			7.73	Others	8.37	-	8.37	
			3737.67	Economic Services	3046.86	667.20	3714.06	
			471.68	Agriculture and allied activities	397.83	89.49	487.32	
			26.99	Rural Development	44.51	3.05	47.56	
			470.88	Irrigation and Flood Control	594.14	0.02	594.16	
			2172.94	Energy	-	1551.31	1551.31	
			22.00	Industry and Minerals	19.54	51.55	71.09	
			443.21	Transport	373.62	-22.84	350.78	
			129.97	General Economic Services	65.92	545.92	611.84	
			74.53	Grants-in-aid and Contributions	374.02	-	374.02	
3390.55	II. Revenue Deficit carried over to Section B	1240.25		Revenue surplus carried over to Section B				
17198.03	Total Section A	18206.73	17198.03		17246.08	960.65	18206.73	
	Section B – Others							
373.13	III. Opening Cash Balance including Permanent Advances and Cash Balance Investment	460.93	761.40	II. Capital Outlay	203.63	1313.26	1516.89	
			50.78	General Services	66.01	24.19	90.20	
			91.88	Social Services	30.52	313.47	343.99	
			16.14	Education, Sports, Art and Culture	0.06	18.61	18.67	
			5.61	Health and Family Welfare	2.20	0.76	2.96	
			70.15	Water Supply, Sanitation, Housing and Urban Development	27.72	289.42	317.14	
			-0.01	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes				
				Social Welfare and Nutrition	0.55	4.67	5.22	
			618.74	Economic Services	107.11	975.59	1082.70	
			20.86	Agriculture and allied activities	0.30	10.17	10.47	
			156.46	Rural Development	24.61	20.35	44.96	
			205.33	Irrigation and Flood Control	63.00	241.42	304.42	
			72.38	Energy	-	45.28	45.28	
			-0.11	Industry and Minerals	0.19	5.63	5.82	
			132.92	Transport	19.02	355.43	374.45	
			30.90	General Economic Services	-	297.30	297.30	

Receipts			Disbursements			
2004-05			2005-06	2004-05		2005-06
133.81	IV. Recoveries of Loans and Advances		136.70	96.80	III. Loans and Advances Disbursed	33.48
33.62	From Power Projects	2.71		62.38	For Power Projects	
83.09	From Government Servants	78.10		18.92	To Government Servants	13.51
17.10	From others	55.89		15.50	To others	19.97
	V. Revenue Surplus brought down			3390.55		1240.25
6360.59	VI. Public Debt Receipts		4577.93	3017.08	IV. Repayment of Public Debt	1111.35
10173.29	Internal Debt other than Ways and Means Advances and Overdraft	4529.80		448.33	Internal Debt other than Ways and Means Advances and Overdraft	1461.93
4361.05	Net transaction under Ways and Means Advances and Overdraft	24.13		193.44	Net transaction under Ways and Means Advances and Overdraft	-552.47
548.35	Loans and Advances from Central Government	24.00		2568.75	Repayment of Loans and Advances to Central Government	201.89
12846.24	VI. Public Accounts Receipts		15648.34	11793.57	VI. Public Account Disbursements	15154.28
1428.90	Small Savings, Provident Fund, etc.	1482.94		1009.48	Small Savings, Provident Fund, etc.	1093.84
448.03	Reserve Funds	218.67		21.43	Reserve Funds	27.91
1206.10	Deposits and Advances	1462.35		996.85	Deposits and Advances	1547.03
9022.80	Suspense and Miscellaneous	11461.36		738.06	Suspense and Miscellaneous	11451.59
740.41	Remittances	1023.02		9027.75	Remittances	1033.91
				460.93	VII. Cash Balance at end	1767.65
					Cash in Treasuries and Local Remittances	
				81.52	Deposits with Reserve Bank	-127.82
				277.38	Departmental Cash Balance including Permanent Advances, etc.	266.53
				102.03	Cash Balance Investment	1628.94
19713.77	Total Section B		20823.90	19713.77	Total	20823.90

Appendix-III
(Refer Paragraph 1.4, Page 5)

Sources and application of funds

(Rupees in crore)

2004-05	Sources	2005-06
13807.48	Revenue Receipts	16966.48
133.81	Recovery of loans and Advances	136.70
3343.51	Increase in public debt other than over draft	3466.57
1052.66	Net receipt from public account	494.07
419.42	Increase in small savings	389.10
209.24	Increase in deposits and Advances	-84.68
426.60	Increase in reserve funds	190.77
-4.95	Net effect of suspense and Miscellaneous transactions	9.77
2.35	Net effect of Remittance transactions	-10.89
-	Miscellaneous Capital Receipts	-
-	Outstanding overdraft	-
-	Decrease in closing cash balance	-
18337.46	Total	21063.82
	Application	
17198.02	Revenue expenditure	18206.73
96.80	Lending for development and other purposes	33.48
761.40	Capital expenditure	1516.89
-	Net effect of contingency fund transactions	-
87.80	Increase in closing cash balance	1306.72
193.44	Repayment of over draft	-
18337.46	Total	21063.82

Appendix –IV
(Refers to Paragraph 1.4, Page 5)
Time Series Data on State Government Finances

(Rupees in crore)

	2001-2002	2002-03	2003-04	2004-05	2005-06
Part A. Receipts					
1. Revenue Receipts	8929	11071	12139	13807	16966
(i) Tax Revenue	4820(54)	5711 (52)	6146 (51)	6944 (50)	8989(53)
Taxes on Agricultural Income	--	--	--	-	-
Taxes on Sales, Trades etc.	2684(56)	3072(54)	3308 (54)	3816 (55)	4627(51)
State Excise	1350(28)	1429(25)	1463 (24)	1487 (21)	1568(17)
Taxes on vehicles	318(7)	444(8)	389 (6)	404 (6)	431(5)
Stamps and Registration fees	444(9)	559(10)	729 (12)	966 (14)	1671(19)
Land Revenue	9	9	13	14	16
Other Taxes	15	198 (3)	244 (4)	258 (4)	676(18)
(ii) Non Tax Revenue	2960(33)	4036(36)	4666 (38)	5358 (39)	4536(27)
(iii) State's share of Union taxes and duties	611(7)	649(6)	754 (6)	903 (7)	1228(8)
(iv) Grants-in-aid from GOI	538(6)	675(6)	573 (5)	602 (4)	2213(13)
2. Misc Capital Receipts	--	--	--	-	-
3. Total revenue and Non debt capital receipts (1+2)	8929	11071	12139	13807	16966
4. Recoveries of Loans and Advances	872	103	105	134	137
5. Public Debt Receipts	6681	6246	7337	6361	4578
Internal Debt (excluding Ways & Means Advances and Overdrafts)	5719	5827	6526	5791	4837
Net transactions under Ways and Means advances and Overdraft	126	--	269	22	-283
Loans and Advances from Government of India*	836	419	542	548	24
6. Total receipts in the Consolidated Fund (3+4+5)	16482	17420	19581	20302	21681
7. Contingency Fund Receipts	3	--	--	-	-
8. Public Account Receipts	14171	11972	10111	12846	15648
9. Total receipts of the State (6+7+8)	30656	29392	29692	33148	37329
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	12710(86)	14825(95)	15702 (92)	17198 (95)	18207(92)
Plan	865(7)	708(5)	615 (4)	466 (3)	961 (5)
Non Plan	11845(93)	14117(95)	15087 (96)	16732 (93)	17246 (95)
General Services	4389(35)	5638(38)	5639 (36)	5869 (32)	6801(37)
Interest	3178(25)	3434(23)	3712 (24)	3981 (22)	3715(21)
Social Services	3111(24)	3222(22)	3368 (21)	3536 (20)	3602(20)
Economic Services	1866(15)	2310(16)	2939 (19)	3738 (21)	3714(19)
Grants-in-aid and Contributions	166(1)	221(1)	44	74	374(2)
11. Capital Expenditure	984(7)	420(3)	665 (4)	761 (4)	1517(8)
Plan	952(97)	897(214)	623 (94)	650 (85)	1313 (13)
Non Plan	32(3)	-477(-114)	42 (6)	111 (15)	204 (87)
General Services	22(2)	21(5)	18 (3)	51 (7)	90(6)
Social Services	54(6)	22(5)	5	92 (12)	344(23)
Economic Services	908(92)	377(90)	642 (97)	618 (81)	1083(71)
12. Disbursement of Loans and Advances	1066(7)	339(2)	757 (4)	97 (0.5)	33(10.55)
13. Total (10+11+12)	14760	15584	17124	18056	19757
14. Repayments of Public Debt	2556	2445	3089	2817	1111
Internal Debt (excluding Ways and Means Advances and Overdraft)	1766	663	193	448	909
Net transactions under Ways and Means advances and Overdraft	--	352	--	--	-
Loans and Advances from Government of India*	790	1430	2896	2369	202

* Includes Ways and Means Advances from GOI.
Higher rounding taken.

Audit Report (Civil) for the year ended 31 March 2006

15. Appropriation to Contingency Fund	--	--	--	-	-
16. Total disbursement outs of Consolidated Fund (13+14+15)	17316	18029	20213	20873	20868
17. Contingency Fund disbursements	--	--	--	-	-
18. Public Account disbursements	13428	11395	9347	11794	15154
19. Total disbursements by the State (16+17+18)	30744	29424	29560	32667	36022
Part C. Deficits					
20. Revenue Deficit (1-10)	3781	3754	3563	3391	1241
21. Fiscal Deficit (3+4-13)	4959	4410	4880	4115	2654
22. Primary Deficit (21-23)	1781	976	1168	134	(-)1061
Part D Other data					
23. Interest Payments (included in revenue expenditure)	3178	3434	3712	3981	3715
24. Balance from Current Revenue (BCR)	(-)3295	(-)3415	(-) 3387	(-) 3341	(-)790
25. Arrears of Revenue (Percentage of Tax & non-Tax Revenue Receipts)	3760(48)	3005(31)	2805(26)	965 (8)	2728(20)
26. Financial Assistance to local bodies etc.	370	363	216	352	395
27. Ways and Means Advances/Overdraft availed (days)	140/119	190/53	159/134	156/117	22
28. Interest on WMA/Overdraft	9/4	9/1	12/2	10/2	-
29. Gross State Domestic Product (GSDP)	76860	86260	95947	107384	113161
30. Outstanding Debt (year end)	33921	38315	43197	47403	51364
31. Outstanding guarantees (year end)	10584	13734	12242	8884	8851
32. Maximum amount guaranteed (year end)	10244	17720	22951	23420	22086
33. Number of incomplete projects	11	7	8	10	11
34. Capital blocked in incomplete projects	1177	859	795	882	776

Note: Figures in brackets represent percentages (rounded) to total of each sub heading

GSDP for 2005-06 has been adopted as supplied by the Economic and Statistical Department of the State Government

Appendix-V**(Refers to Paragraph 1.4, Page 5)****Statement showing definitions of terms used in Chapter I****Part A. Government Accounts**

I. Structure: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I. Consolidated Fund

All revenues received by the State Government all loans raised and repayment of loans form the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. No money out of this fund can be appropriated except in accordance with the law and for the purpose and in the manner provided in the Constitution. This fund consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II. Contingency Fund

The Contingency Fund established under Article 267(2) of the Constitution of India which is of the nature of an imprest placed and enables the Executive Government to meet unforeseen expenditure pending authorisation by the Legislature by law. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund.

Part III. Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits and advances, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to a vote by the Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B – List of terms used in the Chapter-I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter/ GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter (X) Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1] * 100$
Trend/Average	Trend of growth over a period of five years (LOGEST(Amount of 2001-2002 : Amount of 2004-05)-1) * 100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of five years of the parameter in Revenue or Expenditure as the case may be.
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	Interest Payment / [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2] * 100
Interest spread	GSDP growth – Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2] * 100
Revenue Deficit	Revenue Expenditure - Revenue Receipt
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances–Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non Plan Revenue expenditure excluding debits under 2048–Appropriation for reduction or avoidance of Debt.

Appendix-VI²

(Refers to Paragraph 1.8.4, Page 15)

Statement showing details of amount invested and accumulated losses in
Statutory Corporations and Government Companies

(Rupees in crore)

Sr. No.	Name of the Statutory Corporations & Government Companies	Amount invested upto end of 2005-06	Accumulated losses	Period upto which accounts finalized
1.	Punjab Financial Corporation, Chandigarh	29.31	237.92	2003-04
2.	PEPSU Road Transport Corporation, Patiala	86.82	306.21	2004-05
3.	Punjab State Electricity Board	2946.11	4367.03	2004-05
4.	Punjab State Seeds Corporation Ltd., Chandigarh	3.70	4.65	2003-04
5.	Punjab Agro Industries Corporation Ltd.	45.46	6.95	2004-05
6.	Punjab Export Corporation Ltd., Chandigarh	0.19	0.27	1977-78
7.	Punjab State Industrial Development Corporation Ltd., Chandigarh	78.22	316.68	2002-03
8.	Punjab Poultry Development Corporation Ltd., Chandigarh	2.75	6.32	2003-04
9.	Punjab State Tubewell Corporation Ltd., Chandigarh	156.87	52.40	2001-02
10.	Punjab Film & News Corporation, Chandigarh	1.51	2.01	1997-98
11.	Punjab State Civil Supplies Corporation, Chandigarh	3.73	438.15	2004-05
12.	Punjab State Handloom & Textile Development Corporation, Chandigarh	3.63	8.97	2004-05
13.	Punjab Hosiery & Knitwear Development Corporation, Chandigarh	3.91	16.77	2004-05
14.	Punjab State Tourism Development Corporation, Chandigarh	3.97	11.88	2003-04
15.	Punjab Leather Development Corporation, Chandigarh	3.42	6.94	1997-98
16.	Punjab Bus Stand Management Company, Chandigarh	6.15	10.16	2000-01
17.	Punjab State Container & Warehousing Corporation	25.00	4.60	2004-05
18.	State Warehousing Corporation Chandigarh	4.00	17.44	2004-05
	Total	3404.75	5815.35	

² Refer Finance Account 2005-06: Statement No.14/Page 198.

Appendix – VII
(Refers to Paragraph 2.3.1, Page 26)

Statement showing major savings

Grant No.	Head of account	Savings (Rupees in crore)
1	Agriculture and Forests (Revenue Voted)	
	2406-Forestry and Wild Life, Forestry, Social and Farm Forestry, Externally Aided Social Forestry Development Project (Plan)	39.60
	2401-Crop Husbandry, Food grains crops, Centrally sponsored Scheme for Crops Diversification/Adjustment Programme (CSS)	105.00
3	Co-operation (Revenue Voted)	
	2425-Co-operation – Assistance to Credit Cooperatives – Incentive to Sugar Industry for crushing of Sugar Cane (CSS)	120.00
5	Education (Revenue Voted)	
	2202-General Education – Elementary Education – Other expenditure – Sarv Siksha Abhiyan (CSS)	120.60
	Elementary Education – Government Primary Schools – Government Primary Schools	34.81
	Secondary Education – Government Secondary Schools – Government Secondary Schools	16.38
	Secondary Education – Government Secondary Schools – Introduction of 10+2 System of Education in Government Schools (Adhoc) (Plan)	13.73
	Secondary Education – Government Secondary Schools – Upgradation of Government Middle Schools to High Standard (Plan)	11.15
	Elementary Education – Government Primary Schools – Universal and Compulsory Primary Education (PMGY) (Plan)	21.67
	Secondary Education – Teachers' Training – Government Junior Basic Teacher Training (CSS)	14.85
	University and Higher Education – Other Expenditure – Reimbursement to Transport Deptt./PRTC in lieu of free/ concessional facilities to students of Colleges and Universities in Government/PRTC Buses	14.55
5	Education (Capital Voted)	
	4202 – Capital Outlay on Education, Sports, Art and Culture – General Education – Secondary Education – Sarv Siksha Abhiyan (CSS)	59.40
8	Finance (Revenue Charged)	
	2049-Interest payments, Interest on Internal Debt, Interest on Special Securities issued to National Small Savings Fund of Central Government by State Government – Interest payable on Special Securities Accounts with Reserve Bank of India	85.54
	Interest on Small Savings, Provident Funds etc. – Interest on State Provident Fund – Interest on General Provident Fund	83.27
	Interest on Loans and Advances from Central Government – Interest on Loans for State/UT Plan Schemes – Interest on Block Loans	106.19
	Interest on Internal Debt – Interest on Special Securities issues to National Small Savings Fund of Central Government by State Government – 8.50 per cent Tax Free Bonds (Power Bonds)	54.17
	Interest on Internal Debt – Interest on other Internal Debt – Loans from the National Agricultural Credit (long term operation) Fund of Reserve Bank of India	14.33

	Finance (Capital Charged)	
	6003 – Internal Debt of the State Government – Loan from the National Bank for Agricultural and Rural Development – Loans from the National Bank for Agricultural and Rural Development	84.53
	6004 – Loans and Advances from the Central Government – Loans for State/Union Territory Plan Schemes – Block Loans	47.23
11	Health and Family Welfare (Revenue Voted)	
	2210-Medical and Public Health, Urban Health Services- Allopathy, Hospital and Dispensaries – Medical relief to other Hospitals and Dispensaries	7.71
	Rural Health Services, Allopathy, Subsidiary Health Centres, Subsidiary Health Centres	7.12
15	Irrigation and Power (Revenue Voted)	
	2701-Major and Medium Irrigation, Major Irrigation, Commercial, Sirhind Canal System, Other expenditure including interest	83.44
	Direction and Administration	40.09
	2801-Power, General, Other expenditure, Subsidy under Rural Electrification of Punjab Electricity Board	48.00
	Irrigation and Power (Capital Voted)	
	4801-Capital Outlay on Power Project, General, Investments in State Electricity Boards, Assistance to P.S.E.B. (Plan)	59.72
	4701-Capital Outlay on Major and Medium Irrigation, Major Irrigation Commercial, Sirhind Canal System, Direction and Administration	25.98
	4801-Capital Outlay on Power Project, General, Investments in State Electricity Board, Assistance to P.S.E.B.	105.00
	6801-Loans for Power Projects, Transmission and Distribution – Loans for Transmission Schemes	100.00
	Hydel Generation – R & M Works at Thermal Plants as per RLA study (Unit I and II) Guru Nanak Dev Thermal Plant (Plan)	71.00
	Renovation and Modernisation of GGSSTP Ropar Phase I and II (Plan)	20.00
	4701-Capital Outlay on Major and Medium Irrigation, Medium Irrigation Commercial, Extension of Phase II Kandi Canal from Hoshiarpur to Balachaur (R.D. 59.5 to 73.50) Works expenditure (Plan)	14.92
	Raising Mari Brand Canal from RD 18300 to 23900 RIDF-X- Works Expenditure (Plan)	10.00
	4711 – Capital Outlay on Flood Control Projects – Construction of Flood Protection and Drainage Works – Works Expenditure (CSS)	10.00
	Works Expenditure – (I) Counter Protective Works (CSS)	10.00
	Project proposal for Flood Protection Works on river Ravi, Beas and Sutlej and providing protection to Drainage System to save Agricultural land in District Gurdaspur and Amritsar (NABARD) RIDF-X- (Plan)	18.45
17	Local Government, Housing and Urban Development (Capital Voted)	
	3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions – Other Miscellaneous Compensations and Assignments – Incentive Fund to Urban Local Bodies as per recommendation of 2 nd Punjab Finance Commission	10.00
	4217-Capital Outlay on Urban Development, Other Urban Development Schemes, Other expenditure, Grant-in-aid to Local Bodies for maintenance of Civil Services recommended by 12 th Finance Commission (Plan)	17.10
	Prevention of Pollution of River Sutlej – Cost of Land (CSS)	70.00

Audit Report (Civil) for the year ended 31 March 2006

	4216 – Capital Outlay on Housing – Government Residential Buildings – General Pool Accommodation – Purchase of 100 Nos DDA Flats for Punjab Government Employees posted at Delhi	67.19
	6216 – Loans for Housing – Urban Housing – Loans to Housing Boards – Loans to PUDA for NCR to Patiala City (CSS)	45.06
21	Public Works (Revenue Voted)	
	3054 – Roads and Bridges – General – Transferred to/from Reserve Fund/Deposit Accounts – Amount transferred to Subvention from Central Road Fund	349.57
	State Highways – Road Works – Road Works	41.95
	2215 – Water Supply and Sanitation – Water Supply – Direction and Administration – Direction and Administration	75.26
	2059 – Public Works – Other Buildings – Maintenance and Repairs – Industrial Training	12.55
21	Public Works (Capital Voted)	
	4215 – Capital Outlay on Water Supply and Sanitation – Water Supply – Rural Water Supply – Accelerated Rural Water Supply Programme (CSS)	58.33
	Rajiv Gandhi Rural Water Supply Mission including Repair of Damaged Water Supply Scheme (CSS)	17.86
	5054 – Capital Outlay on Roads and Bridges – State Highways – Bridges – Improvement/Widening of Existing Roads and Land Acquisition (Plan)	100.00
	Other expenditure – Creation of infrastructure facilities in border areas (CSS)	25.00
	4059 – Capital Outlay on Public Works – General – Construction – Computerisation of Land Record (CSS)	21.13
22	Revenue and Rehabilitation (Revenue Voted)	
	2245 – Relief on account of Natural Calamities – Calamity Relief Fund – Transfer to Reserve Funds and Deposit Accounts – Calamity Relief Fund – Transfer to Reserve Funds and Deposit Accounts – Calamity Relief Fund	73.03
23	Rural Development and Panchayats (Capital Voted)	
	4515 – Capital Outlay on Other Rural Development Programme – Rural Development – Grants recommended by the 12 th Finance Commission to Panchayati Raj Institutions (Plan)	64.80
	Sampuran Gramin Rozgar Yojana (CSS)	51.00
	Swaranjayanti Swairojgar Yojana (CSS)	16.50
	Indira Awas Yojana (CSS)	13.20
24	Science, Technology and Environment (Capital Voted)	
	5425 – Capital Outlay on other Scientific and Environmental Research – Ecology and Environment – Energy recovery from Urban Municipal Industrial Waste (CSS)	81.00
	Integrated Rural Energy Programme Solar Water Pumping Programme (10 per cent beneficiary) (CSS)	24.00
	Power Generation from Agrowaste (CSS)	24.00
	Setting up of Science City at Jalandhar (Scientific Research) (CSS)	15.00
	Solar Power Generation (CSS)	14.00

Appendix-VIII

(Refers to Paragraph 2.3.2, Page 26)

Statement of various grants/appropriations indicating major head-wise/scheme-wise expenditure where persistent savings in excess of Rupees five crore each and 20 per cent or more of the provisions

Sr. No.	Grant No.	Head of Account	Year								
			2003-04			2004-05			2005-06		
			Provision	Expenditure	Saving (Percentage of saving)	Provision	Expenditure	Saving (Percentage of saving)	Provision	Expenditure	Saving (Percentage of saving)
		Name of Grant	(Rupees in Crore)								
		Revenue (Voted)									
1.	1-Agriculture and Forests	2406-Forestry and Wild Life – Forestry – Social and Farm Forestry-Externally Aided Social Forestry Development Project (Plan)	81.39	60.84	20.55 (25.25)	64.20	47.30	16.90 (26.32)	77.12	37.52	39.60(51.34)
2.	5-Education	2202-General Education-Secondary Education – Government Secondary Schools – Introduction of 10+2 System of Education in Government Schools (Adhoc)-(Plan)	32.00	17.54	14.46 (45.19)	25.00	18.80	6.20 (24.80)	27.00	13.27	13.73(50.85)
3.	15-Irrigation and Power	2701-Major and Medium Irrigation – Major Irrigation – Commercial – Sirhind Canal System – Other expenditure including interest	44.30	0.74	43.56 (98.33)	44.30	1.58	42.72 (96.43)	87.65	4.21	83.44(95.20)
4.	21-Public Works	2215-Water Supply and Sanitation – Water Supply – Direction and Administration – Direction and Administration	135.28	69.69	65.59(48.48)	147.77	79.28	68.49(46.35)	162.49	87.23	75.26(46.32)
5.		2059 – Public Works – Other Buildings – Construction – Other Administrative Services	15.30	0.06	15.24(99.61)	14.30	9.22	5.08(35.52)	14.30	4.83	9.47(66.22)
		Capital (Voted)									
6.	3-Co-operation	4425-Capital Outlay on Co-operation – Investment in Credit Co-operatives – Assistance as share capital and loan for integrated Co-operative Development Project (including preparation of project report) (CSS)	11.41	-	11.41 (100)	11.41	-	11.41 (100)	11.41	-	11.41(100)

Audit Report (Civil) for the year ended 31 March 2006

7.	12-Home Affairs and Justice	4055 – Capital Outlay on Police – Other expenditure – Modernisation of Police Force	64.20	0.05	64.15(99.92)	25.68	0.99	24.69(96.14)	82.16	42.90	39.26(47.78)
8.	15-Irrigation and Power	4711-Capital Outlay on Flood Control Projects – Flood Control – Civil Works – Construction of Flood Protection and Drainage Works – Works expenditure (CSS)	10.00	-	10.00 (100)	10.00	-	10.00 (100)	10.00	-	10.00 (100)
9.		Works expenditure (I) Counter Protective Works (CSS)	10.00	-	10.00 (100)	10.00	-	10.00 (100)	10.00	-	10.00 (100)
10.		4711-Capital Outlay on Flood Control Projects –Drainage Civil Works – Project for Construction of Flood Protection Works on river Ghaggar and its tributaries in Districts Patiala and Fatehgarh Sahib of Punjab RIDF (Plan)	9.00	-	9.00 (100)	10.00	-	10.00 (100)	7.00	-	7.00(100)
11.	17-Local Government, Housing and Urban Development	4217-Capital Outlay on Urban Development – Other Urban Development Schemes – Other expenditure –Prevention of Pollution of River Sutlej – Cost of land (CSS)	70.00	-	70.00 (100)	70.00	-	70.00 (100)	70.00	-	70.00 (100)
12.	23-Rural Development and Panchayats	4515-Capital Outlay on Other Rural Development Programmes – Rural Development – Indira Awas Yojana (CSS)	6.26	-	6.26 (100)	13.20	-	13.20 (100)	13.20	-	13.20 (100)
13.		4515-Capital Outlay on Other Rural Development Programmes – Rural Development –Sampuran Gramin Rozgar Yojana (CSS)	21.78	-	21.78 (100)	28.50	-	28.50 (100)	51.00	-	51.00(100)
		TOTAL	202.65	0.05	202.6	178.79	0.99	177.8	254.77	42.90	211.87

Appendix-IX

(Refers to Paragraph 2.3.4, Page 26)

Cases of unnecessary supplementary grants/appropriations

(Rupees in crore)

Sr.No.	Grant/Appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual expenditure	Saving
Revenue-(Voted)					
1.	02-Animal Husbandry and Fisheries	155.28	1.64	141.81	15.11
2.	05-Education	2495.45	31.83	2255.78	271.50
3.	10-General Administration	83.86	5.49	81.31	8.04
4.	11-Health and Family Welfare	745.67	58.22	713.04	90.85
5.	21-Public Works	907.31	4.46	793.19	118.58
6.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	186.54	20.30	166.40	40.44
7.	27-Technical Education and Technical Training	119.37	2.35	75.14	46.58
Capital (Voted)					
8.	15-Irrigation and Power	730.24	27.12	404.64	352.72
9.	17-Local Government, Housing and Urban Development	205.09	146.95	182.12	169.92
10.	21-Public Works	648.47	45.37	511.60	182.24
11.	23-Rural Development and Panchayats	174.76	23.36	44.96	153.16
12.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	6.89	5.25	5.23	6.91
13.	28-Tourism and Cultural Affairs	7.12	5.00	4.33	7.79
	Total	6466.05	377.34	5379.55	1463.84

Appendix-X

(Refer to Paragraph 2.3.4, Page 27)

Excessive supplementary grants

(Rupees in crore)

Serial number	Grant/appropriation	Amount of Grant/Appropriation				
		Original	Supplementary	Total	Actual expenditure	Saving
Revenue-(Voted)						
1.	04-Defence Services Welfare	19.99	8.63	28.62	27.66	0.96
2.	07-Excise and Taxation	55.74	10.70	66.44	60.97	5.47
3.	12-Home Affairs and Justice	1263.44	86.75	1350.19	1338.86	11.33
4.	14-Information and Public Relations	14.41	2.85	17.26	15.61	1.65
5.	15-Irrigation and Power	1558.53	675.79	2234.32	2181.28	53.04
6.	19-Planning	457.83	144.99	602.82	554.63	48.19
7.	23-Rural Development and Panchayats	144.25	34.17	178.42	155.03	23.39
8.	26- State Legislature	13.75	2.86	16.61	16.06	0.55
9.	28-Tourism and Cultural Affairs	10.88	9.49	20.37	19.78	0.59
10.	30-Vigilance	11.40	0.95	12.35	11.52	0.83
Revenue (Charged)						
11.	12-Home Affairs and Justice	12.83	3.13	15.96	15.22	0.74
Capital (Voted)						
12.	10-General Administration	4.80	12.63	17.43	16.03	1.40
13.	12-Home Affairs and Justice	51.85	61.10	112.95	64.98	47.97
14.	29-Transport	15.82	6.23	22.05	19.02	3.03
	TOTAL	3635.52	1060.27	4695.79	4496.65	199.14

Appendix-XI

(Refers to Paragraph 2.3.5, Page 27)

Cases where savings were not surrendered

(Rupees in crore)

Sr. No.	Grant	Saving	Amount Surrendered
Revenue (Voted)			
1.	07-Excise and Taxation	5.47	-
2.	10-General Administration	8.04	-
3.	11-Health and Family Welfare	90.86	-
4.	12-Home Affairs and Justice	11.33	-
5.	13-Industries	6.80	-
6.	14-Information and Public Relations	1.66	-
7.	19-Planning	48.19	-
8.	21-Public Works	118.58	-
9.	23-Rural Development and Panchayats	23.39	-
10.	24-Science, Technology and Environment	4.70	-
11.	25 - Social and Women's Welfare and Welfare of Scheduled Castes/Backward Classes	40.45	-
12.	29-Transport	24.06	-
Revenue (Charged)			
13.	21-Public Works	1.98	-
Capital (Voted)			
14.	04-Defence Services Welfare	1.37	-
15.	05-Education	82.29	-
16.	10-General Administration	1.40	-
17.	11-Health and Family Welfare	19.85	-
18.	12-Home Affairs and Justice	47.97	-
19.	13-Industries	16.79	-
20.	21-Public Works	182.24	-
21.	23-Rural Development and Panchayats	153.16	-
22.	24-Science, Technology and Environment	187.76	-
23.	29-Transport	3.03	-
Total		1081.37	Nil

Appendix-XII
(Refers to Paragraph 2.3.5, Page 27)

Anticipated savings not surrendered

(Rupees in crore)

Sr. No.	Grant	Total savings	Amount surrendered	Amount not surrendered	Percentage not surrendered
Revenue (Voted)					
1.	01-Agriculture and Forests	404.93	212.03	192.90	47.64
2.	02-Animal Husbandry and Fisheries	15.11	1.91	13.20	87.36
3.	03-Co-operation	130.25	5.87	124.38	95.49
4.	05-Education	271.51	2.32	269.19	99.15
5.	06-Election	5.44	0.21	5.23	96.14
6.	15-Irrigation and Power	53.04	0.68	52.36	98.72
7.	22-Revenue and Rehabilitation	205.73	117.87	87.86	42.71
8.	27-Technical Education and Industrial Training	46.58	0.93	45.65	98.00
9.	30-Vigilance	0.83	0.01	0.82	98.80
Revenue Charged					
10.	08-Finance	358.11	70.51	287.60	80.31
Capital (Voted)					
11.	01-Agriculture and Forests	12.89	0.96	11.93	92.55
12.	02-Animal Husbandry and Fisheries	4.47	1.53	2.94	65.77
13.	03-Co-operation	18.92	1.61	17.31	91.49
14.	09-Food and Supplies	2.95	0.13	2.82	95.59
15.	15-Irrigation and Power	352.73	12.60	340.13	96.43
16.	17-Local Government, Housing and Urban Development	169.92	2.60	167.32	98.47
17.	25-Social and Women's Welfare and Welfare of Scheduled Castes/Backward Classes	6.90	5.58	1.32	19.13
18.	28-Tourism and Cultural Affairs	7.79	7.03	0.76	9.76
	Total	2068.10	444.38	1623.72	78.51

Appendix-XIII

(Refer to Paragraph 2.3.8, Page 28)

Statement showing Head and Sub Head-wise cases of significant and persistent excess over grants/ appropriations

Sr.No	Grant No., Head and Sub Head	Amount of Excess								
		2003-2004			2004-2005			2005-06		
		Provision	Expenditure	Excess	Provision	Expenditure	Excess	Provision	Expenditure	Excess
Revenue (Voted)										
(Rupees in crore)										
	15-Irrigation & Power									
1.	2701-Major and Medium Irrigation 01-Major Irrigation-Commercial 125-Lining of Channels 07-Other expenditure including interest	0	23.40	23.40	0	1.64	1.64	0	23.40	23.40
2.	2701-Major and Medium Irrigation 01-Major Irrigation-Commercial 141-Sutlej Yamuna Link Canal Project 07-Other expenditure including interest	0	16.80	16.80	0	1.18	1.18	0	16.80	16.80
3.	2701-Major and Medium Irrigation 03-Medium Irrigation-Commercial 104-Lining of Channels 07-Other expenditure including interest	0	13.04	13.04	0	1.47	1.47	0	14.14	14.14
4.	2701-Major and Medium Irrigation 01-Major Irrigation Commercial 129-Bhakra Dam Unit-I 01-Direction and Administration	0	14.17	14.17	0	14.30	14.30	0	17.73	17.73
5.	2701-Major and Medium Irrigation 01-Major Irrigation Commercial 138-Beas Project Unit-II (Pong Dam) 01-Direction and Administration	0	15.24	15.24	0	6.83	6.83	0	7.03	7.03
6.	2701-Major and Medium Irrigation 01-Major Irrigation Commercial 131-Nangal Hydrel Channel Unit-II 01-Direction and Administration	0	2.71	2.71	0	1.74	1.74	0	1.22	1.22
	21-Public Works									
7.	2215-Water Supply and Sanitation 01-Water Supply 799-Suspense	0	81.01	81.01	0	80.33	80.33	0	114.83	114.83
8.	2059-Public Works 60-Other Buildings 053-Maintenance and Repairs 19-Electrical Operational Works	1.75	6.98	5.23	2.50	5.27	2.77	3.50	6.54	3.04

Audit Report (Civil) for the year ended 31 March 2006

9.	3054-Roads and Bridges 80-General 799-Suspense	6.00	8.01	2.01	0.01	4.94	4.93	0.01	1.09	1.08
10.	2059-Public Works 80-General 799-Suspense	0	146.59	146.59	0	151.02	151.02	0	101.13	101.13
11.	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	0	25.54	25.54	0	122.41	122.41	0	34.63	34.63
12.	2515-Other Rural Development Programme 799-Suspense	0	52.87	52.87	0	20.04	20.04	0	15.07	15.07
Revenue Charged										
8 – Finance										
13.	2049-Interest payments 03-Interest on Small Savings, Provident Funds etc. 104-Interest on State Provident Funds 03-Interest on All India Service Provident Fund etc.	0	1.16	1.16	0	1.20	1.20	0	1.29	1.29
Capital Voted										
21 – Public Works										
14.	4711-Capital Outlay on Flood Control Projects 03-Drainage 799-Suspense	0	8.39	8.39	0	12.31	12.31	0	19.07	19.07
15.	4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 08-Works Expenditure (Plan)	0	5.70	5.70	0	21.83	21.83	0	13.29	13.29
TOTAL		7.75	422.77	415.02	2.51	447.71	445.2	3.51	388.55	385.04

Appendix-XIV
(Refers to Paragraph 2.3.9, Page 28)

Cases of re-appropriation under which the expenditure finally showed excess over the balance provision

(Rupees in crore)

Sr. No	Major head affecting the grant	Original	Re-appropriation	Total grant	Expenditure	Amount of excess after re-appropriation
	Grant No.8					
1.	2071-Pensions and Other Retirement Benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits	945.79	74.61	1020.40	1052.34	31.94
2.	2071-Pensions and Other Retirement Benefits 01-Civil 104-Gratuities 01-Gratuities	236.33	22.74	259.07	274.60	15.53
3.	2071-Pensions and Other Retirement Benefits 01-Civil 105-Family Pensions 01-Family Pensions	111.14	6.55	117.69	123.38	5.69
	Grant No.15					
4.	4701-Capital Outlay on Major and Medium Irrigation 01-Major Irrigation Commercial 147-Low Dam in Kandi Area 08-Works expenditure (Plan)	4.96	2.98	7.94	8.96	1.02
	Grant No.17					
5.	3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions 200-Other Miscellaneous Compensations and Assignments 12-Grant-in-aid to Municipal Committees/ Corporations/Notified Area Committees in lieu of abolition of octroi in the State	197.60	0.30	197.90	265.09	67.19
6.	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 800-Other expenditure 30-Integrated Development of Urban Infra-structure in Bathinda City (Plan)	0	20.00	20.00	40.00	20.00
	Total					141.37

Appendix-XV

(Refers to Paragraph 2.3.9, Page 28)

**Significant cases of major re-appropriation
which were injudicious on account of non-utilisation**

(Rupees in crore)

Sr. No.	Grant No.	Major head affecting the grant	Original	Supple- mentary	Re-appro- priation	Total grant	Expen- diture	Amount of final Saving
1.	1	2401-Crop Husbandry 001-Direction and Administration 01-Direction	61.25	-	0.26	61.51	56.52	4.99
2.		2402-Soil and Water Conservation 102-Soil Conservation 001-Direction and Administration 01- Direction and Administration	32.57	-	0.35	32.92	31.71	1.21
3.		2401-Crop Husbandry 107-Plant Protection 04-Setting up/Strengthening of State Pesticides Testing Laboratories (CSS)	0	-	1.04	1.04	0	1.04
4.		2415-Agriculture Research and Education 01-Crop Husbandry 120-Assistance to Other Institutions 06-Establishment of diagnostic laboratory and strengthening pesticide residue analysis laboratory in Agriculture (Plan)	0	-	2.00	2.00	0	2.00
5.		2401-Crop Husbandry 109-Extension and Farmers' Training 10-Centrally Sponsored Scheme for support to State extension programme for extension reforms (CSS)	0	-	3.17	3.17	0.46	2.71
6.	2	2403-Animal Husbandry 101-Veterinary Services and Animal Health 11-Setting up-of Punjab Veterinary and Animal Science University at Damdama Sahib (Plan)	1.00	-	3.00	4.00	0	4.00
7.	7	2040-Taxes on Sales, Trade etc. 001-Direction and Administration 01- Direction and Administration	41.01	-	0.69	41.70	39.46	2.24

8.	8	2049-Interest Payment 03-Interest on Small Savings, Provident Funds etc. 104-Interest on State Provident Fund 01-Interest on General Provident Fund	616.88	-	15.19	632.07	548.80	83.27
9.		2049-Interest Payment 04-Interest on Loans and Advances from Central Government 101-Interest on Loans for State/Union Territory Plan Schemes 01-Interest on Block Loans	262.84	-	89.56	352.40	246.21	106.19
10.		2049-Interest Payment 01-Interest on Internal Debt 123-Interest on Special Securities issued to National Small Savings Fund of Central Government by State Government 02-8.50% Tax Free Bonds (Power Bonds)	54.07	-	0.10	54.17	0	54.17
11.		2049-Interest Payment 01-Interest on Internal Debt 200-Interest on Other Internal Debts 03-Loans from National Agricultural Credit (long term operation) Fund of Reserve Bank of India	58.97	-	14.91	73.88	59.55	14.33
12.		6003-Internal Debt of the State Government 105-Loans from the National Bank for Agricultural and Rural Development 01-Loans from the National Bank for Agricultural and Rural Development	206.59	-	4.48	211.07	126.54	84.53
13.	10	2235-Social Security and Welfare 60-Other Social Security and Welfare Programmes 107-Swatantrata Sainik Samman Pension Scheme 01-Pension and other benefits to the Freedom Fighters and their wards	12.50	-	0.02	12.52	10.72	1.80
14.	15	2711-Flood Control and Drainage 01-Flood Control 001-Direction and Administration 01-Direction and Administration	44.56	1.22	2.39	48.17	44.86	3.31

Audit Report (Civil) for the year ended 31 March 2006

15.	4701-Capital Outlay on Major and Medium Irrigation 03-Medium Irrigation Commercial 122-Irrigation facilities to Himachal areas below Talwara AIBP 08-Works expenditure (Plan)	10.00	-	6.97	16.97	8.81	8.16
16.	4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 42-Project proposal for Flood Protection Works on river Ravi, Beas and Sutlej and providing protection to Drainage System to save Agricultural Land in District Gurdaspur and Amritsar (NABARD) RIDF-X (Plan)	7.50	-	10.95	18.45	0	18.45
17.	4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 05-Construction of Link Drains and Reconstruction/ Remodelling of Drains (NABARD) (Plan)	0.50	-	1.14	1.64	0	1.64
18.	4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 07-Project for reclamation of Water logged and Saline Area of Punjab (OWD) (Plan)	0	-	3.37	3.37	0	3.37
19.	4711-Capital Outlay on Flood Control Projects 03-Drainage 103-Civil Works 11-Construction of Flood Protection Works on river Ravi, Beas and Sutlej (NABARD) (Plan)	0	-	1.48	1.48	0	1.48
20.	4705-Capital Outlay on Command Area Development 800-Other expenditure 06-Construction of Surface Drainage System Bathinda Canal Project (PSTC) (Plan)	0	-	1.25	1.25	0	1.25
21.	4702-Capital Outlay on Minor Irrigation 800-Other expenditure 01-Share Capital to Punjab State Tubewell Corporation - Deep Tubewell in Kandi (NABARD) (Plan)	10.00	-	13.00	23.00	20.12	2.88

22.		4705-Capital Outlay on Command Area Development 800-Other expenditure 14-Constructions of Field Channels of Eastern Canal System (Plan)	3.50	-	10.00	13.50	8.11	5.39
23.		4705-Capital Outlay on Command Area Development 800-Other expenditure Construction of Field Channels of Kotla Canal Branch System (Plan)	3.50	-	4.75	8.25	6.90	1.35
24.	19	3451-Secretariat-Economic-Services 101-Planning Commission-Planning Board 04-Formulation of District Plan at District Headquarter (Plan)	408.36	144.55	32.33	585.24	537.59	47.65
25.	22	2053-District Administration 093-District Establishment 01- District Establishment	77.73	-	0.33	78.06	75.33	2.73
26.		2235-Social Security and Welfare 60-Other Social Security and Welfare Programme 200-Other Programmes 08-Relief to persons affected by riots	21.91	-	5.36	27.27	21.38	5.89
27.	25	2235-Social Security and Welfare 02-Social Welfare 103-Women's Welfare 01-Home for Widows and Destitute Women including Training-cum-Productional Centre and Protective Home, Jalandhar and Home for Aged and Infirms, Hoshiarpur	1.64	0.28	0.44	2.36	1.24	1.12
Total								472.57

Appendix-XVI

(Refers to Paragraph 2.4, Page 28)

List of re-appropriation orders which were not accepted by AG (A&E)

(Rupees in crore)

Sr. No.	Grant No.	Gross amount of the Re-appropriation order	Authority by which order was issued	Brief reasons of rejections
1.	2-Animal Husbandry and Fisheries	1.22	Secretary to Government, Punjab, Department of Animal Husbandry and Fisheries and Dairy Development, Chandigarh	(i) Total of re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Re-appropriation order made to the New Scheme. (iii) Re-appropriation order not signed by the competent authority.
2.	-do-	1.04	-do-	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Re-appropriation order is not according to revised estimates.
3.	3-Co-operation	4.86	Financial Commissioner, Co-operation, Punjab, Chandigarh	(i) Re-appropriation order made to the New Scheme. (ii) Saving of Plan used in Non-Plan side
4.	4-Defence Services Welfare	3.16	Principal Secretary to Government of Punjab Department of Defence Services Welfare Punjab, Chandigarh	(i) Re-appropriation order is not according to revised estimate. (ii) Saving of Plan used in Non-Plan side.
5.	5-Education	0.66	Principal Secretary, Sports and Youth Services, Punjab, Chandigarh	(i) Surrenders/withdrawals used without prior permission of Finance Department. (ii) Re-appropriation order is not according to revised estimate. (iii) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally.
6.	-do-	0.07	Secretary, Higher Education, Punjab Language Department, Patiala	(i) Re-appropriation is not according to revised estimates. (ii) Rules quoted wrongly.
7.	-do-	4.00	Additional Secretary, Higher Education, Punjab, Chandigarh	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Re-appropriation order is not according to revised estimates. (iii) Re-appropriation order made from Capital section to Revenue section.
8.	-do-	31.41	-do-	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Re-appropriation order is not according to revised estimates. (iii) Re-appropriation order made to the new scheme.

9.	-do-	6.62	Special Secretary to Government Punjab, Education Department, Chandigarh	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Re-appropriation order made from Capital section to Revenue section.
10.	11-Health and Family Welfare	18.89	Secretary to Government Punjab, Health and Family Welfare Department, Chandigarh	(i) Re-appropriation order made from Capital to Revenue section. (ii) Saving of Plan side used in Non-Plan side.
11.	12-Home Affairs and Justice	81.35	Joint Secretary to Government Punjab, Department of Home Affairs and Justice, Chandigarh	(i) Re-appropriation order is not according to Revised estimates. (ii) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally.
12.	13-Industries	0.90	Secretary to Government Punjab, Department of Industries and Commerce, Chandigarh	(i) Re-appropriation order is not according to revised estimates. (ii) Saving of salary used in other SOEs.
13.	21-Public Works	61.53	Principal Secretary to Government Punjab, Department of Water Supply and Sanitation Chandigarh	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Re-appropriation order not signed by the competent authority.
14.	-do-	70.23	Secretary to Government Punjab, Department of Public Works, B&R Branch, Patiala	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Re-appropriation order has not been properly classified. (iii) Saving of salary used in other SOEs.
15.	24-Science, Technology and Environment	35.10	Special Secretary to Government Punjab, Science, Technology and Environment, Chandigarh	Re-appropriation order made to the New Scheme.
16.	27-Technical Education and Industrial Training	2.02	Secretary, Technical Education and Industrial Training, Punjab, Chandigarh	(i) Re-appropriation order made to the new Scheme. (ii) Surrenders/Withdrawals used without prior permission of Finance Department.
17.	29-Transport	30.73	Secretary to Government Punjab, Department of Civil Aviation, Chandigarh	(i) Re-appropriation order is not according to revised estimate. (ii) Depot-wise break-up not shown separately.
Total		353.79		

Appendix-XVII

(Refers to Paragraph 2.5, Page 28)

Statement showing flow of expenditure during the fourth quarter of 2005-06

(Rupees in lakh)

Sr. No.	Head of Account	Total expenditure	Expenditure during 4th quarter	Percentage of expenditure in 4 th quarter	Expenditure during March 2006	Percentage of expenditure in March 2006 to total expenditure of 2005-06
1	2852-Industries	50.30	50.30	100.00	50.30	100.00
2	3425-Other Scientific Research	8.48	8.22	96.93	2.09	24.65
3	3435-Ecology and Environment	0.26	0.13	50.00	0.06	23.08
4	3451-Secretariat- Economic Services	564.73	293.67	52.00	213.43	37.79
5	3452-Tourism	0.88	0.45	51.14	0.35	39.77
6	3604-Compensation and Assignment to Local Bodies and Panchayati Raj Institutions	374.02	297.62	79.57	246.28	65.85
7	4055-Capital Outlay on Police	63.64	40.00	62.85	33.79	53.10
8	4058-Capital Outlay on Printing and Stationery	0.08	0.07	87.50	0.06	75.00
9	4059-Capital Outlay on Public Works	8.83	5.67	64.21	4.64	52.55
10	4070-Capital Outlay on other Administrative Services	17.04	15.13	88.79	14.48	84.98
11	4202-Capital Outlay on Education, Sports, Art and Culture	18.67	16.23	86.98	16.23	86.93
12	4210-Capital Outlay on Medical and Public Health	2.96	1.82	61.49	1.20	40.54
13	4215-Capital Outlay on Water Supply and Sanitation	128.16	123.23	96.15	94.93	74.07
14	4217-Capital Outlay on Urban Development	124.88	74.73	59.84	72.66	58.18
15	4402-Capital Outlay on Soil and Water Conservation	7.93	5.09	64.19	3.73	47.04
16	4403-Capital Outlay on Animal Husbandry	0.82	0.56	68.29	0.56	68.29
17	4405-Capital Outlay on Fisheries	0.17	0.17	100.00	0.17	100.00
18	4515-Capital Outlay on Other Rural Development Programmes	44.93	32.10	71.44	26.73	59.49
19	4701-Capital Outlay on Major and Medium Irrigation	182.54	92.81	50.84	60.06	32.90
20	4702-Capital Outlay on Minor Irrigation	25.08	12.73	50.76	5.71	22.77

Appendices

21	4705-Capital Outlay on Command Area Development	37.73	19.30	51.15	10.44	27.67
22	4801-Capital Outlay on Power Projects	45.28	45.28	100.00	45.28	100.00
23	4851-Capital Outlay on Village and Small Industries	5.82	5.71	97.94	5.68	97.59
24	5452-Capital Outlay on Tourism	0.55	0.55	100.00	0.55	100.00
25	5475-Capital Outlay on Other General Economic Services	287.74	262.02	91.06	181.21	62.98
TOTAL		2001.52	1403.59	70.13	1090.62	54.49

Appendix-XVIII

(Refers to Paragraph 2.6, Page 29)

Detail of expenditure on new service/new instrument of service

Sr. No.	Grant No.	Head of Account	Scheme	Expenditure Rs.
1.	17	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 800-Other Expenditure	32-Integrated Development and Urban Infrastructure in Samana Town Distt. Patiala (Plan)	21,56,00,000
2.	27	2203-Technical Education 112-Engg./Technical Colleges and Institutes	08-Establishment of Engg. Institute in the Campus of Govt. Polytechnic, Lehragagga (Plan)	60,00,000
3.	28	5452-Capital Outlay on Tourism 01-Tourist Accommodation 800-Other Expenditure	04-Development of Village Shambhu (Mughal Sarai) as Tourist destination (Plan)	39,44,000
4.	28	5452-Capital Outlay on Tourism 01-Tourist Accommodation 800-Other Expenditure	09-Running of Tourist Reception Centre at Anandpur Sahib (Plan)	15,70,000
			TOTAL	22,71,14,000

Appendix - XIX
(Refers to Paragraph 2.8.2, Page 29)

Persistent savings in reviewed grants/appropriations

Sr. No.	Grant/Head of Account/ Name of Scheme	Total Grant/ Amount of Savings (per cent)		
		2003-04	2004-05	2005-06
	10-General Administration			
	Revenue Plan State			
		(Rupees in lakh)		
1.	2052-Secretariat-General Services 092-Other Offices 06-Introduction of computerisation in Punjab Government offices, semi government bodies and offices including maintenance and upgradation of the system (Voted)	355.00 355.00 (100)	68.00 68.00 (100)	100.00 44.62 (44.62)
	Capital Plan CSS (Share)			
2.	4070-Capital Outlay on Other Administrative Services 800-Other expenditure 05-State Share of Centrally Sponsored Scheme and provision for site preparation etc. (Voted)	90.00 90.00 (100)	90.00 90.00 (100)	95.00 95.00 (100)
	13-Industries			
	Revenue Plan (CSS)			
3.	2851-Village and Small Industries 102-Small Industries 15-Prime Minister Rozgar Yojna (PMRY) (Voted)	200.00 174.20 (87.10)	100.00 100.00 (100)	120.00 71.68 (59.73)
	Revenue Plan (State)			
	Capital Plan State			
4.	4851-Capital Outlay on Village and Small Industries 800-Other expenditure 10-Payment of enhanced Cost of Land of Bureau of Indian Standards	12.00 12.00 (100)	16.50 16.50 (100)	16.50 16.50 (100)
	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes			
	Revenue Non-Plan State			
5.	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01-Welfare of Scheduled Castes 277-Education 01-Scholarships for post-matric students for scheduled castes	600.00 418.76 (69.79)	600.00 373.97 (62.32)	1414.59 541.29 (38.26)
6.	03-Hostel for boys and girls studying in schools and colleges	20.00 20.00 (100)	20.00 20.00 (100)	20.00 20.00 (100)
	Revenue Plan CSS			
7.	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 03-Capital subsidy under bank tie up loaning programme to below poverty line Scheduled Castes through Punjab Scheduled Castes Land Development and Finance Corporation (Voted)	2000.00 2000.00 (100)	2000.00 2000.00 (100)	2000.00 700.00 (35)
8.	05-Funding of economic ventures including commercial activities (A) Purchase of plots (Voted)	200.00 200.00 (100)	100.00 100.00 (100)	100.00 100.00 (100)
9.	06-Funding of economic ventures/ commercial activities for economic ventures (B) Venture set up (Voted)	300.00 300.00 (100)	200.00 200.00 (100)	200.00 200.00 (100)

Audit Report (Civil) for the year ended 31 March 2006

10.	09-Strengthening of 100 community centres for providing equipment and raw material (Voted)	<u>74.84</u> 74.84 (100)	<u>75.21</u> 75.21 (100)	<u>75.92</u> 75.92 (100)
11.	11-Implementation of SCP programmes at district HO placing funds at the disposal of DC (Voted)	<u>340.00</u> 340.00 (100)	<u>340.00</u> 340.00 (100)	<u>340.00</u> 340.00 (100)
Revenue Plan CSS				
12.	2225-Welfare of SC's, ST's, and OBC's 03-Welfare of backward classes 277-Education 04-Scheme of post-matric scholarships to the other backward classes students (Voted)	<u>425.94</u> 425.94 (100)	<u>425.94</u> 425.94 (100)	<u>425.94</u> 177.99 (41.78)
Revenue Plan CSS				
13.	15-Removal of untouchability under programme for implementation of PCR Act, 1995 (Voted)	<u>55.50</u> 55.50 (100)	<u>40.43</u> 40.43 (100)	<u>73.43</u> 33.00 (44.94)
29-Transport				
Revenue Non-Plan State				
14.	3055-Road Transport 201-Government Transport Services 05-Punjab Roadways, Chandigarh 08-Rent/Lease payable for buses/bus operators (Voted)	<u>150.00</u> 66.19 (44.12)	<u>101.12</u> 27.63 (27.32)	<u>136.00</u> 89.86 (66.07)
15.	06-Punjab Roadways, Pathankot 06-Other expenditure (will include interest on capital and contribution to funds) (Voted)	<u>190.28</u> 45.28 (27.28)	<u>210.22</u> 63.40 (30.15)	<u>116.25</u> 62.58 (53.83)
16.	09-Punjab Roadways, Hoshiarpur 06-Other expenditure (will include interest on capital and contribution to funds) (Voted)	<u>86.23</u> 48.27 (55.97)	<u>102.99</u> 36.33 (35.27)	<u>85.72</u> 23.49 (27.40)
17.	09-Punjab Roadways, Hoshiarpur 06-Rent/lease payable for buses/bus operators (Voted)	<u>150.00</u> 84.16 (56.10)	<u>118.53</u> 73.96 (62.39)	<u>120.89</u> 83.47 (69.04)
18.	10-Punjab Roadways, Ferozepur 08- Rent/lease payable for buses/bus operators (voted)	<u>140.00</u> 85.14 (60.81)	<u>93.75</u> 50.85 (54.24)	<u>91.00</u> 56.75 (62.36)
19.	12-Punjab Roadways, Nawan Shahar 08- Rent/lease payable for buses/bus operators (voted)	<u>200.00</u> 101.86 (50.93)	<u>141.05</u> 82.50 (58.48)	<u>124.00</u> 49.92 (40.25)
20.	18-Punjab Roadways, Nangal 06-Other expenditure (will include interest on capital and contribution to funds) (Voted)	<u>145.20</u> 71.73 (28.73)	<u>131.36</u> 72.76 (55.38)	<u>139.60</u> 52.47 (37.58)
21.	5055-Capital outlay on Road Transport 201-Government Transport Services 03-Punjab Roadways, Jalandhar 03-Repairs and maintenance (Voted)	<u>44.50</u> 44.50 (100)	<u>50.20</u> 21.38 (42.58)	<u>66.85</u> 31.78 (47.53)
22.	08-Punjab Roadways, Ludhiana 03-Repairs and maintenance (Voted)	<u>87.00</u> 69.36 (79.72)	<u>81.00</u> 26.83 (33.12)	<u>78.50</u> 30.14 (38.39)
23.	18-Punjab Roadways, Nangal 03-Repair and maintenance	<u>51.50</u> 37.51 (72.83)	<u>60.00</u> 21.11 (35.18)	<u>53.00</u> 24.60 (46.41)

Appendix – XX

(Refers to Paragraph 2.8.3, Page 29)

Savings due to non-release of funds/grants and non-submission of claims by the beneficiaries

Sr. No.	Grant/Head of Account	Final saving (Rupees in lakh)	Contributing reasons as stated by Government/ Department (Rs are in lakh)
	25-Social and Women's Welfare and Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		
	a) Revenue Non-Plan State		
1	2225-Welfare of SC's & ST's and Other Backward Classes	541.29	Funds not released by the Government
2	03-Hostels for boys and girls studying in schools and colleges	20.00	Funds not released by the Government
3	277-Education 04-Grant to students studying in medical and engineering colleges	6.88	Due to non-submission of claims by eligible students
	08-Coaching for stenography	2.38	Less claim drawn from treasury on the basis of attendance of trainees.
4	09-Award of brilliant Scheduled Castes students	3.12	Less claim drawn from treasury on the basis of attendance of trainees.
	Revenue Plan CSS		
5	2225-Welfare of Scheduled Castes, Scheduled Tribes and other backward classes 789-Special Component Plan for scheduled castes 01-Scheme for setting up of institutes for training to scheduled castes candidates in stenography	15.52	Less drawal of scholarship due to shortage of students (Rs 8) and non-receipt of bill on account of salary and OE (Rs 7.52)
6	03-Capital subsidy under bank tie-up loaning programme to below poverty line scheduled castes through – Punjab Scheduled Castes Land Development and Finance Corporation	700.00	Amount was not released by Government

Audit Report (Civil) for the year ended 31 March 2006

7	03-Welfare of backward classes 277-Education 04-Scheme of post-matric scholarships to other backward classes for studies in India	177.99	The amount was not released by Government.
8	2225-Welfare of Scheduled Castes and other backward classes 01-Welfare of Scheduled Castes 789-Special Component Plan for Scheduled Castes 15-Removal of untouchability under programme for implementation of PCR Act 1995	33.00	Funds not released by Government.
9	10-Formulation of Directorate Special Component Plan/monitoring/review and implementation of SCP	1.67	Funds not released by the Government
	29-Transport		
10	3055-Road transport 07-Punjab Roadways Moga 06-Other expenditure (will include interest on capital and contribution to funds)	90.94	Funds not released by Government
11	08-Rent/lease payable for buses/ bus operators (Moga)	46.36	Rs.29.64 not released by Government and Rs 16.72 is due to non-renewal of agreement with Private Bus operators
12	08-Punjab Roadways Ludhiana 08-Rent/lease payable for buses/ bus operators	71.86	Funds not released by Government
13	09-Punjab Roadways Hoshiarpur 06-Other expenditure(will include interest on capital and contribution to funds)	23.49	Funds not released by Government
14	08-Rent/lease payable for buses/ bus operators	83.47	Rs 72.54 not released by Government and Rs 10.93 could not be spent due to non-receipt of bills from private operators
15	10-Punjab Roadways Ferozepur 06-Other expenditure (will include interest on capital and contribution to funds)	69.74	Funds not released by Government

16	08-Rent/lease payable for buses/ bus operators	56.75	Rs 41.33 not released by Government and Rs 15.42 due to non-renewal of Agreement by the Bus Operator (KMS)
17	11-Punjab Roadways Batala 08-Rent/lease payable for buses/ bus operators	33.50	Rs 21.76 not released by the Government and Rs 11.74 not utilized due to late agreement among Bus Operators.
18	12-Punjab Roadways Nawanshar 08-Rent/lease payable for buses/ bus operators	49.92	Rs 37.20 not released by Government and Rs 12.72 is due to transfer to six buses to other depot (Jalandhar-II)
19	13-Punjab Roadways Taran Taran 01-Management	18.54	Rs 10.25 not released by Government and Rs 8.29 due to non-receipt of bills etc.
20	06-Other expenditure (will include interest on capital and contribution to funds)	22.52	Rs.20.84 not released by Government and Rs.1.68 charged as interest could not be deposited due to less interest to be paid.
21	06-Rent/lease payable for buses/ bus operators.	36.74	Rs.36 not released by Government and Rs.0.74 due to late finalization of agreement with Bus Operators.
22	14-Punjab Roadways Muktsar 08-Rent/lease payable to buses/ bus operators	35.68	Rs.33.10 not released by the Government and Rs.2.58 due to non-renewal of agreement.
23	16-Punjab Roadways Ropar 06-Other expenditure (will include interest on capital and contribution to funds)	36.87	Rs.5.50 was not released by Government and Rs.31.37 due to non-finalisation of awards by Courts.

Audit Report (Civil) for the year ended 31 March 2006

24	17-Punjab Roadways Jagraon 08-Rent/lease payable for buses/ bus operators	61.08	Rs.34.32 not released by Government and Rs.26.76 due to decrease of Buses in operation.
25	18-Punjab Roadways, Nangal 08-Rent/lease payable for buses/ bus operators	36.09	Due to less operation of KM Scheme Buses
	Capital Non-Plan State		
26	5055-Capital outlay on Road Transport Services (Punjab Roadways) 03-Punjab Roadways Jal-I 03-Repairs and maintenance	31.78	Rs.31.34 not released by Government and Rs.0.44 due to non-receipt of bills etc. for payment.
27	08-Punjab Roadways, Ludhiana 03-Repairs and maintenance	30.14	Funds not released by Government
28	18-Punjab Roadways Nangal 03-Repairs and maintenance	24.60	Funds not released by Government
	Revenue Non-Plan State		
29	3055-Road Transport 01-Government Transport Services Punjab Roadways 01-Punjab Roadways Amritsar-I 03-Repairs and maintenance	8.40	Funds not released by Government; saving is due to vacant posts.
30	08-Rent/lease payable for buses/ bus operators	36.89	Funds not released by Government.
31	02-Punjab Roadways Amritsar-II 02-Operation	82.30	Funds not released by Government
32	08-Rent/lease payable for buses/ bus operators	26.90	Funds not released by Government
33	03-Punjab Roadways Jalandhar-I 02-Operation	129.49	Funds not released by Government
34	06-Rent/lease payable for buses/ bus operators	26.81	Rs.25.70 not released by Government and Rs.1.11 has not been utilized.
35	04-Punjab Roadways Jalandhar-II 02-Operation	95.24	Funds not released by Government
36	03-Repairs and maintenance	8.24	Funds not released by Government
37	08-Rent/lease payable for buses/ bus operators	17.90	Funds not released by Government
38	05-Punjab Roadways Chandigarh 01-Management	8.60	Rs.8.34 not released by Government and Rs.0.26 due to non-submission of claims by the employees.

39	03-Repairs and maintenance	26.28	Rs.18.63 not released by Government and Rs.7.68 could not be paid due to compulsory retirement of staff.
40	06-Punjab Roadways Pathankot 02-Operation	103.07	Rs.96.27 not released by Government and Rs.6.37 due to compulsory retirement of staff
41	06-Rent/lease payable for buses/ bus operators	42.49	Rs.42.21 not released by Government and Rs.0.21 due to non-receipt of bills
42	07-Punjab Roadways Moga 01-Management	5.80	Rs.3.33 not released by Government and Rs.2.47 not utilized.
43	02-Operation	61.92	Funds not released by Government
44	08-Punjab Roadways Ludhiana 01-Management	7.45	Rs.4.55 not released by Government and Rs.2.90 not utilised due to non-receipt of bills
45	02-Operation	152.94	Rs.112.94 not released by Government and Rs.40 due to non passing of bills by Treasury
46	06-Other expenditure (will include interest on capital and contribution to funds)	22.54	Rs.5.69 not released by Government and Rs.16.85 due to non-finalisation of MTRP
47	09-Punjab Roadways Hoshiarpur 02-Operation	114.32	Funds not released by Government
48	10-Punjab Roadways Ferozepur 02-Operation	175.57	Rs.167.47 not released by Government and Rs.8.10 saving is due to shortage of staff
49	03-Repairs and maintenance	11.84	Saving is due to shortage of staff
50	11-Punjab Roadways, Batala 01-Management	9.12	Rs.7.42 was not released and Rs.1.70 saving is due to shortage of staff

Audit Report (Civil) for the year ended 31 March 2006

51	02-Operation	117.20	Rs.111.81 not released by Government and Rs.5.39 saving due to drawal of salary of Superintendent from November 2005 to February 2006 of Punjab Roadways, Jalandhar-I
52	06-Other expenditure (will include interest on capital and contribution to funds)	8.32	Rs.7.36 not released by Government and Rs.0.96 is due to non finalization of MTRP
53	12-Punjab Roadways Nawanshahr 02-Operation	111.82	Funds not released by Government
54	03-Repairs and maintenance	13.05	Funds not released by Government
55	13-Punjab Roadways, Taran Tarn 01-Management	18.55	Rs.11.25 not released by Government and Rs.7.30 due to non-filling of posts
56	02-Operation	76.60	Rs.71.25 not released by Government and Rs.5.35 due to non-working/plying buses
57	03-Repair and maintenance	18.87	Rs.14.75 not released by Government and Rs.4.12 is due to non-fulfilling of posts
58	14-Punjab Roadways Muktsar 02-Operation	69.71	Funds not released by Government
59	15-Punjab Roadways, Patti 02-Operation	41.19	Rs.28.57 not released and Rs.12.67 due to non-filling of posts
60	03-Repair and maintenance	8.77	Rs.2.27 not released by Government and Rs.6.50 due to vacant posts
61	16-Punjab Roadways, Ropar 01-Management	12.19	Rs.9.40 not released by Government and Rs.2.79 is due to non-drawal of allowances
62	02-Operation	112.03	Rs.104.00 not released by Government and Rs.5.89 due to non-payment of overtime allowance.

63	17-Punjab Roadways, Jagraon	91.48	Rs.84.82 not released by Government and Rs.6.66 due to non-filling of vacant posts
64	03-Repairs and maintenance	14.21	Rs.13.58 not released by Government and Rs.0.63 due to non-receipt of claims by employees.
65	06-Other expenditure (will include interest on capital and contribution to funds)	11.68	Rs.11.66 not released by the Government and Rs.0.02 due to actual booking.
66	18-Punjab Roadways, Nangal 03-Operation	39.00	Saving is due to non-receipt of claims by employees
	Capital Plan State		
67	5055-Capital Outlay on Road Transport 02-Punjab Roadways, Amritsar-2 03-Repair and maintenance	9.75	Rs.9.59 not released by Government and Rs.0.16 due to non-receipt of bills
68	04-Punjab Roadways Jalandhar-2 03-Repair and maintenance	7.83	Funds not released by Government
69	05-Punjab Roadways Chandigarh 03-Repairs and maintenance	12.49	Funds not released by Government
70	06-Punjab Roadways Pathankot 03-Repairs and maintenance	18.86	Funds not released by Government
71	07-Punjab Roadways Moga 03- Repair and maintenance	16.84	Rs.15.65 not released by Government and Rs.1.19 saving is due to less consumption of mileage.
72	11-Punjab Roadways, Batala 03- Repair and maintenance	11.12	Rs.9.59 not released by Government and Rs.1.53 is due to less consumption of tyres due to reduction in fleet.
73	12-Punjab Roadways Nawanshahar 03-Repair and maintenance	10.26	Funds not released by Government
74	13-Punjab Roadways Taran Tarn 03-Repair and maintenance	8.99	Rs.5.50 not released by Government and Rs.3.49 due to non-receipt of new buses
75	14-Punjab Roadways Muktsar 03-Repair and maintenance	8.85	Funds not released by Government

Audit Report (Civil) for the year ended 31 March 2006

76	15-Punjab Roadways Patti 03-Repair and maintenance	10.14	Rs.10 not released by Government and Rs.0.14 due to non-receipt of bills for payment from the employees
77	16-Punjab Roadways Roopnagar 03-Repair and maintenance	8.25	Rs.8.21 not released by Government and Rs.0.21 unspent
78	17-Punjab Roadways Jagraon 03-Repair and maintenance	15.91	Funds not released by Government
	Grant No.10 Capital Plan Share		
79	4070-Capital outlay on Administrative Services 800-Other Expenditure Department of Information Technology Punjab 52-ME	85.50	Funds not released by Government
	Revenue Plan CSS		
80	2052-Secretariat General Services 092-Other Offices 05-Provision for site preparation etc.	9.50	Central share was not released by Government of India
	Total	4534.99	

Say Rs 45.35 crore

Appendix – XXI

(Refers to Paragraph 2.8.3, Page 30)

Savings due to bills not passed by the treasury

Sr. No.	Grant/Head of Account	Final saving (Rupees in lakh)	Contributing reasons as stated by Government/Department
	29-Transport		
	Revenue Non-Plan		
1.	3055-Road Transport 05-Punjab Roadways Chandigarh 08-Rent/lease payable for buses/ bus operators	3.86	Bills not passed by Treasury
2.	01-Employees Training School, Industrial Area	2.21	Bills not passed by Treasury
3.	Punjab Roadways, Ludhiana 02-Operation	40.20	Bills not passed by Treasury
4.	Punjab Roadways, Ropar 02-Operation	2.39	Bills not passed by Treasury
	10-General Administration		
5.	2052-Secretariat-General Services 092-Other offices-department of Information and Technology Punjab 05-Other charges	39.62	Bills not passed by Treasury
6.	13-Office expenses	10.00	Bills not passed by Treasury
7.	05-Other charges	7.36	Bills not passed by Treasury
	Total	105.64	

Appendix-XXII

(Refers to Paragraph 2.8.3, Page 30)

Substantial excess over Grants/Appropriations

(Rupees in lakh)

Sr. No.	Grants/Head of Account	Provision	Expenditure	Excess	Reasons
	29-Transport				
1.	06-Other expenditure (will include interest on capital and contribution to funds)	108.91	121.78	12.87	Excess is due to non-acceptance of RE
	Capital Non-Plan				
2.	5055-Capital Outlay on Road Transport 99-No detailed head	500.00	581.97	81.97	Due to retirement of documents from Banks
3.	3055-Road Transport 201-Government Transport Services – Punjab Roadways 04-Punjab Roadways Jal-II	58.93	81.92	22.99	Excess is due to non-acceptance of RE
4.	01-Punjab Roadways Nawanshahr 06-Other expenditure (will include interest on capital and contribution to funds)	96.80	142.49	45.69	Excess is due to non-acceptance of RE
5.	14-Punjab Roadways Muktsar 06-Other expenditure (will include interest on capital and contribution to fund)	82.05	96.58	14.53	Excess is due to non-acceptance of RE
6.	15-Punjab Roadways Patti 06-Other expenditure (will include interest on capital and contribution to fund)	76.40	95.89	19.49	Excess is due to non-acceptance of RE
7.	18-Punjab Roadways Nangal 09-Payment of Loans by PUNBUS for Buses/Bus Stands	400.00	475.20	75.20	Excess is due to non-acceptance of RE
8.	5055-Capital Outlay on Road Transport 201-Government Transport Services – Punjab Roadways 01-Punjab Roadways Amritsar-I 03-Repairs and maintenance	43.10	106.51	63.41	Excess is due to non-acceptance of RE
	Total			336.15	

Appendix-XXIII
(Refers to Paragraph 3.2.2, Page 45)

List of Drawing and Disbursing Officers covered under Review

Sr.No.	Name of department/offices
	College of Veterinary Science
1	Department of Animal Breeding & Genetics
2	Department of Animal Husbandry Extension
3	Department of Animal Nutrition
4	Department of EPI & Preventive Medicine
	Home Science College
5	Department of Food and Nutrition
	College of Agriculture
6	Department of Soil
7	Department of Plant Breeding, Genetics & Biotechnology
8	Department of Agronomy Technology
9	Department of Entomology
	College of Basic Sciences & Humanities
10	Department of Economics
	College of Agricultural Engineering
11	Department of Farm Power & Machinery
12	Department of Mechanical Engineering
	Research Stations
13	Research Station Gurdaspur
14	Research Station Bathinda
	Research sub Station
15	RSS (Faridkot)
16	RSS Naraingarh (Patiala)
17	RSS Bahadurgarh (Patiala)
	Extension Education
18	KVK Faridkot
19	KVK Bathinda

Audit Report (Civil) for the year ended 31 March 2006

20	KVK Patiala
21	KVK Gurdaspur
	Training Centre
22	Training Centre Gurdaspur
	Extension Specialist Farm Advisory Service Scheme (FASS)
23	District Extension Specialist, Bathinda
24	District Extension Specialist, Faridkot
25	District Extension Specialist, Chandigarh
26	Communication Centre, Punjab Agricultural University Ludhiana
	Offices
27	Comptroller
28	Registrar
29	Chief Engineer cum Estate Officer
30	Director Students Welfare
31	Director Research
32	Director Extension Education
33	Director Seeds
34	Dean of Post Graduate Studies
35	Dean, College of Agriculture
36	Dean, College of Basic Science & Humanities
37	Dean, College of Agricultural Engineering
38	Dean, College of Home Science
39	Dean, College of Veterinary, Science

Appendix-XXIV
(Refers to Paragraph 3.4.5 : Page 70)

Sampling Plan (Design and Estimation Procedure)

Sampling Methodology

A stratified multi-stage design was adopted for the survey. The first stage units (FSU) were the villages in the rural sector and Urban Frame Survey (UFS) blocks in the urban sector.

Within each district of a State/Union Territory, two basic strata were formed. (i) rural stratum comprising of all rural areas of the district and (ii) urban stratum comprising of all urban areas of the district. However, if there were one or more towns with population 10 lakh or more as per population census 2001 in a district, each were considered as another basic stratum.

Selection of Primary Sampling Units

Rural Units: The villages for each district were selected through Probability Proportion to Size with Replacement (PPS) from the sampling frames.

Urban Units : The list of blocks for each district was then selected through Simple Random Sampling Without Replacement (SRSWOR) from the sampling frames.

Sampling Design: Rural Sampling

Selection of hamlet groups

The first task was to ascertain the exact boundaries of the PSU, by discussing the layout of the village with the key informants of the village. After identifying the boundaries and layout of the village, if the population of the village was found be more than 600, it was divided into suitable number of "hamlet groups". The number of hamlet groups formed, based on the population of the village, was as follow:

Village population	Number of hamlet groups formed
Less than 600	1
600-1199	3
1200-1799	5
1800-2399	6 and so on

The hamlet groups thus formed had more or less an equal population size (i.e. the population across hamlets stays more or less same).

Sampling Design: Urban Sampling

Selection of sub-blocks

The first task was to ascertain the exact boundaries of the UFS Block as per the NSS Maps. After identifying the boundaries and layout of the block, if the population of the block was found to be more than 600, it was divided into suitable number of "hamlet groups". Else, the entire block was listed. The number of sub-blocks framed, based on the population of the village, was as follows:

PSU population	Number of hamlet groups formed
Less than 600	1
600-1199	3
1200-1799	5
1800-2399	6 and so on

The sub-blocks thus, formed had more or less equal the population. Preference was given to sub-blocks having slum areas. If there were more than one slum sub-blocks, then the second sub-block was selected on a random basis. In a case where there was some slum clusters in the selected UFS (which incidentally was not a slum UFS) a minimum of 50 per cent of the household interviews were conducted in these clusters (subject to the availability of eligible households).

Sampling Design: Sampling of Schools

The Government schools (with primary/upper primary sections) in the selected UFS blocks/villages were identified. However, if there were no sufficient number in such areas, then the schools that were accessed by the children living in the selected UFS blocks/villagers were selected through random sampling.

Estimation Procedure (Rural)

Notation:

i= Subscript for i-th PSU [Village (Panchayat Ward)/Block]

j= subscript for j-th USU [Household]

Z= Population of Rural areas in district

H = Total number of listed households in the village/block

h= Number of eligible households in the village/block

z=Size of the sampled villages used for selection

n= Number of sampled villages in a district

B*= Number of hamlet groups formed in a village; B*=1 if the number of hamlet groups is 1 and B*= B/2 if the number of hamlet groups is greater than 1

Y= Estimate of population total Y for the characteristics y

Formula for Estimation of aggregates at Stratum Level for Rural

$$Y = Z \frac{\sum_{i=1}^n \sum_{j=1}^{h_i} \gamma_{ij}}{\sum_{i=1}^n h_i}$$

Estimation Procedure (Urban)

Notation:

i= Subscript for I-th PSU [Village (Panchayat Ward)/Block]

j= subscript for j-th USU [Household]

N= Number of NSSO blocks in district

Z= Population of Rural areas in district

n = Number of sampled blocks in district

H= Total number of listed households in the village/block

h=Number of eligible households in the village/block

N= Number of sampled villages in a district

B*= Number of sub blocks formed; B*= 1 if the number of sub blocks formed is 1 and B*=B/2 if the number of sub blocks formed is greater than 1

Y= Estimate of population total Y for the characteristics y

Formula for Estimation of aggregates at Stratum Level for Rural

$$Y = Z \frac{\sum_{i=1}^n \sum_{j=1}^h \gamma_{ij}}{\sum_{i=1}^n h_i}$$

$$Y = N \sum H_j B_{*i} \sum \gamma_{ij}$$

$$\frac{\quad}{n} \quad \quad \quad \frac{\quad}{h_j}$$

The overall estimate for the State obtained by summing the stratum estimates over all the strata.

Estimates of Error

The estimated variance of the above estimates would be

$$\text{Var}(Y) = \sum_s \text{Var}(Y_s) = \sum_s \sum_i \text{Var}(Y_{si})$$

Relative Standard Error

$$\text{RSE}(Y) = \sqrt{\text{Var}(Y)/Y} \times 100$$

Separate variances would be calculated for strata with PPSWR selection for first stage and SRSWOR.

APPENDIX-XXV
(Refers to Paragraph 4.6.1, Page 107)
Statement showing paragraphs/review for which explanatory
notes were not received upto June 2006
(Audit Report Civil)

S. No.	Name of the department	1999-2000	2000-01	2001-02	2002-03	2003-04	Total
1.	Agriculture	-	-	-	1	-	1
2.	Commercial Activities Transport, Food & Civil Supplies and Colonisation	1	-	-	-	-	1
3.	Education Department	1	-	1	1	1	4
4.	Financial Assistance to Local Bodies Education, Health & Family Welfare, Animal Husbandry, Rural Development, Public Works Deptt.(PHB), Agriculture, Sports, Social Welfare, General Administration, Housing and Urban Development, Science & Technology	1	1	1	-	-	3
5.	General Administration Home, Transport, Justice, Jail and Police	-	-	-	4	1	5
6.	General Paras General Administration, Home Affairs & Justice, Finance, Police, Jails, Education, Food and Civil Supplies, Agriculture, Town and Country Planning, Rural Development, Animal Husbandry, Health & Family Welfare, Cooperation, Public Works Deptt (PHB), Local Government, Defence Services, Social Welfare, Sports and Youth Services, Rehabilitation	1	1	1	-	2	5
7.	Health and Family Welfare	1	3	-	3	2	9
8.	Industry	-	-	-	-	1	1
9.	Public Works Department (Building and Roads)	-	3	4	6	6	19
10.	Public Works Deptt (Public Health)	-	-	-	-	2	2
11.	Public Works Deptt (Irrigation and Power)	1	1	2	5	4	13
12.	Revenue Deptt	-	-	-	-	1	1
13.	Planning	-	-	-	-	1	1
14.	Rural Development and Panchayats	-	-	1	1	-	2
15.	Social Welfare	-	-	-	2	-	2
16.	Science & Technology	1	-	-	-	-	1
17.	Tourism and Cultural Affairs	-	-	-	-	1	1
18.	Transport	-	-	-	-	1	1
19.	Technical Education & Industrial Training	-	1	-	1	-	2
20.	Animal Husbandry	-	1	1	-	-	2
21.	Cooperation Deptt.	1	-	1	-	-	2
22.	Sports and Youth Services	-	-	-	1	-	1
23.	Labour & Employment	-	-	-	-	1	1
24.	Housing and Urban Development	-	-	-	3	7	10
25.	Information & Public Relation	-	-	-	1	-	1
	Total	8	11	12	29	31	91

Reviews : 20

Paras : 71

Appendix-XXVI

(Refers to Paragraph 4.6.1, Page 107)

List of Reviews and Paras of Report of CAG of India for which explanatory notes were not received upto June 2006

(Audit Report Civil)

Sr No.	Name of the department	Year of Audit Report		Number of Para	Total	Grand Total
			Review			
1.	Agriculture	2002-03	3.1		1	1
2.	Commercial Activities Transport, Food & Civil Supplies and Colonisation	1999-2k	-	7.1	1	1
3.	Education Department	1999-2k	3.1	-	1	4
		2001-02	-	6.5	1	
		2002-03	-	4.2.1	1	
		2003-04	-	4.2.6	1	
4.	Financial Assistance to Local Bodies Education, Health & Family Welfare, Animal Husbandry, Rural Development, Public Works Deptt. (PHB), Agriculture, Sports, Social Welfare, General Administration, Housing and Urban Development, Science & Technology	1999-2k	-	6.4	1	3
		2000-01	-	6.5	1	
		2001-02	6.1	-	1	
5.	General Administration Home, Transport, Justice, Jail and Police	1999-2k	-	3.7(i)PT		5
		2002-03	3.5, 3.6	4.1.5, 4.6.2	4	
		2003-04	-	4.2.11	1	
6.	General Paras General Administration, Home Affairs & Justice, Finance, Police, Jails, Education, Food and Civil Supplies, Agriculture, Town and Country Planning, Rural Development, Animal Husbandry, Health & Family Welfare, Cooperation, Public Works Deptt (PHB), Local Government, Defence Services, Social Welfare, Sports and Youth Services, Rehabilitation	1999-2000	-	3.21	1	5
		2000-01	-	3.15	1	
		2001-02	-	3.15	1	
		2003-04	-	4.6.1 4.6.2	2	
7.	Health and Family Welfare	1999-2k	-	3.8	1	9
		2000-01	3.3	3.7, 3.8	3	
		2002-03	3.2	4.4.3, 4.5.1PT 4.6.1	3	
		2003-04	3.4	4.4.2	2	
8.	Industry	2003-04	3.5	-	1	1

9.	Public Works Department (Building and Roads)	1999-2k	-	4.1PT	-	19
		2000-01	-	4.5, 4.6, 4.7	3	
		2001-02	4.1	4.2, 4.3, 5.1	4	
		2002-03	-	4.1, 4.1.2, 4.3.3, 4.5.1, 4.5.3, 4.5.4	6	
		2003-04	3.1, 3.2	4.2.8, 4.3.2, 4.5.2, 4.5.3	6	
10.	Public Works Deptt (Public Health)	2003-04	5.1	4.2.10	2	2
11.	Public Works Deptt (Irrigation and Power)	1999-2k	-	4.7	1	13
		2000-01	4.2	-	1	
		2001-02	-	4.4, 4.5	2	
		2002-03	3.3, 3.4	4.3.1, 4.3.2, 4.4.1	5	
		2003-04	-	4.1.1, 4.1.2, 4.2.12, 4.4.1	4	
12.	Revenue Deptt.	2003-04	-	4.2.9	1	1
13.	Planning	2003-04	-	4.2.5	1	1
14.	Rural Development and Panchayats	2001-02	-	6.3	1	2
		2002-03	-	4.4.2	1	
15.	Social Welfare	2002-03	3.7	4.6.3	2	2
16.	Science & Technology	1999-2k	6.2	-	1	1
17.	Tourism and Cultural Affairs	2003-04	-	4.2.7	1	1
18.	Transport	2003-04	-	4.2.1	1	1
19.	Technical Education & Industrial Training	2000-01	-	6.4	1	2
		2002-03	-	4.4.5	1	
20.	Animal Husbandry	2000-2k	3.1	-	1	2
		2001-02	-	3.2	1	
21.	Cooperation Deptt.	1999-2k	-	3.5	1	2
		2001-02	-	3.3	1	
22.	Sports and Youth Services	2002-03	-	4.4.4	1	1
23.	Labour & Employment	2003-04	3.3	-	1	1
24.	Housing and Urban Development	2002-03	-	4.1.3, 4.3.4, 4.5.2	3	10
		2003-04	-	4.1.3, 4.1.4, 4.2.2, 4.2.3, 4.2.4, 4.3.1, 4.5.1	7	
25.	Information & Public Relation	2002-03	-	4.1.4	1	1
Total			20	71		91

Appendix-XXVII

(Refers to Paragraph 5.1.11, Page 114)

Actual detention of buses in five depots

Name of Depot	2001-02			2002-03			2003-04			2004-05			2005-06		
	No. of buses	Percentage of detention	Buses excess detained	No. of buses	Percentage of detention	Buses excess detained	No. of buses	Percentage of detention	Buses excess detained	No. of buses	Percentage of detention	Buses excess detained	No. of buses	Percentage of detention	Buses excess detained
Chandigarh	130	17.3	10	116	17.8	9	106	13.5	4	106	29.4	21	--	--	--
Hoshiarpur	--	--	--	--	--	--	98	14.1	4	98	26.7	17	80	18.0	6
Ludhiana	135	24.0	19	121	14.5	6	121	11.0	2	99	17.0	7	--	--	--
Nawanshahar	141	14.1	6	--	--	--	--	--	-	--	--	--	--	--	--
Ropar	118	18.9	11	92	18.5	8	87	16.0	6	87	26.8	15	72	17.1	5