REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR ENDED 31 MARCH 2004

(CIVIL)

GOVERNMENT OF PUNJAB

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APPENDICES

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapter I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2004.

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 and internal audit 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 2003-04 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 2003-04 have also been included wherever necessary.

OVERVIEW

OVERVIEW

This Audit Report contains six Reviews and 25 paragraphs on transactions audit apart from comments on the Finance and Appropriation Accounts. As per existing arrangement, copies of draft Audit Paragraphs and draft Audit Reviews are sent to the concerned Secretary to the State Government by the Principal Accountant General demi-officially with a request to furnish replies within six weeks. Despite such efforts, out of 25 Audit Paragraphs and six Reviews, no response was received from the concerned Secretary of the State Government in respect of six Reviews and 20 paragraphs. The matter was also brought to the notice of Chief Secretary by the Principal Accountant General; reply is still awaited.

I. Finances of the State Government

- Revenue receipts of the Government increased from Rs 7,468 crore in 1999-2000 to Rs 12,139 crore in 2003-04.
- Total expenditure increased from Rs 10,771 crore in 1999-2000 to Rs 17,124 crore in 2003-04.
- Share of Economic Services in total expenditure declined from 25 *per cent* in 2000-01 to 21 *per cent* in 2003-04 and that of Social Services from 26 *per cent* in 1999-2000 to 20 *per cent* in 2003-04. The relative share of General Services increased from 49 *per cent* in 2000-01 to 55 *per cent* of total expenditure in 2003-04.
- Salaries alone took away nearly 57 *per cent* of the revenue receipts of the Government (excluding notional receipts from state lotteries and interest receipts from PSEB) during the year.
- Pension payments took away as much as 11 *per cent* of the revenue receipts of the Government as it increased by 20 *per cent* from Rs 1,160 crore in 1999-2000 to Rs 1,389 crore in 2003-04.
- Interest payments increased steadily by 41 *per cent* from Rs 2,637 crore in 1999-2000 to Rs 3,712 crore in 2003-04 primarily due to continued reliance on borrowings for financing the fiscal deficit.
- Plan expenditure declined from 13 *per cent* of total expenditure in 1999-2000 to eight *per cent* in 2003-04.
- The revenue deficit increased from Rs 2,727 crore in 1999-2000 to Rs 3,563 crore in 2003-04. The fiscal deficit, which represents the total borrowings of the Government and its total resource gap, increased from Rs 3,194 crore in 1999-2000 to Rs 4,880 crore in 2003-04.
- Ratio of revenue deficit to fiscal deficit increased from 60 *per cent* in 2000-01 to 73 *per cent* in 2003-04 indicating further deterioration in the financial health of the State.
- While the liabilities grew by 13 *per cent*, the assets grew by seven *per cent* during 2003-04. Fiscal liabilities of the State increased from Rs 24,804 crore in 1999-2000 to Rs 43,197 crore in 2003-04.

- Amount of outstanding guarantees increased from Rs 9,951 crore in 1999-2000 to Rs 12,242 crore in 2003-04 and amounted to 101 *per cent* of the revenue receipts (Rs 12,139 crore) of the State Government.
- Eighteen out of 33 Statutory Corporations and Government Companies with an aggregate investment of Rs 3,263.09 crore were running at a loss and the accumulated losses were Rs 1,922.27 crore.
- Outstanding balances of loans and advances increased by Rs 652 crore from Rs 5,386 crore in 2002-03 to Rs 6,038 crore in 2003-04 included loan of Rs 4,572.63 crore (76 *per cent*) advanced to Punjab State Electricity Board.

(Paragraphs 1.1 to 1.15)

II. Allocative Priorities and Appropriation

- During 2003-04, expenditure of Rs 25,180.17 crore was incurred against the total grants and appropriations of Rs 31,453.18 crore resulting in a saving of Rs 6,273.01 crore.
- Excess over grants of Rs 1,242.93 crore pertaining to the years 2000-03 required regularisation by the Legislature under Article 205 of the Constitution.
- Supplementary provisions of Rs 730.72 crore in 18 cases of grants and appropriations proved unnecessary.
- Significant excess expenditure was persistent in six cases involving two grants (Grant No. 15-Irrigation and Power and Grant No. 21-Public Works).
- Injudicious re-appropriation of funds resulted in saving of more than Rupees one crore each in 26 cases.

(Paragraphs 2.1 to 2.8)

III. Performance Reviews

1. National Bank for Agriculture and Rural Development assisted development projects

With a view to provide better and improved communication facilities in the rural areas, the Department with the assistance of National Bank for Agriculture and Rural Development (NABARD), constructed interconnecting roads and bridges and also widened and strengthened the existing roads in the State. The works were executed by PWD (B&R) Branch of the State Government. A review in audit revealed that non-release of funds by the Government which had been received from NABARD, preparation of defective estimates and improper planning, not only delayed the completion of the works but the department also had to pay extra/avoidable escalation charges and suffer revenue loss.

- Of loan assistance of Rs 223.77 crore given by NABARD, funds of Rs 56.59 crore were not released by Finance Department resulting in delay in completion of works besides creation of a liability of Rs 25.51 crore.

- The State Government did not release its share of Rs 14.52 crore which resulted in delay in completion of works.

- Incorrect fixation of schedule of payment due to non-preparation of detailed estimates in time resulted in advance payment of Rs 9.70 crore rendering undue financial aid to contractors.

- Non-construction of Toll Plaza required as per project reports resulted in non-collection of toll tax of Rs 1.41 crore.

- Re-strengthening of a road prematurely resulted in wasteful expenditure of Rs 2.26 crore.

(Paragraph 3.1)

2. Pradhan Mantri Gram Sadak Yojana

The Pradhan Mantri Gram Sadak Yojana (PMGSY), a 100 *per cent* centrally sponsored scheme, was launched in December 2000 with a view to providing connectivity by way of an all weather road (operatable throughout the year) to the unconnected habitations. This was expected to provide services (educational, health, marketing facilities etc.) which were not earlier available. The review conducted on the scheme revealed several deficiencies such as already connected habitations were again connected, habitations with population below 500 persons or situated within a distance of 500 metres of connected habitations were connected contrary to provisions of schemes and projects were not prepared according to guidelines as a result of which, 39 works had to be partially or completely abandoned due to non-availability of required land.

- Funds of Rs 40.11 crore were lying unspent as on March 2004 whereas 252 villages were still awaiting connectivity.

- Construction of 25 roads (55.59 Kms) was abandoned due to non-availability of adequate land width which resulted in ungainful expenditure of Rs 7.66 crore.

- Thirty one roads (40.49 Kms) were constructed at a cost of Rs 5.38 crore to link habitations with population below 500 persons.

- Thirteen link roads (37.10 Kms) were constructed at a cost of Rs 4.21 crore in two districts to connect habitations which had already been connected.

- Eight roads (10.84 Kms) costing Rs 1.36 crore were constructed which did not form part of the Core Network.
- Nine roads (9.22 Kms) were constructed with State funds though these projects were approved for Rs 1.32 crore depriving the State Government of funds to that extent.

(Paragraph 3.2)

3. Implementation of Child Labour (Prohibition and Regulation) Act, 1986

The Child Labour (Prohibition and Regulation) Act, 1986 (Act) is a Central Act, which was notified for application in Punjab in 1997. This Act alongwith the other associated Acts and the Rules framed thereunder intends to regulate and ban in prohibited activities the employment of children below 14 years in specified occupations and processes; lay down a procedure to decide modification to the Schedule of banned occupations or processes and regulate the conditions of work of children in employment where they are not prohibited from working. In Punjab, the implementation of the Act was inadequate. A number of establishments employing child labour remained unmonitored. Child Labour Rehabilitation-cum-Welfare Fund could not be raised. Special schools for the education of child labour did not fulfil the prescribed criteria to be eligible for funding under the National Child Labour Project.

- The Act was notified by the State Government in January 1997 after a delay of about nine years.
- Funds provided for survey were either not fully utilised or spent on irregular purchases.
- Except for opening of 107 special schools under three National Child Labour Projects, other strategical steps suggested in the National Policy on Child Labour were not implemented.
- Due to non-recovery from employers, 'Child Labour Rehabilitation-cum-Welfare Fund' to the tune of Rs 10.87 crore in 4,348 cases could not be raised and no member of affected family was provided employment.

(Paragraph 3.3)

4. Indian Systems of Medicine and Homoeopathy

In Punjab, the Indian Systems of Medicine and Homoeopathy (ISM&H) could not be made effective as the major percentage of expenditure was on salaries and negligible expenditure was incurred on medicines. Although sufficient infrastructure had been created in Government Ayurvedic Pharmacy, Patiala for manufacturing of Ayurvedic drugs yet only negligible expenditure was incurred on purchase of raw herbs to be used for preparation of Ayurvedic drugs with the result no medicine could be provided to the hospitals/dispensaries and there were no indoor patients in 10-bedded Ayurvedic Hospital, Ludhiana and seven Ayurvedic Swasth Kendras.

- More than 98 *per cent* expenditure was incurred on salaries and negligible expenditure was incurred on medicines etc.

- Rupees 1.91 crore for Ayurveda released by Government of India were either not released by State Government or released at the end of the year.

- Ungainful expenditure of Rs 36.98 lakh was incurred on purchase of machinery not installed.

- As no indoor patients were admitted, unfruitful expenditure of Rs 1.19 crore was incurred on account of pay and allowances of idle staff.

- No response to the proposal to surrender 32 posts which could have saved Rs 40 lakh per year sent to DRME in November 1999, has been received.

(Paragraph 3.4)

5. Release and recovery of incentives and other dues from industrial units and others

The Industries and Commerce Department of Punjab had extended packages of incentives to different industries in the form of Interest Free Loans, Sales Tax exemption/ deferment etc. Despite giving many incentives, the average growth rate of new industries that were set up was on the decline. Large amounts of Interest Free Loans (IFLs) were outstanding and sanction of Sales Tax exemptions were also granted to inadmissible units. Statutory dues towards royalty from contract mining and Brick Kiln Owners were outstanding for recovery.

- Though the unit had gone sick and a liability of Rs.9.61 crore against fixed assets was outstanding against the firm, the firm was granted IFL resulting in non-recovery of Rs.98.54 lakh.

- Irregular Sales Tax Exemption of Rs 7.41 crore and Rs 3.15 crore was allowed to one unit each of Ropar and Ludhiana although the units had not even purchased land upto the stipulated date.

- Excess Sales Tax exemption of Rs. 4.59 crore allowed on freight and installation charges of Rs 1.53 crore paid on purchase of indigenous machinery.

- Recovery of Rs 2.22 crore of IFL granted to six spinning mills remained doubtful as all these mills were under liquidation.

- Rupees 15.55 crore remained unrecovered from 46 closed units despite these cases being referred to the revenue authorities for effecting recovery as arrears of land revenue.

(Paragraph 3.5)

IV. Transaction Audit Paragraphs

Extra avoidable expenditure

- Failure of the department to preserve the affidavits of land owners which could have proved that the land was given free of cost by the land owners resulted in avoidable payment of Rs 1.03 crore

  (Paragraph 4.1.1)

- Failure of Punjab Urban Planning and Development Authority to assess the actual requirement of loan to be raised from Housing and Urban Development Corporation Limited (HUDCO) resulted in extra payment of front end fee of Rs 20 lakh

  (Paragraph 4.1.4)

Embezzlement of Government money

- Drawing and Disbursing Officer of a Primary Health Centre himself fraudulently withdrew Rs 1.08 crore from treasury on fictitious bills of which Rs 95.28 lakh was yet to be recovered.

  (Paragraph 4.4.2)

- Non-adherence of financial rules by the Drawing and Disbursing Officer and Treasury Officer facilitated fraudulent drawls and embezzlement of Government money amounting to Rs 29.07 lakh.

  (Paragraph 4.4.1)

Idle investment/ Ungainful expenditure

- Non-release of funds by Punjab State Bus Stand Management Company Limited (PUNBUS) resulted in abandonment of work of the Bus Stand at Jagraon rendering the expenditure of Rs 2.41 crore as ungainful.

  (Paragraph 4.2.1)

- Failure of Punjab Urban Planning and Development Authority to assess the viability of a rehabilitation scheme resulted in largely unproductive expenditure of Rs 1.57 crore.

  (Paragraph 4.2.4)

- Payment of secured advance of Rs 76.80 lakh to a firm on account of supply of Diesel Generating sets when only 15 *per cent* work was completed coupled with non-installation/ commissioning due to non-acquisition of land for sub station at Khalsa Heritage Memorial Complex, Anandpur Sahib, resulted in blockade of funds.

  (Paragraph 4.2.7)

- Failure of Director of Land Records, Punjab to complete the work of computerisation of land records despite availability of funds resulted not only in unproductive expenditure of Rs 52.34 lakh but also blockade of funds of Rs 1.35 crore.

  (Paragraph 4.2.9)

- Rupees two crore placed at the disposal of Punjab Police Housing Corporation in October 2001 in respect of works for which land was yet to be acquired resulted in blockade of funds.

(Paragraph 4.2.11)

Irregular/ excess expenditure/ payments

- Non-implementation of Government instructions in regard to payment of perks and allowances at the rates admissible to Government employees resulted in excess payment of Rs 5.14 crore to the employees of Punjab Urban Planning and Development Authority.

(Paragraph 4.5.1)

- Construction of two bridges without administrative approval, technical sanction and allotment of funds was not only irregular but the expenditure of Rs 88.48 lakh incurred was also rendered ungainful for want of approaches.

(Paragraph 4.5.2)

- Failure of the State Government to determine the planning charges to be recovered from Punjab Urban Planning and Development Authority resulted in non-realisation of Rs 86.95 crore.

(Paragraph 4.3.1)

V. Internal Control and Internal Audit System

1. Evaluation of internal control and internal audit system in the Public Works Department (Public Health Branch)

Internal controls are laid down in the rules, regulations, codes and manuals and adherence thereto reasonably provide assurance to departmental officers in achieving reliability in accounting, financial reporting, effectiveness and efficacy in department's operation as well as act as a safeguard against errors, irregularities in operational and financial matters.

- Budget estimates for 2001-02 to 2003-04 were prepared without taking into account actual requirements, as demands were 26 *per cent* to 67 *per cent* higher than actual expenditure incurred.

- The CE/SEs as Controlling Officers did not maintain Control Registers for annual plan outlay and expenditure incurred thereagainst.

- No records i.e. Budget Control Register with regard to allocation of LOC was maintained, in the absence of which, it could not be ascertained in audit as to how the CE assured himself that the LOC was released in correct proportion.

- In 11 divisions, 209 works valuing Rs 51.12 crore were executed upto March 2004 without sanction of estimates.

- In five divisions, contractor's ledgers were not maintained for the period from April 2001 onwards.

- Seven divisions did not adjust the storage charges and at the end of March 2004 credit balance (profit) of Rs 74.93 lakh (three divisions) and debit balance (loss) of Rs 1.17 crore (four divisions) had accumulated.

(Paragraph 5.1)

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

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In Summary

Large Revenue and Fiscal Deficits year after year indicate continued macro imbalances in the State. In Punjab, the Revenue Deficit which had been rising until 2001-02 declined by five *per cent* in 2003-04 as compared to previous year. However, the fiscal deficit after rising until 2001-02 (Rs 4,959 crore) declined marginally in the year 2002-03 (Rs 4,410 crore) and again rose by 11 *per cent* in the year 2003-04 (Rs 4,880 crore). The ratio of revenue receipts to total expenditure stood at 71 *per cent* in 2003-04. Overall revenue receipts increased from Rs 7,468 crore in 1999-2000 to Rs 12,139 crore in 2003-04. There were, however, significant inter year variations in the growth rates. During the current year, revenue receipts grew by 10 *per cent*. This was due to eight *per cent* increase in tax revenue and 16 *per cent* increase in non-tax revenue. Around 89 *per cent* of the revenue came from the State's own resources. In fact, Central Tax Transfers had declined throughout the period and came down to six *per cent* in 2003-04 from nine *per cent* during 1999-2000. Grants-in-aid also declined from the peak of nine *per cent* in 2000-01 to five *per cent* in 2003-04. Arrears of revenue were high at Rs 2,805 crore and represented 26 *per cent* of tax and non-tax revenue receipts.

Overall expenditure of the State increased from Rs 10,771 crore in 1999-2000 to Rs 17,124 crore in 2003-04. The rate of growth achieved a peak of 24 *per cent* in 2000-01 and declined thereafter to 10 *per cent* in 2003-04. In fact, the major burden of a curtailment in the growth of total expenditure has been borne by a decline in the proportion of developmental expenditure to total expenditure. The proportion of developmental expenditure declined from 49 *per cent* in 2000-2001 to 42 *per cent* in 2003-04. Revenue expenditure which constituted 92 *per cent* of total expenditure grew at a rate of six *per cent* in 2003-04. Interest payments increased steadily by 41 *per cent* from Rs 2,637 crore in 1999-2000 to Rs 3,712 crore in 2003-04 primarily due to continued reliance on borrowings for financing fiscal deficit. Interest payments are likely to rise substantially once moratorium granted by GOI for five years on repayment and interest on a portion of GOI loans is over in 2005.

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 2004-05. Though, it is not uncommon for a State to borrow for widening its infrastructure and for creating income generating assets, an ever increasing ratio of fiscal liabilities to GSDP together with a large revenue deficit could lead the State finances into a debt trap. As generation of additional internal resources and curtailment of non-developmental expenditure are the best means available, the Fiscal Responsibility and Budget Management Act, 2003 is a step in the right direction.

1.1. Introduction

The Finance Accounts of the 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 Accounts of the State of Punjab. 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, Contingency Fund and Public Account.

Statement No.2 contains the summarised statement of capital outlay showing progressive expenditure upto the end of 2003-04.

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 Consolidated Fund, Contingency Fund and Public Account as on 31st March 2004.

Statement No.9 shows the revenue and expenditure under different heads for the year 2003-2004 as a percentage of total revenue/expenditure.

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

Statement No.11 indicates the detailed account of revenue receipts by minor heads under Non Plan, State Plan and Centrally Sponsored Schemes separately.

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 2003-2004.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2003-04.

Statement No.15 depicts the capital and other expenditure to the end of 2003-04 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 31st March 2004 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

Financial position of the State Government during the current year as compared to the previous year was as under:

(Rupees in crore)

2002-03	Sr.No	Major Aggregates	2003-04
11071	1.	**Revenue Receipts**	12139
5711	2.	Tax Revenue (Net)	6146
4036	3.	Non-Tax Revenue	4666
1324	4.	Other Receipts	1327
103	5.	**Non-Debt Capital Receipts**	**105**
103	6.	Of which Recovery of Loans	105
11174	7.	**Total Receipts (1+5)**	**12244**
13881	8.	**Non-Plan Expenditure**	**15215**
14117	9.	On Revenue Account	15087
3434	10.	Of which Interest Payments	3712
(-) 236	11.	On Capital Account	128
241	12.	Of which Loans disbursed	86
1703	13.	**Plan Expenditure**	**1909**
708	14.	On Revenue Account	615
995	15.	On Capital Account	1294
98	16.	Of which Loans disbursed	671
15584	17.	**Total Expenditure (8+13)**	**17124**
4410	18.	**Fiscal Deficit (17-7)**	**4880**
3754	19.	**Revenue Deficit (9+14-1)**	**3563**
976	20.	**Primary Deficit (18-10)**	**1168**

1.3. Summary of Receipts and Disbursements

Table-1 summarises the state of Finances of the Government of Punjab for the year 2003-04 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table-1

SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2003-2004

(Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
	Section-A: Revenue		**Total**		**Non-Plan**	**Plan**	**Total**
11071.18	**Revenue receipts**	**12138.96**	**14825.12**	**Revenue expenditure**			**15701.92**
5711.00	Tax revenue	6145.94	9072.36	General Services	9333.38	17.52	9350.90
4035.56	Non-tax revenue	4665.53	3221.64	Social Services	3061.38	306.31	3367.69
649.02	Share of Union Taxes/Duties	754.39	2309.94	Economic Services	2648.57	290.83	2939.40
675.60	Grants from Govt. of India	573.10	221.18	Grants-in-aid and Contributions	43.93	--	43.93
3753.94	Revenue Deficit carried over to Section B	**3562.96**					
14825.12	**Total**	**15701.92**	**14825.12**	**Total**	**15087.26**	**614.66**	**15701.92**
	Section-B: Capital		196.36[1]	Opening Overdraft from Reserve Bank of India	--	--	--
422.39	Opening Cash Balance	390.44					
--	Misc. Capital Receipts	--	420.40	Capital Outlay	41.55	623.14	664.69
102.86	Recoveries of Loans & Advances	105.41	338.74	Loans and Advvances Disbursed	86.20	671.34	757.54
6245.95	Public debt receipts	7144.04	3753.93[1]	Revenue Deficit brought down	3562.96	--	3562.96[1]
--	Amount transferred to Contingency Fund	--	2248.33	Repayment of Public Debt	3239.10	--	3239.10
11972.25	Public account receipts	10111.21	11395.24[1]	Public Account disbursements	9347.12	--	9347.12[1]
--	Closing Overdraft from Reserve Bank of India	193.44	390.45[1]	Cash Balance at end	373.13	--	373.13[1]
18743.45	**Total**	**17944.54**	**18743.45**	**Total**	**16650.06**	**1294.48**	**17944.54**
33568.57	**Grand Total**	**33646.46**	**33568.57**	**Grand Total**	**31737.32**	**1909.14**	**33646.46**

1.4. Audit Methodology

Audit observations on the statements of the Finance Accounts for the year 2003-2004 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)* 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. Tax revenue, non-tax revenue, revenue expenditure etc., buoyancy projections 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

1 Represents "Other expenditure", not covered under Plan or Non Plan.

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.

1.5. 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/ commercial banks etc. and loans and advances from Government of India as well as accruals from Public Account. Table-2 shows the total receipts of the Government of Punjab (Rs 29,692 crore) for the year 2003-04, by volume and source.

Table-2: Resources of Punjab

(Rupees in crore)

I.	Revenue Receipts		12139
II.	*Capital Receipts*		*7442*
a.	*Recovery of Loans and Advances*	*105*	
b.	*Debt Receipts*	*7337*[2]	
III.	*Public Account Receipts*		*10111*
a.	*Small Savings and Provident Fund*	*1309*	
b.	*Reserve Fund*	*223*	
c.	*Deposit and Advances*	*913*	
d.	*Suspense and Miscellaneous*	*7137*	
e.	*Remittance*	*529*	
	Total Receipts		*29692*

1.5.1. Revenue Receipts

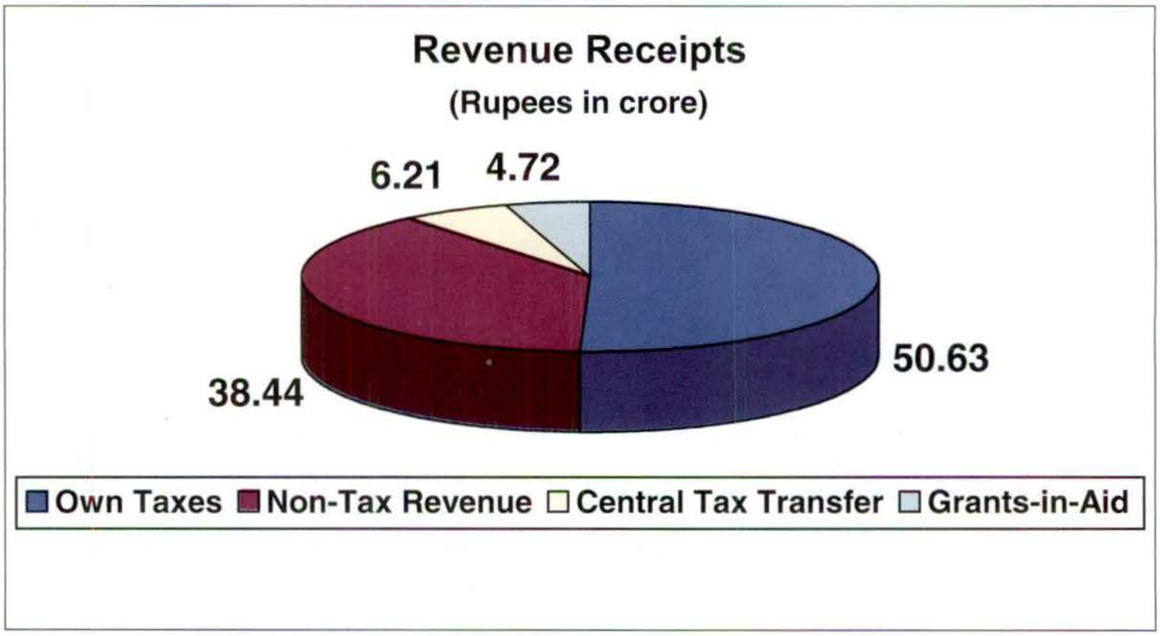
Statement-11 of the Finance Accounts details the revenue receipts of the Government. Revenue receipts, their annual and trend rate of growth, ratio of

[2] Includes Rs 193 crore on account of over draft.

these receipts to the GSDP and their buoyancies are indicated in Table-3 below:

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Receipts (in crore of rupees)	7468	9377	8929	11071	12139
Own Taxes	52.85	52.20	53.98	51.58	50.63
Non-Tax Revenue	31.63	31.30	33.15	36.46	38.44
Central Tax Transfers	8.56	7.68	6.84	5.86	6.21
Grants-in-aid	6.96	8.82	6.03	6.10	4.72
Rate of growth of Revenue Receipts	29.77[3]	25.56	(-) 4.78	23.99	9.65
Revenue Receipts/ GSDP	11.91	13.70	11.62	12.83	12.65
Revenue Buoyancy	1.955	2.788	-[4]	1.962	0.859
GSDP Growth over previous year	15.23	9.17	12.29	12.23	11.23



Revenue receipts of the Government increased from Rs 7,468 crore in 1999-2000 to Rs 12,139 crore in 2003-04. There were, however, significant inter year variations in the growth rates. The impressive return of trend rate of 24 *per cent* achieved during 2002-03 again declined to 10 *per cent* during the year 2003-04. The pace of rate of growth was low even though in the category of tax revenue, Sales Tax increased by eight *per cent* and Stamp and Registration Fees by 30 *per cent*. Sixty *per cent* growth in interest receipts (Rs 551 crore) was the main source of increase in the non-tax revenue. The increase in interest receipts, however, was mainly on account of notional

3 1998-99 has been taken as base year for calculating rate of growth.

4 Buoyancy not calculated because the rate of growth of revenue receipt was negative.

receipts from Punjab State Electricity Board (PSEB) towards interest payments (Rs 483.09 crore for the period 2002-03 and Rs 866.10 crore for the period from 1 April 1998 to 31 March 2002). Such notional adjustment without actual inflow of cash gives misleading information about State finances and deficit as these lead to only inflated balances on receipts as well as on expenditure side without any net addition. The receipts from State Lotteries declined by six *per cent* (Rs 163.84 crore) during 2003-04.

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	Accruals in Public Account		
1999-2000	7468	116	4456	10864	22904	62700
2000-01	9377	127	4996	11049	25549	68448
2001-02	8929	875	6681	14171	30656	76860
2002-03	11071	103	6246	11972	29392	86260
2003-04	12139	105	7337	10111	29692	95947

While around 89 *per cent* of the revenue came from the Government's own resources, Central Tax Transfers and Grants-in-aid together contributed nearly 11 *per cent* of the total revenue. Contribution of Grants-in-aid declined to five *per cent* in 2003-04 from nine *per cent* in 2000-01 and contribution of Central Tax Transfers came down to six *per cent* in 2003-04 from nine *per cent* during 1999-2000.

The increasing trend of arrears of revenue from Rs 2,393 crore in 1999-2000 to Rs 2,805 crore at the end of 2003-04 indicated that the revenue collection efforts were not optimally productive. There had been an increase of 17 *per cent* in accumulation of such arrears which pertained mainly to interest receipts from PSEB (Rs 2,228.10 crore), Taxes on Sales, Trade, etc. (Rs 466.17 crore), Irrigation (Rs 17.59 crore) and State Excise (Rs 15.82 crore).

1.6. Application of resources

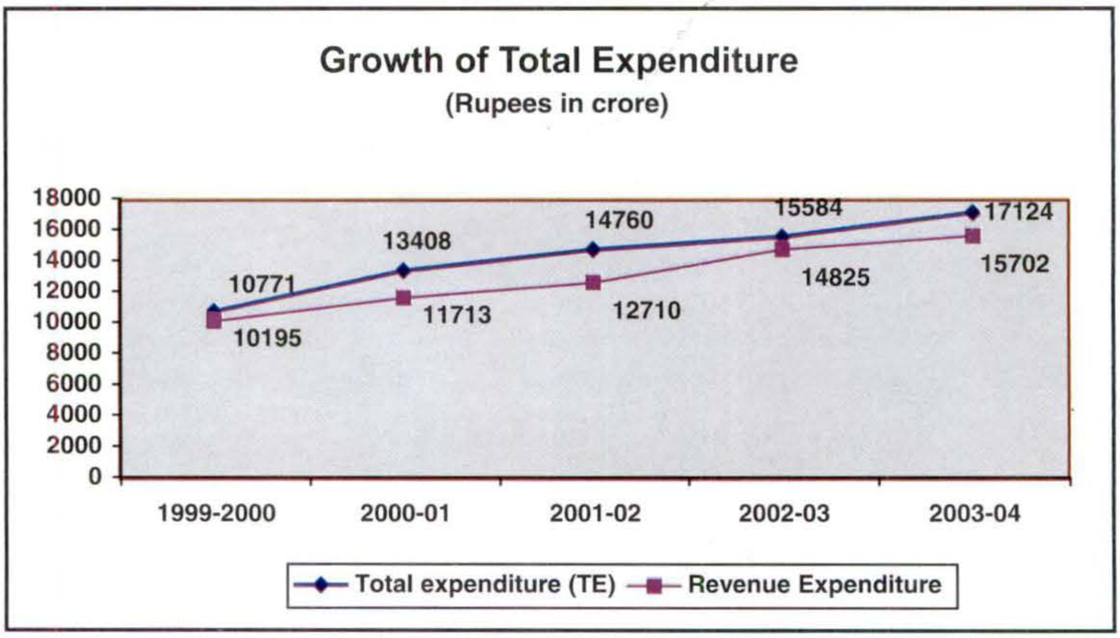
1.6.1. Trend of Growth

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

Table-5: Total Expenditure –Basic Parameters
(Value: Rupees in crore and others in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Total expenditure (TE)	10771	13408	14760	15584	17124
Rate of Growth	11.71	24.48	10.08	5.58	9.88
TE/GSDP Ratio	17.18	19.59	19.20	18.07	17.85
Revenue Receipts/ TE Ratio	69.33	69.94	60.49	71.04	70.89
Buoyancy of Total Expenditure with reference to:					
GSDP	0.769	2.671	0.820	0.456	0.880
Revenue Receipts	0.393	0.958	-[5]	0.233	1.024

The total expenditure increased from Rs 10,771 crore in 1999-2000 to Rs 17,124 crore in 2003-04. The rate of growth achieved a peak of 24 *per cent* in 2000-01 due to increase in expenditure under State Lotteries (Rs 1,146.11 crore) and University and Higher Education and Secondary Education (Rs 102.69 crore). Leaving aside this, the growth rate has been hovering between six and 12 *per cent* until 2002-03. It stood at 10 *per cent* during 2003-04. Consequently, total expenditure–GSDP ratio has also fallen from 20 *per cent* in 2000-01 to 18 *per cent* in 2003-04.



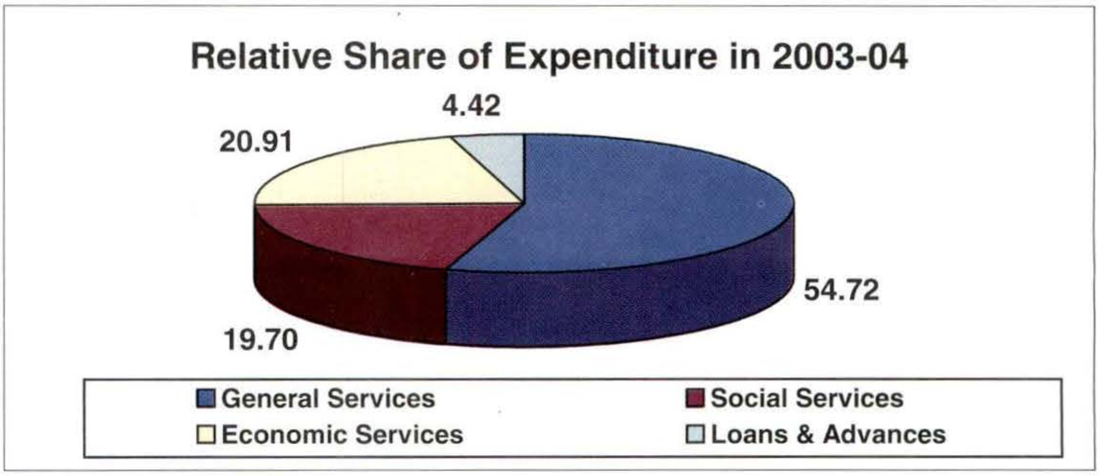
The relative share of activity components in total expenditure is indicated in Table-6 as follows:

5 Rate of growth of revenue receipt was negative It was (-) 2.110.

Table-6: Components of Expenditure – Relative Share (in *per cent*)[6]

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Services [7]	52.17	49.03	51.41	58.35	54.72
Social Services	25.61	22.72	21.44	20.82	19.70
Economic Services	20.47	25.34	18.79	17.24	20.91
Loans & Advances	1.27	2.25	7.22	2.18	4.42

The movement of relative share of these components of expenditure indicated that while the share of Economic Services in total expenditure declined from 25 *per cent* in 2000-2001 to 21 *per cent* in 2003-04 and that of Social Services from 26 *per cent* in 1999-2000 to 20 *per cent* during 2003-2004, the relative share of General Services, which are primarily non-developmental in nature, increased from 49 *per cent* in 2000-01 to 55 *per cent* of total expenditure in 2003-04. 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.



1.6.2. Incidence of Revenue Expenditure

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

Table-7: Revenue Expenditure: Basic Ratios

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Expenditure	10195	11713	12710	14825	15702
Rate of Growth	21.60	14.89	8.51	16.64	5.92
RE/GSDP	16.26	17.11	16.54	17.19	16.37
RE as percentage of TE	94.65	87.36	86.11	95.13	91.70
RE as percentage of Revenue Receipts	136.52	124.91	142.35	133.91	129.35

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

7 This includes interest payments.

Revenue expenditure of the State increased from Rs 10,195 crore in 1999-2000 to Rs 15,702 crore in 2003-04. The increase in the revenue expenditure during 2003-04 with reference to 2002-03 was mainly due to increase in expenditure on Power by Rs 599 crore (80 *per cent*), Interest Payments by Rs 278 crore (eight *per cent*), Police by Rs 55 crore (six *per cent*) and Pension by Rs 33 crore (two *per cent*). Though ratio of revenue expenditure to revenue receipts declined from 137 *per cent* in 1999-2000 to 129 *per cent* in 2003-04, dependence of the Government on borrowed funds persisted even for meeting the current expenditure.

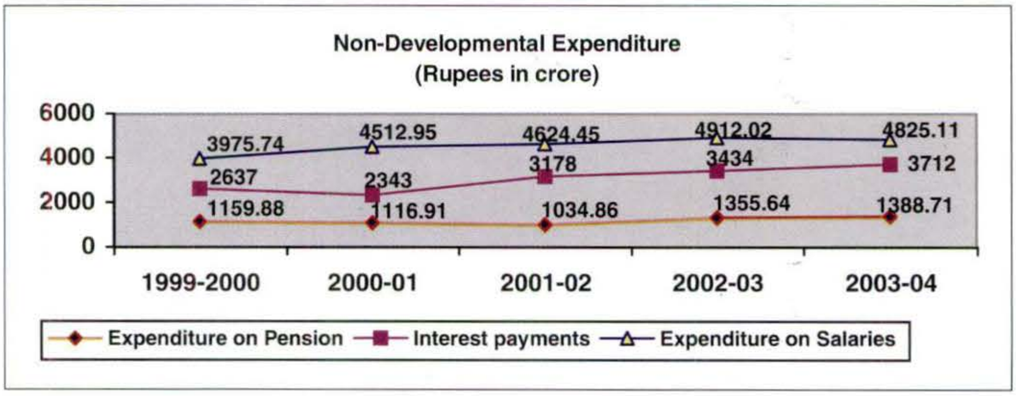
1.6.3 High non-developmental expenditure

Committed expenditure on salaries, pension and interest payments which accounted for 118 *per cent* of the net Revenue Receipts in 1999-2000, after touching a peak of 133 *per cent* during 2001-02, again came down to 118 *per cent* during 2003-04 as detailed below:

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
1999-2000	3976	1160	2637	7773	6583	118.08
2000-01	4513	1117	2343	7973	7145	111.59
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



Salary expenditure

Salaries alone took away nearly 57 *per cent* of the revenue receipts of the Government (excluding notional receipts from State lotteries and interest receipts from PSEB etc.) during the year. The expenditure on Salaries increased from Rs 3,975.74 crore in 1999-2000 to Rs 4,825.11 crore in 2003-04 as shown in Table-9 as follows:

Table-9

(Rupees in crore)

Heads	**1999-2000**	**2000-01**	**2001-02**	**2002-03**	**2003-04**
Salary expenditure	3975.74	4512.95	4624.45	4912.02	4825.11
As percentage of GSDP	6.34	6.59	6.02	5.69	5.03
As percentage of Revenue Receipts[8]	60.40	63.16	69.83	63.27	57.43

Expenditure on pension payments

Pension payments took away as much as 11 *per cent* of the total revenue receipts of the Government during 2003-04 as it increased by 20 *per cent* from Rs 1,159.88 crore in 1999-2000 to Rs 1,388.71 crore in 2003-04.

Government decided (March 2004) that certain categories of Government employees who are appointed on or after 1st January 2004 shall be covered by new Defined Contributory Pension Scheme to be notified in due course. Necessary notification is yet to be issued (August 2004).

Interest payments

The Eleventh Finance Commission (August 2000) had recommended that as a medium term objective, States should endeavour to keep interest payments as a ratio to revenue receipts at 18 *per cent.* It was, however, observed that interest payments as percentage of revenue receipts were 32 *per cent* (average) during the last five years. If revenue receipts excluding net lotteries receipts only are taken, the ratio of interest payments as percentage of revenue receipts would sharply rise to 38 *per cent* as indicated in Table-10.

In absolute terms, interest payments increased steadily by 41 *per cent* from Rs 2,637 crore in 1999-2000 to Rs 3,712 crore in 2003-04 primarily due to continued reliance on borrowings for financing the fiscal deficit. The State Government raised Rs 2,056 crore from open market at a weighted average rate of 6.14 *per cent* and it borrowed Rs 3,376 crore from National Small Savings Fund and Rs 542 crore from Government of India during the year.

Table-10

Year	**Total Revenue Receipts**	**Revenue Receipts excluding Net Lottery Receipts**	**Interest Payment**	***Percentage* of Interest payment with reference to**		
	(Rupees in crore)			**Total Revenue Receipts**	**Revenue Receipts excluding Net Lottery Receipts**	**Revenue Expenditure**
1999-2000	7468	6987	2637	35	38	26
2000-01	9377	7750	2343	25	30	20
2001-02	8929	7070	3178	36	45	25
2002-03	11071	8513	3434	31	40	23
2003-04	12139	9750	3712	31	38	24

8 Does not include notional receipts from State Lotteries (Rs 2389 crore) and interest receipts from PSEB (Rs 1349 crore).

The interest payments have grown by 41 *per cent* over the period 1999-2004. This growth is, however, understated due to moratorium granted by GOI for the period 2000-05 on repayment and interest on a portion of GOI-Special Term Loans (Principal) which after availing debt relief/waiver stood at Rs 3,772 crore as on 31 March 2000. Ever increasing interest payments had adversely affected both departmental 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 emerging from Statement-12 of Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure better is the efficiency of the State apparatus. Table-11 below gives the ratio of these components of expenditure to State's total expenditure.

Table-11 Quality of expenditure

(*per cent* to total expenditure[9])

	1999-2000	2000-01	2001-02	2002-03	2003-04
Plan Expenditure	13.17	11.64	13.27	10.53	7.56
Capital Expenditure	4.13	10.63	7.19	2.76	4.06
Developmental Expenditure	46.67	49.16	43.37	38.90	42.49

Outlay on Power Projects (Rs 361 crore) accounted for nearly 58 *per cent* of the plan expenditure of Rs 623 crore under the capital outlay while 'Transport' with outlay of Rs 105 crore (17 *per cent*) and 'Other General Economic Services' with outlay of Rs 46 crore (seven *per cent*) were the other major heads accounting for significant expenditure under the plan capital outlay in 2003-04.

There was also a decline in the share of developmental expenditure from 47 *per cent* in 1999-2000 to 42 *per cent* in 2003-04. Out of the developmental expenditure, Social Services (Rs 3,373 crore) accounted for 49 *per cent* of the expenditure during the year.

1.7.2. Financial Assistance to local bodies and other institutions

The quantum of assistance provided to different local bodies etc., during the period of five years ending 2003-04 was as follows:

9 Total expenditure does not include Loans and Advances.

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Universities and Education Institutions	321.86	241.72	151.49	234.01	193.88
Municipal Corporations and Municipalities, Zila Parishads and Panchayati Raj Institutions	--	20.29	14.40	16.84	-
Cooperative Societies and Cooperative Institutions	--	--	0.29	0.51	0.80
Other Institutions	54.52	95.38	203.99	111.50	21.27
Total	**376.38**	**357.39**	**370.17**	**362.86**	**215.95**
Percentage of growth over previous year	77	(-)5	4	(-)2	(-) 40
Assistance as per percentage of revenue expenditure	4	3	3	2	1

Accounts for the year 2002-03 relating to Punjab Khadi and Village Industries Board, Chandigarh and Punjab Scheduled Caste Land Development and Finance Corporation, Chandigarh are in arrears. Utilisation certificates to the tune of Rs 272.84 crore in respect of 672[10] cases are still awaited (March 2004).

1.8. Management of deficits

1.8.1. Fiscal Imbalances

The deficit in the Government accounts 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 applied are important pointers to its fiscal health.

The revenue deficit of the State increased from Rs 2,727 crore in 1999-2000 to Rs 3,563 crore in 2003-04. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs 3,194 crore in 1999-2000 to Rs 4,880 crore in 2003-04. State also had a primary deficit of Rs 557 crore in 1999-2000 which increased to Rs 1,168 crore in 2003-04.

Table-12 Fiscal Imbalances: Basic Ratios
(Value: Rupees in crore and Ratios in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue deficit	2727	2336	3781	3754	3563
Fiscal deficit	3194	3904	4959	4410	4880
Primary deficit	557	1561	1781	976	1168
RD/GSDP	4.35	3.41	4.92	4.35	3.71
FD/GSDP	5.09	5.70	6.45	5.11	5.09
PD/GSDP	0.89	2.28	2.32	1.13	1.22
RD/FD	85.38	59.84	76.25	85.12	73.01

The ratio of revenue deficit to fiscal deficit was around 85 *per cent* during 1999-2003 with inter year variation. The position marginally improved at 73 *per cent* in 2003-04. As a proportion to GSDP, though the revenue deficit has

10 Upto 1997-98: 521 cases: Rs 26.23 crore; 2000-01: 1 case: Rs 9.19 crore, 2001-02: 4 cases: Rs 14.40 crore, 2002-03 :70 cases : Rs 53.42 crore and 2003-04: 76 cases: Rs 169.60 crore

decreased to four *per cent* and fiscal deficit turned almost stagnant in 2003-04, large revenue and fiscal deficits year after year have corroded the financial health of the State, propelling the State to enact the 'Fiscal Responsibility and Budget Management Act, 2003 (FRBMA). It aims at containing the rate of growth of fiscal deficit to two *per cent* per annum until the fiscal deficit reaches the level of three *per cent* of GSDP in nominal terms but did not produce the intended results as fiscal deficit rose by 11 *per cent.*

Recommendations of Eleventh Finance Commission

1.8.2. Medium Term Fiscal Reforms Programme (MTFRP)

Eleventh Finance Commission (EFC) in its report (August 2000) lays down broad parameters of fiscal correction in the State sector. Each State was required to draw up the Medium Term Fiscal Reforms Programme (MTFRP) to achieve the objective of zero revenue deficit. The MTFRP should form the basis of a Memorandum of Understanding (MOU) entered into between the State and Ministry of Finance. Further, the EFC recommended an Incentive Fund from which grants were to be released to States based on their fiscal programme. On the basis of the recommendations of the Eleventh Finance Commission (EFC), the Government of India (GOI) created Fiscal Reforms Facility (2000-01 to 2004-05) to motivate the States to undertake MTFRP. Release from the incentive fund was to be based on achieving a minimum improvement of five percentage points in the revenue deficit as a proportion to its revenue receipts each year till 2004-05 over the base year 1999-2000.

State Government formulated its Medium Term Fiscal Reforms Programme in March 2003 and an MOU was signed by the Punjab Government with GOI in July 2003. However, no funds were released by GOI during 2003-04 out of the said fund because the State Government failed to comply with MOU stipulations.

According to MOU, the Sales Tax receipts were targeted to grow to Rs 3,575 crore in 2003-04 but only Rs 3,308 crore were actually collected i.e. shortfall of Rs 267 crore (seven *per cent*).

Further, the Revenue Deficit as a proportion of Revenue Receipts was to be reduced by five percentage points each year from 1999-2000 base year. Accordingly, the Revenue Deficit of 37 *per cent* during 1999-2000 should have been restricted to 27 *per cent*, 22 *per cent* and 17 *per cent* of Revenue Receipts during 2001-02, 2002-03 and 2003-04 respectively. However, it remained much above the limit[11] specified in MOU.

1.9. Assets and Liabilities

1.9.1. 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

11 42 *per cent* (2001-02), 34 *per cent* (2002-03) and 29 *per cent* (2003-04).

details in Statement-17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. ***Appendix-II*** presents an abstract of such liabilities and the assets as on 31 March 2004, compared with the corresponding position on 31 March 2003.

The liabilities as per ***Appendix-II*** mainly comprise money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund. The liabilities of Government of Punjab depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/letters of comforts issued by the State Government. During 2003-04, the liabilities grew by 13 *per cent.*

Similarly, the assets comprise mainly the capital expenditure and loans and advances given by the State Government and the same grew by seven *per cent* during 2003-04.

1.9.2. Raising of loans to boost cash balance

The Government of Punjab, Department of Finance, raised loans of Rs 880 crore from various institutions during the period from 1999-2000 to 2003-04 for providing House Building Advances (HBA) to Punjab Government employees. Consent of the GOI to raise loans required under Article 293(3) of the Constitution was only for Rs 600 crore and for balance Rs 280 crore, no consent was obtained.

Scrutiny of the records further revealed that against the total loan of Rs 880 crore raised, the Government disbursed HBA amounting to Rs 500.44 crore to the employees during the period 1999-2000 to 2003-04 and retained Rs 379.56 crore for which no reasons were intimated. Raising of loan in excess of actual requirement resulted in avoidable payment of interest of Rs 74.98 crore upto March 2004.

1.9.3. Financial results of irrigation works[12]

Statement-3 of Finance Accounts depicts the financial results of nine major irrigation projects with a capital expenditure of Rs 213.89 crore at the end of March 2004, which showed that revenue realised from these projects during 2003-2004 (Rs 10.62 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 281.66 crore) and interest charges (Rs 14.82 crore), the schemes suffered a net loss of Rs 285.86 crore.

1.9.4. Incomplete Projects [13]

As of 31 March 2004, there were eight projects which were incomplete, in which Rs 794.61 crore were blocked. Of these, one project[14] was incomplete for more than 20 years (Rs 738 crore). This showed that the Government

12 Refer Finance Accounts 2003-04: Statement No.-3.

13 Refer Finance Accounts 2003-04 Annexure to Statement No.-2.

14 SYL Canal Project-Rs 738 crore.

failed to prioritise its projects and was spreading its resources inadequately over the projects.

1.9.5. Fiscal Liabilities - Public Debt and Guarantees

The Constitution of India provides that 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. FRBMA, 2003 of Punjab aims to cap the ratio of debt to GSDP at the level achieved in the previous year subject to an absolute ceiling of 40 *per cent* to be achieved by 2004-05.

Statement-4 read with Statements-16 and 17 of Finance Accounts show the year-end balances under 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 24,804 crore in 1999-2000 to Rs 43,197 crore in 2003-04 at an average annual rate of 15 *per cent.* Table-13 below 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-13: Fiscal Liabilities - Basic Parameters
(Value: Rupees in crore and others in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Fiscal Liabilities	24804	28957	33921	38315	43197
Rate of Growth	14.28	16.74	17.14	12.95	12.74
Ratio of Fiscal Liabilities to					
GSDP	39.6	42.3	44.1	44.4	45.02
Revenue Receipts	332.1	308.8	379.9	346.1	355.85
Own Resources	393.2	369.8	436.0	393.1	399.53
Buoyancy of Fiscal Liabilities to					
GSDP	0.938	1.826	1.395	1.059	1.135
Revenue Receipts	0.480	0.655	(-) 3.588	0.540	1.321
Own Resources	0.442	0.694	(-)26.845	0.512	1.166

The ratio of fiscal liabilities to GSDP increased from 40 *per cent* in 1999-2000 to 45 *per cent* in 2003-04 and stood at 3.56 times of its revenue receipts. In addition to these liabilities, Government had guaranteed loans availed by its Corporations and others which in 2003-04 stood at Rs 12,242 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment, the State has to honour these commitments.

Increasing liabilities raised the issue of its 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, weighted interest rate on fiscal liabilities at 9.11 *per cent* during 2003-04 was lower than the rate of growth of GSDP by two *per cent* as indicated in Table-14 as follows:

Table-14: Debt Sustainability–Interest Rate and GSDP Growth
(in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Weighted Interest Rate	11.34	8.72	10.11	9.51	9.11
GSDP Growth	15.23	9.17	12.29	12.23	11.23
Interest spread	3.89	0.45	2.18	2.72	2.12

Another important indicator of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. The Table-15 below gives the position of the receipt and repayment of public debt over the last five years. The net funds available were to the level of 15 *per cent* of total fresh loans in 2003-04.

Table-15: Net Availability of Borrowed Funds

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Internal Debt[15]					
Receipt	1654	4364	5719	5827	6795
Repayment (Principal+Interest)	1181	1466	2701	2365	2269
Net Fund Available	473	2898	3018	3462	4526
Net Fund Available (*per cent*)	28.6	66.4	52.8	59.4	66.61
Loans and Advances from GOI[15]					
Receipt	2001	374	531	419	542
Repayment (Principal+Interest)	2298	1481	1538	2623	3944
Net Fund Available	(-) 297	(-) 1107	(-) 1007	(-)2204	(-)3402
Net Fund Available (*per cent*)	(-) 14.8	(-)295.9	(-) 189.6	(-)526.01	(-)627.68
Total Public Debt					
Receipt	3655	4738	6250	6246	7337
Repayment (Principal+Interest)	3479	2947	4239	4988	6213
Net Fund Available	176	1791	2011	1258	1124
Net Fund Available (*per cent*)	4.8	37.8	32.2	20.14	15.32

During the year, the State repaid loans and advances from GOI after borrowing funds from the open market at the weighted average rate of 6.14 *per cent.* As a result, the net availability of funds was reduced to 15 *per cent* from 20 *per cent* in previous year. However, 66 *per cent* of the existing market loans of the State Government carried interest rate exceeding 10 *per cent.* The effective cost of borrowing on 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 cap on the debt, phased reduction of debt, strict control on expenditure and cap on outstanding guarantees on long term debt to 80 *per cent* of revenue receipts of the previous year and on short term debt to actual stock proved insufficient as the fiscal liabilities of the State increased by 74 *per cent* from Rs 24,804 crore in 1999-2000 to Rs 43,197 crore in 2003-04.

15 Net of Ways and Means Advances and Overdrafts from Reserve Bank of India/ Government of India.

1.10. Guarantees given by the State Government

1.10.1. Fiscal Responsibility and Budget Management Act of Punjab 2003 provides for cap on outstanding guarantees on long term debt to 80 *per cent* of revenue receipts of the previous year. Accordingly, as against the cap of Rs 8,856.80 crore for the current year, Government had guaranteed loans of Rs 12,242 crore availed by its Corporations and others as of 31st March 2004. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment, the State has to honour these commitments. The year-wise position of maximum amount for which guarantee given by the State Government to the end of March 2004 was as under:

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding amount of guarantees		*Percentage of* maximum amount of guarantee to total revenue
		Principal	Interest	
1999-2000	12059	9861	90	162
2000-2001	7331	8868	122	78
2001-2002	10244	10244	340	115
2002-2003	17720	13255	479	160
2003-2004[16]	22951	12149	93	189

The amount of outstanding guarantees increased from Rs 9,951 crore in 1999-2000 to Rs 12,242 crore in 2003-04 and amounted to 101 *per cent* of the revenue receipts (Rs 12,139 crore) whereas maximum amount guaranteed during 2003-04 stood at 189 *per cent* of the revenue receipts of the State Government.

1.10.2. Non-maintenance of records

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

1.10.3. Non-recovery of guarantee fee

In consideration of guarantees given by the Government, guarantee fee is charged by it. Loans are to be raised only from financial institutions, after the guarantee fee is deposited by the concerned borrower. Cases of outstanding recoverable fee are given in a table as follows:

16 Refer Finance Accounts 2003-04: Statement No.- 6.

(Rupees in crore)

Sr. No.	Name of Corporation/Company/ Board etc.	Amount of loan availed	Period	Amount of guarantee fee payable
1.	Punjab State Container & Warehousing Corporation	70.00	7/98 to 4/2003	1.40
2.	Punjab State Federation of Cooperative House Building Societies (Housefed)	20.83	3/89	0.42
3.	Punjab Financial Corporation	34.25	6/88 to 12/92	0.69
4.	Punjab Roads & Bridges Development Board	90.10	3/99	1.80
5.	Punjab Urban Planning and Development Authority	46.64	2/2003	0.93
6.	Punjab Police Housing Corporation	12.25	10/2002	0.25
7.	Punjab Water Supply and Sewerage Board	456.92	1978-79 to 2003-04	8.62
8.	Punjab State Cooperative Agricultural Development Bank	2422.50	9/2002	48.45
9.	Punjab Mandi Board	54.89	1998	1.10
10.	Punjab Infrastructure Development Board	309.27	3/01	6.19
11.	Punjab State Industrial Development Corporation	477.90	Upto 2002-03	9.56
	Total			**79.41**

1.10.4. Guarantees to loss making units

Government had given guarantees for loss making units. A few such institutions are listed below:

(Rupees in crore)

Sr. No.	Name of institution	Outstanding guarantees (Principal) as on 31 March 2004	Loss incurred	
			Amount	Upto the year
1.	Punjab State Tubewell Corporation	54.00	38.11	1997-98
2.	Punjab Financial Corporation	219.98	227.29	2002-03
3.	Punjab State Industrial Development Corporation	434.26	236.88	2001-02
4.	PUNSUP	1713.97	332.50	2002-03
5.	Punjab State Electricity Board	2919.16	708.38	2002-03
6.	Punjab State Bus Stand Management Company Ltd.	24.46	2.00	1997-98

Inspite of these heavy losses, sanction of guarantees to these units has led to the risk of invocation to be faced entirely by Government if there were to be non-payment of interest and principal. The matter was reported (August 2004) to the Government. Reply was awaited (August 2004).

1.11. Investment and returns

As on 31 March 2004, Government had invested Rs 2,359 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Cooperatives. Government's return on this investment was meagre (less than half *per cent*) as indicated in Table-16 below. As on March 2004, 18 out of 33 Statutory Corporations and Government Companies with an aggregate investment of Rs 3,263.09 crore were running at a loss and accumulated losses were Rs 1922.27 crore (***Appendix-III***).

Table-16: Return on Investment

(Rupees in crore)

Year	Investment at the end of the year	Return	*Percentage* of return	Rate of interest on Government Borrowings (in *per cent*)
1999-2000	2307.81	9.15	0.40	11.34
2000-01	2335.14	2.33	0.10	8.72
2001-02	2346.28	1.09	0.05	10.11
2002-03	2352.28	0.91	0.04	9.51
2003-04	2359.00	1.82	0.077	9.11

1.12. 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 details below show that recoveries were poor during 1999 -01 and 2002-04.

Table-17: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Opening balance	4725	4795	4970	5150	5386
Proforma adjustment	42	-	- 14[17]	-	-
Amount advanced during the year	137	302	1066	339	757
Amount repaid during the year	109	127	872	103	105
Closing balance	4795	4970	5150	5386	6038
Net addition	28	175	194	236	652
Interest received	447	618	459	817	1368
Interest received as *per cent* to Loans advanced	9.43	12.66	9.06	15.51	23.95
Average interest paid by the State	11.34	8.72	10.11	9.51	9.11
Difference between Interest paid and received	(-)1.91	(+)3.94	(-)1.05	(+)6.00	(+)14.84

The outstanding balances of loans and advances increased by Rs 652 crore from Rs 5,386 crore in 2002-03 to Rs 6,038 crore in 2003-04. The increase was mainly under loans for Energy.

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

The table shows that the interest receipts have been erratic. This was mainly due to adjustment of interest payable by Punjab State Electricity Board to Government against subsidy payable to them by Government.

Position of some of the outstanding loans is as under:

(Rupees in crore)

Sr. No.	Name of agency to which loan was given	Year of loan/ sanction	Amount of loan	Remarks
1.	Punjab State Electricity Board	1986-87	5.00	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.
		1991-92	1612.00	
		1994-95	20.00	
		1996-97	1189.11	
		Others	1746.52	
		Total	4572.63	
2.	Punjab State Housing Board (now PUDA)	--	33.73	No reasons intimated.
3.	Punjab Financial Corporation	Prior to 1998-99	14.89	-do-
4.	Punjab State Agro Industries Corporation	1996-97	5.42	No repayment of loan has been made since the proposal of conversion of loan to equity is pending with the State Government.
		1997-98	12.50	
5.	Punjab State Tube Well Corporation	1990-91 to 1998-99	250.58	No reasons intimated.
6.	SPINFED	1998-99 to 2003-04	8.13	Repayment will be made after sale of assets by mills.
			15.36	
7.	SUGARFED	2000-01 to 2002-03	124.95	No reasons intimated.
8.	MARKFED	1990-91	1.86	-do-
9.	PUNSUP	1987-88 to 1988-89	74.66	-do-
	Total		**5114.71**	

The Administrative Departments are required to intimate to the Accountant General (A&E) by 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 2003-04, due from 20 departmental officers, none had been received so far (June 2004). Major portion (Rs 4,573 crore) outstanding related to loans for power projects against which repayment during the year 2003-04 was negligible[18]. Rupees 134.91 crore (Principal: Rs 28.39 crore and interest: Rs 106.52 crore) were outstanding against Municipal Corporations/Municipalities on account of non-repayment of loans advanced as far back as 1963-64 as follows:

18 Rs 1.99 crore.

Borrower/purpose of loan	**Earliest year from which in default**	**Amount over due on 31st March 2004**		**Reasons for non-recovery of the dues by the department**
		Principal	**Interest**	
		(in lakhs of rupees)		
(A) Municipal Corporations, Municipalities and other Local Funds				
(a) Sanitation Schemes	1967-68	160.62	201.99	Reply not furnished
(b) Sewerage Schemes	1963-64	110.33	371.14	-do-
(c) Water Supply Schemes	1964-65	632.58	1019.91	-do-
(d) Integrated city development Programmes	1971-72	400.42	1724.17	-do-
(e) Shopping centres, cinemas etc.	1969-70	9.11	16.75	-do-
(f) Preparation and distribution of town compost	1965-66	13.88	6.98	-do-
(g) Other purposes	1963-64	1507.49	7309.35	-do-
(B) Loans to Rulers of erstwhile States	1965-66	5.12	1.54	-do-
Total		**2839.55**	**10651.83**	

No reasons for non-repayment of these outstanding amounts were furnished by Government and Directorate, Local Self Government, Punjab, Chandigarh (August 2004).

1.13 Management of Cash Balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India (RBI) has been put in place. However, 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 mis-match in the revenue and 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 as follows:

Table-18: Ways and Means and overdrafts of the State and Interest paid thereon

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Ways and Means Advances					
Taken in the Year	1851.66	2170.77	1976.61	3127.90	2773.84
Outstanding	182.12	243.42	221.42	185.79	261.83
Interest paid	7.67	6.83	8.73	9.45	12.29
Overdraft					
Taken in the Year	1178.22	1600.10	3826.70	640.74	1811.06
Outstanding	101.92	48.37	196.36	Nil	193.44
Interest paid	4.58	2.38	4.50	1.43	1.84
Number of Days State was in Overdraft	84	107	119	53	134

The above table indicates that though the dependence on WMA has decreased marginally by 11 *per cent,* the dependence on RBI for cash management has increased by 183 *per cent.*

1.14. Fiscal correction measures undertaken by the State

The Finance Minister in his Budget Speech for the year 2003-04 had stated that to step up the rate of economic growth, it is imperative to reduce the fiscal deficit drastically and for this purpose, he assured the House to compress the non-productive expenditure and generate additional revenue by rationalisation of various user charges. It was, however, seen that Power Sector Reforms and improving the finances of the PSEB were not implemented. The process of disinvestment in four Public Sector Undertakings was not completed (August 2004). The State's actual debt obligation (Rs 43,197 crore) exceeded the budget estimates (Rs 42,056 crore), though marginally.

➢ Under the Fiscal Reforms Programme initiated by GOI, a MOU was entered into (April 1999) between GOI and Punjab Government to shore up revenue and reduce expenditure of the State. During the year 1999-2000, the State Government made certain commitments. Audit scrutiny disclosed that against its commitment to reduce Non-Plan Revenue expenditure by five *per cent*, such expenditure increased by 61 *per cent* from Rs 9,383 crore during 1999-2000 to Rs 15,087 crore in 2003-04. This indicated that fiscal measures taken by the State Government failed to achieve the desired results.

Year-wise detail of Revenue Receipts and Non-Plan Revenue Expenditure

Year	Revenue Receipts	Non-Plan revenue expenditure	Excess	Excess as a percentage of revenue receipts
	(Rupees in crore)			
1999-2000	7468	9383	1915	25.64
2000-2001	9377	10884	1507	16.07
2001-2002	8929	11845	2916	32.65
2002-2003	11071	14117	3046	27.51
2003-2004	12139	15087	2948	24.28

Thus, Non-Plan revenue expenditure exceeded Revenue Receipts by amounts ranging between 16 *per cent* and 33 *per cent* of the Revenue Receipts during the last five years.

The 'Public Expenditure Commission' set up (August 2000) by the State Government for compressing and improving quality of public expenditure submitted its report in October 2002 and its recommendations were in the process of implementation.

- Voluntary Retirement Scheme (VRS) framed (May 2003) by State Government for permanent/regular employees who are declared surplus in Departments/offices of the State Government had not been implemented as relevant rules were still under preparation (August 2004).
- State Government had not taken any step to re-deploy the already identified surplus staff.
- Against the permissible transmission and distribution (T&D) losses of 15.5 *per cent*, PSEB suffered T&D losses of 18 *per cent* in 1999-2000 which increased to 25 *per cent* during 2003-04.

1.15. Conclusions

The finances of the State continued to be under stress during 2003-04 and the revenue receipts were not keeping pace with revenue expenditure. Revenue Receipts were totally consumed by committed expenditure of State viz. salaries, pensions and interest payments. Although the revenue deficit decreased marginally from Rs 3,754 crore in 2002-03 to Rs 3,563 crore in 2003-04, the continuous application of borrowed funds largely on current consumption and debt servicing indicated increased unsustainability and highlighted the vulnerability of 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. However, the increasing ratio of fiscal liabilities to GSDP together with a large revenue deficit indicated that the State was gradually getting into a debt trap. Similarly, the higher buoyancy of the 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 revenue from out of its existing assets or needs to provide from its current revenue for servicing its debt obligations. Enactment of FRBMA, 2003 is a step in right direction but the commitments made therein still remained to be fulfilled by the State Government. Capping of outstanding guarantees on long term debt at 80 *per cent* of the previous year's revenue receipts and reduction in revenue deficit as percentage of total revenue receipts, by at least five percentage points, from the previous year have not been achieved. Only through reducing revenue/fiscal deficit by compressing non-developmental revenue expenditure in a time bound manner coupled with prudent debt management the State can achieve long term fiscal stability.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

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ALLOCATIVE PRIORITIES AND APPROPRIATION

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.

Audit of appropriation by the Comptroller and Auditor General of India seeks 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 2003-2004 against the total of 30 grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving
Voted	I. Revenue	13288.07	374.12	13662.19	12361.35	1300.84
	II. Capital	4224.40	1455.83	5680.23	1439.13	4241.10
	III. Loans & Advances	124.73	0.00	124.73	80.47	44.26
Total Voted		**17637.20**	**1829.95**	**19467.15**	**13880.95**	**5586.20**
Charged	IV. Revenue	3504.77	269.22	3773.99	3744.71	29.28
	V. Capital	0.00	0.08	0.08	0.00	0.08
	VI. Public Debt	8211.96	0.00	8211.96	7554.51	657.45
Total Charged		**11716.73**	**269.30**	**11986.03**	**11299.22**	**686.81**
Grand Total		**29353.93**	**2099.25**	**31453.18**	**25180.17**	**6273.01**

Note: - ***The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 404.14 crore and capital expenditure Rs 97.37 crore.***

The overall savings of Rs 6,273.01 crore as mentioned above was the net result of savings of Rs 6,467.47 crore in 68 cases and appropriations offset by excess of Rs 194.46 crore in five[1] 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 2004).

1 One grant '26-State Legislature' with excess of Rs 157 not included.

2.3. Fulfilment of Allocative Priorities

2.3.1. Appropriation by Allocative Priorities

Out of the savings of Rs 6,467.47 crore, major savings of Rs 2,604.26 crore (40.27 *per cent*) occurred in nine grants as mentioned below:

(Rupees in crore)

Grant No.	Original	Supplementary	Total Grant	Actual Expenditure	Net Saving[2]
1-Agriculture & Forests - Revenue (Voted)	369.17	0.00	369.17	280.46	88.71
5-Education - Revenue (Voted)	2238.15	98.11	2336.26	2081.55	254.71
5-Education - Capital (Voted)	18.65	144.64	163.29	0.08	163.21
8-Finance - Capital (Charged)	8211.96	0.00	8211.96	7554.51	657.45
11-Health & Family Welfare - Revenue (Voted)	718.12	37.66	755.78	617.05	138.73
13-Industries - Revenue (Voted)	125.84	0.00	125.84	22.95	102.89
15-Irrigation & Power - Revenue (Voted)	2033.47	0.00	2033.47	1935.16	98.31
15-Irrigation & Power – Capital (Voted)	920.37	809.71	1730.08	1140.83	589.25
17-Local Government, Housing & Urban Development - Revenue (Voted)	89.24	26.54	115.78	33.89	81.89
17-Local Government, Housing & Urban Development - Capital (Voted)	172.85	0.00	172.85	0.45	172.40
22-Revenue & Rehabilitation - Revenue (Voted)	442.94	41.34	484.28	311.35	172.93
23-Rural Development & Panchayats - Capital (Voted)	40.78	50.44	91.22	7.44	83.78
Total	**15381.54**	**1208.44**	**16589.98**	**13985.72**	**2604.26**

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

2.3.2. Substantial savings in grant/appropriation

- In 56 cases, savings exceeding Rupees one crore in each case and also by more than 10 *percent* of total provisions, amounted to Rs 3,301.23 crore as indicated in ***Appendix-V***. In 36[3] of these cases, the entire provision totalling Rs 605.77 crore was not utilised.

2.3.3. Persistent savings

- In seven cases, involving six grants/appropriations, there were persistent savings of more than Rupees one crore in each case and 20 *per cent* or more of provision. Details are given in ***Appendix-VI***. Under three

2 After absorbing excess expenditure over budget allocation.

3 Item No. 1, 6 to 9, 13 to 25, 28, 38 to 53, 56 in Appendix-V.

Centrally Sponsored Schemes, there were savings of 100 *per cent* during the last two years.

2.3.4. Excess requiring regularisation

- ***Excess over provision, relating to previous years, requiring regularisation***

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs 1,242.93 crore for the years 2000-01 to 2002-03 had not been got regularised so far (August 2004). This was breach of legislative control over appropriations.

(Rupees in crore)

Year	No. of grants/ appropriation	Grants/Appropriation No(s)	Amount of excess	Reasons for excess
2000-2001	7	7,8,14,15,21,26 & 27	566.85	Not received
2001-2002	4	1,15,21 & 26,	386.23	Not received
2002-2003	4	15, 18, 21, & 26	289.85	Not received
Total			**1242.93**	

- ***Excess over provisions during 2003-04 requiring regularisation***

The excess of Rs 194.46 crore under five grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given below:

Sr.No.	No. and name of Grant/Appropriation	Total Grant/ Appropriation	Actual expenditure	Excess
		(Rupees	***in***	***crore)***
Revenue (Voted)				
1.	12-Home Affairs and Justice	1207.94	1224.69	16.75
2.	21-Public Works	619.80	797.31	177.51
3.	30-Vigilance	10.12	10.18	0.06
Revenue (Charged)				
4.	11-Health and Family Welfare	0.03	0.11	0.08
5.	18-Personnel and Administrative Reforms	1.84	1.90	0.06
	TOTAL	**1839.73**	**2034.19**	**194.46**

Reasons for the excesses had not been furnished by the Government as of August 2004.

2.3.5. Original budget and supplementary provisions

Supplementary provisions (Rs 2,099.25 crore) made during this year constituted 7.15 *per cent* of the original provision (Rs 29,353.93 crore) as against 2.64 *per cent* in the previous year.

2.3.6. Unnecessary/excessive/inadequate supplementary provisions

- Supplementary provisions of Rs 730.72 crore made in 18 cases during the year proved unnecessary in view of aggregate saving of Rs 1,444.84 crore. Details are given in *Appendix-VII*.

- In 16 cases, against additional requirement of only Rs 528.15 crore, supplementary grants and appropriations of Rs 1,319.25 crore were obtained, resulting in savings in each case exceeding Rupees 10 lakh, aggregating Rs 791.10 crore. Details are given in ***Appendix-VIII***.

- In two cases mentioned below, supplementary provision of Rs 45.31 crore proved insufficient leaving an uncovered excess expenditure above Rupees one crore in each case aggregating Rs 194.26 crore.

Sr. No.	No. and name of Grant/Appropriation	Original Grant	Supplementary grant	Total	Expenditure	Excess
						(Rupees in crore)
Revenue Voted						
1.	12-Home Affairs and Justice	1167.63	40.31	1207.94	1224.69	16.75
2.	21-Public Works	614.80	5.00	619.80	797.31	177.51
	Total	**1782.43**	**45.31**	**1827.74**	**2022.00**	**194.26**

2.3.7. Persistent excesses

Significant excesses were persistent in six cases involving two grants as detailed in ***Appendix-IX***. Persistent excesses require investigation by the Government.

2.3.8. 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 6.33 crore in one grant and savings of Rs 150.75 crore in 13 grants by Rupees one crore and above are detailed in ***Appendix-X*** and ***XI*** respectively.

2.3.9. Anticipated savings not surrendered

- According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2003-04, there were 28 cases in which savings above Rupees one crore in each case amounting to Rs 2,635.35 crore had not been surrendered. In 18 cases, even after partial surrender, savings of Rupees one crore and above in each case aggregating to Rs 1,144.29 crore (71.54 *per cent* of total savings) were not surrendered. This included savings of Rs 73.36 crore (64 *per cent*) under Grant No. 8 – Finance, (Revenue-Voted), Rs 251.91 crore (99 *per cent*) under Grant No. 5 – Education, (Revenue-Voted) and Rs 130.94 crore (94 *per cent*) under Grant No. 11-Health and Family Welfare, (Revenue-Voted). Details are given in ***Appendix-XII*** and ***XIII*** respectively.

2.3.10. Unreconciled expenditure

Departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts & Entitlement) (AG(A&E)) every month. The reconciliation, however, had remained in arrears in several departments. The number of Controlling Officers who did not reconcile their figures, year for which reconciliation was in arrear and the amounts involved were as under:

(Rupees in crore)

Year	Number of Controlling Officers who did not reconcile their figures	Amount not reconciled
1993-94	31	585.03
1994-95	08	84.52
1995-96	02	66.68
1996-97	12	695.05
1997-98	12	967.63
1998-99	11	578.37
1999-2000	04	27.82
2000-01	02	1,147.74
2001-02	08	1,387.56
2002-03	05	31.00
Total	**95**	**5571.40**

Break-up of the amount that was pending reconciliation for the year 2003-04 by the various Controlling Officers with the figures of AG(A&E) are given below:

(Rupees in crore)

Sr. No.	Name of the Controlling Officers who did not reconcile their figures	Amount not reconciled
1.	Director Local Government (Municipal Elections)	0.05
2.	Treasurer, Charitable Endowment (Freedom Fighter)	20.14
3.	Secretary to Government of Punjab, Finance Department (Ex-Gratia)	9.91
4.	Secretary to Government of Punjab, Finance Department (DLIS)	0.96
	Total	**31.06**

2.3.11. Defective Re-appropriation

During 2003-2004, 41 re-appropriation orders of Rs 3,774.88 crore were issued. Of these, 40 orders aggregating Rs 3,774.87 crore were issued on 31st March 2004, the last day of the fiscal year. Thirteen re-appropriation orders of the value of Rs 631.44 crore (16.73 *per cent*) were not considered in accounts as either these were not signed by the competent authority or were arithmetically wrong or did not have prior approval of Finance Department. Details are given in *Appendix-XIV*.

2.4. Rush of Expenditure

The financial rules require that Government funds should be evenly spent throughout the year. The rush of expenditure, particularly at the fag end of the financial year, is regarded as a breach of financial rules. Scrutiny revealed that Rs 2,631.35 crore i.e. 15 *per cent* of the total expenditure (Rs 17,626 crore) was incurred in March 2004. Expenditure on the last day of the year was Rs 298.90 crore. It was also noticed that in 14 cases, expenditure incurred during the fourth quarter of the year ranged between 53 and 100 *per cent* of total expenditure under those Heads of Accounts. Expenditure incurred during March 2004 was 42.56 *per cent* of the total expenditure in these cases. Details are given in ***Appendix-XV***.

2.5. Budgetary Control

2.5.1. A review of budgetary procedure and control over expenditure in case of four grants (5-Education, 9-Food and Supplies, 17-Local Government, Housing and Urban Development, 19-Planning) covering 15 offices and 11 departments revealed that budget estimates for the year 2003-04 due as on 31st October 2002 were sent by the Administrative Departments to the Finance Department after delays ranging from 32 to 53 days.

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 the Grants. As a result, the Budget Estimates were prepared by the Controlling Officers without considering the liabilities of the Department.

2.5.2. In 12 cases (Education, Planning and Local Government, Housing and Urban Development), there were persistent savings exceeding Rs 10 lakh in each case and 20 *per cent* or more of the provision during the last three years. Details are given in ***Appendix-XVI***. In six of the above cases, entire provision totalling Rs 40.46 crore remained unutilised.

2.5.3 As envisaged in Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that in Local Government, Housing and Urban Development Department, expenditure of Rs 2.35 crore (Voted) was incurred in two cases as detailed in ***Appendix-XVII*** without any provision in the original estimates/supplementary demand and without any re-appropriation ordered to this effect.

2.5.4. A detailed scrutiny of the records of Director Public Instructions (Secondary) (Grant No.5) revealed the following irregularities:

- Budget Manual prescribes that while framing estimates for sanctioned staff whether permanent or temporary, no provision should be made for vacant posts. Funds should be obtained either by supplementary grants or by reappropriation whenever the vacant posts are filled up. Scrutiny revealed that in General Education Department (Major Head-2202), provision of Rs 25.83 crore for 1,762 vacant posts was made in contravention of the rules. This resulted in inflated budgetary provisions and consequent savings in the grant.

- In eight cases, provision of funds aggregating Rs 6.23 crore for the schemes awaiting sanction was made without prior approval of the competent authority. Non-implementation of schemes by State Government resulted in non-utilisation of funds. Details are given in ***Appendix -XVIII***.

- In five cases, there were savings of Rs 7.84 crore due to non-release of funds by the State Government/Government of India. Details are given in ***Appendix-XIX***.

- Head of Department is required to prepare Budget Estimates based on actual expenditure of the two years preceding the year just closed, the last six months of the previous year and first six months of the current year. It was noticed in audit that Budget Estimates of the Department were framed on the basis of expenditure for the preceding one year. Thus, prescribed norms for preparing the budget were flouted.

- In two cases in the Education Department, supplementary grants sanctioned proved entirely unnecessary in view of the savings under each head, as detailed in ***Appendix-XX.*** Supplementary grant obtained was either excessive or unnecessary. The reasons for non-utilisation of grants were stated to be non-release of funds by the Government.

2.6. Retention of funds outside budgetary control of State Legislature

Articles 266 and 283 of the Constitution of India provide 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, fees/cess levied through Acts of Legislature of the State and sale proceeds of Government land should be credited to the Consolidated Fund of the State.

Scrutiny of three funds revealed that during 2003-04, a total amount of Rs 260.30 crore was realised from the Funds 'Cattle Fair Fund' (Rs 3.73 crore), the Punjab Infrastructure Development Fund (Rs 161.49 crore) and the Punjab Infrastructure Fund (Rs 95.08 crore) on account of fee in cattle fair, cess on sale of petrol and agricultural produces and sale of land respectively. The receipts were directly credited to the Funds rather than into the Consolidated Fund of the State. This resulted in reduction in receipts deposited in the Consolidated Fund. Transfer of substantial money to various funds resulted in incurring of expenditure without budgetary control of the State Legislature. From 19 August 2002, the receipts under Cattle Fair Fund were deposited into the Saving Bank Account in the Bank; on this interest of Rs 7.85 lakh has been earned upto March 2004.

2.7. Non-implementation of programmes for Animal Health

The Government of India, Ministry of Agriculture, Department of Animal Husbandry and Dairying, New Delhi released funds to Punjab Government for implementation of certain programmes in the State through Department of Animal Husbandry. Scrutiny revealed that the following seven programmes/ schemes could not be implemented in the State and the entire funds released by the Government remained unutilised upto 31 March 2004 due to late/non-receipt of administrative approval from the State Government.

Sr. No.	Name of the scheme	Available unutilised funds (*Rupees in lakh*)
1.	Assistance to State for Integrated Piggery Development (100 % GOI)	8.55
2.	Assistance to State for Control of animal diseases (75:25)	59.28
3.	Livestock Census (100% GOI)	104.39
4.	Modernisation/improvement of slaughter houses & establishment of Carcass Utilisation Centres	100.00
5.	Professional efficiency development-Strengthening of Punjab Veterinary Council (50:50)	12.00
6.	Centrally sponsored scheme-Integrated sample survey & cost of production of milk & egg (50:50)	14.85
7.	Conservation of threatened breeds of small ruminants, pigs, pack animals and equines	6.70
	Total	**305.77**

Non-implementation of various programmes resulted in savings under the Grants. Late receipt/non-receipt of administrative approval from State Government was stated to be the reasons for non-utilisation of funds (August 2004).

2.8. Non-utilisation of Central funds under Pradhan Mantri Gramodaya Yojana (PMGY) – Rs 8.20 crore

Pradhan Mantri Gramodaya Yojana (PMGY) was an initiative to expand outreach and coverage in the provisioning of basic minimum services in rural areas, with a view to improving the quality of lives that people lead. As per Government of India guidelines, scheme funds were to be utilised for strengthening Primary Health Care Institutions, and for repair and maintenance of the infrastructure in Sub-Centres, Primary Health Centres and Community Health Centres. For this purpose, the Planning Commission allocated additional central assistance to the States.

Scrutiny of records of Health and Family Welfare Department revealed that Government of India released Rs 16.45 crore during the years 2001-02 to 2003-04 under the above programme. Against this, an expenditure of Rs 8.25 crore was incurred and Rs 8.20 crore were not utilised owing to release of funds by the State Government at the fag end of the year and non-passing of bills by the Treasury Officer. Thus, the State Government failed to utilise the funds though available from the Government of India thereby defeating the very purpose and denial of intended benefits to the beneficiaries.

The matter was reported (May 2004) to the Government, reply is awaited (August 2004).

CHAPTER-III

PERFORMANCE REVIEWS

CHAPTER-III

Performance Reviews

This chapter presents five Performance Reviews covering National Bank for Agriculture and Rural Development assisted projects, Pradhan Mantri Gram Sadak Yojana, Indian Systems of Medicine and Homoeopathy, Implementation of the Child Labour Act and Release and recovery of incentives and dues from Industrial and other units. The regulatory role of Government of Punjab was reviewed in the implementation of Child Labour (Prohibition and Regulation) Act. Reviews on Pradhan Mantri Gram Sadak Yojana and Indian Systems of Medicine and Homoeopathy have also been prepared separately for the reports of Union Government and State focus has been isolated for comment in this report.

3.1. National Bank for Agriculture and Rural Development assisted development projects

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS BRANCH)

Highlights

With a view to provide better and improved communication facilities in the rural areas the Department, with the assistance of National Bank for Agriculture and Rural Development (NABARD), constructed interconnecting roads and bridges and also widened and strengthened the existing roads in the State. The works were executed by the State Public Works Department – Buildings and Roads Branch (PWD, B&R). A review in audit revealed that non-release of NABARD funds by the Government, preparation of defective estimates and improper planning delayed the completion of the works. The department also had to pay extra/avoidable escalation charges and suffer revenue loss.

> ***Of loan assistance of Rs 223.77 crore given by NABARD, funds totalling Rs 56.59 crore were not released by Finance Department resulting in delay in completion of works besides creation of a liability of Rs 25.51 crore.***

(Paragraph 3.1.7)

> ***The State Government did not release its share of Rs 14.52 crore which resulted in delay in completion of works.***

(Paragraph 3.1.8)

> ***Letter of Credit for Rs 10.64 crore was not entertained by Treasury Officers concerned resulting in delay in completion of works.***

(Paragraph 3.1.9)

> ➢ *Incorrect fixation of schedule of payment due to non-preparation of detailed estimates in time resulted in undue financial aid to contractors by way of advance payment of Rs 9.70 crore.*

(Paragraphs 3.1.22 & 3.1.23)

> ➢ *Non-construction of Toll Plaza led to non-collection of toll tax of Rs 1.41 crore.*

(Paragraph 3.1.27)

> ➢ *Re-strengthening of a road prematurely resulted in wasteful expenditure of Rs 2.26 crore.*

(Paragraph 3.1.29)

> ➢ *The Department failed to recover Rs 2.14 crore on account of decrease in quantities of work consequent upon change in design resulting in less consumption of material on works.*

(Paragraphs 3.1.24 to 3.1.26)

> ➢ *Government receipts amounting to Rs 1.01 crore were not deposited in Government account.*

(Paragraph 3.1.10)

Introduction

3.1.1. To strengthen the road infrastructure in rural areas through widening/ four laning of roads and construction of bridges, the State Government entered into an agreement (from 1998-99 onwards) with NABARD for loan assistance to be sanctioned under Rural Infrastructure Development Fund (RIDF). RIDF I and II were sanctioned to Irrigation Department and III to IX related to PWD, B&R. As per sanctions issued by NABARD, the State Government was to ensure utilisation of NABARD funds solely and exclusively for the purpose for which these were sanctioned. Projects were to be executed/ completed within such periods as stipulated in the respective sanctions.

3.1.2. Organisational set-up

NABARD assisted works were executed through 32 divisions each headed by an Executive Engineer (EE), under the supervision of 13 Superintending Engineers (SEs) who were reporting to the Chief Engineer. A SE-cum-Nodal Officer was appointed to supervise the NABARD works. He reported to CE (IP) for matters pertaining to construction of bridges and to CE (PWD, B&R) for those of roads. The Secretary, PWD, B&R was over all incharge.

Programme objectives

3.1.3. To provide better and improved communication facilities in the rural areas with the assistance of NABARD under the RIDF, the programme envisaged:

- ➢ construction/upgradation of interconnecting roads and bridges, and
- ➢ widening and strengthening of the existing roads.

Audit objectives

3.1.4. The objective of Audit during the review of the programme was mainly to see that:

- the objectives of NABARD's assistance were achieved,
- loan received from NABARD was utilised for the purpose for which it was sanctioned,
- departmental rules/instructions issued from time to time had been observed,
- works were completed as per schedule and specifications so that no extra payment had to be made and
- proper monitoring system for implementation including quality control of various works existed.

Scope of Audit

3.1.5. Records of nine[1] divisions (out of 32 divisions) in respect of assistance received under RIDF, CEs (South and Electrical) and SE-cum-Nodal officer for the period 2001-04, were reviewed during the period from October 2003 to March 2004.

Financial outlay and expenditure

3.1.6. As per programme, loan assistance to the extent of 80 to 90 *per cent* of the Project was to be provided by NABARD and the remaining 10 to 20 *per cent* was to be met by the State Government. On sanction of loan, 10 to 30 *per cent* of the project cost was to be released by the NABARD as advance to the Finance Department, being the Nodal Department and balance was to be reimbursed on the submission of quarterly expenditure statements. Assistance so received was to be regulated by the CE through Letter of Credit (LOC).

The fund flow position of this scheme for the period 2001-2004 was reviewed in audit and it was observed that the State Government failed to release NABARD funds and short release its own share of funds. This was further compounded by non-passing of bills by the Treasury Officers despite availability of funds, utilisation of NABARD funds for non-NABARD works and not honouring of LOC released by the CE at the District Treasuries. All the above led to short receipt of funds with the implementing agencies which had adverse impact on execution and timely completion of various projects as discussed as follows:

1 Provincial Division, Ferozepur, Gurdaspur Central Works Division III, Ludhiana, Construction Division Barnala, Faridkot, Ferozepur, I Mohali, Patiala and Sirhind.

Non-release of NABARD funds by State Government

3.1.7. During the period 2001-04, total amount of Rs 223.77 crore was released as loan assistance by NABARD against which the State Government released only Rs 167.18 crore for execution during this period. Thus, an amount of Rs 56.59 crore, though received from NABARD, was not released by State Government. This was despite the fact that as on 31 March 2004, an amount of Rs 25.51 crore was reflecting liabilities against NABARD works in 28 divisions. Reasons for non-release of funds by the State Government were not intimated (August 2004).

Short release of State share of funding against the scheme

3.1.8. An aggregate amount of Rs 14.52 crore pertaining to RIDF-VIII (Rs 5.91 crore) and RIDF-IX (Rs 8.61 crore) was not released by the Government as its share. While projects undertaken upto RIDF-VIII had already been completed, projects under RIDF-IX were under implementation. It was further observed that State share under RIDF-III to VII was released in one go in the year 2002-03 amounting to Rs 24.71 crore although the projects under these funds had commenced from 1998-99. Failure to ensure timely release of the State share had adverse effect on the funds flow and therefore on the project implementation. Reasons for short release of State share were not intimated (August 2004).

Non-passing of bills by Treasury and diversion of NABARD funds

3.1.9. Scrutiny in audit revealed that in four[2] divisions, an amount of Rs 2.39 crore was diverted by the divisions for works, which were not included in projects that were to be funded by NABARD. It was also observed that LOCs amounting to Rs 10.64 crore, though released by CE to 12[3] divisions, were not honoured by respective District Treasury Officers. No reasons for the same were intimated (August 2004).

Irregular utilisation of Government receipts towards expenditure

3.1.10. Rules provide that Government receipts collected should immediately be deposited into Government account.

Government receipts (Rs 1.01 crore) were not deposited in Government account as required

In violation of this, Rs 1.01 crore realised by Provincial Divisions, Gurdaspur and Ferozepur on account of interest on mobilisation advances were not deposited into Government account and the same were utilised towards expenditure.

When this was pointed out (January and February 2004), EEs stated that amount had been utilised on the works as financial assistance from NABARD as well as funds from State Government had not been received in full and the amount would be adjusted on receipt of funds. The reply of the EEs was not

2 Construction Division, Barnala, Faridkot, Ferozepur and Mohali – I.

3 Construction Division, Amritsar, Bathinda, Faridkot, Ferozepur,Gurdaspur, Hoshiarpur, Jalandhar, Mukatsar, Nawanshahar, Provincial Division, Ferozepur, Gurdaspur and Central Works Division No. III, Ludhiana.

tenable as utilisation of Government receipts towards expenditure was not permissible.

Performance of the Programme

3.1.11. Physical progress of different components of the projects was as under:

Roads					
Name of the Scheme	**No. of Works**	**Scheduled date of completion**	**No. of works completed**	**Shortfall (No. of works)**	**Percentage of Shortfall**
RIDF V	89	31.3.2002	77	12	13.48
RIDF VII	129	31.3.2003	114	15	11.63
RIDF VIII	36	31.3.2004	19	17	47.22

Bridges					
Name of the Scheme	**No. of Works**	**Scheduled date of completion**	**No. of works completed**	**Shortfall (No. of Works)**	**Percentage of Shortfall**
RIDF V	6	31.3.2002	2	4	67
RIDF VI	3	31.8.2002	--	3	100
RIDF VII	5	31.3.2004	2	3	60

RIDF-V and VII pertained to both roads and bridges whereas RIDF-VI pertained to bridges only and RIDF-VIII pertained to roads only. However, RIDF-IX, which pertained to roads, was under process.

Shortfall in completion of road works with reference to scheduled dates ranged between 12 and 47 *per cent* and in respect of bridges, it ranged between 60 and 100 *per cent,* during 2001-03.

Reasons for shortfall in achievements were attributed to short receipt of funds from State Government.

Preparation of inflated project estimates

3.1.12. Project estimate should be prepared after proper survey and with accurate cross section/dimensions. Against the projected estimated cost of Rs 17.01 crore in respect of 15 works in five divisions, works were got completed at a cost of Rs 13.21 crore. It was observed in audit that inflated project estimates led to excess availability of funds which resulted not only in execution of items that were not provided in works but also consumption of material in excess of requirements. This also obviated the need for obtaining revised administrative approval of the Government and sanction of NABARD since, in none of the 296 works, revised administrative approval/sanctions were necessitated on account of the above. A few of these illustrative cases are given in ***Appendix-XXI***.

Deficiencies noticed in the construction of bridges

3.1.13. A review of implementation and execution of works undertaken with the assistance of NABARD for construction of bridges revealed deficiencies in planning, extra payments due to incorrect grant of time extension, undue aid to contractor due to faulty fixation of payment schedule and extra payment due to change of design etc. as discussed below:

Improper Planning resulting in non-utilisation of bridges

3.1.14. To provide traffic facilities to the public with reduced distance of 53 kms from Mukerian to Gurdaspur, Bridge 'A' over river Beas was completed in August 2003 at a cost of Rs 21.21 crore. However, the existing road from Mukerian to Gurdaspur connecting the bridge from both sides, which was a village road, was neither included in the project nor upgraded. As such, the public could not get the complete benefit commensurate with the newly created infrastructure of the bridge.

The Department stated (January 2004) that the work of upgradation of road had been allotted in May 2002 under the financial assistance of PIDB but due to non-finalisation of design of crust thickness, the upgradation of road could not be completed.

Due to improper planning of the Department not to get the roads improved, the people were deprived of the intended benefit of the bridges

3.1.15. Similarly, to reduce the traffic distance of 88 kms between Nakodar and Jagraon, the work of construction of Bridge 'B' over river Sutlej (Nakodar-Jagraon road) alongwith approaches was completed and opened to traffic on 15 September 2003. The work of improvement of existing village roads connecting the bridge from both sides, however, had not been completed (March 2004) although financial assistance for construction of bridge and improvement of existing road was approved by NABARD in January 2001 itself. The work on Nakodar side was executed upto only 50 *per cent* upto the end of March 2004. Thus, due to improper planning of the department in not getting the improvement of road works done side by side, even when it was financially sanctioned in January 2001, the public could not derive (upto March 2004) the complete benefit commensurate with the newly created infrastructure of the bridge.

Extra payment of escalation

3.1.16. As per agreement, the price adjustment would apply for the work done after nine months from the date of start upto the end of the initial intended date of completion or extensions granted for reasons not attributable to the contractor. Any variation i.e. increase or decrease in the scope of work would be regulated as per Schedule II in so far as payments/recoveries were concerned. PWD Rules also stipulate that no work should be started unless detailed estimate was technically sanctioned. Liquidated damages at the rate of 1/2000 of the initial contract price per day subject to maximum of the 10 *per cent* of the contract value was leviable in the event of failure of contractor to observe the time schedule of completion.

A review of three of the bridges undertaken with NABARD funds was done in audit. The details of contracts and stipulated dates of completion are given in table as follows:

(Rupees in crore)

	Name of Work/ Bridge	Dates of allotment/ completion of work as stipulated in agreement	Lump sum contract value	Value of work on which price adjustment was payable		Escalation			
				For first nine months -Nil	Payable after nine months to scheduled dates	Payable as per agreement upto March 2004	Actual paid upto March 2004	Extra paid	Extra to be paid on the completion of work
A	H/L Bridge over river Beas, Gurdaspur Mukerian road	15.5.01/ 14.8.02	31.90 (reduced to 29.98 due to decrease in length of Guide Bunds)	18.89 (63 *per cent* value of work)	11.09 (37 *per cent* value of work)	0.40	0.61	0.21	0.75
B	H/L Bridge over river Sutlej Jagraon Nakodar road	11.5.01/ 10.8.02	39.80 (reduced to 37.85 due to decrease of length of Guide Bunds)	23.85 (63 *per cent* value of work)	14.00 (37 *per cent* value of work)	0.51	1.27	0.76	1.37
C	H/L Bridge over Sutlej including small bridges Machhiwara Rahon road	14.2.01/ 13.8.02	31.85 (reduced to 26.49 due to decrease in length of Guide Bunds and change of design)	13.24 (50 *per cent* value of work)	13.25 (50 *per cent* value of work)	0.52	0.57	0.05	0.79

Improper grant of extension

3.1.17. In respect of construction of High Level Bridge over river Beas on Gurdaspur-Mukerian road (Bridge-A), the contractor applied (March 2002) for extension for completion of work on grounds of start of rainy season immediately after the allotment of work, dense foggy season and flood in river etc. However, the Project Engineer (PE) attributed the delay in completion to non-deployment of adequate men and machinery at site and improper planning in the execution of work. Further, PE recommended that application for extension should be rejected and liquidated damages be imposed. The Technical Committee, however, granted (August 2002) extension in time upto 15 July 2003.

3.1.18. Extension in time was also sought (February 2002) by another contractor for completion of work "Construction of High Level Bridge over Sutlej on Jagraon-Nakodar road" (Bridge-B) which was similar in nature as Bridge 'A', exactly on similar grounds. Here also the Technical Committee granted (August 2002) extension upto 15 July 2003.

3.1.19. The reasons for request for extension of time were covered under normal situations of work as had been envisaged in the contract itself and therefore, did not appear to merit extension, especially in the case of Bridge 'A', where the field incharge of the operations had opined against grant of extension. Reasons for grant of extension by the Technical Committee on the ground of public interest, therefore, were not convincing. Such extension led to payment of extra escalation of Rs 97 lakh upto March 2004. In addition, the contractual clause of liquidated damages of Rs. 6.79 crore (Bridge A : Rs. 3 crore and Bridge B: Rs. 3.79 crore) could also not be levied.

Abnormal delay in finalisation of design of guide bunds etc. resulted in avoidable payment of escalation of Rs 5.17 lakh which will go up to Rs 79.21 lakh

3.1.20. The execution of work "Construction of High Level Bridge over river Sutlej including small bridges on Machhiwara-Rahon road" (Bridge-C) was delayed despite timely submission of design and drawings by contractor for guide bunds and bearings of the bridges. The same were approved only after a delay of 15 months by the department. The abnormal delay in approval of designs necessitated extension which resulted in avoidable payment of escalation of Rs 5.17 lakh upto March 2004 which will further increase to Rs 79.21 lakh on the completion of work.

3.1.21. At the time of grant of extension in time allotment in respect of all three bridges, the Technical Committee froze the price index for future payment of escalation as on 14 August 2002, 10 August 2002 and 13 August 2002 respectively i.e. stipulated dates of completion.

Instead of regulating the payment of price escalation as per the stipulation of Technical Committee it was observed in audit that the price escalation was released after considering the average price index of the four weeks of August 2002, which resulted in overpayment of escalation to the tune of Rs 11.24 lakh upto March 2004.

On being pointed out (February 2004), the PE, Central Works Division No.III, Ludhiana stated (February 2004) that appropriate action was being taken. No reply was furnished by the PEs of other two divisions (August 2004).

Undue aid to contractor

Incorrect schedule of payment due to non-preparation of detailed estimate resulted in advance payment of Rs 3.70 crore

3.1.22. Work of Bridge 'A' was allotted to the lowest tenderer at the lump sum cost of Rs 31.90 crore against the rough estimated cost of Rs 24.60 crore which was stated (February 2004) by the Project Engineer to have not been assessed properly. Cost of work was subsequently reduced to Rs 29.98 crore as length of guide bunds was reduced from 2916 metres to 2360 metres. Time schedule of payment was fixed as 53 *per cent* for the construction of bridge portion, 15 *per cent* for approach roads and 32 *per cent* for guide bunds. Accordingly, the payment of Rs 21.21 crore was made on the completion (August 2003) of bridge and approaches. Further, on the preparation of detailed estimate (December 2003) for Rs 34.88 crore, the payment schedule was fixed as 40.36 *per cent* for the construction of bridge, 15.31 *per cent* for approaches and 44.33 *per cent* for guide bunds. Accordingly, on the completion of bridge and approaches, payment of Rs 16.69 crore should have been made instead of Rs 20.39 crore. This resulted in advance payment of Rs 3.70 crore rendering undue financial aid to contractor and causing loss to Government by way of interest. This amounted to Rs 22 lakh from October 2003 to March 2004 (calculated at the rate of 12 *per cent* per annum, the rate at which mobilisation advance was released).

As this was a lump sum contract, higher payment in the component in bridge and approach road was to get offset by lower payment in the component of guide bunds. However, the work of guide bunds was not initiated as of March 2004. This resulted in undue benefit to the contractor and loss of interest to the Government.

PE stated (February 2004) that it was not possible to evaluate the cost unless the detailed estimate was prepared in the initial stage but minor variations in the break up have no effect on the total lump sum cost. The reply was not acceptable as allotment of work at a lump sum cost in the absence of detailed estimate resulted in advance payment of Rs 3.70 crore. Commencement of work without sanction of detailed estimate was also in violation of PWD Rules. No comments from CE (IP) have been received (August 2004).

3.1.23. Against rough estimated cost of Rs 24 crore of Bridge 'C', the lowest tender received was of Rs 31.85 crore. When the tendering committee enquired about the higher rates, the PE stated (October 2000) that the rough estimated cost could not be assessed properly because against the required provision of Rs 12.15 crore on account of guide bunds, a provision of Rs six crore only was made. Accordingly, the work of bridge pitching guide bunds with concrete was allotted (February 2001) at the tendered lump sum cost of Rs 31.85 crore with the schedule of payment as 67 *per cent* for bridge, 5.50 *per cent* for approaches and 27 *per cent* for guide bunds and miscellaneous 0.5 *per cent* against the demanded schedule of payment as 41.90 *per cent* for bridge, 2.60 *per cent* for approaches and 53.50 *per cent* for guide bunds by the contractor and the payments were made to the contractor on the tendered cost of Rs 31.85 crore.

Further, as a result of reduction in the length of guide bunds to 2440 metres from 3272 metres and to change (May 2002), the design of the guide bunds with stone boulders instead of concrete, the lump sum payable cost was reduced to Rs 26.49 crore.

Non-acceptance of payment schedule offered by contractor and preparation of defective estimates followed by defective schedule of payment, resulted in advance payment of Rs six crore

During audit, it was noticed that on the completion of only bridge portion to the extent of 75 *per cent*, the contractor had been paid Rs 14.30 crore against Rs 8.34 crore calculated as per schedule of payment offered by the contractor. Thus, due to allotment of work on the basis of unrealistic rough cost estimate in the absence of detailed estimate, followed by defective schedule of payment Rs six crore were paid in advance upto March 2004.

On being pointed out (March 2004) in audit, the PE stated that payments were being made as per provisions of agreement. Reply was not acceptable because allotment of work in the absence of detailed estimates followed by defective schedule of payment resulted in advance payment to the contractor and had the provisions of PWD Code been followed, situation of commencement of work without preparation of detailed estimates could have been avoided.

Extra payment due to non-adoption of change in designs

3.1.24. Based on tenders invited in March 2001, the work for Bridge-'A' having specification IRC 78-1983 with amendment, if any, was allotted to a contractor at a cost of Rs 31.90 crore in May 2001. The contractor after approval of General Arrangement Designs (GAD) of the bridge revised the design of the bridge and reduced the steining[4] thickness of the wells above scour level. The revised design was approved (June 2001) by the Chief Engineer (IP) with the observations that "Rebate shall be secured for any variation from DNIT/agreement provisions". This was approved by the Technical Committee in their meeting held on 10th July 2001. Accordingly, Rs 60.83 lakh were deducted on account of less consumption of steel and concrete from their bill in July 2002, but later the amount so deducted had been incorrectly refunded in April 2003.

Incorrect application of the IRC amendment resulted in extra payment of Rs 60.83 lakh

The PE stated (March 2004) that the agency had revised the design based on Indian Road Congress (IRC) amendment IRC 78-2000 which was published in December 2000 and was applicable to works allotted after amendment. As such, therefore, no financial adjustment was applicable. He further stated that in the Review Committee meeting held in April 2003, Managing Director, (MD), PIDB advised the PE to release the deduction made by him on account of reduction in well steining pending decision regarding date of publication/ applicability of IRC code. The reply of the PE was not acceptable as the amendment though published in December 2000, was circulated by the IRC for implementation in May 2001 and as such it was not applicable to the work allotted before circulation as tenders were invited (March 2001) based on IRC 78-1983 as amended and the contractors had tendered their lump sum rates accordingly. The decision of MD, PIDB in the meeting of Review Committee referred to was of advisory nature that payment be released till a final decision of applicability of IRC code is known. In the light of observation of MD, PIDB, the department should have expeditiously checked up the date from which revised standards of IRC have come into effect. In the absence of any such clarification with regards to date of applicability of the IRC code, refund of deductions already made was not in order.

Recovery of Rs 82.34 lakh on account of less consumption of material due to change in design as required, was not made

3.1.25. Similarly, the design of the well of Bridge 'B' had also been changed on grounds similar to those of Bridge 'A'. Recovery of Rs 82.34 lakh on account of less consumption of steel and concrete on 23 wells @ Rs 3.58 lakh per well had not been effected.

Recovery of Rs 70.95 lakh was not made on account of material cost due to change in design

3.1.26. As per estimate/drawings included in the DNIT, Bridge 'C' having length of 717 metres to be constructed on river Sutlej with steining of 18 wells, was allotted (February 2001) to a contractor at lump sum cost of Rs 31.85 crore. However, later on the design of the bridge was approved with steining of 16 wells but the recovery of Rs 70.95 lakh (computed on the basis of payment made for the wells) on account of reduction of two wells after adjustment of extra loading on slabs was not effected. Records with the division did not indicate that consequent to change in design, exercise to work out increase/decrease in quantity of material and rates with reference to Schedule-II was carried out.

The PE did not dispute (March 2004) the point of change of design and figures and stated that the agency can change the length of span to the extent of 20 *per cent*. The reply is not tenable because if the length of span can be

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4 Steining: shall be brick work, stone masonry, or precast concrete blocks or segment or cast *in situ* concrete as may be specified and will be executed to the relevant standard specifications for the masonry specified.

increased/decreased even then the savings on account of two wells after adjustment of extra expenditure of slabs was to be recovered as per provisions of the agreement.

Loss of revenue

3.1.27. Project reports of all the three bridges included the provision of construction of 'Toll Plazas' for levy of toll tax. The Chief Engineer (IP) directed (June 2002) the PEs to prepare systematic planning so that toll plazas may be constructed at the time of undertaking construction of bridges, for levy of toll tax.

Non-construction of Toll Plazas resulted in loss of revenue of Rs 1.41 crore as no toll tax could be levied/collected

Bridges 'A' and 'B' were completed in August and September 2003 respectively and opened to traffic but neither were toll plazas constructed nor was any toll tax levied/collected. This resulted in loss of revenue of Rs 1.41 crore (computed on the basis of traffic census carried out by Department in December 2003 and October 2003 for Bridges 'A' & 'B' respectively) from October 2003 to March 2004.

Deficiencies noticed in construction of roads

3.1.28. A review of the works pertaining to the construction of roads revealed deficiencies such as wasteful expenditure on the restrengthening of roads and irregular payment of price escalation as follows:

Wasteful expenditure due to premature carpeting of roads

3.1.29. As per PWD specifications, subsequent coats on the road shall be laid after an interval of five years. NABARD had also pointed out (November 2003) that the work of upgradation or otherwise carried out under different schemes on the roads proposed during last five years should be shown with specifications and cost of upgradation at the time of submission of Project for sanction.

Patiala-Pehwa Road Km Three to Km 36.40 was strengthened with Bituminous Macadam (BM), stone metal to Water Bound Macadam (WBM) etc. under HUDCO Bond scheme, at a cost of Rs 2.26 crore during 2000-01.

Although, this section of road was ineligible for assistance by NABARD, having been strengthened only three years earlier, it was included in the project for sanction by NABARD and in the estimate prepared during 2003-04, on the grounds that it was undulatory and cracked. The total length of the road i.e. Km Three to 36.50 was re-strengthened at a cost of Rs 4.86 crore under RIDF-VIII during the year 2003-04.

Re-strengthening of road before prescribed period of five years resulted in wasteful expenditure of Rs 2.26 crore

The mandatory requirement of status of previous carpeting was also not mentioned in the project at the time of sanction. This resulted in wasteful expenditure of Rs 2.26 crore spent on strengthening of the road during 2000-01.

On being pointed out (December 2003), no reply was furnished (August 2004).

Incorrect payment of price escalation

3.1.30. The work of improvement of old Morinda-Ropar road under RIDF-V scheme was allotted to a contractor in October 1999 with a time allotment of three months but the work was completed after 13 months in November 2000. The contractor was paid escalation of Rs 12.85 lakh in February-April 2001 on the ground that the material could not be supplied to the contractor by the division due to shortage of funds. Due to non-release of funds, extra payment of escalation of Rs 12.85 lakh was made.

Non-receipt of utilisation certificates/actual payees receipts (APRs)

3.1.31. Utilisation Certificates/APRs in respect of disbursement of Rs 1.77 crore for acquisition of land, testing charges, inauguration charges made to Land Acquisition Officers, Sub Divisional Magistrates and Director, Research Institute, made between April 2001 and February 2003, had not been received (March 2004) in the absence of which authenticity of expenditure having been incurred for the stated purpose could not be verified.

3.1.32. Monitoring

To watch the execution of works as per programmes/ specifications/ provisions of agreement, proper monitoring of the execution of work at regular intervals as well as on the completion of work at various levels was necessary. However, Audit noticed that due to lack of proper monitoring of execution of works, the following irregularities occurred:

- The quality of aggregates of each quarry differs. As provided in the DNIT/agreement, Bituminous Macadam (BM) work shall be got done after getting the Job Mix Formula approved from Government or authorised laboratory. Further, to ensure the quality of work and to check the correctness of consumption of mix, density checks are to be carried out.

  BM costing Rs 2.57 crore was laid without getting the job mix formula approved contrary to provisions of agreement

  In 10 works of four [5]divisions, 30242 MT BM was laid at a cost of Rs 2.57 crore without job mix formula having been got approved from Government or approved laboratory and without carrying out density checks, in contravention of provisions of DNIT/agreement.

- PWD specifications provide that surface dressing shall not be carried out in winter season, as the required temperature of mix cannot be maintained.

  In six works of two[6] divisions, on 73088 sqm area, BM & PC of value of Rs 43.85 lakh had been laid during the month of December 2000 and January 2002 contrary to the provision of specifications.

- PWD specifications also provide that subsequent layer of stone metal to WBM, shall be laid after an interval of two weeks so that the wet contents of the surface may dry.

[5] Construction Division, Barnala, Faridkot, Ferozepur and Mohali-I.
[6] Construction Division Faridkot and Mohali.

In three works of two[7] divisions, on 3044 cum, two layers of stone metal to WBM had been laid at a cost of Rs 22.89 lakh in one spell in disregard to rules.

Delayed/non appointment of Quality Control Consultant (QCC)

3.1.33. As per contract agreement, for all works exceeding Rupees two crore, the contractor was to engage a competent and independent quality control consultant approved by Superintending Engineer incharge of work, to exercise effective control over the construction/operation in field so as to produce quality works. Further, in case the contractor failed to employ a quality control consultant for the whole or part of the period of execution, the Engineer-in-Charge may order employment of a consultant at the cost of contractor or may order the departmental staff to carry out checks and a deduction at the rate of 1.5 *per cent* of the total cost of the work was to be made from the bill of the contractor.

As per agreement, recovery of Rs 1.40 crore was not made as quality control consultants were either not employed or were employed late

In four divisions, Quality Control Consultant was either not employed or was employed by the contractors with delays ranging from eight to nine months. Thus, an amount of Rs 1.40 crore being 1.5 *per cent* of cost of works was recoverable as per provision of the contract agreement, as per ***Appendix-XXII***.

When this was pointed out, EE, Faridkot did not furnish any reply; EE, Gurdaspur stated that deduction had been made at 1.5 *per cent* of the work done for the period no consultant was appointed; EE Ferozepur stated that reply will be given after examination; EE, Division No. III Ludhiana stated that QCC was appointed as per terms of agreement and refunded Rs 9.38 lakh already deducted from the contractor on this account. The reply is not acceptable as the deduction of 1.5 *per cent* of the work was to be made considering the entire period of contract irrespective of whether the consultant was appointed for a limited period or after a delay. The contract provisions stipulated the employment of consultant *ab-initio* and therefore, non-appointment or appointment with delay invited deduction as per terms of the contract.

Non-recovery from the contractor

3.1.34. As per agreements, the contractor shall employ one graduate engineer or qualified diploma holder having relevant experience of not less than three years during the execution of work and intimate their names by 10th of each month. Further, in case the contractor fails to employ the technical staff or to submit the names and attendance certificate of such staff, recovery shall be made at the rate of twice the average pay of the corresponding staff.

As per agreement, recovery of Rs 77.41 lakh was not made for non-employment of technical staff

In four[8] divisions, technical staff was not employed by the contractors during the execution of 38 works completed between May 2001 and May 2003 but no recovery was made from them as required. This resulted in non-recovery of Rs 77.41 lakh.

[7] Construction Division Barnala and Ferozepur.
[8] Construction Division Barnala, Faridkot, Ferozepur and Mohali-I.

On this being pointed out, Executive Engineers, Ferozepur, Faridkot and Barnala stated that this has been noted for future compliance and Executive Engineer, Mohali-I stated that required staff was employed but record was not available in the division. Their replies confirmed that the provisions of agreement were not observed and recovery was required to be made.

Conclusions

3.1.35. State Government had specifically obtained loans from NABARD for the purpose of infrastructure and development in rural areas. Despite receipt of funds from NABARD, same were not released by the State Government alongwith its own share. This coupled with non-release of LOC by the District Treasury Officers led to a situation of inadequate flow of funds leading to non-completion and delay in completion of works. Even the implementation of various works was deficient and improper as defective schedule of payments were prepared leading to release of avoidable advance payments, unjustified extensions were given resulting in payment of extra escalation. Project implementation also suffered from improper planning as the bridges were constructed without commensurate and synchronized construction/ strengthening of roads leading to lack of complete utilisation and consequent revenue loss due to non-collection of toll tax.

3.1.36. In order to have the replies from Government to the audit observations issued in April 2004, a mechanism to hold the meetings of the Audit with the Administrative Secretaries was evolved. Accordingly, a meeting with the Administrative Secretaries under the chairmanship of Chief Secretary was held on 27 August 2004 and the Secretary, PWD (B&R) was instructed to furnish replies within two weeks; no reply has been received.

Recommendations

- No work should be started unless the detailed estimate is technically sanctioned as provided in the PWD Code. Timely action should be taken to get the detailed estimates sanctioned as works allotted on the basis of rough estimates may render undue financial benefit to contractors and loss to Government.

- Extension in time allotment to execute the works should be granted after proper consideration of merits of the case to avoid payment of escalation and delay in completion of works.

- All components of work should be completed in phased/ planned manner so that the intended benefit reach the beneficiaries and no expenditure goes as waste/ungainful.

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS BRANCH)

3.2. PRADHAN MANTRI GRAM SADAK YOJANA

Highlights

The Pradhan Mantri Gram Sadak Yojana (PMGSY), a 100 *per cent* Centrally sponsored scheme, was launched in December 2000 with a view to providing connectivity by way of an all weather road (operatable throughout the year) to the unconnected habitations. This was expected to provide services (educational, health, marketing facilities, etc.) which were not earlier available. The review conducted on the scheme revealed several deficiencies; already connected habitations were again connected; habitations with population below 500 persons or situated within a distance of 500 metres of connected habitations were connected contrary to provisions of scheme and projects were not prepared according to guidelines. As a result, 39 works were partially or completely abandoned due to non-availability of required land.

- ***Funds of Rs 40.11 crore were lying unspent as on March 2004 whereas 252 villages were awaiting connectivity.***

(Paragraph 3.2.6)

- ***Construction of 25 roads (55.59 Km) was abandoned due to non-availability of adequate land width which resulted in ungainful expenditure of Rs 7.66 crore.***

(Paragraph 3.2.21)

- ***Thirty one roads (40.49 Km) were constructed at a cost of Rs 5.38 crore to link habitations with population below 500 persons.***

(Paragraph 3.2.16)

- ***Thirteen link roads (37.10 Km) were constructed at a cost of Rs 4.21 crore in two districts to connect those habitations which were already connected.***

(Paragraph 3.2.17)

- ***Eight roads (10.84 Km) costing Rs 1.36 crore were constructed which did not form part of the Core Network.***

(Paragraph 3.2.15)

- ***Fourteen works (16.62 Km) costing Rs 2.50 crore had to be abandoned as project reports were not prepared as per guidelines.***

(Paragraph 3.2.13)

- ***Interest amounting to Rs 3.49 crore accrued on fixed deposits as well as on saving accounts was not intimated to Government of India for addition to PMGSY funds, as required.***

(Paragraph 3.2.8)

- ***Nine roads (9.22 Km) were constructed with state funds though these projects were approved for Rs 1.32 crore depriving the State Government of funds to that extent.***

(Paragraph 3.2.14)

Introduction

3.2.1. The PMGSY was launched in December 2000 with a view to providing connectivity, by way of all weather roads (operatable throughout the year) to the unconnected[9] habitations in the rural areas, in such a way that habitations with a population[10] of 1000 persons and above, were to be covered in three years by 2003 and all unconnected habitations with a population of 500 persons and above, by the end of 2007. For this, a Core Network was required to be prepared in respect of unconnected habitations for connectivity under this Yojana. In the Core Network, 526 villages having population of 500 persons and above were identified for connectivity under the Yojana by constructing 953.38 km roads.

3.2.2. Organisational set-up

The Ministry of Rural Development, Government of India (GOI) was to implement this Yojana at the Central level through National Rural Road Development Agency (NRRDA) set up to provide operational and management support to the programme.

For the Punjab State, Punjab Roads and Bridges Development Board (PRBDB) was declared (February 2002) the nodal agency for implementation of the Yojana. From December 2000 to January 2002, Public Works Department (B&R) was the implementing agency.

The work was being executed by 27 Project Implementation Units (PIUs) (19 units of Public Works Department and eight of Punjab Mandi Board) in all the 17 districts in the State.

3.2.3. Audit objectives

The Yojana was reviewed to ascertain that:

- Yojana funds were utilised for the purpose for which these were sanctioned and extent to which instructions for incurring expenditure had been followed,
- the Core Network had been prepared before undertaking the works and works executed formed part of approved Core Network,
- habitations identified for inclusion in Core Network fulfilled the conditions setforth in the Yojana guidelines,
- only single road connectivity was provided to eligible habitations and
- the quality of execution of the works carried out was as per specifications.

9 Located at a distance of at least 500 metres or more from an all-weather road or connected habitation.

10 Population as recorded in the Census 2001.

Scope of Audit

3.2.4. Records of the PRBDB and 13 PIUs (out of 27) falling under nine districts, involving expenditure of Rs 42.14 crore (out of Rs 87.29 crore) including records in the office of Chief Engineer, Public Works Department, Buildings and Roads, for the period from July 2001 to March 2004, were test checked during January 2004 to April 2004.

Financial Management

3.2.5. PMGSY was a 100 *per cent* Centrally funded scheme and 50 *per cent* of the cess on High Speed Diesel (HSD) was earmarked for this programme. For the first phase of the scheme, funds were released by GOI to the State which further released the funds to PIUs through Deputy Commissioners of the districts. From Phase II onwards, funds were released by GOI direct to PRBDB (nodal agency). All funds received from the GOI were to be credited to a bank account opened by the nodal agency. All payments were to be made from this account.

3.2.6. The details of funds released and utilised during the period from February 2001 to March 2004 were as follows:

Phase	Period	Funds released by GOI	Funds earmarked to PIUs by the State/ PRBDB	Expenditure	Balance	No. of roads		Shortfall
		(Rupees in crore)				Approved	Constructed	
Phase-I	2000-01	24.66	24.66	22.77	1.89	89	86	3
Phase-II	2001-03	75.39	67.36	62.15	13.24	249	227	22
Phase III	2003-04	27.35		2.37	24.98	88	Works in progress	---
	Total	**127.40**	**92.02**	**87.29**	**40.11**	**426**	**313**	

Funds of Rs 40.11 crore remained unutilised though identified villages were yet to be connected

Out of Rs 127.40 crore released for Phase-I, II and III, an amount of Rs 40.11 crore remained with PRBDB and was not utilised and no reasons therefor were intimated although there were 252 villages with road length of 413.22 Km as of March 2004, which were awaiting connectivity.

Though funds amounting to Rs 40.11 crore as of March 2004 were available, no further work was undertaken to utilise the same.

3.2.7. PMGSY guidelines provide for maintaining only one bank account by the State Level Agency and prohibits the investment of funds released under the programme in any other bank /branch either for short term or medium term, including under Fixed Deposits. However, money accruing as interest would be added to PMGSY funds. Departmental Financial Rules (DFR) provide that recoveries of expenditure should be taken as reduction in expenditure on the work in progress. These instructions were not followed as discussed below:

Interest earned not credited to PMGSY funds

Interest of Rs 3.49 crore remained unadded to PMGSY funds

3.2.8. Contrary to the guidelines, funds were kept in fixed deposits by PRBDB and in saving funds in different banks and various accounts by PIUs. The interest amounting to Rs 3.49 crore accrued thereon from fixed deposits as well as saving accounts upto 31 March 2004, was not brought to the notice of Government of India for addition to PMGSY fund.

The Executive Engineer (XEN), while accepting the audit observations, stated (February/March 2004), that the matter would be taken up with PRBDB for doing the needful. Further report has not been received. Reply from PRBDB was also awaited (August 2004).

Recoveries not credited to works

Recoveries made from contractors were not credited to works as required

3.2.9. Recoveries of Rs 8.34 lakh[11] made by three PIUs on various accounts from contractors' bills for the period falling between August 2003 and February 2004 were not credited to concerned works but were deposited into State receipt head account which was irregular.

The XEN, Construction Division No.II, Bathinda accepted (February 2004) audit observations but compliance was awaited. Final reply from the other two XENs was awaited (August 2004).

Non-obtaining of requisite bank guarantees

3.2.10. As per PMGSY guidelines read with standard bidding documents for construction and maintenance of PMGSY roads, roads constructed under this programme were expected to be of very high quality standard requiring no major repairs at least for five years after completion. In order to realise this objective, contractors were to furnish bank guarantees equal to 10 *per cent* (five *per cent* from March 2003) of the contract value of work which should remain valid for five years after the completion of the work.

As per details given in ***Appendix-XXIII***, it was observed that:

Bank Gurantees for Rs 1.61 crore were not obtained

- Bank Guarantees amounting to Rs 1.61 crore had not been obtained at all by eight PIUs against 12 packages as the provision for obtaining 10 *per cent* Bank Guarantee was not included in the Detailed Notice Inviting Tenders (DNITs).
- In 14 packages, bank guarantees were obtained at the rate of five *per cent* (Rs 0.93 crore) of contract cost instead of at the rate of 10 *per cent* (Rs 1.87 crore) by nine PIUs.

11	XEN, Provincial Division, Amritsar	= Rs 4.53 lakh
	XEN, Construction Division, Ropar	= Rs 3.35 lakh
	XEN, Construction Division No. II, Bathinda	= Rs 0.46 lakh

- In two cases, bank guarantees amounting to Rs 11.90 lakh obtained at the rate of five *per cent* of contract cost instead of at the rate of 10 *per cent* by two PIUs, were valid for one year instead of five years.
- In one case, bank guarantee obtained (Rs 11.94 lakh) was released immediately after completion of work.

On being pointed out, three XENs of Punjab Mandi Board stated that bank guarantees were not obtained as there was no provision in the agreements. Two other XENs stated that bank guarantees were obtained for one year as per clause in the agreement. The reply was not acceptable as provision was required to be made in the agreements as per Yojana guidelines.

Programme Management/Planning

3.2.11. Yojana guidelines provided that the Core Network prepared, would form the basis for the preparation of project proposals for construction of roads to give single connectivity to eligible unconnected habitations having population of 500 persons or more and located at a distance of 500 metres or above from the connected habitation or all weather roads. However, no road work was to be proposed/ undertaken under the Yojana unless it formed a part of the Core Network.

3.2.12. Habitations identified for connectivity as per Core Network, works approved for construction by NRRDA and actual roadworks completed as of March 2004, were as under:

Habitations identified for connectivity as per core network		Phase	Works approved by NRRDA		Road works completed		Expenditure incurred on construction (Rs in crore)	Remarks
No. of Roads	Kms		No. of roads	Kms	No. of roads	Kms		
526	953.38	Phase-I	89	171.02	86	162.61	22.77	Two works dropped due to alignment dispute under package PB-1101; One road got completed with State funds
		Phase-II	249	468.34	227	428.88	62.15	Twelve works dropped due to insufficient land width; Two works could not be started due to Army deployment; Eight works completed with State funds
		Phase-III	88	176.20	-	-	2.37	Works in progress
		Total	**426**	**815.56**	**313**	**591.49**	**87.29**	

Availability of land not ensured

The PMGSY guidelines lay down that the State Government was responsible to see that land was available for taking up proposed road works as a certificate to this effect was to accompany the proposal for each road work.

Fourteen works were abandoned due to non-preparation of project reports as per guidelines

3.2.13. Framing of proposals without verification of availability of required land for construction of roads as envisaged in the PMGSY guidelines resulted in abandonment (March 2004) of 14 works (Road length : 16.62 Kms, Costing: Rs 2.50 crore) though funds were available. Thus, the provisions of guidelines were not followed while preparing the projects.

Centrally approved projects financed by State funds

Nine roads constructed from State funds though their projects were approved

3.2.14. Nine roads having length of 9.22 Km were constructed with State funds though the projects were approved for Rs 1.32 crore under the scheme *(Appendix-XXIV)*.

As a result, State had been deprived of the Central assistance to that extent and failed to take the benefit as envisaged in the Yojana.

Work done beyond the scope of Core Network

Eight roads which did not form part of the Core Network were constructed

3.2.15. Eight roads (10.84 Km) were constructed under Phase I (one road included in 86) and Phase II (seven roads included in 227) at a cost of Rs 1.36 crore *(Appendix-XXV)* under the scheme by six PIUs although these did not form part of the Core Network (526 roads), in contravention of the guidelines, resulting in irregular utilisation of funds to that extent. Reasons therefor were awaited (August 2004).

Connectivity provided to habitations with population below 500 persons

Thirty one roads costing Rs 5.38 crore were constructed for habitations having population less than 500 persons contrary to the guidelines

3.2.16. Thirty one roads (40.49 Km) were constructed at a cost of Rs 5.38 crore *(Appendix-XXVI)* to link habitations with population below 500 persons as per Core Network, contrary to guidelines of the scheme.

Connectivity provided to already connected habitations

Construction of 13 roads to link habitations already connected resulted in wasteful utilisation of funds of Rs 4.21 crore

3.2.17. Thirteen link roads (37.10 Km) were constructed at a cost of Rs 4.21 crore (Construction Division, Ropar : five roads, Rs 1.72 crore and Construction Division, Gurdaspur: eight roads, Rs 2.49 crore) in two districts *(Appendix-XXVII)* to connect those habitations which were already connected to other habitations by way of all weather roads and were last surfaced between February 1999 and November 2003. While this was contrary to guidelines, another 252 habitations with population of more than 500 persons were awaiting single connectivity as on 31st March 2004. Funds of Rs 4.21 crore could have been better utilised for the eligible beneficiaries who were deprived of the intended benefits of the Yojana.

The XENs stated that the works had been executed as per approved projects. The reply was not relevant as these works were not to be taken up because the habitations were already connected.

Connectivity provided to habitations within 500 metres of connected habitations

3.2.18. In seven cases, contrary to guiding principles, works had been carried out by five PIUs to connect habitations which were situated at a distance of less than 500 metres from connected habitations, as shown below:

Sr. No.	Name of PIU	Package No.	Name of Road	Length in Km	Expenditure (Rs in lakh)
1.	Construction Division, Mukatsar	PB-1302	i) Phullu Khera to Dhani along Shamshan ghat ii) Dhalwol Dhal to Dhani Mohinder Singh and surrounding habitations	0.30 0.29	2.41 20.78
2.	Construction Division, Gurdaspur	PB-0605	Sorty Marwanto Partananto Muslim Abadi Sareen	0.33	22.40
3.	Construction Division, Hoshiarpur	PB-0703	Garhshankar Santokhgarh road to Dalewal Kurali road to Jhonwal	0.44	8.11
4.	Construction Division, Jalandhar	PB-0804	Kadana to Abadi of village Kadana	0.43	6.49
5.	Punjab Mandi Board Division, Jalandhar	PB-0801	i) Lidhar to Harijan Colony ii) Tut Kalan to Balmiki Abadi	0.49 0.29	5.63 3.16
Total				**2.57**	**68.98**

As the expenditure was against the spirit of the scheme, the expenditure of Rs 68.98 lakh was irregular.

This was pointed out in March and April 2004 but reply has not been received (August 2004).

Irregular construction of road

3.2.19. Village road "Amritsar-Pathankot road to Trija Nagar" was constructed under PMGSY Package No. PB-0601 at a cost of Rs 27.48 lakh. The Additional Deputy Commissioner, Gurdaspur informed (May 2002) the XEN, Construction Division, B&R, Gurdaspur that as checked, this road was to be constructed upto the village for a length less than half kilometre whereas the department has taken its length as 1.64 Km by including the length of village Phirni in the Project which was not covered under PMGSY.

In reply, department stated (June 2004) that the length of road was extended upto 1.64 Km to connect the village to the focal point/market centre. However, the reply was not tenable as Yojana provides for connecting villages with all weather roads.

This resulted in irregular expenditure of Rs 27.48 lakh.

Execution of works

3.2.20. The rural roads constructed under PMGSY must meet the technical specifications and geometric design standards given in the Rural Roads Manual of the Indian Road Congress (IRC) (Publication IRC: SP20-2002). Once approved, the alignment of the road should not be changed without obtaining the concurrence of State Technical Agency and State Level Standing Committee.

All staff cost was to be borne by the State and no agency charges were admissible for road work. A review of the execution of works under the Yojana revealed as brought out in the following paras:

Unfruitful expenditure on abandoned works

3.2.21. Construction of 25 roads (55.59 Km) was taken up to link habitations under 16 packages in seven districts under the scheme and an expenditure of Rs 7.66 crore was incurred on them ***(Appendix-XXVIII)***. In the progress report, the works were shown as completed whereas actually the works were abandoned during February 2002 to January 2003 after construction of part portion of roads due to non-availability of adequate width, bridges/stream falling in the alignment of roads, forest land etc. No further action was taken to complete these works.

Non-availability of adequate land width resulted in ungainful expenditure of Rs 7.66 crore

Thus, expenditure of Rs 7.66 crore incurred on these works, not covered under the guidelines of Yojana, was unfruitful as habitations could not be connected and people were deprived of the intended benefits.

When this was pointed out, four[12] XENs stated that works could not be completed due to non-availability of required land, forest area falling in alignment of roads; land disputes and missing links to be constructed by funds to be provided by State as per guidelines. The reply confirmed that Government failed to ensure availability of land and other aspects, which were required to be checked before getting these works approved under the scheme. Reply from the remaining six XENs was awaited (August 2004).

Expenditure wrongly/irregularly charged to works

3.2.22. According to Public Works Department Code, the authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional works not contemplated in the original project.

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12 XEN, Construction Division, Ropar, Provincial Division, Amritsar, Construction Division No. II, Bathinda and Punjab Mandi Board Division, Amritsar.

- Contrary to the above provisions, expenditure amounting to Rs 61.53[13] lakh on items of work which did not form part of approved estimates, met out of savings, was charged to the works by 10 PIUs, resulting in irregular utilisation of funds.

The XENs stated that the expenditure was within approved project cost and was met out of savings. The reply was not tenable as utilisation of savings towards items not provided in estimates was irregular.

Rs 64.84 lakh incurred on other works and cost of staff wrongly charged to the scheme

- The PMGSY guidelines do not provide for any staff costs as the same was to be borne by the State Government.

Contrary to the guidelines, salary of work charged staff amounting to Rs 3.31 lakh was charged to concerned works (XEN, Punjab Mandi Board, Bathinda: Rs 2.75 lakh and the XEN, Construction Division, Gurdaspur: Rs 0.56 lakh), although works were got executed from contractors on through rates, resulting in irregular utilisation of funds.

In reply, it was stated that expenditure was within approved estimated cost. The reply was not tenable in view of specific directions under the Yojana. Moreover, the work charged staff did not perform any job on the work executed.

Monitoring

3.2.23. For effective monitoring of the programme, State Government was to ensure the setting up of "On Line Management & Monitoring System" for prompt sending the requisite reports/information.

No effective monitoring system was enforced as out of 13 test checked PIUs, computers were not installed in six PIUs; in three cases though computers were installed, internet connections were obtained six to 18 months after their installation. As a result, the purpose of constant updating and online monitoring remained unachieved.

Conclusions

3.2.24. The implementation of the PMGSY faltered in the State as out of 526 identified unconnected villages, 252 villages were yet to be connected despite the availability of funds; already connected habitations were again connected; habitations with population below 500 persons or situated within a distance of 500 metres of connected habitations were connected; projects were not prepared according to guidelines as a result of which 39 works had to be abandoned, completely or partially, due to non-availability of required land; roads were constructed in violation of technical specifications. The scheme

[13]

	(Rupees in lakh)		(Rupees in lakh)
Logo sign Board	=9.09	Contingency	=14.63
Soil testing/consultation	=6.04	Advertisement	=7.70
Brick edging	=13.33	Restoration of Flood Damage Works	=3.04
Other works	=7.70	**Total**	**61.53**

could not be monitored properly as infrastructure for online management and monitoring system was not installed in time.

3.2.25. In order to have the replies of the Government to the audit observations issued in May 2004, a mechanism to hold the meetings of the Audit with the Administrative Secretaries was evolved. Accordingly, a meeting with the Administrative Secretaries under the Chairmanship of Chief Secretary was held on 27 August 2004 and the Secretary, PWD (B&R) was instructed to furnish replies within two weeks; no reply has been received.

Recommendations

- The Core Network prepared for execution of Yojana needs to be followed strictly so that works not forming its part are not taken up.
- Project Reports need to be prepared after ensuring availability of land for construction of roads so that approved works are not abandoned at a later stage due to non-availability of land.
- Plan to utilise unspent amount of Rs 40.11 crore may be prepared.
- Department should exercise control over charging of expenditure to works so that expenditure not provided in estimates/ not related to works are not charged to Yojana funds.

3.3. IMPLEMENTATION OF CHILD LABOUR (PROHIBITION AND REGULATION) ACT, 1986

LABOUR AND EMPLOYMENT DEPARTMENT

Highlights

The Child Labour (Prohibition and Regulation) Act, 1986 (Act) is a Central Act, which was notified for application in Punjab in 1997. This Act alongwith the other related Acts and the Rules framed thereunder are intended *inter alia* to ban the employment of children under 14 years in specified occupations and processes; lay down a procedure to decide modification to the Schedule of banned occupations or processes; and regulate the conditions of work of children in employment where they are not prohibited from working. In Punjab, the implementation of the Act was inadequate. A number of establishments employing child labour remained unmonitored. Child Labour Rehabilitation-cum-Welfare Fund could not be raised. Special schools opened for the education of child labour did not fulfil the prescribed criteria to be eligible for funding under the National Child Labour Project (NCLP).

- ***The Act was notified by the State Government in January 1997 after a delay of about nine years.***

(Paragraph 3.3.10)

- ***Due to non-recovery from employers, 'Child Labour Rehabilitation-cum-Welfare Fund' to the tune of Rs 10.87 crore in 4348 cases could not be raised and no member of the affected families was provided employment.***

(Paragraph 3.3.13)

> ***Funds provided for survey were either not fully utilised or spent on irregular purchases.***

(Paragraph 3.3.6)

> ***Except for opening of 107 special schools under three National Child Labour Projects (NCLPs), other strategical steps suggested in the National Policy on Child Labour were not implemented.***

(Paragraph 3.3.12)

> ***The special schools were opened for children working in home based occupations and no recovery of cost of education from any employer of the children was made.***

(Paragraph 3.3.15)

> ***Opening of 24 special schools in excess resulted in extra expenditure of Rs 29.30 lakh.***

(Paragraph 3.3.17)

Introduction

3.3.1. The policy of the Government is to ban employment of children below the age of 14 years in factories, mines and hazardous employments and to regulate the working conditions of children in other employments. The Child Labour (Prohibition and Regulation) Act, 1986 (Act) seeks to achieve this basic objective. The Act prohibits employment of children in occupations and processes listed in Part A and B of the Schedule to the Act. Through a Notification in 1993, the working conditions of children have been regulated in all employments, which are not prohibited under the Act are to:

- ban the employment of children, i.e. those who have not completed their fourteenth year, in specified occupations and processes;
- lay down a procedure to decide modifications to the Schedule of banned occupations or processes;
- regulate the conditions of work of children in employment where they are not prohibited from working;
- lay down enhanced penalties for employment of children in violation of the provisions of this Act and other Acts which forbid the employment of children;
- obtain uniformity in the definition of 'child' in the related laws.

As the National Policy on Child Labour was not being implemented effectively, the Supreme Court of India issued (December 1996) further directions for:

- identification of working children,
- withdrawal of children working in hazardous employment and ensuring their education in appropriate institutions,
- contribution of Rs 20,000 per child by the offending employer of child labour to Child Labour Rehabilitation-cum-Welfare Fund (Welfare Fund) to be established for the purpose, and

- employment of one adult member of the family of child so withdrawn from work and if that is not possible, a contribution of Rs 5,000 to the Welfare Fund to be made by the State Government.

Organisational set-up

3.3.2. In Punjab, the Act is being implemented through Department of Labour and Employment headed by the Principal Secretary to Government of Punjab who is assisted by one Labour Commissioner, 24[14] Assistant Labour Commissioners, one Statistical Officer (Labour) and Labour Inspectors at Circle level.

NCLPs are executed through Project Societies headed by the Deputy Commissioner as Chairman with the Project Director as Secretary.

Audit objectives

3.3.3. The objective of Audit during the review was mainly to examine :

- any infirmities in the Act and Rules, as also the extent of implementation of the Act with regard to the enforcement and regulation of labour laws,
- the steps taken under the National Policy on Child Labour and Programmes for prohibition and rehabilitation of child labour and results achieved, and
- the justification behind opening of special schools in Punjab and results achieved.

Scope of Audit

3.3.4. The implementation of the Act for the period 1999-2004 was reviewed during January 2004 to April 2004 based on a test check of the records of Labour Commissioner, Punjab, Chandigarh, 12[15] Circles (out of 24) and all the three NCLPs (Amritsar, Jalandhar and Ludhiana) in Punjab.

Financial management

3.3.5. No funds were allotted in the annual budget of State for the implementation of this Act. All the funds for NCLPs were provided by Government of India, Ministry of Labour (GOI). Funds were released to the concerned Project Societies depending upon the progress of project activities. Delay by the Project Societies in submitting the utilisation certificates, however, led to corresponding delay in release of further funds by GOI. The details of provisions made, funds released and expenditure incurred under the three NCLPs during 2000-04 were as follows:

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14 Amritsar-3, Bathinda-1, Batala-1, Chandigarh-1, Ferozepur-1, Gurdaspur-1, Hoshiarpur-1, Jalandhar-3, Kapurthala-1, Ludhiana-6, Moga-1, Patiala-1, Rajpura-1, Ropar-1, Sangrur-1.

15 Ludhiana: 6, Amritsar: 3 and Jalandhar: 3.

(Rupees in lakh)

Name of NCLP	Year	Funds allotted	Opening Balance	Funds released	Funds released short (-)/ excess (+)	Interest earned	Total (4+5+7)	Expenditure	Unspent Balance
1	2	3	4	5	6	7	8	9	10
Jalandhar	2000-01	46.54	-	34.28	(-) 12.26	0.14	34.42	21.12	13.30
	2001-02	59.50	13.51*	45.98	(-) 13.52	0.11	59.60	46.50	13.10
	2002-03	59.50	13.10	46.40	(-) 13.10	0.19	59.69	51.34	8.35
	2003-04	59.50	8.35	51.15	(-) 8.35	0.09	59.59	59.11	0.48
Total		**225.04**		**177.81**	**(-) 47.23**	**0.53**	**213.30**	**178.07**	
Amritsar	2000-01	67.31	-	-	(-) 67.31	-	-	-	-
	2001-02	85.94	-	25.69	(-) 60.25	0.35	26.04	25.34	0.70
	2002-03	85.94	0.70	85.01	(-) 0.93	0.28	85.99	21.26	64.73
	2003-04	85.94	64.73	107.77	(+) 21.83	0.04	172.54	104.09	68.45
Total		**325.13**		**218.47**	**(-) 106.66**	**0.67**	**284.57**	**150.69**	
Ludhiana	2000-01	67.31	-	-	(-) 67.31	-	-	-	-
	2001-02	85.94	-	68.66	(-) 17.28	0.10	68.76	39.86	28.90
	2002-03	85.94	28.90	56.14	(-) 29.80	0.49	85.53	82.47	3.06
	2003-04	85.94	3.06	80.45	(-) 5.49	0.05	83.56	43.52	40.04
Total		**325.13**		**205.25**	**(-) 119.88**	**0.64**	**237.85**	**165.85**	
G. Total		**875.30**		**601.53**	**(-) 273.77**	**1.84**	**735.72**	**494.61**	

**** 0.21 lakh added by GOI as inadmissible expenditure of previous year.***

It was observed in audit that although an amount of Rs 8.75 crore was allotted to three NCLP Societies during the period 2000-04, only an amount of Rs 6.02 crore was released. The short release of funds which was mainly during the period 2000-03 was attributed to improper functioning of the Project Societies which were manned by part time Project Directors. Also the schools that were envisaged for opening by these Project Societies could not be opened in time due to non-finalisation of location/accommodation for schools and delay in selection of Non-Government Organisations/Voluntary Organisations (NGOs/VOs) who were to run these schools. The deficient functioning of NCLP Societies contributed towards delayed submission of the utilisation certificates (UCs) resultantly, funds were released with delay upto eight months. Delayed receipt of funds also had adverse impact on funding of schools as payment of stipend and honorarium got delayed. It was noticed in audit that as of March 2004, the payment of stipend and honorarium in NCLPs at Amritsar and Ludhiana had not been made beyond May 2003 and November 2003 respectively, on account of non-release of funds by the Project Directors to the respective NGOs/VOs.

Improper/non-utilisation of funds provided for survey

3.3.6. Survey is the essential part for operationalising of Child Labour Project which provides information on the magnitude of child labour, their geographical distribution, health status, nature of industries/ occupations (hazardous or otherwise) etc.

Government of India, Ministry of Labour released (March 1997) funds amounting to Rs 25 lakh to 14[16] District Rural Development Agencies (DRDAs) in Punjab for conducting survey in terms of Supreme Court's directions (December 1996) to detect child labour working in hazardous and non-hazardous occupations.

In five[17] districts, the information of which was made available, against the release of Rs 9.25 lakh for survey, only Rs 1.14 lakh were spent for the purpose of survey. Rs 0.74 lakh were spent for purchase of Almirahs and Typewriters and balance amount alongwith interest was refunded to GOI during May 1999 to May 2003 as the funds allotted to DRDAs could not be transferred to the Labour Department in time for conducting the survey. Most of the funds either remained unutilised or were spent on irregular purchases and were not fruitfully utilised for the purpose. Moreover, the results of survey were not utilised for the purpose of selection of location for opening of new special schools.

Suspected misappropriation

3.3.7. An official working for special schools under the control of District Red Cross Society, Amritsar did not submit the account of Rs 8.90 lakh received during April 2003 and was placed under suspension (December 2003) for non-rendering of accounts of expenditure and non-submission of connected records. The failure of the project society to obtain the expenditure account regularly facilitated the misappropriation. Further outcome was awaited (August 2004).

Infirmities in the Act and Rules

3.3.8. A review of the adequacy of the legal powers available to the State under the Act revealed the following infirmities which hindered its effective implementation:

- Most of the children working in Punjab were the wards of migrant labour families who often changed their location with their parents. The Act does not provide for their follow up for education/mainstreaming/ rehabilitation and for ensuring that they did not return to labour.
- There was no provision in the Act/Rules regarding immediate financial assistance to the family for rehabilitation of the child labour withdrawn from hazardous occupations.

Implementation of the Act

3.3.9. The provision of the Act stipulated that children should not be employed in occupations or activities which were specified in the Act and contravention of this provision attracted penal action including imprisonment

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16 Rs 2 lakh each: (i) Amritsar & (ii) Ludhiana; Rs 1.75 lakh each: (iii) Bathinda, (iv) Faridkot, (v) Ferozepur, (vi) Fatehgarh Sahib, (vii) Gurdaspur, (viii) Hoshiarpur, (ix) Jalandhar, (x) Kapurthala, (xi) Mansa, (xii) Patiala, (xiii) Roop Nagar and (xiv) Sangrur.

17 Amritsar, Ferozepur, Jalandhar, Ludhiana and Sangrur.

and fine. The Act, though permitted employment of children in other occupations/activities, the conditions of work were required to be regulated as specified in Sections 7 and 9 of the Act. Consequent to the pronouncement of judgment by the Supreme Court, mechanism for a survey and setting up of Child Labour Rehabilitation-cum-Welfare Fund was also involved. It was, however, observed in audit that there were deficiencies in the implementation of the provisions of the Act, such as, delayed notification of the rules for application in the State by the State Government, non-maintenance of registers prescribed under the Act, delay in opening of NCLP schools, absence of system of recording specific violations during inspections, non-implementation of various strategic steps outlined in the package for rehabilitation of children, injudicious opening of schools under NCLP and non-raising of Welfare Fund, as specified below:

Delayed notification of rules by State Government

3.3.10. Although the Act was passed in 1986 and the related Child Labour (Prohibition and Regulation) Rules were framed by Central Government in the year 1988, the above stated Rules were only notified in January 1997 after a delay of nine years for application in the State by Punjab Government. Further, no action plan was drawn up by the State Government for elimination of child labour in the State upto August 2000. The NCLP schools under the National Policy on Child Labour were only opened in the State in September 2000. The delays in notification and non-drawing of action plan is indicative of inadequate sensitisation and awareness in the State Government for tackling this problem.

Deficiencies in implementation of the prohibitory functions under the Act

3.3.11. Department detected 2634 child labour cases in 18611 inspections carried out in the State during the years 1996-2004 but did not have the break-up as to whether they related to hazardous or non-hazardous occupations. Of these, 101 cases of violation were reported, against which 98 prosecutions were launched. Convictions were made in 69 cases and 19 cases were acquitted; Rs 1.51 lakh were realised as fine. However, the Statistical Officer (Labour) stated (August 2004) that 35 prosecution cases (include 25 pending cases prior to 1996) were pending in the Court for which no details were available with the department. This indicates lack of effective control in the follow up of cases.

It was also observed that the Section 11 of the Act prescribed maintenance of a proper register by the establishment recording name and date of birth of child, hours and period of work with intervals of rest, the nature of work and such other particulars as may be prescribed. The register was to be made available for inspection by the Inspectors at all times. The record of inspections made by Labour Inspectors did not indicate that such registers as prescribed were examined for proper maintenance during the inspections.

Non-implementation of the steps outlined in package for rehabilitation of child labour

3.3.12. Under the Project-based Plan of Action for the rehabilitation of children, the Department was to evolve a package comprising the following strategical steps:

- Stepping up the enforcement of the Child Labour (Prohibition & Regulation) Act, the Factories Act and the Mines Act. If necessary, special enforcement staff will be created for the purpose.
- Coverage of families of child labour under the income/ employment generating programmes under the overall aegis of anti-poverty programmes.
- Concentration of special component and tribal sub plans by the State Government in each project area where there is concentration of SC/ST families with child labour.
- Formal/non-formal education of all child labour engaged in hazardous/non-hazardous employments. A stepped up programme of adult education for the parents.
- Coordinating the activities of different Departments/Governments to benefit child labour.
- Setting up of special schools for child workers together with provisions of vocational education/training in such special schools, supplementary nutrition, a stipend to the children taken out from prohibited employments and health care for all children attending such special schools.

It was, however, noticed that only the last step i.e. setting up of special schools was implemented in three districts of Punjab by opening 107 such schools (Jalandhar-27, Amritsar-40, Ludhiana –40). The other strategical steps of the package were not implemented for which no reasons were intimated.

Non-raising of Welfare Fund

3.3.13. As per directions (December 1996) of Hon'ble Supreme Court of India, the offending employer was to pay compensation of Rs 20,000 for every child employed in a hazardous work and this sum was to be deposited in Welfare Fund. Another amount of Rs 5,000 was required to be deposited in this fund for each child by the State Government where it was not possible to provide job to an adult member of the family whose child was employed in a hazardous work.

Due to non-recovery from employers, neither Welfare Fund to the tune Rs 10.87 crore in 4348 cases could be raised nor any member of affected family was provided employment

The survey conducted in Jalandhar in 2001-02 revealed that 2239 children were working in hazardous occupations. A similar survey at Amritsar and Ludhiana conducted earlier in 1997 had revealed 2115 such children (Amritsar: 60 & Ludhiana: 2055). Against the required Welfare Fund of Rs 1088.50 lakh to be raised, only Rs 1.20 lakh were collected in six cases in Amritsar. Neither was any adult member of affected families given employment nor was any payment from the income earned on Welfare Fund made.

While the Project Director, Ludhiana and Amritsar admitted the facts, Project Director, Jalandhar stated (February 2004) that the child labour cases detected were from home based occupations.

Opening of special schools

3.3.14. The major activity undertaken under NCLP was the establishment of special schools to provide non-formal education, vocational training, supplementary nutrition, stipend, health care etc., to children withdrawn from employment. The special schools were to run in a manner so as to effectively prevent children from working, especially in prohibited employment and to mainstream them in the regular educational system.

Out of total 107 special schools, the functioning of 70 special schools was test checked. The review revealed funding of ineligible schools and deficiencies in the functioning of schools, as brought out below:

Injudicious opening of special schools under NCLPs

3.3.15. The Act provided for detection and rehabilitation of child labour from hazardous and non-hazardous occupations. As a result of subsequent survey in 1997-98 conducted by the V.V.Giri National Labour Institute and Federation of Indian Chambers of Commerce and Industry (FICCI) to redress the problem of Sports Goods Industry, the Department opened (September–December 2000) 27 special schools at Jalandhar for 1350 child labour who were not withdrawn from any hazardous occupation/processes but were working in home based occupations mainly relating to Sports Goods Industry. According to Supreme Court's directions and NCLP guidelines, the special schools were meant for rehabilitation of child labour withdrawn from hazardous occupations/processes. As the opening of the special schools in Jalandhar did not fulfill the above criterion, these schools were not eligible for funding under the NCLP. The expenditure incurred on these schools amounted to Rs 1.78 crore (upto March 2004).

Opening of special schools was not as per Supreme Court's directions which resulted in injudicious expenditure of Rs 4.95 crore incurred on their functioning

Similarly, in Amritsar and Ludhiana, neither any Welfare Fund was raised (except for Rs 1.20 lakh in six cases in Amritsar) nor any recovery of cost of education was made in respect of 4000 child labour enrolled in 80 special schools (i.e. 50 children per school). Although an expenditure of Rs 3.17 crore (Amritsar: Rs 1.51 crore and Ludhiana: Rs 1.66 crore) had been incurred during September 2001 to March 2004 on the functioning of these schools, the expenditure so incurred was injudicious to the extent that:

- There was no linkage of the actual children detected during survey with those who were enrolled subsequently after a time gap of one year or even more since most of the child labour in Punjab were the wards of migrant labour and their location kept on changing.
- The address of employers was not forthcoming on the lists/profiles of children enrolled.

- There were cases of self employment viz. rag-picking, shoe-polishing, domestic servants, fruit selling, seller of miscellaneous tiny items and some children without work from poor families.

Improper functioning of schools

3.3.16. Following deficiencies /irregularities were noticed in the functioning of the test checked schools:

- The programme lacked building and infrastructure of its own as out of 107 schools, 69 schools (Amritsar- 32, Ludhiana- 11, Jalandhar- 26) were accommodated in Government school buildings and were functioning after the normal school hours.
- Contrary to the directions of GOI to run the special schools for at least five to six hours a day, the school hours were limited to two to three hours.
- Out of 51 schools test checked in Amritsar and Ludhiana, in 14 schools only, health check-up was got conducted but dates of such camps were not furnished.

Extra avoidable expenditure

3.3.17. National Policy on Child Labour, 1987, prescribed the norms for the deployment of staff for schools with 50 children and 100 children.

Extra avoidable expenditure of Rs 29.30 lakh due to opening of 48 schools with 50 children instead of 24 schools with 100 children each

It was, however, noticed that instead of opening 24 schools each for 100 children, 48 schools with 50 children each were opened in the same premises (Jalandhar: September 2000, Amritsar and Ludhiana :September 2001) resulting in additional establishment on 24[18] schools involving an extra avoidable expenditure of Rs 29.30[18] lakh during the period September 2000 to March 2004.

Irregular expenditure on nutrition

Rs 30.52 lakh shown incurred on nutrition without supporting vouchers

3.3.18. As per guidelines of NCLP, nutritious diet at the rate of Rs 2.50 (enhanced to Rs five in December 2003) per child per day was to be provided to the child labour enrolled in the special schools. In 42[19] schools out of 70 schools test checked, expenditure of Rs 30.52[19] lakh was incurred for supplying *samosas, badana, kulche- chhole, mathie, toffee*, fruits etc. but no supporting vouchers of expenditure incurred were maintained/shown to Audit.

Project Director, Jalandhar stated that there was no codal requirement to maintain vouchers. The reply was misleading and against the financial rules.

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18 Amritsar- 7 schools : Rs 8.03 lakh; Jalandhar-4 schools : Rs 6.36 lakh and Ludhiana –13 schools :Rs 14.91 lakh.

19 Amritsar- 20 schools : Rs 14.37 lakh, Jalandhar-7 schools : Rs 5.74 lakh and Ludhiana-15 schools : Rs 10.41 lakh.

Inadequate coverage of Awareness Generation Programme

3.3.19. A good awareness generation programme effectively conducted can act as an excellent backdrop for the survey to ensure accurate and authentic data about working children and creation of a climate which will be conducive for release and rehabilitation of working children.

As per National Policy on Child Labour, the Department was required to undertake programmes for generating awareness about this evil of child labour and other welfare programmes of the State/Centre for elimination of child labour and rehabilitation of affected families.

The State Government/Project Societies had not launched any specific annual plan for the purpose. Only seven programmes/camps (Jalandhar- 5 :September 2000 to March 2004 and Amritsar- 2 :September 2001 to March 2004) were conducted whereas no such programme was arranged in Ludhiana. Thus, the number of awareness generation programmes and their frequency during the period was poor.

Monitoring and Evaluation

3.3.20. The implementation of the provisions of the Act is required to be monitored by State Government through Labour and Employment Department and further required to be monitored by the Ministry of Labour, Government of India. The State Government was to review the progress of the implementation of the programme twice every year. There was only one meeting in November 2001 of the State Monitoring Committee for the enforcement of Act. The monitoring of project societies at the level of Chairman/Project Director was carried out once in a year on test check basis. Inspection of the societies as well as of special schools was not carried out by Directorate of Labour and Employment Department.

The Project at Jalandhar was evaluated by V.V.Giri National Labour Institute in October 2001 and another report to this effect was submitted by the Project Director in January 2004, whereas no evaluation of Projects at Ludhiana and Amritsar was made.

Conclusions

3.3.21. The implementation of the Act was very inadequate. Even the Rules for application of the Act in the State were notified after a delay of over nine years. Submission of utilisation certificates by the project societies was delayed which resulted in late release of funds by GOI. Funds provided for the survey were not fully utilised. Department failed to prosecute most of the errant establishments under Sections 9 and 11 of the Act regarding sending the information to the Inspector and maintenance of the register. According to Supreme Court's directions and NCLP guidelines, the special schools were meant for rehabilitation of child labour withdrawn from hazardous occupations/processes but the special schools in Jalandhar were irregularly opened for home based child labour relating mainly to sports goods industry. Special schools in Amritsar and Ludhiana enrolled child labour of migrating families and from unspecified work/job category not covered under the Act/ Policy of the NCLP. There was failure to implement the decision of Hon'ble

Supreme Court in raising the Welfare Fund meant for financial assistance to the affected families.

3.3.22. In order to have replies from the Government to the audit observations issued in May 2004, a mechanism to hold meetings with the Administrative Secretaries was evolved. Accordingly, a meeting with the Administrative Secretaries under the Chairmanship of Chief Secretary was held on 27 August 2004 and the Secretary, Labour and Employment was instructed to furnish replies within two weeks; no reply has been received.

Recommendations

- Project Societies should be managed by full time Project Directors and may be directed to submit utilisation certificates in time to avoid late release of funds by Government of India.
- Proper monitoring and follow up of mainstreaming of child labour after they are out of NCLP schools should be ensured.
- The enrolment of children in schools should be linked with the children actually detected/withdrawn from hazardous occupations.
- Steps should be taken to recover cost of education from employers for children enrolled from non-hazardous occupations.
- The raising of Welfare Fund and payment out of income earned on such Fund to the affected families should be properly monitored.

3.4. INDIAN SYSTEMS OF MEDICINE AND HOMOEOPATHY

HEALTH AND FAMILY WELFARE DEPARTMENT

Highlights

In Punjab, the Indian Systems of Medicine and Homoeopathy (ISM&H) could not be made effective. The major percentage of expenditure was on salaries and negligible expenditure was incurred on medicines. Although sufficient infrastructure had been created in Government Ayurvedic Pharmacy, Patiala for manufacture of Ayurvedic drugs, only negligible expenditure was incurred on purchase of raw herbs to be used for preparation of Ayurvedic drugs. As a result, no medicine could be provided to the hospitals/dispensaries and there were no indoor patients in 10-bedded Ayurvedic Hospital, Ludhiana and seven Ayurvedic Swasth Kendras. This led to unfruitful expenditure on pay and allowances of idle staff.

- ***More than 98 per cent expenditure was incurred on salaries and negligible expenditure was incurred on medicines etc. Per patient expenditure on medicines decreased from 76 paise in 1999-2000 to 22 paise in 2003-04 (ISM) and ranged between 3 paise and Rs 1.20 (Homoeopathy) during 1999-2004.***

(Paragraph 3.4.6)

- ***Rupees 1.91 crore for Ayurveda released by Government of India were either not released by State Government or released only at the end of the year.***

(Paragraph 3.4.6)

> ➢ *Rupees 0.19 crore for Homoeopathy released by Government of India could not be utilised due to late sanctioning of scheme by the State Government.*
>
> *(Paragraph 3.4.6)*
>
> ➢ *The department not only failed to fully utilise the funds received from Government of India for Government Ayurvedic Pharmacy Patiala but also incurred ungainful expenditure of Rs 36.98 lakh on purchase of machinery.*
>
> *(Paragraph 3.4.24)*
>
> ➢ *As no indoor patients were admitted in hospitals/Swasth Kendras, unfruitful expenditure of Rs 1.19 crore was incurred on account of pay and allowances of idle staff.*
>
> *(Paragraphs 3.4.17 to 3.4.19)*
>
> ➢ *Response to the proposal to surrender 32 posts which could have saved Rs 40 lakh per year sent to Director, Research and Medical Education in November 1999 has not been received so far.*
>
> *(Paragraph 3.4.15)*

Introduction

3.4.1. Indian Systems of Medicine and Homoeopathy (ISM&H) covers both systems that originated in India and those that originated outside but adopted and adapted in India in course of time. These systems are Ayurveda, Sidha, Unani, Yoga and Naturopathy and Homoeopathy. Out of the above systems, Ayurveda system is more popular in Punjab. These systems have been providing health care services to a large section of the population particularly in rural areas.

Organisational set-up

3.4.2. Principal Secretary to Government of Punjab, Health and Family Welfare is the overall incharge of both the systems.

Indian Systems of Medicine

The work of ISM in the State is looked after by the Director (Ayurveda), assisted by Joint Director and Deputy Director at Headquarters and by District Ayurveda and Unani Officer-cum-Drug Inspectors and Ayurvedic Medical Officers at district level. There is also one Government Ayurvedic College at Patiala under the control of Director, Research and Medical Education (DRME).

Homoeopathy

Department of Homoeopathy is looked after by the Head of Homoeopathic, who is assisted by Assistant Director (Homoeopathy) at Headquarters and by District Homoeopathic Medical Officers and Homoeopathic Medical Officers at district level.

Programme objectives

3.4.3. The objectives of this programme are:

Indian Systems of Medicine

- treatment of common and chronic diseases through popular methods of alternative systems of medicine such as Panch Karma, Kshar Sutras, Yoga, Naturopathy and Regimentary Therapy.
- expression and popularisation of Indian Systems of Medicine (ISM).
- to provide specialised preventive, promotive, curative and rehabilitating health cure to the ailing masses.

Homoeopathy

The main objective of this system is to provide medical services to maximum patients in the rural as well as urban areas with minimum cost.

Audit objectives

3.4.4. The main audit objectives of the systems were:

- to examine the extent of utilisation of funds and grants-in-aid given under the system,
- to review the infrastructure for training and facilities created in various training institutions,
- to examine availability of infrastructure and modern basic facilities in various institutions and
- to review the effectiveness of delivery mechanism under this system of medicine in the State of Punjab.

Scope of Audit

Indian Systems of Medicines

3.4.5. There are five 10 bedded Hospitals, 17 Swasth Kendras and 507 Ayurvedic/Unani dispensaries, out of which 446 are rural dispensaries. One Government Ayurvedic Pharmacy is at Patiala. There is a Government Ayurvedic College at Patiala attached with 106 bedded Government Ayurvedic Hospital, Patiala under the control of DRME.

Records of office of Director, Ayurveda, Pharmacy, College and Hospital and four districts (Gurdaspur, Hoshiarpur, Jalandhar and Ludhiana) comprising of three 10 bedded Hospitals, nine Swasth Kendras and 204 dispensaries were test checked for the period 1999-2004 between April- May 2004.

Homoeopathy

Records of Directorate and 38 Homoeopathy dispensaries, out of total 107, for the period 1999-2004 were test checked during April-May 2004. The only 10 bedded Skin and Cancer Hospital at Jalandhar was closed in November 2002 and was converted into two dispensaries as the Hospital had become non-functional due to non-admission of indoor patients.

Financial outlay and expenditure

3.4.6. To popularise ISM&H, funds are provided by the State Government through budget. Government of India (GOI) also provides funds to the State Government for Centrally Sponsored Schemes (CSSs).

Allotment of funds and expenditure in respect of ISM&H for the last five years was as under:

Indian Systems of Medicine

(Rupees in crore)

Year	State Plan/Non Plan schemes								Central Assistance	
	Allot-ment	Expenditure	Expendi-ture on salary	Percen-tage	Expendi-ture on medicine	Percen-tage	Total No. of patients (in crore)	Expenditure per patient (in Rupees)	Allot-ment	Expen-diture
1999-2k	21.61	21.35	21.05	98.6	0.13	0.6	0.17	0.76	0.55	-
2000-01	25.45	22.46	22.16	98.7	0.09	0.4	0.17	0.53	0.55	-
2001-02	26.58	23.90	23.61	98.8	0.11	0.5	0.18	0.61	0.55	-
2002-03	26.27	24.90	24.50	98.4	0.10	0.4	0.18	0.56	0.21	-
2003-04	26.80	23.74	23.40	98.6	0.04	0.2	0.18	0.22	0.05	-
Total	**126.71**	**116.35**	**114.72**		**0.47**		**0.88**		**1.91**	-

More than 98 *per cent* expenditure was on salaries and negligible expenditure was incurred on medicines etc.

Homoeopathy

(Rupees in crore)

Year	State Plan/Non Plan schemes								Central Assistance	
	Allot-ment	Expenditure	Expendi-ture on salary	Percen-tage	Expendi-ture on medicine	Percen-tage	Total No. of patients (in crore)	Expenditure per patient (in Rupees)	Allot-ment	Expen-diture
1999-2k	3.66	3.61	3.56	98.6	---*	--	0.10	0.03	--	--
2000-01	3.95	4.15	3.99	96.0	0.12	2.9	0.10	1.20	--	--
2001-02	4.65	4.28	4.23	98.8	---**	--	0.10	0.05	--	--
2002-03	4.86	4.58	4.51	98.5	0.01	0.2	0.11	0.09	--	--
2003-04	4.96	4.86	4.74	97.5	0.05	1.0	0.12	0.42	0.19	--
Total	**22.08**	**21.48**	**21.03**		**0.18**		**0.53**		**0.19**	--

* *Rs 32000/- only and ** Rs 48000/- only.*

Per patient expenditure on medicines decreased from 76 paise (1999-2000) to 22 paise (2003-04) under ISM and it ranged between 3 paise and Rs 1.20 under Homoeopathy during 1999-2004.

Major expenditure was on salaries and nominal expenditure was incurred on medicines and equipment. Percentage of expenditure incurred on material and supply and medicines with reference to total expenditure ranged between 0.2 and 0.6 *per cent* in respect of Ayurveda and between nil and 2.9 *per cent* in respect of Homoeopathy during the period 1999-2004 which shows that negligible expenditure was incurred on purchase of medicines etc. depriving the people of the intended benefits.

Funds could not be utilised either due to non-release of funds by State Government or released at the fag end of year and late approval of the scheme by State Government

Rupees 1.91 crore released by GOI during 1999-2004 for seven CSSs of Ayurveda could not be utilised due to non-release of funds by the State Government (Rs 1.65 crore) and delayed release of funds (Rs 0.26 crore). Similarly, Rs 0.19 crore received from GOI in December 2003 for CSSs of Homoeopathy could not be utilised due to late approval (31st March 2004) of the scheme by the State Government.

Against the approved outlay of Rs 3.75 crore in the 9th plan (1997-2001), expenditure of Rs 3.50 crore incurred was on salaries and no expenditure was incurred on new schemes. In the 10th plan (2002-07), against the approved outlay of Rs 12.95 crore, expenditure of only Rs 0.24 crore (Pradhan Mantri Gramodaya Yojana) was incurred upto March 2004. Similarly, under Homoeopathy, against the approved outlay of Rs 2.72 crore (9th plan) and

Rs 3.10 crore (10th Plan), expenditure of only Rs 3.24 lakh and Rs 0.41 lakh (PMGY) respectively, was incurred upto March 2004.

Non-utilisation of grants-in-aid

Grant of Rs 32 lakh released by GOI in February 2002 and required to be utilised within six months has not beem fully utilised so far

3.4.7. For strengthening the existing under-graduate colleges of ISM&H, GOI sanctioned (October 2001) and released (February 2002) Rs 32 lakh (Hostel facilities for girls: Rs 20 lakh; Equipment: Rs 10 lakh and Library books: Rs 2 lakh) to be utilised during the year 2001-02. But the amount was kept in the shape of Fixed Deposit Receipts (FDRs) in March 2002. Out of this, Rs 20 lakh (Rs 10 lakh each in October 2003 and March 2004) was placed at the disposal of PWD authorities for construction of hostel for girls, against which expenditure of Rs 8.72 lakh had been incurred and the work was still in progress (July 2004). Out of Rupees two lakh provided for library books, Rs 1.17 lakh were spent in March 2004 leaving an unspent total grant of Rs 10.83 lakh with the college (excluding interest of Rs 1.99 lakh earned on FDRs amounting to Rs 22 lakh upto March 2004).

Thus, the purpose for which the Government of India released the grants to the college during 2001-02 could not be achieved so far and the students were deprived of the intended benefits.

The department stated that the amount was kept in the shape of FDRs due to procedural delay. The reply was not tenable as the purpose for which the grant was given, remained unachieved despite availability of funds for a period of almost three years.

System of Education and Training under ISM&H

3.4.8. In Punjab, there is only one Government Ayurvedic College with an attached 106 bedded Ayurvedic Hospital and an Ayurvedic Pharmacy at Patiala for imparting practical/ clinical training to the students. Due to non- availability of specialised teaching staff as per norms of Central Council of Indian Medicines (CCIM), Post Graduate Course was discontinued and adequate practical/clinical training to the students was not being provided.

Discontinuance of courses

3.4.9. The Government Ayurvedic College, Patiala (College) was established in 1952 and was providing education in Up-Vaidya Course (2¼ years), Graduate Course (5½ years) and Post Graduate Course (3 years). At present, only one course i.e. Graduate Course (5½years) was available. The Up-Vaidya Course was discontinued (1984) by the Government because of availability of number of qualified Up-Vaidyas in the market. The Post Graduate course was held in abeyance (August 2000) by CCIM as the teachers were not possessing Post Graduate qualifications in the concerned subject and were not as per norms of CCIM.

Although four years have elapsed, the college authorities had not taken any steps to get these courses restarted (August 2004).

Non-availability of specialised teaching staff

3.4.10. As per guidelines issued by the Department of ISM&H (applicable for recruitments made after 1st July 1989), a post graduate qualification in the subject/speciality concerned was essential for the Bachelor degree course.

Test check of relevant records of the College revealed that all the teachers were having post graduate qualifications in three subjects viz. Drava Guna, Ras Shastra and Kaya Chikitsa which were meant for manning posts in only three departments (out of 12 departments) of the college. Thus, the students were deprived of the necessary guidance of the specialised subject teacher in other faculties such as Shalkaya (ENT), Shalya (Surgery), Rog Nidan (Pathology) etc.

The department stated that the recruitment was done by the DRME/ Director, Ayurveda under the Punjab Ayurvedic (Technical) Service Class I, II, & III Rules, 1963 vide which there was no provision of posting of concerned subject post graduate in the speciality.

The reply of the department was not tenable as most of the teachers were appointed after July 1989 i.e. after issue of the above instructions.

Similarly, there was no Yoga Lecturer in the college since December 2000.

Inadequate practical training to students

Practical training imparted to the students was inadequate

3.4.11. As per prescribed syllabus, the students are to be given adequate practical training in final professional BAMS in the Hospital. The practical training period ranged between one month and 12 months according to the subject which *inter-alia* including Prasuti Tantra Avam Strirog, Kaya Chikitsa, Shalya Tantra (one month in X-Ray) and Shalakya Tantra (at least one month in Operation Theatre).

It was however, noticed that during 1999-2004:

- No delivery case was done due to lack of medical facilities and funds.
- X-Ray machine was lying idle due to non posting of Radiologist since 1993.
- No ENT operation was done due to lack of medical facilities and funds.
- No surgical operation was conducted due to lack of medical facilities and funds.

This shows that inadequate practical training was being imparted to students in the absence of medical facilities/funds/requisite staff/equipment etc.

Improper facilities for clinical/practical training

3.4.12. As per guidelines, there must be a hospital attached with every Ayurvedic College. But the Ayurveda Hospital attached to the College was about five kilometres away and there was no transport facility available to the students. Similarly, Pharmacy was also about five kilometres away from the college and the students have to cover a long distance for acquiring practical knowledge of rawherbs etc. used for preparation of medicines/drugs at the Pharmacy.

The department stated that the State Government turned down the request for the purchase of a van for this purpose. Further, Herb Garden/Vanaspati Van for practical demonstration and identification of plants and Animal house for demonstrating effects of medicines on animal were not established.

3.4.13. Drug Testing Laboratory is required to ensure manufacturing and marketing of good quality medicines. But it was not established although necessary funds for the same were provided by GOI under CSSs during 1999-2002.

Delivery of health-care services

3.4.14. For popularisation of ISM & H and treatment of chronic and common diseases, better health care services were to be provided by all the hospitals/ dispensaries in the State for which the proper infrastructure/ equipment etc. was to be arranged by the State Government. Although there was a declining trend in number of patients, the staff posted was not reduced accordingly. Similarly, in the 10 bedded Hospital, Ludhiana and seven Swasth Kendras, there were no indoor patients but the staff deployed for indoor patients continued.

Avoidable expenditure on pay and allowances at Government Ayurvedic Hospital, Patiala

3.4.15. As per norms fixed by CCIM, minimum bed occupancy should not be less than 60 *per cent* in any case. The average bed occupancy in the hospital during the years 1999-2004 was as follows:

Year	Out patients	In patients	Bed strength	Bed occupancy	Percentage
1999-2000	16539	573	106	29	27
2000-2001	14823	634	106	22	21
2001-2002	15110	811	106	27	25
2002-2003	13890	487	106	20	19
2003-2004	14742	386	106	18	17

The average daily bed occupancy which was 55 *per cent* in 1982-83 continued to decrease and came down to 17 *per cent* of the total bed strength during 2003-2004.

No response to the proposal to surrender 32 posts which could have saved Rs 40 lakh per year sent to DRME in November 1999 has been received so far

The number of out patients and in patients which were 51377 and 1251 in 1982-83 continued to decline and came down to 14742 and 386 respectively during 2003-04. In view of the declining trend of the patients, a proposal to surrender 32 posts (***Appendix-XXIX***) in different categories was sent by the Superintendent to DRME in November 1999 anticipating a saving of Rs 40 lakh per year but no response has been received so far (July 2004). This had resulted in undue burdening the state exchequer due to continuance of surplus staff since November 1999 which otherwise could have been utilised properly elsewhere.

In reply, the department stated that declining trend in the indoor patients was due to non-provision of adequate budget resulting in non-providing of medical facilities. The reply was not tenable as most of the budget allotment was being utilised towards salary and department had also failed to utilise funds provided by GOI. Thus, the funds for ensuring supply of medicines, creation and proper utilisation of medical facilities and equipment were not available.

Non-availability of basic facilities/ services at Government Ayurvedic Hospital, Patiala

3.4.16. Supply of medicines in the Hospital was not received since April 2002 which resulted in decline in the number of patients. X-Ray plant installed (1991) at a cost of Rs 3.35 lakh was lying idle since April 1993 due to non-posting of Radiographer. In the absence of these facilities, proper diagnosis of patients could not be done in cases where X-Ray was required. Necessary equipments/ instruments required for Shalakya (ENT/Eye) Department for proper treatment of patients were also not available. Similarly, in Istri Rog (Gynaecology) Department, facilities for delivery cases were not available. Water supply which is most important requirement of the Hospital was also not available due to non-working of tubewell since January 2004.

In reply, Medical Superintendent stated (April 2004) that poor facilities were due to lack of funds.

Improper functioning of 10 bedded Ayurvedic Hospitals

3.4.17. With a view to provide facility to indoor patients, the Punjab Government established five[20] 10 bedded Ayurvedic Hospitals.

As no indoor patient was admitted, expenditure of Rs 31.73 lakh on account of pay and allowances of idle staff remained unfruitful

It was, however, noticed that no indoor patient was admitted in the hospital at Ludhiana during 1999-2004. In the absence of any indoor patients, staff deployed for indoor duties remained idle during this period and the pay and allowances of Rs 25.27 lakh paid to them turned out to be unfruitful. The position of indoor patients in other hospitals during 1999-2004 was also very low (Hoshiarpur: 86 patients and Jalandhar: 419 patients) defeating the very purpose of setting up of these hospitals for delivery of health services under this system and optimum utilisation of staff deployed in these hospitals.

In reply, it was stated that the staff was sanctioned by the Government. The reply was not tenable as the position of staff required should have been reviewed periodically and brought to the notice of the Government.

3.4.18. One post each of Cook and Kitchen-bearer in 10 bedded Hospital, Jalandhar was sanctioned during 1990-91. It was, however, noticed that no diet money was provided in the budget during the period 1999-2004. In the absence of the same, the services of Cook and Kitchen-bearer were not

[20] Amritsar, Bathinda, Hoshiarpur, Jalandhar and Ludhiana.

gainfully utilised for the purpose for which they were posted resulting in unfruitful expenditure of Rs 6.46 lakh on their pay and allowances during the period.

Absence of indoor patients at Swasth Kendras

3.4.19. With a view to provide facility to indoor patients, five beds facility was to be provided (April 1991) in 17 Swasth Kendras (Kendras) which were upgraded from the level of existing Ayurvedic dispensaries. Three additional posts viz. one each of Senior Ayurvedic Medical Officer, Nurse and Chowkidar were sanctioned (April 1991).

Ungainful expenditure of Rs 87.34 lakh was incurred on pay and allowances of idle staff as there was no indoor patient

Test check of records of seven Kendras revealed that no indoor patient was admitted in these Kendras during 1999-2004. It was further noticed that even no bed for indoor patients was provided in these Kendras. Thus, sanctioning and posting of additional staff for these Kendras without ensuring the availability of basic infrastructure, indoor facilities and space, no indoor patient was admitted and entire additional staff deployed in the Kendras remained idle. This had resulted in ungainful expenditure of Rs 87.34 lakh on account of their pay and allowances during 1999-2004.

In reply, it was stated that the staff was posted by the Directorate and non-availability of indoor facilities/space was already in the notice of higher authorities. The reply was not acceptable as the position should have been reviewed periodically and brought to the notice of higher authorities.

Expenditure on non-functional dispensaries

3.4.20. One Ayurvedic Medical Officer (AMO) and a Dispenser are required for smooth and effective running of each Ayurvedic dispensary.

Expenditure of Rs 11.21 lakh incurred on pay and allowances of Trained Dais in the absence of AMOs, was unjustified

Test check of records of 204 dispensaries revealed that no AMO was posted in 22 to 33 dispensaries during 1999-2004. In seven dispensaries, even a Dispenser was not posted and only a Trained Dai was running the dispensaries. In the absence of AMOs and Dispensers, the expenditure of Rs 11.21 lakh incurred on the pay and allowances of trained Dais during 1999-2004 was not justified.

The department stated that the matter would be taken up with the Government. Further developments were awaited (August 2004).

Non-adherence to the norms for opening of ISM dispensaries

3.4.21. As per instructions issued (1987) by the Head of Ayurveda, a new Ayurvedic dispensary shall be opened where rent free accommodation consisting of four rooms and sufficient covered area or Veranda alongwith facility for water, electricity, bathroom and toilet etc., are provided by the residents.

Out of 204 dispensaries test checked, 47 dispensaries were opened in one room each, 84 in two rooms and 63 were opened in three rooms. Fifty eight

Most of the dispensaries were opened in insufficient space

dispensaries were opened without having basic facility of water, electricity and toilet whereas in 79 dispensaries only one or two of the above basic facilities were available. Thus, the norms fixed for opening a new dispensary were not followed.

In reply, the department stated that the matter would be looked into and action taken accordingly. Further developments were awaited (August 2004).

Non-posting of Unani Medical Officers in Unani dispensaries

3.4.22. There were 35 Unani dispensaries functioning in the State. Test check of records in four districts revealed that in 13 Unani dispensaries, three Unani Medical Officers were posted in the Unani dispensaries although seven Unani Medical Officers were available and the remaining four were posted in Ayurvedic dispensaries and AMOs were working in the Unani dispensaries. Thus, the very purpose of opening of Unani dispensaries was defeated as Unani Medical Officers were not posted and the beneficiaries were also deprived of the available treatment under Unani System of Medicine.

Non-manufacturing of medicines in the pharmacy at Patiala

3.4.23. As per standard norms, a pharmacopoeia listing 79 medicines was drawn up in December 1988 by the Director for manufacturing drugs/medicines in the pharmacy store. The number of drugs actually prepared, however, ranged between four and 17 during 1999-2004 which were far less than the required number.

The department stated that the medicines could not be prepared due to shortage of funds. The reply of the department was not acceptable as there was a saving of Rs 5.22 lakh and Rs 6.88 lakh during 1999-2000 and 2002-03 in which years only four and seven medicines respectively, were prepared in the Pharmacy though infrastructure viz. machinery/equipments were available.

Non-installation of machinery due to non-construction of machine room at Patiala

3.4.24. For strengthening the Pharmacies of ISM&H, GOI sanctioned (March 2001) grant-in-aid of Rs 95 lakh to the Pharmacy and subsequently released (April 2001) Rs 70.39 lakh as the first instalment for the construction of building and purchase of machinery/equipment. The entire amount was deposited in saving account in a bank. Out of this, an expenditure of Rs 48.34 lakh was incurred (Rs 8.16 lakh on repair/renovation of building/machine room; Rs 0.82 lakh on purchase of photocopier; and Rs 39.36 lakh on procurement of machinery and equipment) upto March 2004 and the balance amount of Rs 28.13 lakh including interest of Rs 6.08 lakh was lying unspent in the bank.

Of the machinery received, only one distillation plant valuing Rs 3.20 lakh was installed/working and the remaining machinery was still lying packed and its warranty/ guarantee period is to expire in August / September 2005 in most of the cases. Construction of machine room has also not been taken up so far

The department incurred ungainful expenditure of Rs 36.98 lakh on purchase of machinery not installed so far

(July 2004). Purchase of photocopier worth Rs 0.82 lakh which was also not covered under the scheme, was lying unused and its warranty had already expired in May 2004.

This resulted in ungainful expenditure of Rs 36.98 lakh on the purchase of machinery without construction of the machine room for its installation.

In reply, it was stated (April 2004) that the construction of machine room would take another six months. Reply was not acceptable as the purchase of machinery should have been synchronised with the completion of construction work.

Non-taking of samples of Ayurvedic/Unani drugs

The only sample taken has not been got tested so far

3.4.25. As per Section 33-G of Drugs and Cosmetics Act,1940 read with Rule 162 of Drugs and Cosmetics Rules,1945, the District Ayurvedic and Unani Officers are empowered to take samples of drugs manufactured and send them for analysis. No sample of Ayurvedic/Unani drugs was taken by the Ayurveda Department during 1999-2004 except one sample in Ludhiana in December 2003 which was still lying in the custody of the department and has not been got tested so far as there was no laboratory for testing Ayurvedic medicines in the State.

Homoeopathic dispensaries without basic facilities

3.4.26. No criteria for opening a Homoeopathic dispensary had been fixed by the Head of Homoeopathy, Punjab. Test check of records in four districts revealed that in one dispensary, no basic facility of water, electricity and toilet etc. was available. In 15 dispensaries, one or two basic facilities were available. Further scrutiny revealed that nine dispensaries were running in one room space and 21 dispensaries were having only two rooms which were not sufficient for smooth and effective running of the dispensaries. Supply of medicines was also not sufficient as per requirements. In the absence of sufficient space and medicines, the purpose of opening these dispensaries could not be achieved.

3.4.27. No life saving drugs were available in the Government Ayurvedic Hospital/dispensaries for chronic patients.

Improper maintenance of licence register

3.4.28. Licence register is the primary and most important record to indicate the number of licences issued/ renewed or cancelled pertaining to manufacturers of Ayurvedic drugs. The licence register containing entries upto serial number 456 had been lying in the court and no efforts were made to obtain the photocopies of the same. The licence register for the period December 1998 onwards was also not being maintained properly as entries of licences issued at some serial numbers were not authenticated by the competent authority and some had been left blank. Thus, the purpose of prescribing the license register was defeated.

In reply, the department stated that efforts would be made to get the entries in licence register authenticated now. Further developments were awaited (August 2004).

Monitoring and Evaluation

3.4.29. To review the effectiveness of ISM&H in the State and its impact on the masses, the department did not evolve any mechanism for effective monitoring of both the systems and had not carried out any evaluation itself or by any independent agency.

Conclusions

3.4.30. In Punjab, Indian System of Medicine and Homoeopathy was not popularised effectively as the number of outdoor/indoor patients continued to decrease. Insignificant expenditure was incurred during 9th and 10th plan. During 1999-2004, more than 98 *per cent* of expenditure was on salaries and only negligible amount was spent on purchase of medicines, material and supply and other infrastructure. The grants received from Government of India were either not released by the State Government or in some cases, these were released at the fag end of the year. For Homoeopathy, grants received from Government of India could not be utilised due to late approval of the schemes by the State Government. In most of the hospitals, no indoor patients were admitted due to non-availability of basic infrastructure, equipment and sufficient space resulting in idling of staff. Basic facilities such as X-Ray, medicines, latest equipment, water, electricity etc., were not available in most of the hospitals/Swasth Kendras/ dispensaries. Machinery, though received, had not been installed in the Pharmacy so far due to non-construction of machine room.

3.4.31. In order to have replies from Government to the audit observations issued in June 2004, a mechanism to hold meetings with the Administrative Secretaries was evolved. Accordingly, a meeting with the Administrative Secretaries under the Chairmanship of Chief Secretary was held on 27 August 2004 and the Secretary, Health and Family Welfare was instructed to furnish replies within two weeks; no reply has been received.

Recommendations

- To utilise infrastructure already provided in the Government Ayurvedic Hospital, Patiala and Government Ayurvedic Pharmacy at Patiala, sufficient funds may be provided by the State Government for raw material/medicines etc.
- Efforts may be made to utilise the funds provided by Government of India in a time bound and planned manner so as to derive the benefits.
- The Government should review the requirement of staff with various hospitals/swasth kendras/teaching establishments with an aim to assess the requirements based on work load and consider redeployment for

maximising the utilisation of infrastructure so created for the benefit of patients.

- Urgent steps should be taken for the creation of facilities for testing of Ayurvedic drugs.

3.5. RELEASE AND RECOVERY OF INCENTIVES AND OTHER DUES FROM INDUSTRIAL UNITS AND OTHERS

INDUSTRIES AND COMMERCE DEPARTMENT

Highlights

The Industries and Commerce Department of Punjab had extended packages of incentives to different industries in the form of Interest Free Loans (IFLs), Sales Tax exemption/deferment etc. Despite giving many incentives, the average growth rate of new industries that were set up was on the decline. Large amounts of IFLs were outstanding for recovery and sanction of Sales Tax Exemptions (STEs) were also granted to inadmissible units. Further, statutory dues towards royalty from contract mining and from Brick Kiln Owners were outstanding for recovery.

- ***Though the unit had gone sick and a liability of Rs 9.61 crore against fixed assets was outstanding against the firm, the firm was granted IFL resulting in non-recovery of Rs 98.54 lakh.***

(Paragraph 3.5.8)

- ***Irregular Sales Tax Exemption (STE) of Rs 7.41 crore and Rs 3.15 crore was allowed to one unit each of Ropar and Ludhiana although the units had not even purchased land upto the stipulated date.***

(Paragraphs 3.5.9 & 3.5.10)

- ***Excess STE of Rs 4.59 crore allowed on freight and installation charges of Rs 1.53 crore paid on purchase of indigenous machinery.***

(Paragraph 3.5.12)

- ***Rupees 15.55 crore remained unrecovered from 46 closed units despite these cases being referred to the revenue authorities for effecting recovery as arrears of land revenue.***

(Paragraph 3.5.16)

- ***Recovery of Rs 2.22 crore of IFL granted to six spinning mills remained doubtful as all these mills were under liquidation.***

(Paragraph 3.5.15)

- ***Failure to monitor properly the land auction proceedings led to non-recovery of Rs 1.31 crore towards IFL and interest.***

(Paragraph 3.5.14)

Introduction

3.5.1. The Department of Industries and Commerce has to play a pivotal role in rendering multifarious and consistent assistance to the entrepreneurs in the implementation of their industrial ventures. The process of assistance begins with the very first stage of project identification to financial assistance upto the commissioning of industrial units. The domain of assistance is not only confined to new entrepreneurs, even the existing industry is also helped in the process of continuous up-gradation of technology and modernisation.

With a view to promote the growth of industries in the State, Government introduced number of packages of incentives vide various Industrial Policies such as: Industrial Policy, 1978 (for granting interest free loans); Industrial Policy, 1992 (for granting investment incentives); Industrial Policy, 1996 (modified scheme for granting investment incentives, Sales Tax exemption and deferment etc); Industrial Policy, 2003 (for granting investment incentives and freight subsidy for Export).

The Sales Tax exemption/deferment scheme was discontinued from 1st May 2000 excepting for units in field of Information Technology.

Organisational set-up

3.5.2. The Principal Secretary to Government of Punjab, Department of Industries and Commerce is overall incharge of the Department. The Director, Industries and Commerce (Director) is implementing authority of various schemes and industrial policies and is assisted by Joint Directors at Headquarters and 17 General Managers (GMs) incharge of District Industries Centres (DICs) at the district level.

Programme objectives

3.5.3. The main objectives to grant incentives under various industrial policies introduced by the State Government from time to time were to:

- accelerate the pace of industrialisation in the State and to attract entrepreneurs and generate maximum industrial employment.
- grant incentives to the new industrial units which included mainly IFLs, investment incentive (capital subsidy), and scheme of sales tax exemption/ deferment.
- to create a conducive investment climate through infrastructure creation, reduce regulation and general facilitation.

Audit objectives

3.5.4. The objective of Audit during review was mainly to examine:

- the degree of compliance to various policies and instructions for accelerating the pace of industrialization,
- the extent of adherence to various procedures for sanction and release of incentives and
- procedure and recovery position of incentives, royalties and fees due from the industrial units.

Scope of Audit

3.5.5. Records for the period 1999-2004 were test checked during January 2004 to March 2004 in the office of the Director and subordinate offices in four out of 17 District Industries Centres viz. (i) Fatehgarh Sahib (ii) Jalandhar (iii) Ludhiana (iv) Ropar.

Financial outlay and expenditure

3.5.6. Year-wise details of the budget provision and expenditure under incentives during the period 1999-2004 were as under:

(Rupees in crore)

Year	Budget provision	Expenditure
1999-2000	15.00	14.50
2000-2001	06.42	05.00
2001-2002	02.00*	--
2002-2003	---	---
2003-2004	50.00*	----
Total	**73.42**	**19.50**

* ***Although budget provision of Rs 52 crore was made for the year 2001-2002 and 2003-2004, no funds were released by the State Government against the budgeted provision.***

Industrial Policy, 2003 envisaged extending of subsidy to units in border areas and incentives to Agro, Food Processing, Electronics Industries, Information Technology (IT) and its allied services and freight subsidy to exporters. Industrial Policy, 2003 remained non-starter as funds of Rs 100 crore provided in Annual Plan for the year 2003-04 for its implementation were not released by the State Government. The position of release of incentives to new units was also adversely affected on account of non-recovery of IFLs earlier released to various units.

Cases of non-recovery of IFLs, inadmissible payments of IFLs, irregular grant of STE, excess sanction of STE and non-recovery of royalty and other dues as noticed in audit are discussed in subsequent paras.

Non-payment of Investment Incentive (Capital Subsidy)

3.5.7. Under Industrial Policy, 1992/1996, industrial units starting commercial production on or after 1st October 1992/1st April 1996 in a specified area were eligible for investment incentive (Capital Subsidy) at the rate of 20 or 30 *per cent* of their fixed capital investment depending upon the area where the unit was located.

In 5592 cases, incentives on account of investment incentive (capital subsidy) amounting to Rs 504.72 crore sanctioned during April 1996 to March 2004 for boosting industrial growth, had not been disbursed to industrial units as of March 2004. This also had adverse impact on the industrial growth in the State which had declined from 11.78 *per cent* in 1998-99 to 5.73 *per cent* in 2000-01. The position of new units set up, employment and fixed investment showed a declining trend as under:

	1999-2000	2000-01	2001-02	2002-03	2003-04
1. Units (Nos.)	1795	1590	1187	856	744
2. Employment (Nos.)	19380	17285	14773	11236	8652
3. Fixed investment (*Rupees in crore*)	523.08	535.88	622.41	371.47	184.33

Release of IFL to a sick unit

3.5.8. Director of Industries sanctioned (September 1986) IFL of Rs 42.61 lakh to be paid in eight instalments to a firm. The loan was recoverable in three equal annual instalments of Rs 14.20 lakh each w.e.f. 1st October 1997 failing which penal interest at 16 *per cent* per annum was to be charged for the period of default. After payment of first instalment of IFL of Rs 0.64 lakh in September 1986, the GM, DIC, Hoshiarpur informed (August 1993) the Director that the unit had gone sick and a liability of Rs 9.61 crore against the fixed assets of Rs 3.50 crore was outstanding against the firm and as such, it was not a fit case to disburse IFL. Despite this, balance seven instalments aggregating Rs 41.97 lakh were released to the firm within three months (January 1994 to April 1994). The unit failed to repay the loan. Thus, the action of the department in releasing the loan to a sick unit despite having been intimated by the GM, had put the State Government to a loss of Rs 98.54 lakh (Principal: Rs 42.61 lakh and Interest: Rs 55.93 lakh) upto March 2004.

GM admitted (February 2004) the facts and also stated that the matter for recovery of loan and interest thereon as arrears of land revenue has not been taken up with the Collector as the unit has since been referred to Board of Industrial and Financial Reconstruction (BIFR).

Irregular grant of Sales Tax Exemption (STE)

3.5.9. As per Punjab Industrial Incentive Code under the Industrial Policy- 1996, new industrial units that came into production or undertake expansion on or after 1st April 1996 were eligible for STE at the rate of 300 *per cent* of Fixed Capital Investment (FCI) or 150 *per cent* in areas specified in category 'A' and 'B' for 120 months or 84 months respectively.

State Government while amending Industrial Policy, 1996 in April 2000 had decided to discontinue the STE with effect from 1st May 2000 except the following:

- Information Technology units
- Units which may have taken following steps or which may take these effective steps by 30 April 2000 will also be eligible for grant of STE after coming into production
- Registration with Department of Industries & Commerce
- Purchase of land for the project
- Submission of loan application with the Financial Institution

Or

- Units for which Industrial Licence was required to be obtained, the grant of such Industrial Licence by 30 April 2000 would be considered as an effective step.

Scrutiny of records of GM, DIC, Mohali (Ropar) revealed that ST exemption of Rs 7.41 crore was irregularly granted (November 2002) to a Small Scale Industrial (SSI) unit on the basis of FCI of Rs 2.47 crore @ 300 *per cent* for

Irregular ST exemption of Rs 10.56 crore was allowed to two units as they did not purchase land by the stipulated date

120 months w.e.f. 10 April 2002. The exemption was not admissible as the unit had not purchased land (an essential step for grant of exemption) by 30 April 2000. The land was, however, purchased in March 2001. The unit had only executed an agreement on 24 March 2000 for the purchase of land which was not a valid document for availing ST exemption. This was also clarified (August 2001) by the Director in respect of similar case of Moga district that sale deed of land was only an authentic proof of purchase of land.

3.5.10. Similarly, GM, DIC, Ludhiana allowed (June 2003) STE of Rs 3.15 crore to a SSI unit on the basis of FCI of Rs 1.05 crore @ 300 *per cent* for 120 months w.e.f. 25 March 2002. The exemption was not admissible to the unit as it had not purchased land by 30 April 2000. The land was actually purchased in September 2000. The unit had only executed an agreement on 10 April 2000 for purchase of land with the land owner which was not a valid document for availing STE.

Inadmissible ST exemption

3.5.11. Small Scale Industrial (SSI) units which came into production on or after 1st April 1996 and continuing in production for three years were eligible for STE on expansion.

Inadmissible ST exemption of Rs 65.82 lakh was granted to a unit on expansion which did not remain in commercial production for three years

It was observed in audit that a SSI unit had started commercial production only on 8 November 1996. The unit was also allowed STE of Rs 65.82 lakh @ 300 *per cent* on FCI of Rs 21.94 lakh w.e.f. 4 October 1997 on expansion in violation of the guidelines.

On being pointed out (November 2001), the GM stated (April 2003) that the benefit had been withdrawn in January 2000. But, it was noticed that the benefit stated to have been withdrawn by the Director in January 2000 was actually withdrawn by GM in February 2003 i.e. after three years for which no reasons were assigned, resulting in irregular availment of STE by the unit upto February 2003. Details regarding STE availed of by the unit and adjusted by the Excise and Taxation Department during the period were awaited.

Excess sanction of STE

3.5.12. As per the Punjab Industrial Incentive Code under the Industrial Policy, 1996, STE was to be granted on the basic price in case of indigenous machinery.

Excess STE of Rs 4.59 crore allowed on freight and installation charges of Rs 1.53 crore paid on purchase of indigenous machinery

A unit was allowed (May 2001) STE of Rs 52.86 crore @ 300 *per cent* for 120 months from 22 March 2001 on FCI of Rs 17.62 crore including Rs 1.53 crore on account of freight and installation charges which were inadmissible. This had resulted in excess STE of Rs 4.59 crore to the unit. On being pointed out (June 2002), the GM, DIC, Bathinda stated (July 2004) that case for revision of STE as pointed out by Audit is being prepared.

Recoverable amount of Interest Free Loans (IFLs)

3.5.13. Under the Industrial Policy Statement –1978, IFL was repayable in three instalments falling due on 1st of April following the 11th, 12th and 13th anniversary of the disbursement of the first instalment of loan and in case of any default in repayment, penal interest at 16 *per cent* per annum was chargeable from the date of default. While no IFL was sanctioned/ disbursed during 2001-02 to 2003-04, the position of recovery as on 31 March 2004 was as under:

(Rupees in crore)

	Principal	Penal interest	Total
Amount due for recovery as on 31.3.2003	32.97	57.17	90.14
Amount due during 2003-04	3.58	7.45	11.03
Amount due for recovery as on 31.3.2004	36.55	64.62	101.17
Amount recovered during the year (1/4/03 to 31/03/04)	6.79	0.07	6.86
Balance recoverable	**29.76**	**64.55**	**94.31**

It was observed in audit that the Department, to ensure effective monitoring was not keeping age-wise analysis of the amounts outstanding for recovery from various industrial units and the same was only compiled and kept by the respective DICs. The failure of the department to recover Rs 94.31 crore not only adversely affected the financial position of Government but also resulted in non-sanction of IFL in subsequent years.

Loss to Government due to departmental delay

Improper monitoring of land auction proceedings led to non-recovery of Rs 1.31 crore towards IFL and interest

3.5.14. A firm with manufacturing unit at Malerkotla was paid IFL of Rs 53.83 lakh in eight[21] instalments between September 1986 and May 1995. The recovery of loan at Rs 17.94 lakh per instalment was to commence on each of the 11th, 12th and 13th anniversaries (i.e. on 15 September 1997, 1998 and 1999) of the disbursement of the 1st instalment failing which penal interest at the rate of 16 *per cent* per annum was chargeable from the date of default. Though the unit had closed permanently from 26 June 1997, the recovery certificate was only issued in March 1999, after a delay of almost two years. The Collector, Sangrur finally informed (July 2001) that the land (measuring 98 Bighas) of the unit had already been confiscated (Kurki) in December 1997 by the Labour Court and no other land was available with the unit at Malerkotla. The department failed to keep regular tab over proceedings of the land stated to have been confiscated by the Labour Court and only when audit took up the matter, the department informed (March 2004) that for another land, auction proceedings had been initiated by the SDM, Malerkotla. Further developments were awaited. In the absence of regular monitoring and delays, the recovery remained uneffected and an amount of Rs 1.31 crore (Principal: Rs 53.83 lakh and Interest: Rs 77.32 lakh) was remaining to be recovered from this unit.

Loss due to liquidation of units

3.5.15. With a view to produce quality cotton yarn and to provide employment in the cotton belt of the State, the State Government had set up seven spinning mills in cooperative sector. IFLs of Rs 2.22 crore were provided (1984-85 to

21 Instalments on 15th September 1986: Rs 4.83 lakh and balance instalments of Rs 7 lakh each on 27th July 1988, 9th May 1990, 29th January 1992, 15th September 1992, 30th April 1993, 13th May 1993 and 16th May 1995.

Doubtful recovery of IFL amounting to Rs 2.22 crore due to liquidation of spinning mills

1994-95) to "The Punjab Co-Operative Cotton Marketing & Spinning Mills Federation Ltd." (SPINFED) for six[22] of seven mills that were set up. But due to recurring losses caused by commercial and technical factors, the mills could not return the loan and all the seven mills were closed between July 1995 and May 2002. As the mills have gone into liquidation during the period between April 1997 to May 2003, the chances of recovery of IFL amounting to Rs 2.22 crore appeared to be remote.

Non-recovery of IFL from closed units

3.5.16. Industrial Policy, 1978 lays down that in case the industrial unit having been granted IFL under these rules, ceases production permanently or otherwise winds up its business or goes into liquidation, IFL shall be recovered in lump sum as arrears of land revenue alongwith interest at the rate of 16 *per cent* per annum from the date the unit ceases production.

Rs 15.55 crore were recoverable on account of IFL from the closed units despite cases referred to revenue authorities

For monitoring of timely recovery of IFLs, a consolidated ledger is to be maintained by all DICs. It was, however, observed that this ledger was not updated and was not properly maintained, in the absence of which, the updated position of amount overdue and units that had closed down were not readily available. It was, however, seen that 46 units (Mohali –27 units and Ludhiana –19 units) to which IFL aggregating Rs 3.16 crore (Mohali: Rs 1.49 crore and Ludhiana: Rs 1.67 crore) was disbursed during May 1976 to June 1994, had closed down. Rs 15.55 crore (Mohali- Principal: Rs 1.28 crore, Interest: Rs 9.85 crore; Ludhiana- Principal: Rs 1.53 crore, Interest: Rs 2.89 crore) were recoverable from these units after adjusting the recovered amount of Rs 0.35 crore.

Recovery certificates for Rs 15.55 crore were issued by the department between June 1991 and August 2003 to the revenue authorities. Failure on the part of the department to pursue the cases effectively excepting occasional reminders made to the Revenue Department and subsequent failure on the part of the Revenue Department in taking appropriate expeditious action led to non-recovery of Rs 15.55 crore.

Non-recovery of royalty and mining charges

3.5.17. The Punjab Government (Department of Industries & Commerce) fixed (January 2002) the rates of royalty (ranging between Rs 2500 and Rs 12000 per annum depending upon the category of brick kiln) recoverable from Brick Kiln Owners (BKOs). These rates were made effective from 24 December 1999 under Punjab Minor Mineral Concession Rules, 1964 and the Director issued these instructions (March 2002) to all the General Manager-cum-Mining Officers of the DICs to effect recovery from BKOs immediately.

Royalty amounting to Rs 3.58 crore not recovered from BKOs

In respect of nine[23] General Managers/Mining Officers, royalty amounting to Rs 3.58 crore pertaining to the period from December 1999 to March 2004

22 Mansa: Rs 41.25 lakh, Malout: Rs 55.34 lakh, Kotkapura: Rs 21.00 lakh, Barnala: Rs 22.60 lakh, Abohar: Rs 42.00 lakh and Goindwal: Rs 40.14 lakh.

23 (i) Bathinda (ii) Fatehgarh Sahib (iii) Jalandhar (iv) Ludhiana (v) Mohali (vi) Mansa (vii) Malerkotla (viii) Mukatsar (ix) Pathankot.

was outstanding against 1389 BKOs. No effective steps had been taken by the department to recover the amount.

3.5.18. Under Rule 53 of the Punjab Minor Mineral Concession Rules, 1964, any rent royalty for contract mining or the other sum due to the Government under these rules or under the terms and conditions of any mining lease or contract shall be recovered in same manner as an arrears of land revenue.

Mining charges of Rs 71.73 lakh not recovered

Mining Officers, Pathankot, Jalandhar and Mohali failed to recover outstanding mining charges of Rs 71.73 lakh as on March 2004. Age-wise breakup of outstanding amount was not furnished. However, the oldest amount pertained to the year 1968-69. No effective steps had been taken by the department to recover the outstanding amount.

Loss due to inordinate delay in revision of inspection fee

3.5.19. Under Indian Boilers Act, 1923 and rules/regulations framed thereunder, the Director of Boilers, Punjab, Jalandhar (DB) had been empowered to inspect and recover annually the inspection fee as prescribed by the State Government for such industrial units which have installed boilers in their units.

The Director revised (May 1993) the rates of inspection fee ranging between Rs 300 and Rs 3600 per inspection depending upon the size of boilers and economisers. Director further stipulated that the rates must be commensurate with the increase in cost of such inspections and therefore, the same should be revised every three years, preferably in the beginning of financial year. As such, the next revision was due from 1st April 1996. However, no revision was made in April 1996 on the plea that the inspection fee can not be more than the registration fee prescribed by Government of India. The Central Boiler Board, Government of India revised the registration fee on 21 July 1999. The DB sent (November 1999) a proposal to the Director to revise the rates of inspection fee of boilers/economisers. Thereafter, the matter remained under correspondence for more than four years and a draft notification was issued in December 2003. Final notification envisaging revision of fee ranging between Rs 600 and Rs 7200 per inspection was still to be issued (July 2004).

Thus, lack of co-ordination/prompt action in revising the rates of inspection fee resulted in loss of Rs 48 lakh computed on the basis of loss of Rs 12 lakh annually that had been worked out by the department.

Conclusions

3.5.20. Lack of proper monitoring and close rapport with revenue authorities led to non-recovery of IFLs. Cases of excess and inadmissible grant of Sales Tax exemptions were noticed. Recovery of royalty from Brick Kiln Owners was not effected. Lack of coordination led to non-revision of rates of inspection fee resulting in loss to Government.

3.5.21. In order to have replies from the Government to the audit observations issued in May 2004, a mechanism to hold meetings with the Administrative Secretaries was evolved. Accordingly, a meeting with the Administrative Secretaries under the Chairmanship of Chief Secretary was held on

27 August 2004 and the Secretary, Industries and Commerce was instructed to furnish replies within two weeks; no reply has been received.

Recommendations

- Strenuous efforts may be made to effect recoveries of outstanding amounts released as incentives.
- Department should exercise effective checks while allowing Sales Tax exemption.
- The matter should be vigorously pursued at appropriate levels for ensuring recovery of IFL released to closed units.
- Rates of inspection fee of boilers should be revised periodically.

CHAPTER-IV

AUDIT OF TRANSACTIONS

CHAPTER-IV

AUDIT OF TRANSACTIONS

Audit of transactions of the Departments of 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 observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads:

- Extra avoidable expenditure
- Ungainful expenditure/ Idle investment/Blockade of funds
- Recoverable amounts
- Embezzlement of Government money
- Irregular/ excess expenditure/ payments

4.1. Extra avoidable expenditure

IRRIGATION AND POWER DEPARTMENT

4.1.1. Avoidable payment of land compensation

Failure of the department to preserve the affidavits of land owners which could have proved that the land was given free of cost by the land owners resulted in avoidable payment of Rs 1.03 crore

On the demand of land owners/farmers of the area for construction of new lined Abul Khurana distributary for irrigation facilities to their land, the Department initiated taking possession of the land measuring 35.32 acre in four villages (Abul Khurana: 29.82 acre; Dhoula: 1.22 acre; Lal Bhai: 0.57 acre and Tharajwala: 3.71 acre) in September 1978. The land was given free of cost by the owners and affidavits to that effect were also given by them to the department. The distributary was completed and was functioning since 1984-85.

A test check (January 2002) of records of the Executive Engineer, Canal Lining Division No. II, Bathinda (XEN) and information collected later (February 2004) revealed that the land owners subsequently demanded compensation for the land. The department accordingly started (July 1988) land acquisition proceedings as affidavits filed by the owners were not available with the department. Notification and declaration under Section 4 and 6 of the Land Acquisition Act for acquiring 35.32 acre of land were issued in December 1997 and the awards were announced for Rs 95.64 lakh by Land Acquisition Officers, (LAO) Malout (Rs 80.51 lakh : 29.82 acre; June 2000) and Gidderbaha (Rs 15.13 lakh : 5.50 acre; November 2000). As the compensation to landowners was not paid, some affected landowners of Abul

Khurana village filed (December 2000) a writ petition in Punjab and Haryana High Court for issuance of directions to make payment as per award of June 2000. This was disposed off (May 2001) by the Hon'ble Court on the request of Counsel of petitioners that the petition had been rendered infructuous as cheques for payments of land had been handed over to the counsel of petitioners. The Executive Engineer deposited Rs 1.03 crore for payment of compensation of land with the LAOs (Malout: Rs 80.52 lakh and Gidderbaha: Rs 22.75 lakh including Rs 7.58 lakh as interest) between May 2001 and October 2002. However, neither any action to get the ownership of land transferred in favour of Government nor any action against the erring officials was initiated.

Thus, failure of the department to preserve the affidavits of land owners which could have proved that the land was given free of cost by them and get ownership of land transferred in favour of Government on the basis of these affidavits resulted in avoidable payment of Rs 1.03 crore.

The matter was referred to Government in March 2004; reply is awaited (August 2004).

4.1.2. Avoidable expenditure on payment of land compensation and excess payment of interest

Failure of the Department to take correct date of taking possession of land and payment of compensation at higher rates led to excess/extra avoidable payment of Rs 79.54 lakh

To facilitate the acquisition of land by Government for public purpose, a preliminary notification is issued under Section 4 of the Land Acquisition Act, 1894 (Act) which empowers the acquiring department to enter upon the land. A declaration is issued under Section 6 of the Act to the effect that land is needed for public purpose. Section 11-A of the Act provides that the Collector shall make an award within a period of two years from the date of publication of declaration and if no award is made within the prescribed period, the entire proceedings would lapse. Further, the market value of land is determined on the date of publication of notification and where the compensation for the acquired land is not paid before taking the possession of land, the amount is awarded with interest from the date of possession.

Executive Engineer, Maili Construction Division, Mohali (Division) took possession of land measuring 213.10 acres of Siswan village required for the Reservoir Area of Siswan Dam in August 1999. The notification and declaration under Sections 4 and 6 were issued in November 1997. The acquisition proceedings, however, lapsed in November 1999 as award for payment of compensation was not made within the stipulated period of two years due to non-receipt of funds from the Government. Fresh notification and declaration under Sections 4 and 6 of the Act were issued in August 2001. The Land Acquisition Collector, Kharar (LAC) announced (April 2003) the award for Rs 4.68 crore. This included interest of Rs 1.72 crore for the period from November 1997 to April 2003, although interest was payable only from the date of taking possession i.e. August 1999.

Failure of the LAC to take the correct date of taking possession of land for computing the admissibility of interest resulted in excess payment of interest of Rs 45.79 lakh for the period from November 1997 to July 1999.

It was also noticed that due to lapsing of the earlier acquisition proceedings, compensation was paid at the higher rates of land prevailing during November 2001 instead of at lower rates prevalent in November 1997. This resulted in avoidable excess payment Rs 33.75 lakh (Cost of land : Rs 18.52 lakh, Solatium : Rs 5.55 lakh and interest: Rs 9.68 lakh).

The matter was referred to Government in November 2003 and April 2004; reply is awaited (August 2004).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.1.3. Extra avoidable expenditure on adoption of costlier items of work

Extra avoidable expenditure of Rs 37.54 lakh was incurred on providing stone cladding work as the department failed to explore the option of cheaper items

Rules provide that work should be commenced only after technical approval of estimates and drawings by the competent authority.

Scrutiny of records of the Divisional Engineer, Construction Division–II (Project), Punjab Urban Planning and Development Authority (PUDA), Jalandhar revealed (October 2003) that the work "Construction of District Administrative Complex, Hoshiarpur," administratively approved (April 2001) for Rs 31.98 crore was allotted (May 2001) without obtaining technical sanction to estimates. The technical sanction of estimates was accorded on 25th July 2003 after 2 years of allotment of work. In the work, provision of 7663 sqm of red stone at the rate of Rs 530 per sqm (but actually paid at the rate of Rs 510 per sqm in bills) and 5110 sqm of Dholpur stone at the rate of Rs 600 per sqm (but paid at the rate of Rs 580 per sqm), for an item "Providing and laying stone cladding work for wall lining with 35-40 mm," was made. After the execution of 8946.5 sqm of work (red stone: 3371.85 sqm and Dholpur stone: 5574.65 sqm) at a cost of Rs 49.53 lakh, in order to reduce the cost of the work, the Department decided (March 2003) to replace both these items with "Providing and painting on exterior plastered walls in ready mixed alkaline resistant finished with mixed washable in natural colour shade". This would cost Rs 134 per sqm (Rs 48 per sqm for plastering plus Rs 86 per sqm for painting). Thus, in the absence of technical sanction of the detailed estimates, the Department failed to explore the option of cheaper items in place of costlier items of work.

Thus, commencement of work without exploring the option of cheaper substitute which could have been highlighted at the stage of technical sanction, led to extra avoidable expenditure of Rs 37.54 lakh.

The matter was referred to Government in March 2004; reply is awaited (August 2004).

4.1.4. *Extra payment of front end fee due to improper assessment of loan requirement*

Failure of PUDA to assess the actual requirement of loan to be raised from HUDCO resulted in extra payment of front end fee of Rs 20 lakh

The Punjab Urban Planning and Development Authority (PUDA) entered (January 2000) into an agreement with Housing and Urban Development Corporation Limited (HUDCO) for raising a loan of Rs 100 crore to be released in two instalments of Rs 80 crore and Rs 20 crore. This was for making payment to State Government of the value of nine sites transferred to PUDA under the Optimum utilisation of vacant Government land (OUVGL) scheme. Terms and conditions of the agreement, provided that PUDA shall pay one time front end fee @ 1.25 *per cent* of total amount of loan and the same shall be deducted from first instalment of loan. It was further provided that where legal documentation was not completed within the prescribed period, the front end fee shall be payable without any rebate but the fee equivalent to 0.25 *per cent* shall be transferred to the Research and Development (R&D) account of borrower. It was also provided that where the borrower draw only the first instalment and did not draw any other instalment or unduly delayed drawal of the second and subsequent loan instalments for any reason, the first instalment would be deemed to be the last instalment.

Scrutiny of records of the Chief Administrative Officer, PUDA, Mohali, revealed (November 2002) that while releasing (March 2000) the first instalment of loan of Rs 80 crore, HUDCO deducted front end fee amounting to Rs 1.25 crore (being 1.25 *per cent* of Rs 100 crore of total amount of loan) and transferred R&D charges amounting to Rs 25 lakh to the account of borrower being 0.25 *per cent* of Rs 100 crore. PUDA did not draw the second instalment of Rs 20 crore. Though loan application for release of balance amount (Rs 20 crore) was sent (March 2001) to HUDCO, the same was not pursued due to the reasons that (i) it was decided by the State Government that this amount was to be repaid by Government to PUDA for crediting to Punjab Infrastructure Fund and the same was not forthcoming (ii) rate of interest of HUDCO was very high (13.5 *per cent per annum*) whereas the rates of interest started falling (iii) had balance amount of Rs 20 crore also drawn, the liability for repayment of the same would have been of PUDA. The payment of Rs 80 crore alongwith interest thereon was made (February 2003) by PUDA by taking low interest bearing loan from bank. Thus, first instalment of Rs 80 crore was to be treated as last instalment and resultantly amount of loan stood reduced to Rs 80 crore. Had PUDA taken loan of Rs 80 crore, it would have paid front end fee on Rs 80 crore instead of on Rs 100 crore. Thus, improper assessment of loan by PUDA resulted in extra payment of front end fee of Rs 20 lakh to HUDCO after adjusting Rs 5 lakh of R&D charges transferred to borrower's account being 0.25 *per cent* of Rs 20 crore.

On being pointed out (November 2002), PUDA intimated (September 2004) that the matter regarding refund of extra fee deducted was being taken up with HUDCO and in case the amount was not refunded, legal action would be considered against HUDCO. Further development was awaited (August 2004).

The matter was referred to Government in May 2004; reply is awaited (August 2004).

4.2. Ungainful expenditure/idle investment/blockade of funds

TRANSPORT DEPARTMENT

4.2.1. Ungainful expenditure on a bus stand

Non-release of funds resulted in abandonment of work of the Bus Stand and rendering the expenditure of Rs 2.41 crore as ungainful

Punjab Government decided to construct 12 Bus Stands through the Punjab State Bus Stand Management Company Ltd. (PUNBUS) by taking loan from bank. The work of construction of Bus Stand at Jagraon (included in above) was administratively approved (April 2000) by the Government for Rs 3.42 crore for which the funds were to be provided by the PUNBUS. After inviting tenders on 19th July 2000, the work was allotted (September 2000) by Punjab Urban Planning and Development Authority (PUDA) to a contractor for its completion within 12 months. Accordingly, a bankable Project Report was prepared for which Rs 50.42 crore were sanctioned by the Punjab National Bank. Of these, only Rs 29.22 crore were released, out of which funds amounting to Rs 1.10 crore were released to PUDA between October 2000 and May 2002 for the construction of bus stand at Jagraon.

Scrutiny of records of the office of the Divisional Engineer, Construction Division-I, PUDA, Ludhiana revealed (October 2003) that upto June 2002, an amount of Rs 2.41 crore was spent on the work which was completed to the extent of 71 *per cent*. The excess expenditure of Rs 1.31 crore was met by PUDA from their own sources. Further execution of work, however, was stopped due to non-release of funds by PUNBUS and the work was lying abandoned since June 2002. The matter of completion of the work with the financial help of Punjab Infrastructure Development Board (PIDB) was stated (May 2004) to be under consideration.

Thus, improper planning of the Department in arranging funds required for the completion of work resulted in abandoning the work mid-way, besides rendering the expenditure of Rs 2.41 crore unfruitful and depriving the beneficiaries of the intended benefits.

The matter was referred to Government in January 2004 and April 2004, reply is awaited (August 2004).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.2.2. Idle expenditure on land acquired for setting up urban estate

Imprudent decision of PUDA to acquire land without conducting any demand survey and subsequent dropping of the scheme without assigning any specific reasons led to idle expenditure of Rs 4.36 crore

Under Section 28 of the Punjab Regional and Town Planning and Development Act, 1995, the Punjab Urban Planning and Development Authority (PUDA) has the power to acquire land for setting up a residential urban estate in the State.

Audit scrutiny of records of the office of Estate Officer, PUDA, Jalandhar revealed (August 2003) that for setting up a residential urban estate at Sultanpur Lodhi, District Kapurthala, land measuring 529 kanals and 6 marlas valuing Rs 4.47 crore was acquired as per award announced in December 2001. An amount of Rs 4.36 crore was paid (December 2001) by PUDA and the possession of land was taken in December 2001 and December 2002. A demand survey conducted (January 2003) after making payment for the land disclosed very poor response from the public. Consequently, PUDA dropped the proposal of the residential urban estate at Sultanpur Lodhi in the monthly review meeting held on 18th February 2003 under the Chairmanship of Chief Administrator, PUDA and sought the advice of Advocate General for the denotification of acquired land. The Advocate General opined (February 2003) that acquired land could not be denotified. Thus, failure of PUDA to conduct demand survey before acquiring land had resulted in blockade of Rs 4.36 crore besides loss of interest amounting to Rs 96.82 lakh (calculated at borrowing rates).

When pointed out (August 2003), PUDA stated (April 2004) that a general demand survey conducted in January 2003 received a poor response from public and there was no other proposal to utilise the acquired land at present. It was further intimated (September 2004) that PUDA in its 23rd meeting held in September 2003 decided that in view of the possible loss to PUDA in de-acquiring the land, the proposal would be re-examined to get a complete cost-benefit analysis of the proposal done to ascertain whether the acquired land could be developed and sold to ensure that no loss occurs to PUDA. Further development is awaited (August 2004).

The matter was referred to Government in January 2004; reply is awaited (August 2004).

4.2.3. *Ungainful expenditure on construction of LIG houses*

Failure of PUDA to get demand survey conducted resulted in non-sale of flats and consequently ungainful expenditure of Rs 59.51 lakh

The Punjab Urban Planning and Development Authority (PUDA) is engaged in the construction of various types of residential houses for the public in the State of Punjab.

During audit it was noticed (March 2002) that Estate Officer, PUDA, Patiala, constructed 60 LIG Houses during 1997 in Urban Estate, Phase-II, Part-I, Patiala at a cost of Rs 62.64 lakh (excluding cost of land) under the 20-point programme. Out of these, six houses were reserved for Kargil victims and the remaining 54 houses were offered to the general public for allotment in November 1999 at Rs 1.60 lakh per unit fixed in June 1999 after a period of approximately two years of their completion. In response, only 12 applications were received, out of which seven applicants did not deposit the required amount and five applicants withdrew later on. As a result, no house could be sold. PUDA attributed (March 2004) poor response by the general public and non-sale of the units to the fact that (i) site was away from the main city, (ii) flat culture was not popular in Patiala city as land was easily available at lower rates in private colonies and (iii) people apply only to earn premium and not with intention to occupy. PUDA also stated (March 2004) that the scheme to sell these houses on 'first come first serve' basis was under consideration. However, three houses were transferred subsequently to District Administration under OUVGL (Optimum Utilisation of Vacant Government Land) scheme. Thus, construction of these houses without conducting any survey for demand by PUDA resulted in ungainful expenditure of Rs 59.51 lakh (Rs 62.64 lakh minus Rs 3.13 lakh).

The matter was referred to Government in December 2003; reply is awaited (August 2004).

4.2.4. *Unproductive expenditure on a rehabilitation scheme*

Failure of PUDA to assess the viability of rehabilitation scheme resulted in largely unproductive expenditure of Rs 1.57 crore

For setting up of residential Urban Estate, Phase-III, Part-II, Bathinda, 327.02 acres of land was acquired in 1978 and 1981. Approximately, 90 acres of acquired land, however, was unauthorisedly occupied by Jhuggi dwellers in 1983. Though Punjab Urban Planning and Development Authority (PUDA) was armed with the power of forcible eviction under section 46 (2) of Punjab Regional and Town Planning and Development Act, 1995 (Act), it could not get the land vacated. Subsequently, in July 2001, PUDA developed 1225 sites at a cost of Rs 1.57 crore under "Site and Service Scheme" for allotment to Jhuggi dwellers at a price of Rs 2,500 each in order to get the occupied land vacated, so that Urban Estate, Phase-III, Part-II could be developed.

Scrutiny of records of Divisional Engineer (Civil) and Estate Officer, PUDA, Bathinda revealed (May 2002) that out of 1225 sites developed, only 450 sites were allotted. The remaining 775 sites could not be allotted as the encroachers were not willing to shift to new sites. The land, therefore, continued to be under their unauthorised occupation. Thus, even after developing alternative sites for rehabilitation, the land could not be got vacated and the purpose of developing the sites was defeated. Expenditure of Rs 1.57 crore incurred on development of sites, therefore, was largely unproductive.

Government, while confirming (September 2003) that 450 sites had been allotted, intimated that land under their occupation was got vacated and the process of allotting other sites was under way and that development works on vacated land were in progress. The Estate Officer, Bathinda, however, stated (May 2004) that no development works had been started.

PLANNING DEPARTMENT

4.2.5. Irregular release of funds resulting in loss of interest

Due to failure of BDPOs in identifying beneficiaries within stipulated period of three months, Rs 1.47 crore released by the State Planning Board were kept outside Government account which resulted in loss of interest of Rs 16.03 lakh

As per rules, no money should be withdrawn from the treasury unless it is required for immediate disbursement.

A scheme of providing houses to economically weaker section including scheduled castes living below the poverty line who have no houses, was formulated by the State Government. This was for the beneficiaries who have their own plot but have no source to construct the houses and those who do not have a plot and are not in position to construct their own houses.

The first category of beneficiaries were to be given the grant to construct the houses and second were to be provided plot and a certain amount of grant for construction of their houses. The land for the plot was to be given free of cost and grant for construction was to be restricted to 20 *per cent* of the cost of construction. The remaining 80 *per cent* was to be contributed by the beneficiaries either by way of labour or in cash. The Deputy Commissioner (DC), after assessing the requirement of funds for purchase of land and quantum of grant to be provided to the beneficiaries, was to send requisition to the State Planning Board for release of funds. The benefit was to be provided to the concerned beneficiaries within three months of the release of funds. The selection of beneficiaries was to be made by a three member committee of Sarpanch, concerned Block Development and Panchayat Officer (BDPO) and concerned Member of Legislative Assembly.

Test check of the records (February 2003) of District Development and Panchayat Officer, Patiala (DDPO) and information collected subsequently (April 2004) revealed that Rs 1.47 crore were released (March 2001) by the

State Planning Board, Chandigarh to DC, Patiala. DC, Patiala further released these funds to DDPO, Patiala who withdrew the amount from treasury and passed on to the BDPOs, Rajpura (Rs 57.70 lakh) and Dera Bassi (Rs 88.90 lakh) for implementation of the scheme. The BDPOs failed to identify the beneficiaries within the stipulated period of three months and kept the amount in the current account of banks. The amount was deposited in the Government account in May 2002 as per instructions of State Government (March 2002) and subsequent orders of DC, Patiala in May 2002.

Thus, failure of the concerned BDPOs to identify the beneficiaries even in a year resulted in irregular drawal of money without any immediate requirement and non-utilisation thereof. The irregular retention of funds outside Government account resulted in loss of interest of Rs 16.03 lakh for the period from April 2001 to May 2002 (calculated at the borrowing rates of the Government) besides depriving the beneficiaries of the intended benefits of the scheme.

DDPO, Patiala admitted (April 2004) the facts.

The matter was referred to Government in January 2004; reply is awaited (August 2004).

EDUCATION DEPARTMENT

4.2.6. Denial of intended benefits due to non-utilisation of funds

Due to non release/ withdrawal of funds of Rs 12.06 crore released by Government of India, the scheme could not be implemented and further grant from GOI was also not received

Eleventh Finance Commission allocated Special Problem Grant of Rs 30 crore to the State of Punjab during the period 2000-2005 for the promotion of Girl's Education. The Education Department proposed to give a special thrust by creating and improving infrastructure in at least two girl's schools in each Assembly constituency. The scheme aimed at improving the existing infrastructure in the girl's schools by constructing new schools and also providing facilities such as girl's common room, toilet, drinking water facilities etc.

Scrutiny of records of Director of Public Instruction (School) (DPI) revealed (November 2003) that Government of India (GOI) released Rs 12.06 crore during the period 2000-2003 for the implementation of this scheme in the State of Punjab. Of this amount, State Government released Rs 9.05 crore (Rs 3.02 crore: June 2001 and Rs 6.03 crore: February 2002) under this scheme but this amount could not be drawn and utilised during 2001-02 due to non- passing of bills by the treasury office. No reasons for non-passing of bills by the Treasury Officers were furnished either by Finance Department or Treasury Officer.

Due to non-utilisation of Rs 12.06 crore which had been specifically released by GOI, the scheme for the promotion of Girl's Education remained unimplemented. Moreover, the balance funds under the allocation of Rs 30 crore were also not released by the GOI.

DPI admitted (April 2004) the facts.

The matter was referred to Government in March 2004; reply is awaited (August 2004).

TOURISM AND CULTURAL AFFAIRS DEPARTMENT

4.2.7. Blockade of funds due to non-recovery of secured advance

Payment of secured advance of Rs 76.80 lakh in April – May 2001 to a firm on account of supply of DG sets when only 15 per cent work was completed coupled with non-installation/ commissioning due to non-acquisition of land for sub station resulted in blockade of funds

The work of construction of Khalsa Heritage Memorial Complex, Anandpur Sahib (KHMC) was allotted (March 2000) to a firm for Rs 92.68 crore to be completed within 30 months (September 2002). The work included *inter alia* setting up of 11 KV Sub Station and Diesel Generating (DG) Sets. As per agreement, the firm was entitled to secured advance of 75 *per cent* (later on increased to 80 *per cent*) of the assessed value of material brought at site during execution of work. The amount of advance was to be recovered from the next payment on use of material for the work.

Audit scrutiny (April 2004) of the accounts of Anandpur Sahib Foundation, Chandigarh (ASF) revealed that without acquiring land for 11 KV sub station at KHMC, secured advance of Rs 86.12 lakh (April 2001: Rs 64.59 lakh and May 2001 : Rs 21.53 lakh) against the admissible amount of Rs 76.80 lakh was paid to the firm on account of supply of two DG sets at site of work of Sub Station. The secured advance of Rs 9.32 lakh paid in excess, however, was recovered in the 14^{th} running bill paid to the firm in July 2001. Though, DG sets were required for regular power supply to the complex on completion of 11 KV Sub Station at KHMC, the payment of secured advance prematurely in April 2001, when only 15 *per cent* work on KHMC was completed, was not justified. The secured advance has not been recovered so far due to non-installation of DG sets as the land for sub station has still not been acquired (August 2004). The project which was to be completed in July 2002 is likely to be delayed further due to many factors including irregular flow of funds. Thus, secured advance of Rs.76.80 lakh remained non-adjusted due to delay in acquisition of land as a result of which, the State Government lost Rs 24.64 lakh as interest (calculated at the borrowing rate of the State Government).

The matter was referred to Government in May 2004; reply is awaited (August 2004).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS BRANCH)

4.2.8. Idle investment on construction of Gymnasium Hall

Failure of the department to actively pursue the matter with Finance Department for release of funds resulted in idle investment of Rs 24.98 lakh besides depriving the beneficiaries of the intended benefits

For the construction of Gymnasium Hall at Bathinda, administrative approval was arranged (February 1994) by the City Council for Rs 20 lakh under whose jurisdiction the work was to be executed. Later, the work was transferred (September 1994) to Executive Engineer, Provincial Division No. 1 (B&R) Bathinda (XEN) by DC, Bathinda. Thereafter, the Secretary, Punjab State Sports Council accorded (April 1997) revised administrative approval for this work for Rs 37 lakh. Funds were deposited by the client department with the XEN between February 1995 and June 1998 for the execution of work who deposited these funds in the treasury. Tenders were invited in April 1997 and the work was allotted to a contractor in October 1997 for completion within nine months i.e. upto July 1998.

Scrutiny of records of the Division revealed (October 2003) that when the work was completed upto the structural portion i.e. except roofs, flooring, plastering etc., the contractor stopped the work and by then, expenditure of Rs 24.98 lakh had been incurred. The contractor refused to execute the balance work because of non-release of payments by the Treasury Officer (TO). The contract was rescinded (September 2001) and bill of the contractor was finalised in November 2001.

XEN stated (April 2004) that the matter was taken up (June 2002 and March 2003) with the TO, Superintending Engineer, (B&R), Bathinda for release of funds but no response was received from them. The reply is not acceptable as the matter should have been taken up with the Finance Department for the release of funds by the Department. There was no evidence whether the matter was taken up with Finance Department for release of funds. Failure of the Department to actively pursue the matter with Finance Department for release of funds deposited into treasury for this work resulted in idle investment of Rs 24.98 lakh for the last six years besides depriving the beneficiaries of the intended benefits.

The matter was referred to Government in December 2003; reply is awaited (August 2004)

REVENUE DEPARTMENT

4.2.9. Unproductive expenditure and blockade of funds

Failure of department to complete the work of Computerisation of Land Records despite availability of funds resulted not only in unproductive expenditure of Rs 52.34 lakh but also blockade of funds of Rs 1.35 crore

Government of India (GOI) decided (January 1995) to implement a 100 *per cent* centrally sponsored scheme of Computerisation of Land Records in Punjab by providing funds in two/three instalments for completing the work within a period of three years from the date of release of funds.

Scrutiny of records of Director Land Records, Punjab (Director) revealed (May 2004) that GOI released Rs 1.88 crore (ranging between Rs 6.5 lakh and Rs 15 lakh per district) during 1994-95 to 1997-98 for the implementation of the scheme in 16 districts of the State. The amount was kept in saving account/current account in banks by all the Deputy Commissioners (DCs). It was, however, observed that an expenditure of Rs 52.34 lakh[1] was incurred upto March 2004 only for development of infrastructure i.e. on purchase of Air-conditioners, electrical instruments, furniture etc. and no expenditure on procurement of hardware and software for the project had been incurred. Subsequently, the State Government decided (March 2004) to entrust the work of computerisation of land records to the Punjab Land Record Society (Society) and directed (March 2004) all the DCs to deposit the funds in banks in the name of Society. The Society had not started the work so far (July 2004) as the funds had not been deposited with it by all the DCs except Rs 11.90 lakh by DCs of Mansa and Nawanshahar in March 2004. The interest of Rs 1.75 lakh earned by DC, Nawanshahar was not transferred but retained by him.

Thus, failure of the department to complete the work of Computerisation of Land Records within a period of three years despite availability of funds resulted in unproductive expenditure of Rs 52.34 lakh incurred for development of infrastructure without purchase of required hardware and software. It also led to blockade of funds of Rs 1.35 crore for the last seven to nine years thereby defeating the very purpose of the scheme. The interest of Rs 20.11 lakh earned upto 31st March 2004 also remained unutilised.

State Government while admitting the facts stated (July 2004) that the software developed/prepared by the National Informatics Centre was neither user friendly nor tamper proof and that there were some technical and legal problems which stalled the work of data entry in the State within time frame/schedule of Government of India. The new user friendly software was

1 Kapurthala: Rs 9.66 lakh, Bathinda: Rs 4.91 lakh, Jalandhar: Rs 2.67 lakh, Fatehgarh Sahib: Rs 4.33 lakh, Amritsar: Rs 6.30 lakh, Faridkot: Rs 2.09 lakh, Ludhiana: Rs 0.43 lakh, Hoshiarpur: Rs 0.59 lakh, Ferozepur: Rs 0.25 lakh, Mansa: Rs 0.20 lakh, Moga: Rs 3.76 lakh, Gurdaspur Rs 0.67 lakh, Mukatsar: Rs 3.40 lakh, Nawanshahar: Rs 2.20 lakh, Patiala: Rs 1.69 lakh, Sangrur: Rs 2.61 lakh and Director, Land Records, Punjab: Rs 6.58 lakh.

being developed and the contract of data entry of revenue records has been entrusted to an agency.

PUBLIC WORKS DEPARTMENT

(PUBLIC HEALTH BRANCH)

4.2.10. Idle expenditure due to non-release of funds

Failure of District Planning and Development Board to release funds in phased manner deprived the rural masses of facility of potable drinking water besides resulting in idle expenditure of Rs 29.38 lakh

With a view to provide potable water to the inhabitants of villages of Ludhiana, Nawanshahar and Hoshiarpur Districts, administrative approval was accorded (between October 1996 to January 2000) for execution of eight Rural Water Supply (RWS) schemes at an estimated cost of Rs 2.94 crore. The works were to be completed between 1998 to March 2002.

On receipt of funds amounting to Rs 24.70 lakh during 1998-99 and 1999-2000, the Executive Engineers, P.H. (RWS), Divisions, Nawanshahar, Talwara & No. I, Ludhiana, installed eight tubewells, one on each RWS Scheme between July 1998 and December 2000 at a cost of Rs 29.38 lakh. Thereafter, no funds were received to complete the remaining components of the schemes viz. pump chambers, staff quarters, distribution, installation of machinery, Over Head Service Reservoir (OHSR), development of water works and installation of chlorination plant etc. due to financial constraints of the State Government. The extra expenditure of Rs 5.49 lakh incurred on installation of the seven tubewells (out of eight) by two XENs (Nawanshahar: 4 and No. I Ludhiana: 3), however, was met from the funds available under Minimum Need Programme (MNP) Scheme.

When this was pointed out (February 2002 to January 2003), the Executive Engineers stated (April 2002 to March 2003) that though the funds were being demanded, no funds were received due to financial constraints of the State Government. The reply was not tenable as the Divisional Officers undertook the work without ensuring the availability of funds. Thus, action of the divisions to take up the works without ensuring availability of funds resulted in idle investment of Rs 29.38 lakh incurred against eight tubewells besides depriving the facility of potable drinking water to inhabitants for the last so many years.

The matter was referred to Government in October 2003 and March 2004; reply is awaited(August 2004).

HOME AFFAIRS AND JUSTICE DEPARTMENT

4.2.11. Blockade of funds due to non-acquisition of land

Rupees two crore placed at the disposal of Punjab Police Housing Corporation (PPHC) in October 2001 in respect of work for which land is yet to be acquired, resulted in blockade of funds

Government of India released its share of Rs 35.75 crore under the scheme 'Modernisation of Police Force in the State' during 2000-01. As the amount could not be utilised during 2000-01, it was got revalidated (August 2001).

Scrutiny of records (July 2003) of Senior Superintendent of Police, Fatehgarh Sahib and information collected subsequently from Director General of Police, Punjab (DGP) revealed that out of Rs 35.75 crore, Rs 16.03 crore were drawn by DGP in September 2001 and the funds were placed (October 2001) at the disposal of Punjab Police Housing Corporation (PPHC), the executing agency for the execution of 11[2] works including 'Construction of Police Lines at Mansa and Fatehgarh Sahib' (Rs two crore). This work could not be started due to non-acquisition of land and funds were lying unutilised with PPHC. While no proposal was initiated for acquiring land for Police Line, Fatehgarh Sahib, the proposals for acquisition of land for the Police Line, Mansa sent to State Government in February 1996, November 1997, February 2000 and April 2001 were not accepted by the State Government. The latest proposal sent in September 2003 was still under the consideration of the State Government (May 2004).

Thus, unnecessary drawal of funds amounting to Rs two crore in October 2001 and placing the amount at the disposal of PPHC in respect of the works for which land was yet to be acquired, resulted in blockade of funds of Rs two crore.

Government admitted (August 2004) the facts.

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2 (1) Construction of 250 houses for NGOs in various police stations (2) Construction of 11 P.S. buildings (3) Construction of Police LineS Mansa and Fatehgarh Sahib (4) Construction of Lal Patara building at PPA Phillaur (5) Construction of North Western Gumband at PPA Phillaur (6) Renovation of building of PAP, Jalandhar (7) Renovation of building at PPA. Phillaur (8) Renovation of building of Ladda Kothi, Sangrur (9) Renovation of building of 5th I.R.B., Amritsar (10) Construction of barracks at 82nd BN P.A.P., Chandigarh (11) PPA, Phillaur.

IRRIGATION AND POWER DEPARTMENT AND PERSONNEL DEPARTMENT

4.2.12. Wasteful expenditure on account of pay and allowances of surplus staff

> ***Non-adjustment of surplus employees (March 2001) on the completion of Ranjit Sagar Dam had resulted in wasteful expenditure of Rs 91.11 crore upto February 2004 on their pay and allowances***

Consequent upon the completion of Ranjit Sagar Dam (RSD) in March 2001, out of total 11501 employees (Regular: 11326 and Work charge: 175), 6001 employees (Regular: 5826 and Work charge: 175) belonging to 83 categories were declared surplus. The surplus employees were required to be adjusted in various departments of the State Government against existing vacancies. Further, with a view to identify the redundant staff, to shift them to surplus pool and to re-deploy them as per requirement, a Committee was constituted in March 2003 with Commissioner, Surplus Pool (Commissioner), being Member Secretary, for re-structuring of Government Departments. However, Rules thereof were stated (September 2004) to have not been framed so far (August 2004). Due to delay in redeployment of surplus staff, the department had to incur an idle expenditure of Rs 91.11 crore from April 2001 to February 2004 on surplus staff of RSD Project.

When this was referred to Government in September 2002 and May 2003, the Principal Secretary (Irrigation) informed (August 2004) that after getting the information from all offices of Irrigation Department, including RSD Project, the matter to adjust the surplus staff had already been taken up with the Commissioner, as such the department will have to pay the salary to the surplus staff till their adjustment in other departments by the Commissioner. The reply was not acceptable as due to delay in redeployment of surplus staff, the State Government had to incur idle expenditure which would continue to be paid to the surplus staff causing extra burden on State Exchequer. Further, the department could not even frame the Rules for the adjustment of surplus staff.

4.3. Recoverable amounts

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.3.1. Non-realisation of planning charges

> ***Failure of the State Government to determine the planning charges to be recovered from Punjab Urban Planning and Development Authority resulted in non-realisation of Rs 86.95 crore***

As per provisions contained in Section 60 of Punjab Regional and Town Planning and Development Act, 1995, Punjab Town and Country Planning Board (Board) may determine, in the prescribed manner, the amount which a local authority, State Government or any other authority functioning in the Planning Area shall pay to the designated Planning Agency as contribution towards the expenses incurred by it in the discharge of its functions under the Act and the amount shall be accordingly paid.

Test check of records of District Town Planner, S.A.S. Nagar revealed (June 2003) that the State Government had designated (March 2001) Town and Country Planning Department, Punjab as Planning Agency in respect of Local Planning Area, SAS Nagar. Although an area of 869.54 lakh sqms in S.A.S. Nagar was planned by District Town Planner, S.A.S. Nagar, between 1995 and 2003, no planning charges were determined and recovered from Punjab Urban Planning and Development Authority (PUDA), an agency designated for development of residential sectors and commercial sites at S.A.S. Nagar.

Had the department determined the planning charges of Rs 10 per sqm (the rate being charged by Director, Town and Country Planning, Haryana from Haryana Urban Development Authority) recoverable from PUDA, State Government would have realised Rs 86.95 crore for planning the area by District Town Planner, SAS Nagar.

While admitting the facts, Government stated (September 2004) that Rules for the recovery of planning charges from PUDA were being framed and recovery would be made thereafter. Further developments were awaited (August 2004).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS BRANCH)

4.3.2. Short levy of departmental charges

Levy of departmental charges at the rate of 12 per cent instead of at correct rate of 27.5 per cent resulted in short levy of charges of Rs 52.04 lakh

According to financial rules, departmental charges are leviable @ 27.5 *per cent* on deposit works carried out on behalf of local body or other party concerned. Remission of these charges is not admissible except with the consent of Finance Department.

Audit scrutiny of records of Executive Engineer, Provincial Division, Ludhiana (XEN) revealed (October 2003) that work of Construction of lawyers' chambers at Judicial Complex, Ludhiana was administratively approved (October 2000) at an estimated cost of Rs eight crore subject to the condition that expenditure borne on this project would be shared by the Bar Association and State Government on 50:50 basis. Provision of departmental charges @ 12 *per cent* was made in the estimate instead of at the rate of 27.5 *per cent* applicable to the works of private bodies. This resulted in short-levy of departmental charges of Rs 52.04 lakh[3] (on the value of work done upto April 2004).

On this being pointed out (October 2003), XEN stated (April 2004) that as the work was being executed under the head "4059-Capital Outlay on Justice", departmental charges @ 12 *per cent* had rightly been levied and case for remission of even these charges had been sent (March 2004) to the State Government, final outcome of which was still awaited. Reply was not acceptable because financial rules provide for the levy of departmental charges @ 27.5 *per cent* on deposit works of private bodies and not @ 12 *per cent*.

The matter was referred to Government in November 2003; reply is awaited (August 2004).

4.4. Embezzlement of Government money

IRRIGATION AND POWER DEPARTMENT

4.4.1. Fraudulent withdrawal from treasury

Non-adherence of financial rules by the Drawing and Disbursing Officer and Treasury Officer facilitated fraudulent drawals and embezzlement of Government money amounting to Rs 29.07 lakh

Financial Rules provide various checks to be exercised in regard to drawal of amounts from treasury and maintenance of cash book and other registers to be followed by Head of Office/ DDO.

Test check of the records of the Executive Engineer, Kandi Water Shed Drainage Division, Hoshiarpur (XEN) during April and May 2004 and information collected (July 2004) subsequently revealed that between January 2002 and March 2004, Rs 29.07 lakh (Pay and allowances and Contingency : Rs 24.21 lakh, TA: Rs 0.50 lakh and GPF advances: Rs 4.36 lakh) were fraudulently drawn from the treasury against fraudulent/ingenuine claims and was embezzled by the dealing assistant by:

- fraudulently drawing salary either of transferred employees or of employees not borne on the strength of division.
- double drawal of TA bills in 19 cases.
- drawal of GPF advance of class IV employees against fake sanctions as endorsement number and dates of the sanctions did not tally with

3

Value of work done upto April 2004	=	Rs 6,71,53,544
50 *per cent* share	=	Rs 3,35,76,772
Short-levy of departmental charges payable by Bar Association @ 15.5 *per cent* (27.5 – 12 = 15.5)	=	Rs 52,04,399

despatch register and in most of the cases concerned officials did not even apply for advance and receive the amount.

The fraudulent drawals/embezzlement, however, were facilitated because:

- The job right from the preparation of pay bills till their payment through cash book was assigned to the same official in contravention of codal provisions;
- The DDO failed to check the correctness of bills prepared for drawal, their entries in bill register, verification of amount of bills included in cheques, on their receipt from treasury in the cash book and disbursement thereof;
- DDO failed to check the fraudulent drawals of pay and allowances of employees not borne on the strength of division but included in fair copies of bills whereas in office copies of bills, names of only actual incumbents were included;
- Two cheque registers were being maintained by the official and the second register was stated to be opened by him of his own;
- TA bill register was incomplete as the same was neither maintained in prescribed form nor entries therein were authenticated by the Controlling Officer;
- DDO did not ensure reconciliation of entries of drawals every month from the treasury with those entered in cash book;
- Treasury schedules were not obtained every month;
- Audit scrutiny revealed that due to failure of Treasury Officer to exercise proper checks in one case, double drawal of GPF amounting to Rs 1.15 lakh was made on the basis of photocopy of the sanction and in another case, Rs 0.50 lakh were withdrawn in excess due to working out incorrect arithmetical calculations in the bill as Rs 1,68,153 instead of Rs 1,18,153.
- The fraudulent drawal of Rs 29.07 lakh was not routed through cash book.

When this was pointed out (May 2004), the XEN stated that FIR against the dealing assistant had been lodged on 22 April 2004 which was for Rs 1,76,587. Audit, however, computed the misappropriation on this account to the tune of Rs 29.07 lakh. Further, while accepting the audit observation, the XEN lodged (15 July 2004) revised FIR for Rs 29.07 lakh. Progress of police investigation and departmental enquiry being held are awaited.

The matter was referred to Government in May and August 2004; reply is awaited (August 2004).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.2. Embezzlement of Government money by Drawing and Disbursing Officer

Drawing and Disbursing Officer himself had fraudulently withdrawn Rs 107.90 lakh from treasury on fictitious bills, of this amount Rs 95.28 lakh is yet to be recovered

Rules require that the Head of Office should obtain from the treasury by 15th of every month a list of withdrawals entered in the cash book. Difference if any, should be reconciled expeditiously in consultation with the treasury office so as to ensure that no money is embezzled.

Between March 2002 and February 2003, Senior Medical Officer, Primary Health Centre, Chaksherewala (Distt. Muktsar) (SMO), being Drawing and Disbursing Officer (DDO), prepared 10 fictitious bills on account of arrears of pay and allowances of working/retired/transferred officials supported with bogus sanctions amounting to Rs 71.15 lakh. As per enquiry conducted by Assistant Controller (Finance and Accounts), office of Civil Surgeon, Muktsar in April 2003, cheques amounting to Rs 71.15 lakh were received from the treasury (between March 2002 and February 2003) but were not entered in the cash book by the DDO. The office copies of these bills were also not available. In addition, payments of Rs 12.35 lakh drawn from treasury during May to July 2002 on account of arrear of pay and allowances of various officials were also doubtful as some of these officials had already been transferred to other places before the period upto which these were drawn. Further, Rs 12.62 lakh withdrawn from treasury by DDO on 13th February 2003 were subsequently deposited into treasury on 15th February 2003. Thus, the DDO fraudulently withdrew Rs 96.12 lakh from treasury during the period. Of these, Rs 12.62 lakh was deposited by him in the treasury in February 2003.

On the basis of this enquiry report, First Information Report (FIR) was lodged with the police on 19th April 2003 and the SMO, Computer Operator and a Clerk were placed under suspension in May – July 2003. No charge sheet has been framed/served upon the defaulting officials so far.

Audit scrutiny of records of SMO revealed (September 2003) that he had withdrawn another fictitious bill amounting to Rs 11.78 lakh from the treasury in December 2002 which was also not entered in the cash book. Neither office copies nor APRs were available. Thus, a total sum of Rs 107.90 lakh was fraudulently withdrawn by SMO and was embezzled. Out of this, Rs 12.62 lakh only were deposited into treasury by the SMO and the balance embezzled amount of Rs 95.28 lakh was yet to be recovered (August 2004).

The matter was referred to Government in March 2004; reply is awaited (August 2004).

4.5. Irregular/excess expenditure/payments

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.5.1. Excess payment of perks and allowances

Non-implementation of Government instructions in regard to payment of perks and allowances at rates admissible to Government employees resulted in payment of Rs 5.14 crore to its employees by PUDA which was in violation of rules

Government of Punjab issued (September 1999) instructions that Public Sector Undertakings including Cooperative Apex Institutions and Corporations/ Boards, which have been established under various Acts of the State Government, should pay the same rate of allowances to their employees as sanctioned by the State Government to its employees, from the date of issue of these instructions. State Government, while reiterating (May 2002) these instructions, directed that higher allowances not admissible to Government employees but being paid to the employees of other public and quasi public undertakings, be immediately withdrawn, prospectively, and Administrative Secretaries as well as Managing Directors would be responsible for the implementation of these instructions.

Scrutiny of the records of office of the Chief Administrator, PUDA revealed (June 2002) that the Department did not implement the above instructions of Government and in disregard to those made payments of:

- HRA @ 25 *per cent* of basic pay instead of 15 *per cent* prescribed by the State Government for its own employees.
- conveyance allowance @ Rs 200 to Rs 1000 per month depending upon type of conveyance which was not admissible to State Government employees.
- Ex-gratia @ Rs 7500 per annum to employees those were not entitled to draw bonus and which was not admissible to Government employees.
- Secretariat allowance ranging between Rs 80 and Rs 400 per month, not admissible to State Government employees.

This resulted in inadmissible payment of Rs 5.14 crore as follows:

(Rupees in lakh)

Period	Inadmissible payment made				Grand Total
	House Rent Allowance	Local Conveyance	Ex-gratia payment	Secretariat allowance	
2000-01 to 2003-04	126.04	39.98	333.30	14.92	514.24

PUDA stated (July 2002) that these perks and allowances were paid as per provisions of service regulations approved by PUDA. Reply is not acceptable as these allowances had been paid in contravention of the instructions of Government of Punjab.

The matter was referred to Government in April 2004; reply is awaited (August 2004).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS BRANCH)

4.5.2. *Ungainful expenditure on construction of bridges*

Construction of two bridges without administrative approval, technical sanction and allotment of funds, was not only irregular but the expenditure of Rs 88.48 lakh incurred was also rendered ungainful for want of approaches

Rules[4] require that no work shall be commenced unless administrative approval and technical sanction have been accorded and allotment of funds has been made.

Scrutiny of records of Executive Engineer, Construction Division No. II, PWD, (B&R), Mohali revealed (November 2003) that in disregard of these provisions, the works of construction of two bridges – High level bridges over Jhermal Choe X-ing Dapper Togganpur Chandheri Road and Submersible bridge over Choe X-ing Jandli to Dera Gurpal Singh Road in Patiala were allotted (October 2001) to the contractors on the basis of tenders approved (October 2001) by the Chief Engineer. The works were completed at a cost of Rs 88.48 lakh in June 2002 and March 2002 respectively, by unauthorisedly meeting expenditure out of the allocations for other works. The bridges, however, could not be made functional due to non-construction of approach roads for want of administrative approval, technical sanction and non-availability of funds. Thus, expenditure of Rs 88.48 lakh incurred on the construction of bridges was not only irregular but also proved unfruitful for want of approaches for the last two years.

The Executive Engineer admitted (April 2004) the above facts and stated that the matter regarding administrative approval and technical sanction was under active consideration. Further reply is awaited (August 2004).

4 Para 6.3(i) of B & R Mannual and Paragraph 2.89 of PWD Code.

The matter was referred to Government in February 2004, reply is awaited (August 2004).

4.5.3. Irregular expenditure on furnishing of the houses of Ministers

Irregular expenditure of Rs. 26.37 lakh on furnishing of the rented/own houses occupied by Ministers

As per notification of October 2000 issued by Government of Punjab Department of General Administration (Cabinet Affairs Branch), each Minister alongwith his family members shall be provided a free furnished house, the maintenance charges of which shall be borne by the State Government. In lieu of such house, he shall be paid monthly allowance not exceeding Rupees thirty thousand as may be sanctioned by the sanctioning authority. It was also provided that in the case of a Minister who had his own house within a radius from the Headquarter as may be specified by the State Government from time to time, he shall be paid such monthly allowance not exceeding Rupees thirty thousand as may be assessed by the Public Works Department.

The State Government also clarified (June 2003) that a Minister could avail of only one facility, either free furnished accommodation, the maintenance charges of which were to be borne by the State Government or an amount not exceeding Rupees thirty thousand as monthly allowance. Also in cases of Ministers living in private houses and getting monthly allowance of Rupees thirty thousand, furnishing and repairing of these houses would not be the responsibility of the Government.

Test check of records of Provincial Division (B&R), Chandigarh revealed (November 2003) that 13 Ministers, who either resided in their own houses or in rented houses during the period from March 1997 to March 2002, were not only being paid monthly allowance not exceeding Rupees thirty thousand but their houses were also furnished at a total cost of Rs. 26.37 lakh contrary to the rules.

When this was pointed out (November 2003), Executive Engineer (XEN) stated that "furnishing was done against the approved estimates by the Secretariat Administration on the basis of norms and the rent was also paid for furnished accommodation on the approval of Punjab Secretariat". The reply of the XEN was not tenable as the expenditure was not covered by rules. Thus, expenditure of Rs. 26.37 lakh incurred on furnishing of rented/own houses of Ministers was irregular.

The matter was referred to Government in May 2004; reply is awaited (August 2004)

4.6. GENERAL

4.6.1 Failure of senior officials to enforce accountability and protect the interest of Government

Non-responsiveness to Audit findings and observations resulting in erosion of accountability

The Principal Accountant General (Audit) (Pr. A.G.) arranges to conduct periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). The Head of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Pr. A.G. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Pr. A.G. A half yearly report of pending IRs is sent to the Principal Secretary to Government of Punjab, Finance Department to facilitate monitoring of the audit observations in the pending IRs.

The inspection reports issued to 348 Drawing and Disbursing Officers (DDOs) during 1993-94 to September 2003 pertaining to Health and Family Welfare Department disclosed that 4208 paragraphs relating to 2173 IRs remained outstanding at the end of March 2004. Of these, 624 IRs containing 912 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the ***Appendix-XXX***.

Though initial replies were required to be received from the Heads of Offices within six weeks from the date of issue, such replies were not received (May 2004) in respect of 148 offices for 239 IRs issued between April 2003 and September 2003. As a result, action taken on the following serious irregularities commented upon in these IRs had not been settled as of March 2004.

Sr. No.	Name of irregularities	No. of paras	Amount (Rupees in crore)
1.	Non reconciliation of withdrawals	396	423.56
2.	Infructuous/wasteful expenditure	272	26.09
3.	Unfruitful/idle investment on machinery	186	8.19
4.	Non disposal of unserviceable articles	220	17.52
5.	Blockade of funds	139	13.75
6.	Excess payment of pay and allowances	393	6.83
7.	Irregular drawal of pay and allowances	477	10.98
8.	Diversion of staff	313	24.10
	Total	**2396**	**531.02**

The Principal Secretary to Government of Punjab, Health and Family Welfare Department, who was informed of the position through half yearly reports, also failed to ensure that the concerned officers of the Department took prompt and timely action.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/over payments in a time bound manner and (c) revamping the system to ensure proper response to the audit observations in the Department.

The matter was referred to Government in May 2004; reply is awaited (August 2004)

4.6.2. Follow-up on Audit Reports/ Outstanding action taken notes

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. Finance Department issued (August 1992), at the instance of the Public Accounts Committee (PAC), instructions to all the Departments to initiate *suo moto* positive and concrete action on all paragraphs/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 corrective/ 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.

Audit Reports

Out of 296 paragraphs/reviews included in the Audit Reports relating to the period 1995-96 to 2001-02 which had already been laid before the State Legislature, ATNs in respect of 81 paragraphs/reviews as detailed below had not been received in Audit Office for vetting as of March 2004 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 explanatory notes were not received
1995-96	47	1
1996-97	56	4
1997-98	37	2
1998-99	48	8
1999-2000	44	19
2000-01	33	19
2001-02	31	28
Total	**296**	**81**

Department-wise analysis is given in the ***Appendix-XXXI***. Departments largely responsible for non-submission of explanatory notes were Public Works, Industry, Education, Social Welfare and Health and Family Welfare. Government did not respond even to reviews containing important issues such as systems failures, mis-management and misappropriation of Government money. Such non-receipt of replies hampered the work of PAC.

CHAPTER-V

INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM

CHAPTER-V

INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM

5.1. Evaluation of internal control and internal audit system in the Public Works Department (Public Health Branch)

PUBLIC WORKS DEPARTMENT (PUBLIC HEALTH BRANCH)

Highlights

Internal Control System is an integral process by which an organisation governs its activities to effectively achieve its objectives. A built-in Internal Control System and strict adherence to Statutes, Codes and Manuals minimise the risk of errors and irregularities. An evaluation of Internal Control System in the Public Works Department (Public Health Branch) revealed the weaknesses of the internal control in vogue in the department such as non-compliance to rules, manuals and codes in the area of budget preparation, expenditure, accountal of transactions, maintenance of stores etc.

➢ ***Budget estimates for 2001-02 to 2003-04 were prepared without taking into account actual requirements, as demands were 26 per cent to 67 per cent higher than actual expenditure incurred.***

(Paragraph 5.1.6)

➢ ***The CE/SEs as Controlling Officers did not maintain Control Registers for annual plan outlay and expenditure incurred thereagainst.***

(Paragraph 5.1.10)

➢ ***In 11 divisions, 209 works valuing Rs 51.12 crore were executed upto March 2004 without sanction of estimates.***

(Paragraph 5.1.18)

➢ ***In five divisions, contractor's ledgers were not maintained for the period from April 2001 onwards.***

(Paragraph 5.1.24)

> ➢ ***Seven divisions did not adjust the storage charges and at the end of March 2004 credit balance (profit) of Rs 74.93 lakh (three divisions) and debit balance (loss) of Rs 1.17 crore (four divisions) had accumulated.***

(Paragraph 5.1.33)

Introduction

5.1.1. Internal controls are laid down in the rules, regulations, codes and manuals and adherence thereto reasonably provide assurance to departmental officers in achieving reliability in accounting, financial reporting, effectiveness and efficacy in department's operation. The controls also act as a safeguard against errors, irregularities in operational and financial matters.

Organisational set-up

5.1.2. The Administrative Secretary (AS), Public Health (PH) Branch is the overall incharge of the department. There are three Chief Engineers (CEs), 12 Circle Offices headed by the Superintending Engineers (SEs), 48 Divisions each headed by the Executive Engineer (XEN/DO) and a Monitoring Cell under the control of SE (Monitoring). In each divisional office, the Divisional Accounts Officer (DAO) performs functions; as an Accountant; as a Primary Auditor; as Financial Assistant- cum-Adviser to the XEN.

Scope of Audit

5.1.3. To evaluate the effectiveness of internal control and internal audit system in the department, the records of the offices of three Chief Engineers, four Circles[1] (out of 12 Circles) and 12 Divisions[2] (out of 48 Divisions) for the period from April 2001 to March 2004 were test checked between December 2003 and June 2004.

Audit objectives

5.1.4. Objective of the review was to examine whether:

- in the department proper internal controls existed and were exercised over preparation of budget estimates and expenditure thereagainst,
- supporting records have been prescribed and maintained accurately and reports/returns prepared/submitted on due dates as laid down under rules/instructions,

[1] SEs, Public Health Circle, (i) Bathinda, (ii) Hoshiarpur, (iii) Chandigarh and (iv) Patiala.
[2] Public Health (RWS) Divisions (i) Bathinda-I, (ii) Bathinda-II, (iii)Garhshankar, (iv)Hoshiarpur, (v)Mohali, (vi)Mansa, (vii)Patiala, (viii)Rajpura, (ix)Ropar, (x)Talwara, (xi)Mohali-I and (xii)Mohali-II.

- effective control system existed in the department to ensure that works were executed in accordance with sanctioned estimates/approved work programme. Amounts placed under suspense heads were cleared promptly and charged to final heads of account/works,

- foolproof system for procurement of stores existed and that the stores were procured prudently and against definite requirement; Reserve Stock Limits were got sanctioned; periodical physical verification of stores were carried out and results reported to CE/Audit,

- officers of headquarters office visited field regularly to monitor the execution of schemes and

- department had evolved adequate internal audit system to judge the efficacy of the working of the department.

Financial controls

5.1.5. Rules and instructions provide that:

- Budget should be prepared on the basis of average expenditure of six months of the previous year and actual expenditure of six months of the current year; no expenditure should be incurred unless funds were made available.

- To watch any excess of expenditure against budget grant, a Control Register should be maintained; funds may not be drawn from the Treasury at the fag end of year to avoid lapse of grant.

- Expenditure should be proportionately incurred throughout the year and rush of expenditure towards end of financial year is avoided.

- Cash book should be maintained as per rules.

- Reconciliation should be carried out periodically with the Treasury and Accountant General (A&E).

- CE should allocate funds/Letter of Credit (LOC) among the divisions in proportion to budget grant within a period of 10 days from the date of receipt of LOC.

The review revealed that a number of these financial controls were not exercised, as brought out below:

Preparation of inflated budget estimates

Budget estimates were prepared without taking into account actual requirements

5.1.6. Budget estimates for 2001-02 to 2003-04 were prepared without taking into account actual requirements. Demands were 26 *per cent* to 67 *per cent* higher than actual expenditure incurred as given in table as follows:

(Rupees in crore)

Year	Nature of expenditure	Budget demanded	Budget allotted	Expenditure	Percentage of savings over budget demanded
2001-02	Non-Plan	192.93	183.95	109.39	43
	Plan	198.00	103.30	99.35	50
2002-03	Non-Plan	211.78	190.14	137.96	35
	Plan	228.25	143.55	119.62	48
2003-04	Non-Plan	208.51	193.51	155.32	26
	Plan	280.10	113.62	92.85	67

Preparation of inflated budget was indicative of lack of control over preparation of budget. However, reasons thereof were called for which were awaited (August 2004).

Expenditure in excess of budget provisions

5.1.7. In eight divisions, against release of funds of Rs 21.01 crore (seven schemes), Rs 22.45 crore (three schemes) and Rs 9.70 crore (two schemes) during the years 2001-02 to 2003-04, expenditure of Rs 29.45 crore, Rs 31.77 crore and Rs 18.41 crore was incurred, resulting in excess expenditure of Rs 8.44 crore, Rs 9.32 crore and Rs 8.71 crore respectively. Reasons for excess expenditure and action taken for regularisation thereof to ensure legislative control were awaited (August 2004).

Expenditure without budget provisions

In eight divisions, expenditure was incurred in excess of budget provisions

5.1.8. In eight divisions, during the period 2001-2004, Rs 5.03 crore were incurred without provisions of funds. When this was pointed out, two XENs stated that the expenditure was incurred in anticipation of receipt of funds. The reply was not tenable as the Divisional Officers concerned had violated the provisions of rules.

Drawal of funds to avoid lapsing of budget

5.1.9. In seven divisions, cash was drawn at the fag end of March and unspent cash balances of LOC of Rs 3.17 crore were irregularly carried over to the subsequent financial years in order to avoid lapsing of budget grant.

Non-maintenance of control registers

Control Registers for annual plan outlay and expenditure incurred thereagainst were not maintained

5.1.10. The CE/SEs as Controlling Officers did not maintain Control Registers for annual plan outlay and expenditure incurred thereagainst. When this was pointed out (April 2004), CE issued (April 2004) instructions for the maintenance of Control Registers. Further compliance was awaited (August 2004).

Differences in figures of expenditure

5.1.11. A comparison of figures of expenditure reported to GOI with those appearing in the Appropriation Accounts of the State Government revealed variation as per ***Appendix-XXXII.*** Though the reconciliation of figures was carried out with the Accountant General (A&E), differences still persisted as the department had not adopted the figures that had appeared in Appropriation Accounts, as was required. This was indicative of deficient internal control mechanism.

5.1.12. Deficiencies in system of release of Letter of Credit (LOC)

- No records i.e. Budget Control Register with regard to allocation of LOC as required was maintained, in the absence of which, it could not be ascertained in audit as to how the CE assured himself that the LOC was released in correct proportion.

- Out of LOC of Rs 177.55 crore released during 2001-02 (Rs 33.79 crore), 2002-03 (Rs 69.50 crore) and 2003-04 (Rs 74.26 crore), an amount of Rs 134.13 crore (76 *per cent*) was released with a delay (after allowing 3 days for transit) ranging between one day and 252 days.

- In 10 divisions, an amount of Rs 21.03 crore was transferred to other divisions without due approval of the CE.

Rush of expenditure during last quarter

In eight divisions, stipulated requirement of incurring proportionate quarterly expenditure was not adhered to

5.1.13. In eight divisions, out of the total expenditure of Rs 39.35 crore incurred during 2001-02 and Rs 60.10 crore during 2002-03, over 45 *per cent* (2001-02:Rs 17.58 crore) and 52 *per cent* (2002-03:Rs 31.05 crore) were spent during last quarter. The expenditure was stated to have been made according to release of LOC. Thus, stipulated requirement of incurring proportionate quarterly expenditure during the year was not adhered to besides the regular flow of expenditure was also not ensured.

Non-reconciliation with treasury

5.1.14. In 10 divisions, Form PWA 26 showing the results of reconciliation with treasuries relating to remittances and cheques encashed was in arrear for the period from January 2001 to March 2004. The unreconciled amounts pertained to the period as old as 1988 and their proper accountal was of utmost urgency.

Further, pay and allowances amounting to Rs 70.18 crore drawn from treasuries between April 2001 and March 2004 by these divisions was also not reconciled, for which no reasons were on record.

5.1.15. Deficiencies in maintenance of Cash Book

- In 12 offices, requisite certificate in token of having the totals checked, was not found recorded in the Cash Books at the close of each month.
- In 12 offices, cuttings and over-writings made in the Cash Books, were not attested by the DDOs.
- In eight divisions, the classifications of transactions were not written in the Cash Books in violation of rules.

Improper maintenance of Receipt and Cheque Books Control Register

5.1.16. The Receipt and Cheque Books to be used should be obtained from the Treasury Officer concerned and entered in the register of Receipt and Cheque Books (Form DFR 4) maintained by the XENs. The counterfoils of used Receipt and Cheque Books should be returned promptly to the DOs for record.

In 12 divisions, 261 Receipt Books and 85 Cheque Books were used between April 2001 and March 2004. Neither records of issue of Receipt and Cheque Books were maintained nor counterfoils of used Receipt and Cheque Books were got recorded with the divisional offices. Thus, non-compliance of codal provisions was indicative of lack of internal control over the issue/use of Receipt and Cheque Books.

Operational controls

5.1.17. Rules and instructions relating to execution of works provide that:

- No work should be commenced without sanction of estimates or anticipatory sanction of the competent authority.
- Any probable excess expenditure over sanctioned estimates was required to be reported to SE through work slips.

- Immediately when a work is completed, SE should see that the accounts of work are closed and completion report is prepared.

- No provision should be made in estimates for contingency expenditure except with prior permission of Finance Department (FD) in each case.

- Every XEN is required to submit a consolidated Tools and Plants (T&P) Return to Audit by 15th October every year.

- The items appearing under Cash Settlement Suspense Account (CSSA) should be cleared within 10 days from the date of receipt of the accounts.

- The accounts relating to all transactions with contractors should be maintained by Divisional Officers in the Contractor's ledger in the prescribed form and be closed and balanced on monthly basis.

- The Divisional Head Clerks should maintain and keep proper custody of library books, duly updated.

However, operational controls of the Department were weak and deficient as follows:

Commencement of works without sanction of estimates

In 11 divisions, 209 works were commenced without sanction of estimates

5.1.18. In 11 divisions, 209 works valuing Rs 51.12 crore were executed upto March 2004 without sanction of estimates and no anticipatory sanctions were also sought/submitted in these cases; reasons thereof were not on record. Thus, as a result of non-following of rules, CE/SEs failed to exercise control over unauthorised execution of works.

Excess expenditure over estimates

5.1.19. In nine divisions, against the sanctioned estimates of Rs 14.85 crore in 55 works, expenditure of Rs 17.25 crore was incurred upto March 2004. However, the XENs did not report excess expenditure of Rs 2.40 crore to SEs through work slips for consideration and regularisation, thus, showing lack of control over expenditure.

Non-preparation of completion reports

5.1.20. In 10 divisions, 508 RWS schemes were completed between April 2001 and March 2004 but neither were the accounts of these works closed nor were the completion reports prepared as of March 2004. The SEs did not call for completion reports of completed works as required. In reply, the SEs stated that necessary instructions would be issued to the field offices. Further report was awaited (August 2004).

Irregular provision of contingency in work estimates

5.1.21. In seven divisions, in 152 estimates valuing Rs 50.37 crore, the provisions for contingency amounting to Rs 1.10 crore was made. Further, it was seen that two divisions had incurred an expenditure of Rs 35.47 lakh against the provision of contingency on office expenses, stationery, petty purchases etc., in violation of Government instructions. In four divisions, the details of expenditure incurred on contingency were neither posted in the Register of Major/Minor works nor made available to Audit.

Cash Settlement Suspense Account

5.1.22. In eight divisions, 89 items involving Rs 4.01 crore outstanding at the end of 2003-04 under the suspense head of accounts, pertained to the period from November 1970 to January 2004 and were awaiting clearance since long. As a result of non-clearance of items, the possibility of misappropriation/non-accountal of material by the concerned divisions cannot be ruled out. The corrective measures were not taken for such a long period, which indicated absence of monitoring at appropriate levels.

Tools and Plants (T&P) returns

5.1.23. The prescribed T&P returns for the period from April 2001 to March 2004 were not prepared by 10 divisions. The chances of pilferage of T&P articles in the absence of proper records could not be ruled out. This persistent irregularity was indicative of absence of internal control mechanism.

Non-maintenance of contractor's ledger

Contractor's ledgers were not maintained in five divisions

5.1.24. In five divisions, contractor's ledgers were not maintained for the period April 2001 onwards and in another five divisions, the contractor's ledgers were neither maintained in proper format nor closed and reviewed periodically. This was indicative of lack of effective internal control over the accounts of contractors.

Up-keep of codes and manuals

5.1.25. In 10 divisions, either no Library Registers were maintained or where maintained, the departmental codes and manuals were not available as per registers. Further, Guard files containing correction slips and important departmental instructions issued by Government or CE from time to time, were also not maintained. These compendiums, which were the main tools for executing proper internal control, thus, were not available with the department.

Store management and inventory control

5.1.26. Departmental rules provide that:

- Stores should be purchased economically and according to definite requirement.
- Stock should be restricted to Reserve Stock Limit (RSL).
- Stores should be physically verified in the month of August every year and results reported to CE.
- Stock balances as per Bin Cards and Priced Stores Ledger (PSL) should be reconciled periodically.
- Storage charges (Profit/Loss) should be adjusted at the end of the year.

The deficiencies noticed in store management and inventory control, were as follows:

Non-fixation of Reserve Stock Limit

Reserve Stock Limit was not got sanctioned in eight divisions

5.1.27. Although eight divisions were holding stores valuing between Rs 1.41 crore and Rs 4.63 crore during the years 2001-02 to 2003-04, RSL had not been got sanctioned from the Finance Department, indicating lack of control over inventory.

Lack of control over procurement

5.1.28. In eight divisions where Reserve Stores were maintained, surplus/ unserviceable and obsolete store items valuing Rs 83.34 lakh and Rs 62 lakh respectively, were lying in stock (March 2004). Lack of monitoring by the SEs/CE on procurement resulted in blockade of Government money due to excess purchases, which could have been avoided.

Physical verification

5.1.29. The position of non/late conducting of physical verification of stores in eight divisions to safeguard against the possibility of any shortage was as follows:

Year	No. of Divisions where physical verification not done	No. of Divisions where physical verification was done with delay	Period of delay in months
2001-02	3	4	2 to 27
2002-03	4	3	6 to 14
2003-04	5	3	3 to 5

Stock taken on Material at Site (MAS) registers

5.1.30. In nine divisions, no physical verification of material borne on MAS registers was conducted during the period covered under review. Failure of DOs to ensure compliance of codal provisions to rule out the possibility of any shortage showed lack of internal controls for which no reasons were on record. When pointed out, all XENs noted the point for compliance.

Submission of physical verification reports

5.1.31. As per records of CE office, out of 48 divisions, only two divisions had submitted reports of physical verification to the CE during April 2001 to March 2004. The CE did not initiate any action to ensure compliance of instructions. As a result, shortage/pilferage of material, if any, was not brought on record, defeating the purpose of prescribing this return.

Priced Store Ledger (PSL)

5.1.32. In seven divisions, the PSLs were incomplete as reference to payments or adjustment of debits, vouchers/transfer entry and date were not recorded. Revised issue rates of stock items were not noted in PSLs and entries of issues and receipts of stores in PSLs were not attested by the Divisional Officers.

Further, no reconciliation of stock balances in PSLs and the bin cards was carried out during the period covered under review, thus, defeating the purpose of maintaining PSLs for which no corrective measures had been taken by the SEs. In the absence of complete PSLs, extent of correctness of quantities stated and values of store computed could not be ensured in audit.

Non-adjustment of storage charges

In seven divisions, storage charges were not adjusted at the end of March 2004

5.1.33. Seven divisions did not adjust the storage charges and at the end of March 2004, credit balance (profit) of Rs 74.93 lakh (three divisions) and debit balance (loss) of Rs 1.17 crore (four divisions) had accumulated. In three cases, the XENs stated that rates would be revised. The other three XENs noted the point for compliance. Further, the amounts of loss were neither justified by DOs nor got written off from the competent authority.

Administrative controls

Under the rules, the SE was required to conduct inspections of the divisions falling under his Circle and XENs were also required to conduct inspections of sub divisions under their control, once in a year.

5.1.34. Deficiencies in inspections conducted by SEs/XENs

- In 17 divisions, out of 51 annual inspections required to be conducted during 2001-04, four SEs did not conduct 11 inspections. Initial replies to 25 Inspection Notes in respect of inspections conducted during 2001-04 were not received from the XENs. This indicated lack of control on the part of SEs to watch compliance to the defects pointed out by them.
- The Government or CE had not prescribed norms for time allotment for inspection on the basis of work load of divisions and time limit for issue of inspection notes. Three SEs issued 21 inspection notes after two months to six months from the completion of inspection by the circle offices. No records relating to issue of inspection notes were available with SE, PH Circle, Patiala.
- No Control Register to watch over the inspections due and conducted, issue of inspection notes, receipt of replies, number of paragraphs and inspection notes outstanding, had either been prescribed or maintained in any of the circle offices covered in review.
- Four XENs did not conduct any inspection of sub-divisions under their control during 2001-02 to 2003-04.
- In seven divisions, inspections were conducted but no inspection notes containing defects noticed were issued to the SDEs.

Inadequate field inspections

5.1.35. As per guidelines, the officers from the State headquarters should visit the districts, blocks and villages regularly to ascertain execution of schemes as per prescribed standards and specifications. Departure from it, if any, should be highlighted and brought out in inspection tour note.

No record was available of periodical visits of departmental officers to districts, blocks and villages to have access to the quality of execution and operation and maintenance of the schemes.

When this was pointed out, the CE, Patiala stated (April 2004) that schemes were being inspected by the Senior Officers of department at random. However, the reply was not tenable as only four inspection notes relating to 11 RWS schemes of five divisions in respect of inspections conducted by CE in October 2003 and December 2003 were made available and inspection notes for the remaining period from April 2001 to March 2004, were neither found on record nor made available to Audit. The random selection, therefore, was neither representative nor adequate.

In case of four SEs, no records of works inspections and inspection notes with regard to works inspections conducted were either found on record or made available when asked for. In the absence of proper record of works inspection notes, the adequacy of inspection of works by the SEs could not be ascertained in audit.

Internal Audit

5.1.36. The audit of PH Branch was neither being conducted by the Additional Director, Internal Audit Organisation responsible for the audit of Government departments nor was there any internal audit wing in the department.

Monitoring and Evaluation

5.1.37. The Administrative Secretary (AS) being administrative head, was required to monitor the working of the department with reference to physical and financial achievements. However, records did not indicate that periodical reports/returns submitted by the CE were ever analysed with reference to budget provisions, funds released and physical achievements thereagainst. On being asked about the results of monitoring at Government level, it was stated (April 2004) that needful was being done in the meetings at the level of Principal Secretary. However, no supporting documents were either on record or produced to Audit.

The AS did not have information on issues such as guidelines for proper implementation of various schemes, details of projects, schemes in operation in the department, funds received from GOI under various Central/State Plan and Non-Plan schemes and expenditure thereagainst and review of reporting of physical and financial matters and deficiencies noticed. On being enquired, it was stated that the information on these points would be supplied to Audit after collecting the same from the CE/field offices. This indicated the absence of internal control at Government level.

Conclusions

5.1.38. The internal controls were lacking as much as that budget demands during 2001-04 were substantially higher than actual expenditure; expenditure was incurred without / in excess of budget provisions; funds were drawn to avoid lapse of budget; release of LOC was delayed; cash books were not maintained properly; reconciliation of withdrawal/remittances was not done with the treasury; works were executed without sanction of estimates; expenditure on works not restricted to estimates; account of the completed works not closed; completion reports and T&P returns not prepared; accounts of contractors' transactions were not maintained; RSL was not got sanctioned; stores were purchased in excess of requirement; physical verification of stores was either not done or delayed; field inspections by State level Officers, Chief Engineers/ Superintending Engineers were inadequate; no internal audit system existed and there was no proper monitoring of departmental working at Government level.

5.1.39. In order to have the replies of the Government to the audit observations issued in April 2004, a mechanism to hold the meetings of the Audit with the Administrative Secretaries was evolved. Accordingly, a meeting with the

Administrative Secretaries under the Chairmanship of Chief Secretary was held on 27 August 2004 and the Secretary, PWD (Public Health Branch) was instructed to furnish replies within two weeks; no reply has been received.

Recommendations

- Compliance to rules relating to preparation of annual budget, drawal of funds, incurring of expenditure, maintenance of cash book etc. may be ensured.
- Purchase of stores as per actual requirements, their proper maintenance and physical verification thereof may be ensured.
- All works should be executed as per sanctions and prescribed reports/returns be prepared/submitted on due dates.
- An internal control mechanism may be evolved to safeguard against errors, irregularities in operational and financial matters to ensure greater efficacy of administration.
- An internal audit system may be evolved to judge the efficacy of the department.

Arijit Ganguly

CHANDIGARH
The 17 FEB 2005

(ARIJIT GANGULY)
Pr. Accountant General (Audit), Punjab

Countersigned

NEW DELHI
The 18 FEB 2005

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

APPENDICES

Appendix –I

(Refers to Paragraph 1.4, Page 4)

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1999-2000	2000-2001	2001-2002	2002-03	2003-04
Part A. Receipts					
1. Revenue Receipts	**7468**	**9377**	**8929**	**11071**	**12139**
(i)Tax Revenue	3947 (53)	4895 (52)	4820(54)	5711 (52)	6146 (51)
Taxes on Agricultural Income	--	--	--	--	--
Taxes on Sales, Trades etc.	1977 (50)	2645 (54)	2684(56)	3072(54)	3308 (54)
State Excise	1231 (32)	1325 (27)	1350(28)	1429(25)	1463 (24)
Taxes on vehicles	321 (8)	338 (7)	318(7)	444(8)	389 (6)
Stamps and Registration fees	326 (8)	424 (9)	444(9)	559(10)	729 (12)
Land Revenue	5	7	9	9	13
Other Taxes	87 (2)	156 (3)	15	198 (3)	244 (4)
(ii) Non Tax Revenue	2362 (32)	2935 (31)	2960(33)	4036(36)	4666 (38)
(iii) State's share of Union taxes and duties	639 (8)	720 *(8)	611(7)	649(6)	754 (6)
(iv) Grants in aid from GOI	520 (7)	827 (9)	538(6)	675(6)	573 (5)
2. Misc Capital Receipts	--	--	--	--	--
3. Total revenue and Non debt capital receipts (1+2)	**7468**	**9377**	**8929**	**11071**	**12139**
4. Recoveries of Loans and Advances	**109**	**127**	**872**	**103**	**105**
5. Public Debt Receipts	**4456**	**4996**	**6681**	**6246**	**7337**
Internal Debt (excluding Ways & Means Advances and Overdrafts)	**1654**	**4364**	**5719**	**5827**	**6526**
Net transactions under Ways and Means advances and Overdraft	--	**8**	**126**	--	**269**
Loans and Advances from Government of India*	**2802**	**624**	**836**	**419**	**542**
6. Total receipts in the Consolidated Fund (3+4+5)	**12033**	**14500**	**16482**	**17420**	**19581**
7. Contingency Fund Receipts	**7**	--	**3**	--	--
8. Public Account Receipts	**10864**	**11049**	**14171**	**11972**	**10111**
9. Total receipts of the State (6+7+8)	**22904**	**25549**	**30656**	**29392**	**29692**
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	**10195(95)**	**11713 (87)**	**12710(86)**	**14825(95)**	**15702 (92)**
Plan	812(8)	829 (7)	865(7)	708(5)	615 (4)
Non Plan	9383(92)	10884 (93)	11845(93)	14117(95)	15087 (96)
General Services	2945(29)	4188(36)	4389(35)	5638(38)	5639 (36)
Interest	2637(26)	2343(20)	3178(25)	3434(23)	3712 (24)
Social Services	2716(27)	2993 (25)	3111(24)	3222(22)	3368 (21)
Economic Services	1846(18)	2100 (18)	1866(15)	2310(16)	2939 (19)
Grants-in-aid and Contributions	**51**	**89 (1)**	**166(1)**	**221(1)**	**44**
11. Capital Expenditure	**439(4)**	**1393 (11)**	**984(7)**	**420(3)**	**665 (4)**
Plan	589(134)	697 (50)	952(97)	897(214)	623 (94)
Non Plan	(-)150@ (-34)	696 (50)	32(3)	-477@(-114)	42 (6)
General Services	38(9)	43 (3)	22(2)	21(5)	18 (3)
Social Services	42(9)	53 (4)	54(6)	22(5)	5
Economic Services	359(82)	1297 (93)	908(92)	377(90)	642 (97)
12. Disbursement of Loans and Advances	**137(1)**	**302 (2)**	**1066(7)**	**339(2)**	**757 (4)**
13. Total (10+11+12)	**10771**	**13408**	**14760**	**15584**	**17124**
14. Repayments of Public Debt	**2570**	**1468**	**2556**	**2445**	**3089**
Internal Debt (excluding Ways and Means Advances and Overdraft)	**717**	**836**	**1766**	**663**	**193**
Net transactions under Ways and Means advances and Overdraft	**722**	--	--	**352**	--

* Higher rounding taken

* Includes Ways and Means Advances from GOI

@ Minus expenditure is because of recoveries under major head dealing with capital expenditure (4059, 4250, 4401, 4404,4408 and 5054)

Loans and Advances from Government of India*	**1131**	**632**	**790**	**1430**	**2896**
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	**13341**	**14876**	**17316**	**18029**	**20213**
17. Contingency Fund disbursements	**4**	--	--	--	--
18. Public Account disbursements	**9627**	**10359**	**13428**	**11395**	**9347**
19. Total disbursements by the State (16+17+18)	**22972**	**25235**	**30744**	**29424**	**29560**
Part C. Deficits					
20. Revenue Deficit (1-10)	**2727**	**2336**	**3781**	**3754**	**3563**
21. Fiscal Deficit (3+4-13)	**3194**	**3904**	**4959**	**4410**	**4880**
22. Primary Deficit (21-23)	**557**	**1561**	**1781**	**976**	**1168**
Part D Other data					
23. Interest Payments (included in revenue expenditure)	**2637**	**2343**	**3178**	**3434**	**3712**
24. Balance from Current Revenue (BCR)	(-)2254	(-)1893	(-)3295	(-)3415	(-) 3387
25. Arrears of Revenue (Percentage of Tax & non-Tax Revenue Receipts)	2393(38)	3439(44)	3760(48)	3005(31)	2805(26)
26. Financial Assistance to local bodies etc.	376	357	370	363	216
27. Ways and Means Advances/Overdraft availed (days)	166/84	146/107	140/119	190/53	159/134
28. Interest on WMA/Overdraft	8/4	7/2	9/4	9/1	12/2
29.Gross State Domestic Product (GSDP)	62700	68448	76860	86260	95947
30. Outstanding Debt (year end)	24804	28957	33921	38315	43197
31. Outstanding guarantees (year end)	9951	8990	10584	13734	12242
32. Maximum amount guaranteed (year end)	12059	7331	10244	17720	22951
33. Number of incomplete projects	13	10	11	7	8
34. Capital blocked in incomplete projects	1380	548	1177	859	795

Note: Figures in brackets represent percentages (rounded) to total of each sub heading
GSDP for 2003-04 worked out on average growth rate.

* Higher rounding taken

Appendix-II

(Refers to Paragraph 1.9.1, Page 15)

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF PUNJAB AS ON 31 MARCH 2004

(Rupees in crore)

As on 31.03.2003	Liabilities		As on 31.03.2004
18623.50	**Internal Debt -**		**25226.42**
4053.62	Market Loans bearing interest	6059.25	
0.45	Market Loans not bearing interest	0.40	
156.95	Loans from LIC	150.04	
6162.59	Loans from other Institutions	7121.35	
185.79	Ways and Means Advances/Overdrafts from Reserve Bank of India	455.27	
8064.10	Special Securities issued to National Small Savings Fund of Central Government	11440.11	
11923.66	**Loans and Advances from Central Government -**		**9419.13**
56.01	Pre 1984-85 Loans	37.84	
4470.38	Non-Plan Loans	1830.75	
7312.95	Loans for State Plan Schemes	7473.09	
0.23	Loans for Central Plan Schemes	0.05	
84.09	Loans for Centrally Sponsored Plan Schemes	77.40	
--	Other Ways and Means Advances	--	
25.00	**Contingency Fund**		**25.00**
6306.16	**Small Savings, Provident Funds, etc.**		**6766.90**
1138.17	**Deposits**		**1250.08**
468.01	**Reserve Funds**		**679.42**
127.80	**Remittance Balances**		**99.00**
38612.30			**43465.95**
	Assets		
11526.31	**Gross Capital Outlay on Fixed Assets -**		**12191.00**
2352.02	Investments in shares of Companies, Corporations, etc.	2358.74	
9174.29	Other Capital Outlay	9832.26	
5386.05	**Loans and Advances -**		**6038.18**
3903.29	Loans for Power Projects	4572.63	
1037.59	Other Development Loans	1026.49	
445.17	Loans to Government servants and Miscellaneous loans	439.06	
0.63	**Advances**		**0.68**
83.17	**Suspense and Miscellaneous Balances**		**74.30**
390.44	**Cash -**		**373.13**
--	Cash in Treasuries and Local Remittances	--	
63.42	Deposits with Reserve Bank	(-)15.21	
80.34	Departmental Cash Balance	141.65	
0.15	Permanent cash imprest	0.16	
144.51	Investment of Earmarked Funds	144.51	
102.02	Cash Balance Investments	102.02	
21225.70	**Deficit on Government Accounts -**		**24788.66**
3753.94	Revenue Deficit of the Current Year	3562.96	
--	Other adjustments	--	
17471.76	Accumulated deficit up to previous year	21225.70	
--	Proforma correction	--	
38612.30			**43465.95**

Appendix-III[1]

(Refers to Paragraph 1.11, Page 20)

Statement showing details of amount invested and accumulated losses in Statutory Corporations and Government Companies

(Rupees in crore)

Sr. No.	Name of the Statutory Corporation & Government Companies	Amount invested upto end of 2003-04	Accumulated losses	Period upto which accounts finalised
1.	Punjab Financial Corporation, Chandigarh	29.31	227.29	2002-03
2.	PEPSU Road Transport Corporation, Patiala	86.82	289.24	2002-03
3.	Punjab State Electricity Board	2806.11[2]	708.38	2002-03
4.	Punjab State Seeds Corporation Ltd., Chandigarh	4.51[2]	5.58	2002-03
5.	Punjab Agro Industries Corporation Ltd.	45.46	11.41	2002-03
6.	Punjab Dairy Development Corporation Ltd., Chandigarh	4.80[2]	4.80	2000-01
7.	Punjab Export Corporation Ltd., Chandigarh	0.09[2]	0.27	1977-78
8.	Punjab State Industrial Development Corporation Ltd., Chandigarh	78.22	236.88	2001-02
9.	Punjab Poultry Corporation Ltd., Chandigarh	3.09[2]	4.78	2000-01
10.	Punjab State Tubewell Corporation Ltd., Chandigarh	150.67[2]	38.11	1977-78
11.	Punjab Film & News Corporation, Chandigarh	1.51	1.96	1994-95
12.	Punjab State Civil Supplies Corporation, Chandigarh	3.73	332.50	2002-03
13.	Punjab State Handloom & Textile Development Corporation, Chandigarh	3.63	8.30	1999-2000
14.	Punjab Hosiery & Knitwear Development Corporation, Chandigarh	3.91	16.63	2003-04
15.	Punjab State Tourism Development Corporation, Chandigarh	6.66[2]	10.21	2001-02
16.	Punjab Leather Development Corporation, Chandigarh	3.42	10.87	1994-95
17.	Punjab Bus Stand Management Corporation, Chandigarh	6.15[2]	2.00	1997-98
18.	Punjab State Container & Warehousing Corporation	25.00	13.06	2001-02
	Total	**3263.09**	**1922.27**	

1 Refer Finance Account 2004: Statement No.14/Page 198.

2 The figures have been adopted from footnotes on pages:199,201,203,205,207,209,211 of Finance Account for the year 2003-04

Appendix-IV

(Refers to paragraph 2.3.1, Page 26)

Statement showing major savings

Grant No.	Head of account	Savings (Rupees in crore)
1	**Agriculture & Forest**	
1	2406-Forestry & Wild Life, Forestry, Social and Farm Forestry, Externally Aided Social Forestry Development Project (Plan)	20.55
1	2401-Crop Husbandry, Direction & Administration, Centrally Sponsored and Macro Management Work-Plan for Agriculture Department (CSS)	18.34
5	**Education**	
5	2202-General Education, Elementary Education, Government Primary School Government Primary School	23.77
5	University and Higher Education, Assistance to Non-Government Colleges & Institutions	15.39
5	Elementary Education, Government Primary Schools, Sarv Shiksha Abhiyan (CSS)	100.50
5	Government Primary Schools, Sarv Shiksha Abhiyan (Plan)	44.05
5	Secondary Education, Government Secondary Schools, Introduction of 10+2 system of Education in Government Schools (Adhoc)	14.46
5	4202-Capital Outlay on Education, Sports, Arts and Culture, General Education, Elementary Education, Sarv Shiksha Abhiyan (CSS)	102.63
5	Sarv Shiksha Abhiyan (Plan)	33.28
8	**Finance**	
8	6003-Internal Debt of the State Government, Loans from the State Bank of India and other Banks, Loans from State Bank of India	2015.33
8	Loans and Advances from the Central Government, Ways and Means Advances, Other Ways and Means Advances	50.00
8	7610-Loans to Government Servants etc., House Building Advances-House Building Advances to Government servants	28.60
	Health and Family Welfare	
11	2210-Medical and Public Health, Rural Health Services, Allopathy, Subsidiary Health Centres	16.05
11	Medical Education, Training and Research, Allopathy, Government Medical College, Patiala	12.39
11	Urban Health Service-Allopathy, Direction and Administration, World Bank aided Project for strengthening the Primary Health care in the State (Plan)	15.50
13	**Industries**	
13	2852-Industries, General, Other Expenditure, Enhancement of Competitiveness of Existing Industries, Capital subsidy for modernisation and for Technology Upgradation (Plan)	25.00
13	Development of Border Area, Capital Subsidy for New Small Scale Industrial Units in Border Area (DBA) (Plan)	25.00
13	Freight Subsidy for Export to Existing Small and Medium Units (Plan)	49.00
15	**Irrigation and Power**	
15	2702-Minor Irrigation, Surface Water, Lift Irrigation Schemes, Ravi & Sakki Nalah Area	70.49
15	2701-Major & Medium Irrigation, Major Irrigation, Commercial, Sirhind Canal System, Direction and Administration	69.97

15	2701-Other Expenditure including interest	43.56
15	2701-Beas Project Unit-I (BSL), Direction and Administration	19.45
15	2801-Power, General, Other Expenditure, Subsidy under Rural Electrification (Punjab State Electricity Board)	66.91
15	2711-Flood Control and Drainage, Flood Control, Direction and Administration	15.69
15	6801-Loan for Power Projects, Transmission and Distribution, Loans for Transmission Schemes	81.26
15	6801-Hydel Generation, Transmission & Distribution System (Plan)	41.35
15	4701-Capital Outlay on Major & Medium Irrigation, Irrigation Facilities to Himachal Areas below Talwara, Works Expenditure (Plan)	10.90
15	4711-Capital Outlay on Flood Control Projects, Flood Control, Civil Works, Construction of Flood Protection and Drainage Works (CSS)	10.00
15	4711-Works Expenditure (I) – Counter Protective Works (CSS)	10.00
15	4701-Capital Outlay on Major & Medium Irrigation, Medium Irrigation Commercial, Remodelling of Sirhind Canal (NABARD), Works Expenditure (Plan)	18.83
17	**Local Government, Housing and Urban Development**	
17	3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, Other Miscellaneous Compensations and Assignments, Grant-in-aid to Municipal Committees/Corporations/Notified Area Committees in lieu of abolition of octroi in the State	73.32
17	3604-Compensation and Assignments to Local Bodies and Panchayati Raj Insittutions, Other Miscellaneous Compensation and Assignments, Incentive Fund to Urban Local Bodies as per recommendations of 2nd Punjab Finance Commission	10.00
17	4217-Capital Outlay on Urban Development, Other Urban Development Schemes, Other Expenditure, Prevention of Pollution of River Sutlej, Cost of Land (CSS)	70.00
17	Grant-in-aid to Local Bodies for maintenance of Civil Services recommended by 11th Finance Commission (Plan)	10.83
17	6216-Loans for Housing, Urban Housing, Loans to Housing Boards, Loans to Punjab State Housing Board (PUDA) (CSS)	35.96
17	Loans to Punjab State Housing Board (PUDA) (Plan)	11.99
22	**Revenue and Rehabilitation**	
22	2245-Relief on account of Natural Calamities, Floods, Cyclones etc., Drinking water supply. Supply of drinking water	13.13
22	Calamity Relief fund. Transfer to Reserve funds and Deposit account-Calamity Relief fund.	142.08
23	**Rural Development and Panchayats**	
23	4515-Capital Outlay on Other Rural Development Programmes, Rural Development, Environment Improvement of SC Basties/Villages with stress on Sanitation (Plan)	20.00
23	Other expenditure, Discretionary Grant for Development Purposes by Ministers	12.15
23	Sampuran Gramin Rozgar Yojna (CSS)	21.78

Appendix -V

(Refers to Paragraph 2.3.2, Page 26)

Substantial Savings in Grants/Appropriations

Sr. No.	Grants/Head of Account	Provision	Saving (*Per cent*)	Contributing reasons as stated by Government/ Department
		(Rupees in lakh)		
	05-Education			
	Revenue Non Plan CSS			
1.	2204-Sports and Youth Services 102-Youth Welfare Programmes for Students 03-National Service Schemes (Voted)	133.00	133.00 (100)	Saving is due to non-passing of bill by the Treasury Officer.
	Revenue Non Plan State			
2.	2202-General Education 03-University and Higher Education 102-Assistance to Universities 02-Grant to Guru Nanak Dev University (Voted)	1786.53	357.31 (20)	Saving is due to non-passing of bill by the Treasury Officer.
3.	03-Grant to Punjabi University (Voted)	2585.54	552.11 (21.35)	Bills for Rs 572.11 crore were not passed by the Treasury Officer. Finance Department granted additional funds of Rs 20 lakh. Re-appropriation of this amount was not sent to A.G. (A&E).
4.	104-Assistance to Non-Government Colleges and Institutes 01-Assistance to Non-Government Colleges & Institutes (Voted)	7817.00	1538.78 (19.69)	Bill for Rs 14.40 crore was not passed by the Treasury Officer. No reasons for balance amount were furnished.
	Revenue Plan CSS			
5.	2202-General Education 02-Secondary Education 105-Teachers Training 01-Government Junior Basic Teachers Training (Voted)	750.00	182.17 (24.29)	Saving is due to vacant posts not filled up.
6.	109-Government Secondary Schools 18-Computer Literacy and Studies in Schools (Class Project) (Voted)	498.75	498.75 (100)	Saving is due to late receipt of sanction from Government on 31-3-2004 (A/N).

7.	2204-Sports and Youth Services 104-Sports and Games 15-Establishment of Punjab State Sports Council (Voted)	500.00	500.00 (100)	Saving is due to non-release of funds (Rs 455 lakh) by the Finance Department and non-passing of bills (Rs 45 lakh) by Treasury Officer.
	Revenue Plan Share			
8.	2202-General Education 01-Elementary Education 101-Government Primary Schools 10-Sarv Shiksha Abhiyan (Voted)	10050.00	10050.00 (100)	Funds of Rs 6476 lakh were released directly by Government of India in Current Account of Project Director, Sarv Shiksha Abhiyan Authority, Punjab. The balance Rs 3574 lakh were not released by Government of India.
	Revenue Plan State			
9.	2202-General Education 01-Elementary Education 101-Government Primary Schools 10-Sarv Shiksha Abhiyan (Voted)	4404.83	4404.83 (100)	Funds of Rs 3083 lakh were drawn during the year 2003-04. The balance Rs 1321.83 lakh were not released by Punjab Government. The expenditure was not reconciled with A.G. (A&E), Punjab.
10.	02-Secondary Education 109-Government Secondary Schools 05-Upgradation of Government Primary Schools to Middle Standard (Voted)	1000.00	476.11 (47.61)	Saving is due to vacant posts not filled up.
11.	09-Upgradation of Government Middle Schools to High Standard (Voted)	1800.00	479.15 (26.62)	Saving is due to vacant posts not filled up.
12.	11-Introduction of 10 + 2 system of Education in Government Schools (Adhoc) (Voted)	3200.00	1445.80 (45.18)	Saving is due to vacant posts not filled up.
13.	25-Grants under 11th Finance Commission Computer Training for School Children (Voted)	131.00	131.00 (100)	Saving is due to non-passing of bill by the Treasury Officer.
14.	30-Special Group of Education (Handicapped Children) (Voted)	117.00	117.00 (100)	The department contended that Rs 117 lakh were surrendered in the Revised Budget estimates. Re-appropriation was not approved by A.G. (A&E).

15.	31-Modified Computer Literacy Class Project (Voted)	166.25	166.25 (100)	Saving is due to late receipt of sanction from Government on 31-3-2004 (A/N).
16.	04-Adult Education 800-Other Expenditure 01-Adult Education Programme (Literacy Programme) (Voted)	200.00	200.00 (100)	Saving is due to non-passing of bills by the Treasury Officer.
	Capital Plan CSS			
17.	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 201-Elementary Education 04-Sarv Shiksha Abhiyan (Centre Share) (75:25) (Voted)	10263.00	10263.00 (100)	Funds were not released by the Government of India.
	Capital Plan State			
18.	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 201-Elementary Education 01-Elementary Education 04 – Universal and Compulsory Primary Education (PMGY) (Voted)	444.00	444.00 (100)	Saving is due to non-passing of bills by the Treasury Officer.
19.	02-Universal and Compulsory Elementary Education (Voted)	214.64	214.64 (100)	Saving is due to non-passing of bills by the Treasury Officer.
20.	03-Sarv Shiksha Abhiyan (State Share) (75:25) (Voted)	3328.00	3328.00 (100)	Funds were not released by the State Government.
21.	202-Secondary Education 03-Grants under 11th Finance Commission – Special Problems/Promotion of Girls' Education (Voted)	600.00	600.00 (100)	Saving is due to non-passing of bills by the Treasury Officer.
22.	10-Selective Funds for Maintenance and Repair of Existing Assets (School Buildings) (Voted)	500.00	500.00 (100)	The department contended that Rs 500 lakh were surrendered in the Revised Estimates. Re-appropriation was not accepted by A.G. (A&E).
23.	203-University and Higher Education 04-Grant to Un-Aided Rural Colleges for Educational Infrastructure Development (Voted)	250.00	250.00 (100)	This amount was withdrawn by Planning Board in the Revised Estimates. Re-appropriation was not accepted by A.G. (A&E) due to Capital Head of Account.

	08 – Finance			
	Revenue Non-Plan State			
24.	2049-Interest Payments 01-Interest on Internal Debt 200-Interest on Other Internal Debts 07-Loans from National Co-operative Development and Warehousing Corporation (Charged)	272.06	272.06 (100)	Saving is due to non-receipt of claims from the institutions.
25.	03-Interest on Small Savings, Provident Funds etc. 106-Incentive Bonus to Provident Fund Subscribers 01-Bonus on Provident Fund (Charged)	124.71	124.71 (100)	The scheme is being reanalysed.
26.	05-Interest on Reserve Funds 101-Interest on Depreciation Renewal Reserve Funds 02-Depreciation Reserve Fund (Motor Transport) (Charged)	402.33	179.66 (44.65)	Saving is due to non-purchase of buses.
27.	2070-Other Administrative Services 800-Other Expenditure 02-Lumpsum Provision to meet the Committed Liabilities and Other Benefits (Voted)	5000.00	2364.94 (47.30)	Saving is due to lesser number of cases received.
28.	2071-Pensions and other Retirement Benefits 01-Civil 103-Compassionate Allowance 01- Compassionate Allowance (Voted)	259.71	259.71 (100)	Saving is due to non-receipt of cases.
29.	111-Pension to Legislators 01-Pension to Legislators (Voted)	447.26	418.97 (93.67)	Saving is due to lesser number of cases received.
30.	2235-Social Security and Welfare 60-Other Social Security and Welfare Programmes 200-Other Programmes 02-Ex-gratia Payments to Families of Ministers, Government Servants etc. dying in harness (Voted)	1200.00	209.18 (17.43)	Saving is due to lesser number of cases received.
	Capital – Non Plan State			
31.	6003-Internal Debt of the State Government 101-Market loans 02-Market Loans not bearing Interest 12-11 *per cent* Punjab Loan 2002 (Charged)	5081.25	5080.25 (99.98)	Saving is due to misclassification.

32.	107-Loans from State Bank of India and Other Banks 01-Loans from State Bank of India (Charged)	204400.00	201533.00 (98.60)	The department contended that the Budget was reduced to Rs 28.67 crore in the Revised Estimates. However, re-appropriation was not sent to A.G. (A&E).
33.	108-Loan from National Co-Operative Development Corporation 01-Loans from National Co-Operative Development Corporation (Charged)	1120.00	524.06 (46.79)	The department contended that the Budget was reduced to Rs 595.95 lakh in the Revised Estimates. However, Re-appropriation was not sent to A.G. (A&E).
34.	6004-Loans and Advances from the Central Government 06-Ways and Means Advances 800-Other Ways and Means Advances 01- Other Ways and Means Advances (Charged)	20000.00	5000.00 (25)	Saving is due to less amount of ways and means advances taken by the Government from Government of India, hence, less repayment of loans.
35.	7610-Loans to Government Servants, etc. 201-House Building Advances 03-House Building Advances to Government Servants (Voted)	9215.59	2860.03 (31.03)	Saving is due to non-drawal of funds by D.D.Os due to financial constraints.
36.	202-Advance for Purchase of Motor Conveyances 01-Advances for the Purchase of Motor Conveyances of Government Servants (Voted)	417.32	186.58 (44.71)	Saving is due to non-drawal of funds by D.D.Os due to financial constraints.
	17 – Local Government, Housing & Urban Development **Revenue Non Plan State**			
37.	3604-Compensation and Assignment to Local bodies and Panchayati Raj Institutions 200-Other Miscellaneous Compensation and Assignment 12-Grant-in-Aid – MCs/Corporations/ NACs in lieu of Abolition of Octroi in the State (Voted)	8997.38	7332.43 (81.50)	Saving is due to non-release of funds by Punjab Government.
38.	16-Incentive Fund to Urban Local Bodies as per Recommendation of 2nd Punjab Finance Commission (Voted)	1000.00	1000.00 (100)	Saving is due to non-release of funds by Punjab Government.

	Capital Plan CSS			
39.	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 800-Other Expenditure 14-Integrated Development of Small and Medium Towns (Voted)	300.00	300.00 (100)	Rs 138.24 lakh released by the State Government but bill was not passed by the Treasury Officer. Balance 161.76 lakh not released.
	Capital Plan Share			
40.	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 800-Other Expenditure 05-Prevention of Pollution of River Sutlej – Cost of Land (Voted)	7000.00	7000.00 (100)	Sanction for Rs 75 lakh issued but bill was not passed by Treasury Officer. Balance 6925 lakh not released.
41.	11-Sawaran Jayanti Shehri Rozgar Yojana (Voted)	750.00	750.00 (100)	Saving is due to non-release of funds by Punjab Government.
42.	12-Accelerated Urban Water Supply Programme (Voted)	200.00	200.00 (100)	Saving is due to non-release of funds by the Government.
43.	25-Prevention of Pollution of River West Bein (Voted)	350.00	350.00 (100)	Saving is due to non-release of funds by Punjab Government.
44.	6216-Loans for Housing 02-Urban Housing 201-Loans to Housing Boards 01-Loans to Punjab State Housing Board (PUDA) (Voted)	3596.19	3596.19 (100)	The department contended that the revised estimates were reduced to nil. Re-appropriation was not submitted to A.G. (A&E).
	Capital Plan State			
45.	4216-Capital Outlay on Housing 02-Urban Housing 800-Other Expenditure 05-Houses for Economically Weaker Section (Voted)	100.00	100.00 (100)	The department contended that the revised estimates were reduced from Rs 100 lakhs to nil. Re-appropriation was not submitted to A.G. (A&E).
46.	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 800-Other Expenditure 05-Prevention of Pollution of River Sutlej –Cost of Land (Voted)	100.00	100.00 (100)	Funds were not sanctioned by Punjab Government.
47.	06-Assistance to Urban Slum Development Programme (Voted)	942.00	942.00 (100)	Government accorded sanction but bill was not passed by the Treasury Officer.

48.	08-Grant-in-aid to Local Bodies for Maintenance of Civil Services recommended by the 11th Finance Commission. (Voted)	1083.00	1083.00 (100)	Funds were not sanctioned by Punjab Government.
49.	11-Swaran Jayanti Shehri Rozgar Yojana (Voted)	250.00	250.00 (100)	Saving is due to non-release of funds by Punjab Government.
50.	12-Accelerated Urban Water Supply Programme (Voted)	200.00	200.00 (100)	Saving is due to non-release of funds by Punjab Government.
51.	17-LIC Aided Water Supply and Sewerage Project for Moga and Amritsar. (Voted)	750.00	750.00 (100)	Saving is due to non-release of funds by Punjab Government.
52.	25-Prevention of Pollution of River West Bein (Voted)	300.00	300.00 (100)	Sanction for Rs 150 lakh issued but bill was not passed by the Treasury Officer. Balance Rs 150 lakh not released.
53.	6216-Loans for Housing 02-Urban Housing 201-Loans to Housing Boards 01-Loans to Punjab State Housing Board (PUDA) (Voted)	1199.00	1199.00 (100)	The department contended that the revised estimates were reduced from Rs 1199 lakhs to nil. Re-appropriation was not submitted to A.G. (A&E).
	19-Planning			
	Revenue Plan State			
54.	3451-Secretariat Economic Services 101-Planning Commission – Planning Board 04-Formulation of District Plan at District Headquarters (Voted)	28203.87	11966.52 (42.43)	Saving is due to constraints on resources of the Government.
	Capital Plan State			
55.	5475-Capital Outlay on other General Economic Services 112-Statistics 01-Formulation of District Plan at District Headquarters (Voted)	31406.46	26858.95 (85.52)	Saving is due to constraints on resources of the Government.
56.	789-Special Component Plan for Scheduled Castes 02-R.D.5.12 – Capital Subsidy for PIDB's Infrastructural Development Project in the State (Voted)	10000.00	10000.00 (100)	Saving is due to non finalisation of modalities.
	Grand Total		**330123.14**	

Appendix–VI
(Refers to Paragraph 2.3.3, Page 26)

Statement of various grants/appropriations indicating major head-wise/scheme- wise expenditure where persistent savings in excess of Rupees One crore each and 20 *per cent* or more of the provisions

Sr. No.	Grant No.	Head of Account	Year								
			2001-2002			2002-03			2003-04		
		Revenue (Voted)									
			Provision	Expen-diture	Saving (Percentage of saving)	Provision	Expen-diture	Saving (Percentage of saving)	Provision	Expen-diture	Saving (Percentage of saving)
		Name of Grant	*(Rupees in Crore)*								
		Capital (Voted)									
1.	**11-Health & Family Welfare**	2211-Family Welfare Revamping of organisation of services of delivery (Centrally Sponsored Scheme)	6.90	2.96	3.94 (57.10)	7.60	3.55	4.05 (53.29)	7.80	4.49	3.31 (42.44)
2.	**12-Home Affairs and Justice**	2055-Police (2) 01-Modernisation of Police Force	32.10	23.45	8.65 (26.95)	104.00	42.13	61.87 (59.49)	64.20	5.40	58.80 (91.59)
3.	**17-Local Government Housing and Urban Development**	4217-Capital Outlay on Urban Development (i) Prevention of Pollution of Sutlej River (CSS).	75.00	--	75.00 (100)	75.00	0.00	75.00 (100)	70.00	0.00	70.00 (100)
		(ii) Swaran Jayanti Shehri Rozgar Yojana (CSS).	2.40	--	2.40 (100)	6.00	0.00	6.00 (100)	8.00	0.00	8.00 (100)
4.	**19-Planning**	5475-Capital Outlay on Other General Economic Services. Formulation of District Plan at Headquarters. (Plan)	41.49	30.21	11.28 (27.19)	155.59	85.16	70.43 (45.26)	314.06	45.48	268.58 (85.52)
5.	**21-Public Works**	2215-Water Supply and Sanitation Accelerated Rural Water Supply Programmes. (CSS)	52.50	16.08	36.42 (69.37)	106.25	24.13	82.12 (77.29)	93.60	17.70	75.90 (81.08)

6..	**25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes**	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes. Capital subsidy under Bank Tie-up loaning programme to below poverty line Scheduled Castes through Punjab Scheduled Castes Land Development and Finance Corporation. (CSS)	20.00	12.62	7.38 (36.90)	20.00	0.00	20.00 (100)	20.00	0.00	20.00 (100)
		TOTAL	230.39	85.32	145.07	474.44	154.97	319.47	577.66	73.07	504.59

Appendix–VII

(Refers to Paragraph 2.3.6, Page 27)

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	05-Education	2238.15	98.11	2081.55	254.71
2.	11-Health and Family Welfare	718.12	37.66	617.05	138.73
3.	17-Local Government Housing and Urban Development	89.24	26.54	33.89	81.89
4.	22-Revenue and Rehabilitation	442.94	41.34	311.35	172.93
5.	23-Rural Development and Panchayats	137.35	13.81	84.63	66.53
6.	24-Science , Technology and Environment	2.93	0.22	0.72	2.43
7.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	150.18	32.03	104.61	77.60
Revenue (Charged)					
8.	06-Elections	0.08	0.05	0.00	0.13
9.	07-Excise and Taxation	0.03	0.01	0.02	0.02
10.	22-Revenue and Rehabilitation	0.20	0.10	0.05	0.25
Capital (Voted)					
11.	01-Agriculture and Forests	41.40	10.42	11.90	39.92
12.	05-Education	18.65	144.64	0.08	163.21
13.	13-Industries	7.36	0.52	5.44	2.44
14.	21-Public Works	222.42	255.81	141.89	336.34
15.	23-Rural Development and Panchayats	40.78	50.44	7.44	83.78
16.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	4.93	3.44	0.04	8.33
17.	28-Tourism and Cultural Affairs	0.02	15.49	0.00	15.51
Capital (Charged)					
18.	18-Personnel and Administrative Reforms.	0.00	0.09	0.00	0.09
	TOTAL	**4114.78**	**730.72**	**3400.66**	**1444.84**

Appendix–VIII

(Refer to Paragraph 2.3.6, Page 28)

Excessive supplementary grants

(Rupees in crore)

Serial number	Grant/ appropriation	Amount of grant/appropriation				
		Original	Supple-mentory	Total	Actual expenditure	Saving
Revenue (Voted)						
1.	06-Elections	17.22	6.78	24.00	18.46	5.54
2.	07-Excise and Taxation	46.07	18.65	64.72	59.37	5.35
3.	10-General Administration	74.78	25.36	100.14	91.55	8.59
4.	16-Labour & Employment	15.27	0.82	16.09	15.68	0.41
5.	26-State Legislature	7.65	4.60	12.25	10.54	1.71
6.	27-Technical Education and Industrial Training	65.12	21.53	86.65	80.89	5.76
Revenue (Charged)						
7.	05-Education	13.05	3.26	16.31	16.15	0.16
8.	08-Finance	3473.11	264.46	3737.57	3712.32	25.25
9.	09-Food and Supplies	0.05	0.34	0.39	0.07	0.32
10.	10-General Administration	2.35	0.53	2.88	2.42	0.46
Capital (Voted)						
11.	02-Animal Husbandry and Fisheries	0.11	11.83	11.94	0.60	11.34
12.	10-General Administration	0.00	4.10	4.10	1.03	3.07
13.	11-Health and Family Welfare	0.40	24.00	24.40	1.56	22.84
14.	12-Home Affairs and Justice	0.00	81.91	81.91	7.01	74.90
15.	15-Irrigation and Power	920.37	809.71	1730.08	1140.83	589.25
16.	29-Transport	0.01	41.37	41.38	5.23	36.15
	TOTAL	4635.56	1319.25	5954.81	5163.71	791.10

Appendix–IX

(Refer to Paragraph 2.3.7, 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								
		2001-2002			2002-2003			2003-2004		
		Provision	Expenditure	Excess	Provision	Expenditure	Excess	Provision	Expenditure	Excess
Revenue (Voted)		(Rupees in crore)								
	15-Irrigation & Power									
1.	15-Irrigation 2701-Major and medium irrigation (06) Suspense	2.37	7.04	4.67	2.36	23.46	21.10	2.36	16.71	14.35
	21-Public Works									
2.	2059-Public Works 80- General (i) 799- Suspense	1.00	302.98	301.98	0.90	162.76	161.86	0.00	146.59	146.59
3	2215-Water Supply and Sanitation 01-Water Supply 799-Suspense	13.02	83.12	70.10	0.00	86.07	86.07	0.001	81.01	81.01
4	800-Other Expenditure (01)-Maintenance works	47.35	58.10	10.75	44.99	85.95	40.96	37.20	113.83	76.63
5.	3054-Roads and Bridges 80-General 799-Suspense	7.00	39.09	32.09	6.00	16.59	10.59	6.00	8.01	2.01
6	2515-Other Rural Development Programme (30) 799-Suspense	0.00	15.16	15.16	0.00	9.77	9.77	0.00	52.87	52.87
	TOTAL	70.74	505.49	434.75	54.25	384.60	330.35	45.561	419.02	373.46

Appendix–X

(Refers to Paragraph 2.3.8, Page 28)

Cases of re-appropriation under which the expenditure finally showed excess over the balance provision

(Rupees in crore)

Sr. No.	Grant No.	Major head affecting the grant	Original	Supple-mentary	Re-appro-priation	Total grant	Expen-diture	Amount of excess after re-appropriation
1.	15	4701-Capital Outlay on major and medium irrigation 3(08) Works Expenditure(Plan)	0.40	0.00	(-)0.40	0.00	5.10	(+)5.10
2.		8(08) Works Expenditure(Plan)	6.72	0.00	(-) 6.72	0.00	1.23	(+)1.23
		Total	**7.12**	**0.00**	**(-)7.12**	**0.00**	**6.33**	**(+)6.33**

Appendix–XI

(Refers to Paragraph 2.3.8, 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	Supplementary	Re-appropriation	Total grant	Expenditure	Amount of final Saving
1.	2	4403-Capital Outlay on Animal Husbandry (2)05-Modernisation/ Improvement of slaughter houses and Establishment of Carcass utilisation centres-(CSS)	-	0.89	0.11	1.00	-	1.00
2.		(3)05-Modernisation/ Improvement of slaughter houses and Establishment of Carcass utilisation centres-(Plan)	-	0.89	0.11	1.00	-	1.00
3.	4	2235-Social Security and Welfare (2)08-Maharaja Ranjit Singh War Museum Punjab, Ludhiana (Plan)	0.25	-	1.60	1.85	-	1.85
4.	5	2202-General Education (4)01-Assistance to Non-Government Colleges and Institutes	63.77	4.40	10.00	78.17	62.78	15.39
5.	6	2015-Elections 3(01)-Election Commission	5.18	-	1.39	6.57	4.84	1.73
6.	7	2039-State Excise 3(04)-Improvement for the Infrastructure of the Department	-	0.61	1.39	2.00	0.42	1.58
7.	8	2235-Social Security and Welfare (6)02-Ex-gratia payments to families of Ministers, Government Servants etc. dying in harness	11.38	-	0.62	12.00	9.91	2.09
8.	10	2052-Secretariat General Services (1)01-General Services – Secretariat	29.34	1.63	0.12	31.09	29.31	1.78
9.	14	2220-Information & Publicity (2)02-Display Advertisement (Plan)	1.00	-	0.50	1.50	0.44	1.06
10.	15	4711-Capital Outlay on Flood Control Projects (18)20-Link Drains in Muktsar District RIDF (NABARD) (Plan)	2.00	-	1.16	3.16	-	3.16

11.	15	4702-Capital Outlay on Minor Irrigation (21)01-Share Capital to Punjab State Tubewell Corporation (Deep Tubewell) (Plan)	7.00	-	2.50	9.50	6.50	3.00
12.		4711-Capital Outlay on Flood Control Projects (5)28-Project for Construction of Flood Protection Works on River Ghaggar and its tributaries in Districts Patiala and Fatehgarh Sahib of Punjab RIDF(Plan)	5.00	-	4.00	9.00	-	9.00
13.		(6)29- Project for Construction of Flood Protection Works alongwith Sutlej and Canalisation of Rahon Creek out falling into Sutlej Bridges on Gopalpur Drain and East Bein in Jalandhar and Nawanshahar RIDF VIII- (Plan)	2.00	-	3.00	5.00	-	5.00
14.		(10)11-Construction of Flood Protection Works on River Ravi, Beas and Sutlej (NABARD) – (Plan)	-	-	1.20	1.20	-	1.20
15.		(11)41-Construction of Flood Protection Works and Drainage Works on River Ravi, Beas and Sutlej in Punjab (RIDF –VI) – (Plan)	-	-	1.00	1.00	-	1.00
16.	22	2235-Social Security and Welfare (8)11-Reimbursement to Transport Department in lieu of free Concessional Travel to Terrorist's victim's widows in Government/PRTC buses in Punjab	-	1.34	0.51	1.85	0.38	1.47
17.		2053-District Administration (11)01-District Establishments	60.23	1.64	1.97	63.84	61.23	2.61
18.		2245-Relief on Account of Natural Calamities (2)01-Supply of drinking water	5.00	-	8.13	13.13	-	13.13
19.	23	2515-Other Rural Development Programmes (6)01-Administration	37.86	-	1.17	39.03	37.73	1.30
20.		(3)28-Sampuran Gramin Rozgar Yojana – (CSS)	-	3.51	18.27	21.78	-	21.78
21.		4515—Capital Outlay on Other Rural Development Programmes (3)03-Rural Shelter (Gramin Awas) under PMGY – (Plan)	4.44	-	5.59	10.03	2.82	7.21
22.		(4)06-Sampuran Gramin Rozgar Yojana – (CSS)	-	2.03	19.75	21.78	-	21.78

23.	24	3425-Other Scientific Research (1)10-Setting up of I.R.E.P. Cell at State and District level – (CSS)	1.00	0.22	0.98	2.20	-	2.20
24.		5425-Capital Outlay on Other Scientific and Environmental Research (9)09-Setting up of science city at Jalandhar Kapurthala Road – (CSS)	2.00	-	2.15	4.15	-	4.15
25.	25	2225-Welfare of Scheduled Castes, Schedules Tribes & Other Backward Classes (1)01-Promotion of Education among educationally Backward Classes	23.68	-	0.02	23.70	1.75	21.95
26.		(4)10-Free Books to Scheduled Castes students (1st to 10th Classes)	8.35	0.62	2.71	11.68	8.35	3.33
		Total						**150.75**

Appendix–XII

(Refers to Paragraph 2.3.9, Page 28)

Cases where savings were not surrendered

(Rupees in crore)

Sr. No.	Grant	Saving	Amount Surrendered
Revenue (Voted)			
1.	01-Agriculture and Forests	88.71	-
2.	06-Elections	5.54	-
3.	07-Excise and Taxation	5.36	-
4.	10-General Administration	8.59	-
5.	13-Industries	102.89	-
6.	19-Planning	120.52	-
7.	22-Revenue and Rehabilitation	172.93	-
8.	23-Rural Development and Panchayats	66.53	-
9.	24-Science, Technology and Environment	2.43	-
10.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	77.61	-
11.	26-State Legislature	1.71	-
12.	27-Technical Education and Industrial Training	5.76	-
13.	29-Transport	71.43	-
Revenue (Charged)			
15.	08-Finance	25.25	-
16.	12-Home Affairs and Justice	1.59	-
17.	21-Public Works	1.19	-
Capital (Voted)			
18.	01-Agriculture and Forests	39.92	-
19.	05-Education	163.21	-
20.	10-General Administration	3.07	-
21.	11-Health and Family Welfare	22.84	-
22.	12-Home Affairs and Justice	74.90	-
23.	13-Industries	2.44	-
24.	17-Local Government, Housing and Urban Development	172.41	-
25.	19-Planning	368.59	-
26.	21-Public Works	336.34	-
27.	29-Transport	36.15	-
Capital (Charged)			
28.	08-Finance	657.44	-
	Total	**2635.35**	**Nil**

Appendix–XIII
(Refers to Paragraph 2.3.9, Page 28)

Anticipated savings not surrendered

(Rupees in crore)

Sr. No.	Grant	Total saving	Amount surrendered	Amount not surrendered	Percentage not surrendered
Revenue (Voted)					
1.	02-Animal Husbandry and Fisheries	48.33	40.13	8.20	16.97
2.	03-Co-operation	13.23	9.61	3.62	27.36
3.	04-Defence services Welfare	5.10	0.25	4.85	95.10
4.	05-Education	254.71	2.80	251.91	98.90
5.	08-Finance	114.62	41.26	73.36	64.00
6.	09-Food and Supplies	2.49	1.29	1.20	48.19
7.	11-Health and Family Welfare	138.73	7.79	130.94	94.38
8.	14-Information and Public Relations	3.99	2.09	1.90	46.62
9.	15-Irrigation and Power	98.31	40.12	58.19	59.19
10.	17-Local Government, Housing and Urban Development	81.89	0.19	81.70	99.77
Capital (Voted)					
11.	02-Animal Husbandry and Fisheries	11.34	7.89	3.45	30.42
12.	03-Co-operation	32.81	6.74	26.07	79.46
13.	08-Finance	44.26	13.35	30.91	69.84
14.	15-Irrigation and Power	589.25	262.54	326.71	55.45
15.	23-Rural Development and Panchayats	83.78	10.00	73.78	88.06
16.	24-Science, Technology and Environment	52.75	5.02	47.73	90.48
17.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	8.33	3.97	4.36	52.34
18.	28-Tourism and Cultural Affairs	15.51	0.10	15.41	99.36
	Total	**1599.43**	**455.14**	**1144.29**	

Appendix XIV

(Refers to Paragraph 2.3.11, Page 29)

List of re-appropriation orders issued on 31.3.2004 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 rejection
1.	1-Agriculture and Forests	30.23	Under Secretary to Government of Punjab, Agriculture Department, Coordination Branch, Chandigarh	Re-appropriation order was not according to Revised Estimates.
2.	-Do-	10.57	Chief Conservator of Forests, Punjab, Chandigarh	-Do-
3.	2-Animal Husbandry and Fisheries	0.22	Secretary to Government of Punjab, Department of Animal Husbandry, Chandigarh	Total of the re-appropriation order in respect of 'From' and 'To' sides did not tally.
4.	5-Education	0.23	Joint Secretary, Higher Education, Punjab, Chandigarh	Surrenders/ withdrawls used without prior permission of Finance Department.
5.	-Do-	0.19	Principal Secretary, Department of Archives, Punjab, Chandigarh	Re-appropriation order is not permissible from Capital to Revenue Section.
6.	11-Health and Family Welfare	11.93	Secretary to Government of Punjab, Medical Education and Research Department, Chandigarh	(i) Surrenders/ withdrawls used without prior permission of Finance Department. (ii) Re-appropriation order was not permissible from Capital to Revenue.

7.	-Do-	38.40	Secretary to Government of Punjab, Health and Family Welfare, Punjab, Chandigarh	Re-appropriation was not permissible from charged to voted and Capital to Revenue.
8.	-Do-	0.71	-Do-	Surrenders/ withdrawals used without prior permission of Finance Department.
9.	-Do-	0.23	Secretary to Government of Punjab, Health and Family Welfare (Homeopathy), Chandigarh	Surrenders/ withdrawals used without prior permission of Finance Department.
10.	12-Home Affairs and Justice	121.55	Principal Secretary to Government of Punjab, Department of Home Affairs and Justice, Chandigarh	(i)Re-appropriation order was not according to Revised Estimates. (ii) Re-appropriation order made to the New Scheme.
11.	19-Planning	279.59	Secretary to Government of Punjab, Department of Planning, Chandigarh	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides did not tally. (ii) Re-appropriation order made to the New Scheme.
12.	21-Public Works	54.56	Principal Secretary to Government of Punjab, Department of Public Health, Chandigarh	(i) Re-appropriation order not signed by the competent authority. (ii) Re-appropriation order made from Capital to Revenue section.
13.	29-Transport	83.03	Principal Secretary to Government of Punjab, Department of Transport , Punjab, Chandigarh	Re-appropriation order was not according to Revised Estimates.
	Total	631.44		

Appendix–XV

(Refers to Paragraph 2.4, Page 30)

Statement showing flow of expenditure during the fourth quarter of 2003-04

(Rupees in crore)

Sr. No.	Head of Account	Total expenditure	Expenditure during 4th quarter	Percentage of expenditure in 4th quarter	During March 2004	Percentage of expenditure in March 2004 to total expenditure of 2003-04
1.	2075-Misc. General Services	2392.49	1650.63	68.99	1012.77	42.33
2.	4055-Capital Outlay on Police	4.62	2.57	55.63	2.47	53.46
3.	4070- Capital Outlay Other Administrative Services	1.11	1.11	100	1.11	100
4.	4216- Capital Outlay on Housing	0.35	0.35	100	0.35	100
5.	4220- Capital Outlay. on Information & Publicity	2.00	2.00	100	2.00	100
6.	4235- Capital Outlay on Social Security & Welfare	0.04	0.04	100	0.04	100
7.	4402- Capital Outlay on Soil & Water Conservation	0.73	0.72	98.63	0.72	98.63
8.	4403- Capital Outlay on Animal Husbandry	0.60	0.60	100	0.60	100
9.	4406- Capital Outlay on Forestry & Wild Life	10.01	7.06	70.53	4.05	40.46
10.	4711- Capital Outlay on Flood Control Projects	13.20	6.93	52.50	5.22	39.55
11.	4851- Capital Outlay on Village & Small Industries	0.24	0.21	87.50	0.21	87.50
12.	5053- Capital Outlay on Civil Aviation	0.96	0.96	100	0.96	100
13.	5055- Capital Outlay on Road Transport	3.93	3.93	80.15	3.15	80.15
14.	5425- Capital Outlay on Other Scientific & Environmental Research	1.20	1.20	100	1.20	100
	TOTAL	**2431.48**	**1678.31**		**1034.85**	

Appendix - XVI

(Refers to Paragraph 2.5.2, Page 30)

Persistent savings in grants/appropriations

Sr. No.	Grant/Head of Account/ Name of Scheme	Total Grant/ Amount of Savings (*per cent*)		
	05-Education	**2001-2002**	**2002-2003**	**2003-04**
	Revenue Non-Plan State	*(Rupees in lakh)*		
1.	2058-Stationery and Printing 104-Cost of Printing by Other Sources 02-Cost of Printing at Private Presses (Voted)	44.11 *31.57* (71.57)	89.47 *62.42* (69.77)	47.50 *40.33* (84.91)
2.	2202-General Education 02-Secondary Education 105-Teachers Training 01-Government Junior Basic Teachers Training (Voted)	53.53 *35.21* (65.78)	53.53 *40.53* (75.71)	50.03 *40.00* (79.95)
	Revenue Plan CSS			
3.	2202-General Education 02-Secondary Education 109-Government Secondary Schools 06-Improvement of Science Education in Schools (Adhoc) (Voted)	13,45.00 *13,45.00* (100)	3,50.00 *3,50.00* (100)	3,50.00 *3,50.00* (100)
4.	20-Environment Orientation to School Education (Voted)	15.00 *15.00* (100)	15.00 *15.00* (100)	15.00 *15.00* (100)
	Revenue Plan State			
5.	2202-General Education 02-Secondary Education 109-Government Secondary Schools 09-Upgradation of Government Middle Schools to High Standard (Voted)	50,00.00 *12,84.72* (25.69)	25,00.00 *12,49.43* (49.98)	18,00.00 *4,79.15* (26.62)
6.	25-Grants under 11th Finance Commission Computer Training to School Children (Voted)	1,50.00 *1,50.00* (100)	3,83.36 *3,83.36* (100)	1,31.00 *1,31.00* (100)
7.	04-Adult Education 800-Other Expenditure 01-Adult Education Programme (Literacy Programme) (Voted)	90.00 *90.00* (100)	80.00 *80.00* (100)	2,00.00 *2,00.00* (100)
	17-Local Government Housing and Urban Development			
	Capital Plan State			
8.	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 800-Other Expenditure 05-Prevention of Pollution of Sutlej River – Cost of Land (Voted)	40,00.00 *36,32.70* (90.82)	23,10.00 *23,10.00* (100)	1,00.00 *1,00.00* (100)
9.	07-Fire Services Recommended by 10th/11th Finance Commission (Voted)	60.00 *60.00* (100)	1,35.32 *1,35.32* (100)	60.00 *60.00* (100)

10.	11-Sawarn Jayanti Shehri Rozgar Yojna (Voted)	2,40.00 *2,40.00* (100)	1,76.00 *1,76.00* (100)	2,50.00 *2,50.00* (100)
	19-Planning			
	Revenue Plan State			
11.	3451-Secretariat Economic Services 101-Planning Commission – Planning Board 04-Formulation of District Plan at District Headquarters (Voted)	1,51,62.51 *76,08.83* (50.18)	2,27,24.14 *94,32.99* (41.51)	2,82,03.87 *1,19,66.52* (42.43)
	Capital Plan State			
12.	5475-Capital Outlay on Other General Economic Services 112-Statistics 01-Formulation of District Plan at District Headquarters (Voted)	41,48.86 *11,27.65* (27.18)	1,55,58.79 *70,42.44* (45.26)	3,14,06.46 *2,68,58.95* (85.52)

Note:

- Italic figures represent savings
- Figures within brackets represent percentage of savings

Appendix–XVII

(Refers to Paragraph 2.5.3, Page 30)

Expenditure without Budget Provision

Sr. No.	Grant/Head of Account	Expenditure without Budget Provision (*Rupees in lakh*)	Contributing reasons as stated by department
	17-Local Government, Housing and Urban Development		
	Revenue Non-Plan State		
1.	2217 – Urban Development 80 – General 800 – Other expenditure 01 – Galliara Project for Development of Golden Temple Complex, Amritsar (Voted)	200.00	Reply not furnished.
	Capital Plan State		
2.	4216-Capital outlay on Housing 01-Government Residential Buildings 106-General Pool Accommodation 05-Construction of Flats/Guest House for Ministers/Senior Officers in Sector 39, Chandigarh (Voted)	34.83	The department contended that the revised budget was conveyed by the Finance Department. Financial sanction was also issued by Government on 25-3-04, but re-appropriation was not sent to A.G. (A&E)
	Total	**234.83**	

Appendix-XVIII
(Refers to Paragraph 2.5.4, Page 30)

Provision for funds for schemes awaiting sanction

Sr. No.	Grant/Head of Account	Final saving *(Rupees in lakh)*	Contributing reasons as stated by Government/ Department
	05-Education		
	Revenue Non-Plan State		
1.	2202-General Education 02-Secondary Education 107- Scholarships 01-Scholarships General (Voted)	2.00	Scheme was not sanctioned by the State Government.
	Revenue Plan CSS		
2.	2202-General Education 02-Secondary Education 109-Government Secondary Schools 19-Setting up of Vocational Wings at District/Directorate. Provision of Instructional Material in School (Adhoc) (Voted)	424.44	Scheme was not sanctioned by Government of India.
3.	20-Environment Orientation to Schools Education (Adhoc) (Voted)	15.00	Scheme was not sanctioned by Government of India.
4.	22-Pre-Vocational Scheme at Lower Secondary Stage (Voted)	20.00	Scheme was not sanctioned by Government of India.
5.	33-Integrated Education of Disabled Children of the State (Voted)	150.00	Scheme was not sanctioned by Government of India.
	Revenue Plan State		
6.	2202-General Education 02-Secondary Education 001-Direction and Administration 02-Creation of Staff for New Districts (Voted)	1.00	Scheme was not sanctioned by the State Government.
7.	109-Government Secondary Schools 29-Vocationalisation of Stream of 10 + 2 System of Education (Voted)	10.00	Scheme was not sanctioned by the State Government.
	Capital Plan State		
8.	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 202-Secondary Education 09-Construction of Shiksha Bhawan (Voted)	1.00	Scheme was not sanctioned by the State Government.
	Total	**623.44**	

Appendix - XIX
(Refers to Paragraph 2.5.4, Page 30)

Savings due to Non-release of Funds

Sr. No.	Grant/Head of Account	Final saving (*Rupees in lakh*)	Contributing reasons as stated by Government/ Department
	05-Education		
	Revenue Non-Plan State		
1.	2202-General Education 02-Secondary Education 001-Direction and Administration 01-Direction and Administration (Charged)	0.47	Funds were not released by the State Government.
	Revenue Plan CSS		
2.	2202-General Education 02-Secondary Education 109-Government Secondary Schools 06-Improvement of Science Education in Schools (Adhoc) (Voted)	350.00	Funds were not released by the Government of India.
	Revenue Plan Share		
3.	2202-General Education 04-Adult Education 800-Other Expenditure 01-Adult Education Programme (Literacy Programme) (Voted)	400.00	Funds were not released by the State Government.
	Revenue Plan State		
4.	2202-General Education 02-Secondary Education 109-Government Secondary Schools 06-Improvement of Science Education in Schools (Adhoc) (Voted)	4.00	Funds were not released by the State Government.
5.	32-Setting up of DIET's in the State (Committed Liability) (Voted)	30.00	Funds were not released by the State Government.
	Total	**784.47**	

Appendix - XX

(Refers to Paragraph 2.5.4, Page 31)

Unnecessary/Excessive Supplementary Grants

Sr. No.	Grants/Head of Account	Total Supplementary Grant	Saving
		(Rupees in lakh)	
	5-Education		
	Capital Plan CSS		
1.	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 202-Secondary Education 04-Teacher Education Establishment of DIET's. (Voted)	578.35	578.35
	Capital Plan State		
2	4202-Capital Outlay on Education Sports, Art and Culture 01-General Education 202-Secondary Education 11-Infrastructure Development in Government Schools through Education (Voted)	20.00	20.00

Appendix-XXI
(Refers to Paragraph 3.1.12, Page 37)

Statement showing works in respect of which inflated project estimates were prepared

Sr. No.	Name of division	Name of work	Projected cost	Total expenditure	Items with inflated provisions	Utilisation of savings as un-provided items
			(Rupees in lakh)			
1.	Construction Division, Faridkot	Doda to Mallian via Kauni road	133.69	118.57	(i) Against provision of 5604 cum earth work, 2273 cum was executed with saving of Rs 2.18 lakh. (ii) Against provision of 2630 metres drains valuing Rs 10.83 lakh, 600 metres of drain was executed at a cost of Rs 4.73 lakh.	Rs 13.96 lakh were utilised on excess consumption of PC, bricks, stone metal. Allotment of PC work at higher rate, payment of extra carriage of BM/PC etc. without any provision in the project.
2.	-do-	Ajitwal Dhudike Molhoke Nihal Singh Wala	245.69	201.42	Project estimate was prepared with the length of the road as 21.40 kms against actual length of 20.83 kms.	177.04 MT PC valuing Rs 1.81 lakh was consumed in excess than as provided in the estimate.
3.	-do-	Lambi Gidderbaha via Abul Khurana	178.40	117.02	Provision of Rs 5.15 lakh for construction of 21 Culverts, side drain, retaining wall etc. had been made but only 2 Culverts at a cost of Rs 0.40 lakh had been constructed.	Rs 3.74 lakh out of savings had been utilised on excess consumption of PC, stone metal, light coat, and allotment of work at higher rate than as provided in the estimate.
4.	Construction Division-I, Mohali	Kharar-Bassi road	164.85	119.01	Against the provision of earth work of 10232 cum, actually 6669 cum was executed.	Rs 2.57 lakh had been incurred on construction of diversion, fixing pipe lines etc. not provided in estimate.
5.	Construction Division Barnala	Longowal-Sunam road	126.20	90.01	Length of the road was shown in excess.	(i) Rs 5.75 lakh were adjusted due to enhancement of rate of bitumen as the work could not be completed as scheduled. (ii) 127.91 MT BM valuing Rs. 3.82 lakh was utilised in excess. (iii) Similarly Rs 2.23 lakh were incurred in excess on PC.
6.	Construction Division Faridkot	Khai Mamdot road	67.60	45.78	(i) 16089 cum earth work was provided for Rs. 11.90 lakh against actual 3421 cum of Rs 2.36 lakh. (ii) BM was provided for Rs 7.31 lakh but not executed.	Savings had been utilised towards Misc. items on work orders not provided in the project. Against 1755 cum Stone metal, 1849.35 cum stone metal consumed..

Appendix-XXII
(Refers to Paragraph 3.1.33, Page 45)

Details of works in respect of which Quality Control Consultants were either not employed or late employed

Sr. No.	Name of the Division	Name of the work	Amount of contract (*Rupees in lakh*)	Month of allotment of work	Month in which Q.C. consultant employed	Amount of recovery @1.5 *per cent* of contract value	Amount recovered	Amount recoverable
						(*Rupees in lakh*)		
1	Construction Division Faridkot	Reconstruction of Bagha Purana-Nathana road	201.40	4/2000	Not employed	3.02	Nil	3.02
2.	Provincial Division Gurdaspur	Construction of High Level Bridge over River Beas on Mukerian-Gurdaspur Road	3190.00	5/2001	1/2002 (8 months)	44.97	4.94	40.03
3.	Provincial Division Ferozepur	Construction of High Level bridge on river Sutlej Sangowal-Jagraon road	3980.00	5/2001	2/.2002 (9 months)	56.78	Nil	56.78
4.	Central Works. Division No. 3, Ludhiana	High Level bridge over Sutlej and 5 Nos small bridges including approaches and guide bund on Khanna Mehatpur road	3185	5/2001	1/2002 (8 months)	39.74	Nil	39.74
					Total	**144.51**	**4.94**	**139.57**

Consultant charges of Rs 9.38 lakh at the rate of 1.5 *per cent* of the value of the work done for the default period deducted in respect of work at Sr. No. 4 were later on refunded to contractor in November 2002.

Appendix - XXIII
(Refers to Paragraph 3.2.10, Page 50)

Statement showing cases of non/short obtaining of bank guarantees

Sr. No.	Name of PIU	Package No.	Name of Firm	Agreement No. & Year	Cost of Agreement	Amount of Bank Guarantee required to be obtained @ 10 *per cent*	Amount for which Bank Guarantee obtained
Cases where Bank Guarantees were not obtained *(In Rupees)*							
1.	XEN, Mandi Board, Bathinda	PB-1101 PB-1102	M/S Bhullar Const. Co. M/S Vikas Const. Co. M/S Dharam Pal, Contractor	80/2001 133/2001 8/2002	2,29,93,444 49,28,442 3,69,15,646	22,93,344 4,92,844 36,91,565	-
2.	XEN. Construction. Division No. I Bathinda	PB-0201	M/S Makhan Lal Contractor	31/2001-02	46,99,609	4,69,961	--
3.	XEN, Construction. Division No. II, Amritsar	PB-0101	M/S/ Sharma Const. Co.	86-A/ 2001-02	1,23,00,000	12,30,000	-
4.	XEN, Mandi Board, Ludhiana	PB-1002 PB-1201	M/s Baldev Singh M/S Kabir Const. Co.	172/2001-02 171/ 2001-02	96.20 lakh 168.14 lakh	9,62,000 16,81,400	--
5.	XEN, Mandi Board, Amritsar	PB-0101 PB-0102	M/S M.S. Brothers M/S Surjit Singh & Co.	42/2001-02 125/2001-02	1,28,72,937 1,08,23,000	12,87,293 10,82,300	-- --
6.	XEN, Mandi Board Nawanshahar	PB-1401	M/S Joginder Pal M/S Surinder Pal	934/ 2000-01 988/ 2001-02	24,41,407 5,86,655	2,44,141 58.666	--
7.	XEN, Construction. Division Gurdaspur	PB-0601 PB-0605	M/S Subhash Chander M/S Naresh Kumar Mahajan	84/2001-02 37/ 2002-03	75,68,285 75,37,290	7,56,820 7,53,729	-- In Cash
8.	XEN, Mandi Board,Gurdaspur	PB-0609	M/s Jaswant Singh & Co.	2002-03	1,10,48,397	11,04,840	In cash
	8 PIUs	12 packages		Total		1,61,08,903	
Cases where Bank Guarantees received @ 5 *per cent* of cost of agreement							
1.	XEN, Mandi Board, Bathinda	PB-1103	M/S Dhaliwal Builders	18/2002-03	1,01,13,830	10,11,383	5,05,000
2.	XEN, Provincial Division Amritsar	PB-0103 PB-0104	M/S Surinder Kumar & Co. M/S M.S. Brothers	225/ 2001-02 224/ 2001-02	156.66 lakh 225.09 lakh	15,66,600 22,50,000	7,83,300 11,25,000
3.	XEN, Construction Division Sirhind	PB-0401	M/S Aar Kay Const. Co.	2002-03	98.85 lakh	9,88,500	5,00,000
4.	XEN. Construction. Division No. I Bathinda	PB-0203	M/S Makhan Lal Contractor	10/2002-03	1,48,48,531	14,84,853	7,50,000
5.	XEN, Mandi Board Amritsar	PB-0101	M/S M.S. Brothers	2/2001-02	21,71,796	2,17,179	1,10,000
6.	XEN, Mandi Board Nawanshahar	PB-1402	M/S Rethu Singh	999/ 2001-02	1,36,61,431	13,66,143	6,83,000
7.	XEN, Construction. Division Gurdaspur	PB-0603 PB-0604 PB-0606 PB-0607 PB-0608	M/S Emm Emm Const. Co. M/S Mohinder Pal Singh & Co. M/S Balwinder Singh & Co. M/S V.S. Saini M/S J.K. Builders	34/2002-03 33/ 2002-03 25/ 2002-03 19/2002-03 27/2002-03	1,28,36,337 1,46,59,226 1,22,77,517 117.00 lakh 94,35,186	12,83,634 14,65,923 12,27,752 11,70,000 9,43,519	6,30,000 7,35,000 6,14,000 5,55,000 4,80,000
8	XEN, Mandi Board Gurdaspur	PB-0602	M/S M.B. Const. Co.	2002-03	48,60,060	4,86,006	2,45,000
9.	XEN, Construction. Division No. II, Amritsar	PB-0106	M/S Sharma Const Co.	222/ 2001-02	319.58 lakh	31,95,800	15,98,000
	9 PIUs	14 Packages		Total		1,86,57,292	93,13,300
Cases where validity of Bank Guarantee was less than 5 years							
1.	XEN, Const. Division No. II, Amritsar	PB-0105	M/S Satish Aggarwal & Co. Amritsar	223/ 2001-02	114.18 lakh	11,41,800	5,70,000 (validity upto 10.6.2003)

2.	XEN, Construction Division II, Bathinda	PB-0202	M/S Rajindra & Co., Chandigarh	16/2002-03	1,24,00,000	12,40,000	6,20,000 (validity upto 31.3.2004)
Total						**23,81,800**	**11,90,000**
3.	XEN Construction Division Ropar	PB-1601	M/S M.S. Const. Co. Mohali	72/ 2001-02	238.86 lakh	23,88,600	11,94,400 (validity upto 20.9.2002 and released)

Appendix - XXIV
(Refers to Paragraph 3.2.14, Page 52)

Details of roads constructed with State funds

Package No.	Name of PIU	Name of Road	Length in Kms	Estimated cost (*Rupees in lakh*)
PB-1301	XEN, Rural Works (Now Construction Division) Muktsar	Muhtoar Udekaran Road to Sarkari Colony	0.50	6.63
PB-1303	-do-	Approach Road Shamshan Ghat Roaranwali	0.65	9.52
PB-1305	-do-	(i) Kabarwala Sarawan Road to Sarawan Bhagwan Pur road near Gurdwara Sangarasar	2.56	36.62
		(ii) Gurusar Kabarwala road to Dhani Gulab Singh	0.79	11.30
PB-1306	-do-	(i) Manianwala Dhania rasta Galijewala	1.00	14.34
		(ii) Dolala Crossing to Dhani Balkar Singh	1.29	18.49
		(iii) Chhottian Gurdwara Sahib to Sahib Chand	0.53	7.60
		(iv) Buttar Bakhua to Dera, School and Gurdwara	0.50	7.17
		(v) Dhanian Fakkarsar Gurdwara Sahib to Jandwala Ghumyana road habitation	1.40	20.07
	Total	**9 Roads**	**9.22**	**131.74**

Appendix - XXV
(Refers to Paragraph 3.2.15, Page 52)

Details of roads not approved in Core Network

Package No.	Name of PIU	Name of Road	Length (in Km.)	Estimated Cost	Expenditure
				(Rupees in lakh)	
PB-0102	Punjab Mandi Board (PMB) Amritsar	Kalewal to Abadi Kalewal	1.22	20.15	13.09
PB-1703	PMB, Sangrur	i) Longowal to Ubewal	1.10	15.45	15.13
		ii) Dhuri to Chhintanwal	3.30	41.57	39.27
PB-0301	Construction Division Muktsar	Hospital road to New Grain Market Jaitu	0.80	10.32	8.93
PB-1502	Construction . Division Nabha	Lachhru Kalan to Lachhru Khurd	0.59	10.68	7.70
PB-0106	Construction . Division Amritsar	Kot Budha Dumniwela Road to Abadi Mughalwala	1.10	22.52	16.50
PB-0608	Construction Division Gurdaspur	i) Kailashpur to Abadi Singhpura	2.00	30.48	25.71
		ii) Kalachak to Farakpur	0.73	11.06	9.38
Total	**6 Nos.**	**8 Nos.**	**10.84**		**135.71**

Appendix - XXVI
(Refers to Paragraph 3.2.16, Page 52)

Details of habitations connected with population below 500 persons

Package No.	Name of PIU	Name of Road	Population of habitation	Length (in Kms)	Estimated Cost	Expenditure
					(Rupees in lakh)	
PB-0803	PMB Jalandhar	Kahna Dhesian to Gurdwara K Sahib	250	2.15	35.52	31.81
PB-1201	PMB Ludhiana	Dharm Kot Jalandhar Road. to Chak Bahmnia Road to Chanab	180	0.50	7.58	7.80
PB-1402	PMB Nawanshahar	i) Bakhlaur to Saidabad Theh Badowal	260	2.25	33.27	27.90
		ii) Gahoon to Harijan Basti-Basti Rakran bet	238	0.80	10.45	10.43
		iii) Karimpur Chahwala to Basti Karimpur Chahala	245	0.75	9.67	10.20
PB-1301	Construction Division Muktsar	Dhurput to Dhanian near Bridge of Drain	270	1.00	14.21	9.34
PB-1302	Construction Division Muktsar	i) Dhalowal Dhal to Dhani Mohinder Singh and Surrounding habitations	340	0.45	6.64	20.78
		ii) Kalarwala to Dhani Deva singh and Surrounding Habitations	410	3.69	53.85	37.85
		iii) Pabhi Tibba to Dhani Deva Singh and Surrounding Habitations	400	0.50	7.25	5.64
		iv) Phullu Khera to Dhanian along Shamshan Ghat	395	0.30	4.15	2.41
		v) Samkhera to Dhania wala Gurdwara	410	1.50	21.53	19.24
		vi) Dhani Sucha Singh to Dhani Nidhan Singh	470	0.76	11.17	8.17
		vii) Dhani along Shamshan Ghat Alamwala	390	0.70	10.18	6.23
		viii) Virk Khera-Sarwan Road to Dhani Udham Singh	345	0.80	11.77	9.61
PB-0104	Construction Division II Amritsar	Dumniwala Sabroan road to Bhura Hither	80	3.70	64.31	60.87

PB-0301	Construction Division Muktsar	i) Romana Ajit Singh to Vill Gidder MC Limit	490	1.55	19.41	18.71
		ii) Ukand Singhwala to Kothe Santa Singh	491	2.77	42.69	39.71
		iii) Railway Phatak Jaitu to Kotkapura	250	1.25	16.31	7.23
PB-0802	Construction Division II Jalandhar	i) Nurmehal to Dashmesh Nagar	490	1.28	16.79	14.38
PB-1303	Construction Division Muktsar	i) Fatuhwala to Dhanian Surinder Singh	410	2.21	30.28	28.74
		ii) Tarmala Roranwali to Dhani Dathanwali	275	1.41	21.18	14.50
		iii) Dedowali to Dhani Thakur Singh	280	0.69	10.05	9.73
		iv) Malout Sri Ganga Nagar Road to Dhani Balwinder Singh Kolianwali	490	0.91	13.45	11.00
PB-1304	Construction Division Muktsar	i) Approach Road to Gurdwara Sahib Midda	290	0.50	7.15	6.01
		ii) Mohllan Raniwala Road to Dhani Dyal Singh	350	0.65	9.09	8.27
		iii) Kanianwali Mukand Singh Wala Road to Dhani Kirpal Singh	310	1.22	17.06	15.19
PB-0106	Construction Division II Amritsar	i) Sabraon Dumni wala Road to Ghulewal	80	2.50	42.90	40.37
		ii) Kot Budhe Dumniwala Road to Gadai ke	167	1.10	22.52	16.50
PB-0804	Construction Division II Jalandhar	i) Chhole Bazar to Fateh Garh Lakha	180	1.05	18.90	17.29
		ii) Chhole Bazar to Abadi Chhole Bazar upto Bhusi Bandi	486	1.07	16.98	15.22
		iii) Kadana to Abadi of Village Kadana	120	0.48	7.48	6.49
	Total	**31 Roads**		**40.49 Kms**		**537.62**

Appendix.- XXVII
(Refers to Paragraph 3.2.17, Page 52)

Statement showing link roads constructed under PMGSY to link habitations which were already connected to other habitations

Sr. No.	Package No.	Name of habitation connected	Name of road/MC	No. of road as per Road Data Book	Name of road already constructed	Name of PIU	Length (in Kms)	Expenditure *(Rupees in lakh)*
1.	PB-0603	Kalyanpur	Bakhatpur to Kalyanpur (Dhariwal)	063 123 108	APK road to Kalyanpur Kalyanpur to Haijan Basti Bhambli to Bakhatpur	XEN, Const. Division Gurdaspur	3.50	52.70
2.	PB-0607 PB-0609	Arli Bhan	Kalyanpur Qila Lal Singh Road to Arli Bhan (Dera Baba Nanak)	006	Koti-Kalanaur Athwala-Arli Bhan Mastkot	-do- 3.50 PMB 2.55	6.05	B&R-42.62 PMB-16.95
3.	PB-0606	Jeojualy	Kalanaur to Jeo Jualy (Shallachak) (Kalanaur)	004	Rudiana Shalla Chak Jeo Jualy Chohan Dehriwal	Construction Division Gurdaspur	4.85	74.06
4.	PB-0606	Mour	Bhikhasiwal to Mour (Kalanaur)	017 018 019	Gurdaspur Dera Baba Nanak to Bhikariwal Mour Bhuche nangal Kot Santokh Rai Allowal Juggowal Atari Mour Bakshiwal	-do-	0.70	10.69
5.	PB-0607	Bhangwan	Kalanaur to Bhangwan (Kalanaur)	063 072 029	Aujla Bhangwan Bhandwan Bhangwan- Aujla Road Batala-Kalanaur Aujla Bhangwan	-do-	2.15	26.18
6.	PB-0607	Sukha Raju Kunjar	Kunjar to Sukha Raju(Kalanaur)	036 057	Kunjar to Wangowani Kunjar Bridge Wongo wani-Virk Sukha Raju	-do-	1.62	19.73
7.	PB-0611	Ghukla	Kotli Harchanda Chak Yakub to Ghukla (Kahnuwan)	034 039	Bhattian Ghukla Kahnuwan Chak Sharif Kotli Harchanda	-do-	2.35	6.50
8.	PB-0611	Ladhupur	Kotli Harchanda Chak Yakub Road to Ladhupur (Kahnuwan)	032 033	Kahnuwan Chak Yakub Ghurewal Chak Yakub Ladhupur	-do-	2.85	0.06
9.	PB-1601	Hirdapur Kheri	Kakot School to Hirdapur Kheri (Ropar)	41 83	Parkhali Jodhpur Kakot to Chhoti Majri Mainpur Purkhali Road to Hirdapur Kheri	Construction Division Ropar	2.00	29.57
10.	PB-1601	Balamgarh Madhwara	Balramgarh to Kakron (Ropar)	48 56	Mianpur to Burjwala Balamgarh Madhwara Cherrian Kakraon Kishanpur to Chatoli Chowk	-do- -do-	2.80	40.61

11.	PB-1601	Bari	Bari to Narangpur (Ropar)	39	Bhangla Purkhali Road to Narangpur	-do-	2.70	29.55
				40	Mianpur Purkhali road to Kudaspur Bari			
12.	PB-1601	Bindrakha	Balamgarh Madhhwara to Bindrakha (Ropar)	047	Mianpur Purkhali Road Panjola Panjoli Chhoti Bawani Bari Bawani upto Bindrakha Road	-do-	4.03	51.66
				048	Mianpur to Burjwala Balamgarh Madhwara			
				050	Purkhali to Bindrakha			
13.	PB-0601	Bahman majra	Singh Bhagwanta to Bahman Majra (Ropar)	55	Ropar Kurali road to Singh Bhagwantpura	-do-	1.50	20.38
				56	Ropar Kurali road to Chupki Bahman Majra Cherrian Kakraon Kishanpura upto Chatoli Chowk			
					Total		**37.10**	**421.26**

Appendix - XXVIII
(Refers to Paragraph 3.2.21, Page 54)

Detail of Roads not completed

Package No.	Name of Road	Length approved (in Kms)	Length Constructed (in Kms)	Expenditure *(Rupees in lakh)*	Reasons for non-completion of road	Date of completion
PB-0102	ATTSM road to Abadi Jagat Pura	1.65	1.30	14.06	Due to inadequate width	3/2002
PB-0503	i) Hasta Kalan to Nawan Hasta Kalan	1.75	1.15	20.22	-do-	3/2002
	ii) Ruhela Tejoke to Mahatam Nagar	2.40	1.70	33.62	-do-	3/2002
PB-0801	Pipli to Abadi Pipli	1.61	1.55	18.75	-do-	4/2002
PB-0102	i) Sandhra Makhi Kalan Road to Abadi Kezi Chak	2.70	2.50	39.80	-do-	9/2002
	ii) Made Pul Kaurji to Dhnoa Kalan	1.16	0.65	13.91	Balance work not done due to road dispute	9/2002
	iii) Thathian Mahantan to Abadi Majbi Sikhan	1.45	1.34	22.83	-do-	9/2002
PB-0803	Rampur Fakhruwal to Rampur	2.47	2.36	25.19	-do-	9/2002
PB-1101	i) Burj Hari to Kothe Mahantan	4.25	4.05	72.35	-do-	3/2002
	ii) Khokar Kalan to Kothe Khokar Kalan	0.75	0.72	12.31	-do-	3/2002
	iii) Ahlupur to Dhani Attar Singh	3.45	3.35	65.96	-do-	3/2002
PB-0507	Pucca Chishti to Dhani Major Singh	2.20	1.75	37.13	-do-	11/2002
PB-1103	i) Phaphre Haike Khilan Road to Kothe Balbir Singh	0.96	0.91	12.65	-do-	7/2002
	ii) Rangdial to Tibba Basti	0.70	0.67	10.16	--do-	--do-
	iii) Bazigar Basti to Reond Kalan	2.00	1.80	26.38	-do-	-do-
PB-0502	Chak Khira to Dhani Bachan Singh	2.56	2.10	31.22	Army stopped the work	5/2002
PB-1601	i) Ballamgarh to Kakron	2.80	2.66	40.60	Due to stream	2/2002
	ii) Bari to Narangpur	2.70	2.00	29.55	Due to forest land	2/2002
PB-0901	Sultanpur Lodhi-Lohian Road to Harijan Basti Deepewal	1.58	1.52	17.34	Falls in Railway Jurisdiction	6/2002
PB-0103	i) Chamiari Road to Abadi Kamalpur	2.50	2.37	37.03	Due to Bridge	9/2002
	ii) Approach Road to Lodhi Gujjar to Abadi Chuni Ka Dera	3.00	2.59	42.93	-do-	9/2002
PB-0104	Patti Kandiala Road to Nathuke	2.60	2.08	34.54	-do-	9/2002
PB-0202	Gange to Kothe Hargobind	4.26	3.75	56.77	-do-	9/2002
PB-0902	Mundi More Gorewal Road to Mundi Chhanna	1.39	1.33	11.65	Abandoned	9/2002
PB-0904	Nadala Bholath to Chak Shah Kala	2.70	2.61	39.54	Deferred due to alignment dispute	1/2003
16 Nos packages	**25 Nos. Roads**	**55.59 Kms**		**766.49**		

Appendix - XXIX
(Refers to Paragraph 3.4.15 , Page 72)

Statement showing the proposal of posts to be surrendered in the Government Ayurvedic Hospital, Patiala

Sr. No.	Name of the Post	Number of posts to be surrendered	Amount of Saving (Rupees in lakh)
1.	Resident Physician	2	4.10
2.	Ayurvedic Medical Officer	3	6.50
3.	Massuer	1	1.70
4.	Nursing Sister	1	1.75
5.	Staff Nurse	4	5.70
6.	Store Keeper	1	0.90
7.	X-Ray cum Opthalmic Assistant	1	0.70
8.	Tailor	1	0.70
9.	Dispenser	5	5.80
10.	Dai	1	0.80
11.	Mali	1	0.75
12.	Cook	2	1.65
13.	Dhobi	2	1.60
14.	Chowkidar	1	0.85
15.	Ward Attendant	4	4.80
16.	Sweeper	2	1.70
	Total	**32**	**40.00**

Appendix - XXX
(Refers to Paragraph 4.6.1, Page 109)

Yearwise position of outstanding inspection reports and paragraphs

Period	Inspection Reports	Paras
Upto 1993-1994	624	912
1994-1995	73	86
1995-1996	109	188
1996-1997	96	178
1997-1998	68	143
1998-1999	101	219
1999-2000	124	266
2000-2001	144	220
2001-2002	232	428
2002-2003	368	824
2003-2004	234	744
Total	**2173**	**4208**

Appendix - XXXI
(Refers to Paragraph 4.6.2, Page 110)

Statement showing paragraphs/reviews for which explanatory notes were not received upto 31.03.2004

Sr. No.	Name of the Department	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Total
1.	Agriculture	-	-	-	-	-	1	1	2
2.	Commercial Activities	-	1	-	-	1	-	-	2
3.	Education Department	-	-	-	1	2	1	2	6
4.	Financial assistance to local bodies	-	-	1	-	2	2	1	6
5.	General (Admn. Home, Transport & Justice)	-	-	-	-	1	-	-	1
6.	General paras	1	3	-	1	1	1	1	8
7.	Health and Family Welfare	-	-	-	-	1	3	-	4
8.	Industries Department	-	-	-	-	4	1	2	7
9.	Public Works Department (B&R)	-	-	-	4	1	4	4	13
10.	Public Works Department (Public Health)	-	-	-	-	1	1	4	6
11.	Irrigation and Power	-	-	-	2	2	1	2	7
12.	Revenue Department	-	-	1	-	-	-	-	1
13.	Rural Development & Panchayats	-	-	-	-	-	-	2	2
14.	Social Welfare	-	-	-	-	-	-	5	5
15.	Science and Technology	-	-	-	-	2	-	-	2
16.	Tech. Education & Industrial Training	-	-	-	-	-	2	1	3
17.	Animal Husbandry	-	-	-	-	-	1	1	2
18.	Co-operative Department	-	-	-	-	1	-	1	2
19.	Finance Department	-	-	-	-	-	1	-	1
20.	Printing and Stationery	-	-	-	-	-	-	1	1
	Total	**1**	**4**	**2**	**8**	**19**	**19**	**28**	**81**

Appendix - XXXII
(Refers to Paragraph 5.1.11, Page 115)

Statement showing variations in the figures of expenditure

(Rupees in lakh)

Year	Name of the Scheme	Expenditure as per Appropriation Accounts	Expenditure reported to Government of India	Difference in expenditure reported to GOI
2001-02	ARWSP/ Sub-Missions	2546.12	2267.61	-278.51
	PMGY	1157.27	1273.41	+116.14
	NABARD	3965.59	4975.29	+1009.70
	MNP	10232.33	1418.38	-8813.95
	Non-Plan	**5810.24**	**6017.41**	**+207.17**
2002-03	ARWSP/Sub-Missions	2990.92	2978.34	- 12.58
	PMGY	1730.66	1758.13	+ 27.47
	NABARD	5886.55	6796.52	+ 909.97
	MNP	9296.42	290.86	-9005.56
	Non-Plan	**8595.44**	**8525.73**	**- 69.71**
2003-04	ARWSP/Sub-Missions	1944.72	1972.25	+ 27.53
	PMGY	1347.50	1361.17	+ 13.67
	NABARD	5166.94	5451.31	+ 284.37
	MNP	300.47	500.01	+ 199.54
	Non-Plan	**11383.45**	**8901.91**	**- 2481.54**

Appendix -XXXIII

Glossary of Abbreviations

AMO	Ayurvedic Medical Officer
AS	Administrative Secretary
ASF	Anandpur Sahib Foundation
ATN	Action Taken Note
B&R	Buildings and Roads
BDPO	Block Development and Panchayat Officer
BIFR	Board of Industrial and Financial Reconstruction
BKOs	Brick Kiln Owners
BM	Bituminous Mecadum
CCIM	Central Council of Indian Medicines
CE	Chief Engineer
CSS	Centrally Sponsored Scheme
CSSA	Cash Settlement Suspense Account
DAO	Divisional Accounts Officer
DB	Director of Boilers
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
DDPO	District Development and Panchayat Officer
DFR	Departmental Financial Rules
DG Sets	Diesel Generating Sets
DGP	Director General of Police
DICs	District Industries Centres
DNIT	Detailed Notice Inviting Tender
DPI	Director of Public Instructions
DRDAs	District Rural Development Agencies
DRME	Director, Research and Medical Education
EE	Executive Engineer
ENT	Ear, Nose, Throat
FCI	Fixed Capital Investment
FD	Finance Department
FDRS	Fixed Deposits Receipts
FICCI	Federation of Indian Chambers of Commerce
FIR	First Information Report
GAD	General Arrangement Designs
GM	General Manager
GOI	Government of India
HPCL	Hindustan Petroleum Corporation Ltd.
HSD	High Speed Diesel
HUDCO	Housing and Urban Development Corporation Ltd.
IA	Internal Audit
IFLs	Interest Free Loans
IP	Irrigation and Power
IRC	Indian Road Congress
IRs	Inspection Reports
ISM&H	Indian Systems of Medicine and Homoeopathy

KHMC	Khalsa Heritage Memorial Complex
KM	Kilometre
LAC	Land Acquisition Collector
LAO	Land Acquisition Officer
MAS	Material at Site
MBs	Measurement Books
MD	Managing Director
MNP	Minimum Need Programme
MPWA	Miscellaneous Public Works Advances
NABARD	National Bank for Agriculture and Rural Development
NCLP	National Child Labour Project
NDS	National Discipline Scheme
NGOs/VOs	Non-Government Organisations/Voluntary Organisations
NRRDA	National Rural Road Development Agency
OHSR	Over Head Service Reservoir
OUVGL	Optimum Utilisation of Vacant Government Land
PAC	Public Accounts Committee
PAU	Punjab Agricultural University
PC	Premix Carpet
PE	Project Engineer
PH	Public Health
PIDB	Punjab Infrastructure Development Board
PIUs	Project Implementation Units
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMGY	Pradhan Mantri Gram Yojana
PPHC	Punjab Police Housing Corporation
Pr.AG	Principal Accountant General
PRBDB	Punjab Roads and Bridges Development Board
PSL	Priced Stores Ledger
PTDC	Punjab Tourism Development Corporation
PUDA	Punjab Urban Planning and Development Authority
PUNBUS	Punjab State Bus Stand Management Company Ltd.
PWD	Public Works Department
RIDF	Rural Infrastructure Development Fund
RSD	Ranjit Sagar Dam
RSL	Reserve Stock Limit
RWS	Rural Water Supply
SC/ST	Scheduled Caste/Schedule Tribe
SDEs	Sub Divisional Engineers
SE	Superintending Engineer
SMO	Senior Medical Officer
SPINFED	The Punjab Co-operative Cotton Marketing and Spinning Mills Federation Ltd.
SSI	Small Scale Industry
ST	Sales Tax
STE	Sales Tax Exemption
T&P	Tools and Plants
TA	Travelling Allowance

T&D	Transmission and Distribution
TO	Treasury Officer
UCs	Utilisation Certificates
VRS	Voluntary Retirement Scheme
WBM	Water Bound Macadum
XEN/DO	Executive Engineer/Divisional Officer