सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Compliance Audit

for the year ended 31 March 2021

भारत के नियंत्रक एवं महालेखापरीक्षक ✦ COMPTROLLER & AUDITOR GENERAL OF INDIA

सत्यमेव जयते

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

पंजाब सरकार

सत्यमेव जयते

GOVT. OF PUNJAB

Government of Punjab

Report No. 3 of the year 2022

Report of the
Comptroller and Auditor General of India
on
Compliance Audit

for the year ended 31 March 2021

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Preface

This Report of the Comptroller and Auditor General of India on Compliance Audit for the year ended 31 March 2021 has been prepared for submission to the Governor of Punjab under Article 151(2) of the Constitution of India and Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit done during the period 2020-21 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports; instances relating to the period subsequent to 2020-21 have also been included, wherever necessary.

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

Overview

Overview

This Report contains five Subject Specific paragraphs viz. ‘Evaluation of schemes for installation of Water Treatment Plants’; ‘Transitional Credit under Goods and Services Tax’; ‘Processing of refund claims under Goods and Services Tax’; ‘Execution of Transmission Works’; and ‘Disbursement and recovery of financial assistance’, and 26 observations involving money value of ₹ 908.34 crore.

Chapter-I: General

The total receipts of the State Government for the year 2020-21 were ₹ 69,048.18 crore. The Government raised ₹ 34,204.96 crore comprising tax revenue of ₹ 30,052.83 crore and non-tax revenue of ₹ 4,152.13 crore. The State Government received ₹ 10,638.21 crore as State’s share of divisible Union taxes and ₹ 24,205.01 crore as Grants-in-aid from the Government of India.

Revenue expenditure of the State increased by 56 *per cent* from ₹ 55,296 crore in 2016-17 to ₹ 86,344 crore in 2020-21 and the capital outlay increased by 0.83 *per cent* from ₹ 4,346 crore in 2016-17 to ₹ 4,382 crore in 2020-21. The revenue expenditure constituted 80 to 95 *per cent* of the total expenditure (except for the year 2016-17 when it was 55 *per cent*[1]) while the capital outlay ranged between three and five *per cent* during 2016-2021 except for the year 2019-20 when it was 19 *per cent* due to conversion of UDAY loans amounting to ₹ 15,628 crore into equity in Punjab State Power Corporation Limited.

During the period from 2016-17 to 2020-21, the revenue expenditure increased at an annual average growth rate of 11.70 *per cent* whereas revenue receipts grew at an annual average rate of 10.91 *per cent.*

(Paragraph 1.2, Page 2)

In the Revenue side, test check of the records of 97 units administering Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles and other Departmental offices conducted during the year 2020-21 revealed under assessment/short levy/loss of revenue aggregating ₹ 153.32 crore in 14,765 cases. The Departments recovered ₹ 4.78 crore in 1,116 cases during 2020-21, out of which ₹ 0.04 crore pertains to four cases, which were pointed out during 2020-21 and remaining cases in previous years.

An amount of ₹ 6.43 lakh was recovered during 2020-21 by various units under Social, General and Economic Departments, after being pointed out by Audit through Inspection Reports.

(Paragraph 1.4, Page 6)

[1] Though the revenue expenditure increased by 10.43 *per cent* during the year, it depicted a small proportion (55 *per cent*) of total expenditure due to the increase in the disbursement of loans and advances by 593.03 *per cent*.

In the Revenue Departments, 111 Inspection Reports[2] for the year 2020-21 were issued to Heads of Departments, out of which Audit did not receive reply for any of the Inspection Report within the stipulated time of four weeks. Further, the Inspection Reports issued up to March 2021 reveal that 9,624 paragraphs[3] involving ₹ 2,609.25 crore[4] relating to 2,367 Inspection Reports[5] remained outstanding at the end of June 2021.

Similarly, in Social, General and Economic Departments, as of June 2021, 18,102 Inspection Reports containing 64,471 paragraphs (issued up to March 2021) having money value of ₹ 49,180 crore, were outstanding, of which 11,480 IRs containing 30,884 paragraphs having money value of ₹ 13,114 crore pertained to the period prior to April 2016 i.e. more than five years old.

(Paragraph 1.5, Page 7)

Out of 46,532 outstanding audit observations as of June 2020 in respect of Social, General and Economic Departments, 823 observations involving money value of ₹ 143.64 crore were settled in 28 audit committee meetings held with 16 departments/auditee units[6] during 2020-21.

In Revenue Departments, no audit committee meeting was held during 2020-21.

(Paragraph 1.5.1, Page 8)

Chapter-II: Evaluation of schemes for installation of Water Treatment Plants

The Subject Specific Audit titled '**Evaluation of schemes for installation of Water Treatment Plants'** revealed that the State had decided to install 1,258 number of Reverse Osmosis (RO) plants for which ₹ 187.51 crore was earmarked. Out of these, tender processes were started for 703 RO plants with an assessed cost of ₹ 105.64 crore, against which 580 RO plants were installed at a cost of ₹ 80.14 crore. Thus, the Water Supply and Sanitation Department could have benefitted 2,70,781 households by installing all the planned

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2 Forestry and Wildlife (4), Land Revenue (25), Motor Vehicle Tax (6), State Excise (18), Stamp Duty (50) and VAT (8).

3 Entertainment and Luxury Tax (215), Forestry and Wildlife (193), Land Revenue (943), Motor Vehicle Tax (1,581), State Excise (372), State Lotteries (27), Stamp Duty (4,674) and VAT (1,619).

4 Entertainment and Luxury Tax (₹ 16.54 crore), Forestry and Wildlife (₹ 190.26 crore), Land Revenue (₹ 467.44 crore), Motor Vehicle Tax (₹ 254.85 crore), State Excise (₹ 371.00 crore), State Lotteries (₹ 5.49 crore), Stamp Duty (₹ 605.03 crore) and VAT (₹ 698.64 crore).

5 Entertainment and Luxury Tax (95), Forestry and Wildlife (103), Land Revenue (306), Motor Vehicle Tax (194), State Excise (271), State Lotteries (7), Stamp Duty (1064) and VAT (327).

6 (i) Power; (ii) Rural Development; (iii) Dairy Development; (iv) Horticulture; (v) Water supply and Sanitation; (vi) Punjab Home Guards; (vii) Director, Sports; (viii) Director, Youth Services; (ix) Director, Employment Generation, Skill Development and Training; (x) Director, Technical Education (Polytechnic); (xi) Director, Industrial Training Institutes; (xii) District Education Officer, Mohali; (xiii) District Education Officer, Fatehgarh Sahib; (xiv) Printing and Stationery; (xv) Punjab Scheduled Castes Land Development and Finance Corporation; and (xvi) Chief Electoral Office.

703 RO plants but fell short of the planned coverage by about 40,000 households.

Further, the Water Supply and Sanitation Department failed to install 97 RO plants as tenders were not finalised and 44 *per cent* available funds was not utilised by the Department due to dropping/non-taking up/incomplete RO plants under special assistance by NITI Aayog. 92 RO plants were not got installed even after incurring of ₹ 7.47 crore under NABARD XIX. The penetration level of installed RO plants was not satisfactory as it was below 10 *per cent* in respect of 300 RO plants and the penetration level of 42 *per cent* RO plants was not available. Water rejected from the RO plants was not being disposed of in a scientific manner.

Chapter-III: Transitional Credit under Goods and Services Tax

The Subject Specific Audit **"Transitional Credit under Goods and Services Tax"** showed systemic as well as compliance issues in 425 cases involving money value of ₹ 137.62 crore. The nature of systematic deficiency indicated inadequate checks and validations due to which transitional credits were carried forward to Electronic Credit Ledger without deducting the input tax credit reversible on account of pending statutory forms. The compliance deficiencies showed improper verification of transitional credits and dealers were found to have claimed transitional credits in excess of credits available in pre-GST returns. In some cases, dealers claimed double transitional credit, which was allowed by Department despite conducting verifications. Some dealers created suspected and bogus input tax credits in pre-GST regime and carried forward as transitional credits to GST regime. In some cases, transitional credit as well as refund against the same input tax credit was allowed to the dealers.

Chapter-IV: Processing of refund claims under Goods and Services Tax

The Subject Specific Audit **"Processing of refund claims under Goods and Services Tax"** revealed significant delay in issuance of acknowledgment in 30.17 *per cent* cases, in issuance of refund orders in 37.63 *per cent* cases, in sanction of Provisional Refunds in zero-rated supplies in 4.74 *per cent* cases, in communicating refund orders to counterpart tax authorities in 26.60 *per cent* cases and in credit of SGST refund to taxpayer's account in 18.54 *per cent* cases. Further, deviations from provisions of the Acts and Rules were noticed, which resulted in excess refunds in 0.43 *per cent* cases and issue of refunds in absence of supporting documents in 33.00 *per cent* cases; the deviation ranged from 0.43 *per cent* to 37.63 *per cent.*

Chapter-V: Execution of Transmission Works – Punjab State Transmission Corporation Limited

The Subject Specific Audit **"Execution of Transmission Works"** revealed that the Company did not prepare its perspective rolling transmission plan as required under Punjab State Grid Code, spill-over of 53 works resulted in cost escalation of ₹ 389.71 crore, delays up to 105 months were observed in execution of 64 *per cent* of works; deficiencies in preparation of route plan; non-identification of critical infrastructures along the planned route and delays in submission of cases for statutory clearances etc. not only delayed the execution of works but also resulted in increase in cost to the extent of ₹ 104.05 crore (63 *per cent*) in seven works. Unfruitful expenditure of ₹ 4.53 crore was also incurred on various transmission works.

Chapter-VI: Disbursement and recovery of financial assistance – Punjab Scheduled Castes Land Development and Finance Corporation

The Subject Specific Audit **"Disbursement and recovery of financial assistance"** revealed that there were significant shortfalls in achieving the targets of lending activities, ranging from 34.87 *per cent* to 78.50 *per cent* under various schemes which showed that the implementation of the welfare schemes was poor which deprived the targeted beneficiaries of the intended benefits. There were 5,651 pending applications from intending beneficiaries. The available lendable funds reduced from ₹ 29.84 crore in 2018-19 to ₹ 5.05 crore in 2020-21.

Chapter-VII: Compliance Audit Observations (Departments)

Failure of the Agriculture and Farmers' Welfare Department to implement the project of cotton mechanisation without obtaining the results of trial project and proper feasibility study resulted into bad investment and idle expenditure of ₹ 2.05 crore on purchase of the machineries.

(Paragraph 7.1, Page 99)

Failure of the Drawing and Disbursing officer and the Treasury Officer to exercise prescribed checks on the bills presented to treasury as required under the Punjab Financial Rules and Punjab Treasury Rules coupled with sharing of login details with the bill clerk, resulted into suspected fraudulent drawal and disbursement of pay, allowances and General Provident Fund amounting to ₹ 71.35 lakh.

(Paragraph 7.2, Page 101)

The Public Works Department (PWD) (Buildings and Roads) did not prepare core network of roads. The Department did not take any initiative towards road safety under Central Road and Infrastructure Fund. Delayed/ non-submission of Utilisation Certificates to the Government of India led to non-release of ₹ 428.78 crore of the State's allocation by the Central Government. The State Government delayed release of funds to PWD resulting in payment of interest of ₹ 1.84 crore to the contractors. Delay in completion of the works led to payment of price escalation of ₹ 8.65 crore. State Quality Monitors were not appointed to monitor the works.

(Paragraph 7.3, Page 104)

Improper planning on the part of the Technical Education and Industrial Training Department in constructing new building to run hospitality courses at Kharar without conducting any feasibility study in the region, resulted into non-utilisation of the newly constructed building for more than 10 years since its completion, rendering the expenditure of ₹ 1.57 crore incurred thereon as idle.

(Paragraph 7.4, Page 113)

Procurement of 2,268 two-seater desks/chairs in excess of immediate requirement, even before completion of civil work of the polytechnic buildings, in contravention of the Punjab Financial Rules, rendered the expenditure of ₹ 1.39 crore thereon unjustified.

(Paragraph 7.5, Page 115)

Failure of Drawing and Disbursing Officer to observe codal provisions thereby compromising the internal control mechanism, facilitated suspected misappropriation of Government money amounting to ₹ 2.58 lakh. The amount was deposited in the Government account by the concerned official after being pointed out by Audit.

(Paragraph 7.6, Page 118)

Failure of the Water Resources Department to settle inevitable liability of electricity dues and providing hindrance-free site resulted into denial of irrigation facilities to 2,183 hectares of land due to unutilised/remaining incomplete works of distributaries and distribution system. The expenditure of ₹ 29.07 crore incurred on the works remained idle as beneficiaries were deprived of the irrigation facilities.

(Paragraph 7.7, Page 120)

The Water Resources Department allotted the work prior to settlement of interstate dispute and inflicted burden of ₹ 32.87 crore on the State exchequer on account of payment of compensation to the contractor for idle wages of men and idle charges of machinery during the period of stoppage of work. The delay in payment of contractor's bills beyond the stipulated dates and injudicious levy and recovery of liquidated damages and thereafter delayed refund thereof led to avoidable payment of interest of ₹ 4.08 crore which included excess payment of interest of ₹ 7.51 lakh made against the provision of agreement.

(Paragraph 7.8, Page 123)

Assessing Authorities in Assistant Commissioners of State Tax Fatehgarh Sahib and Ludhiana-I allowed irregular exemption/concession of central sales tax of ₹ 0.24 crore on the basis of two 'C' forms and two 'E-2' forms which were not obtained from prescribed authority of the concerned State.

(Paragraph 7.9, Page 127)

Assessing Authorities in 11 cases of 11 dealers under three Assistant Commissioners of State Tax did not levy interest, whereas interest of ₹ 0.49 crore at the rate of 0.5 *per cent* per month was leviable.

(Paragraph 7.10, Page 129)

In one assessment case under Assistant Commissioner of State Tax, Ludhiana-I, the Assessing Authority did not reverse input tax credit of ₹ 0.67 crore availed on the paddy which was lost due to shortage/ embezzlement.

(Paragraph 7.11, Page 130)

Assessing Authority, in one case, under Assistant Commissioner of State Tax SAS Nagar (Mohali) allowed excess benefit of concessional rate of tax of two *per cent* on interstate sale, which resulted in short levy of tax of ₹ 0.34 crore.

(Paragraph 7.12, Page 132)

In two assessment cases under Assistant Commissioner of State Tax Patiala and Ludhiana-II, the Assessing Authorities reversed input tax credit of ₹ 0.17 crore on account of tax-free sale, whereas input tax credit of ₹ 0.44 crore was required to be reversed. The short reversal of input tax credit resulted in short levy of tax of ₹ 0.27 crore.

(Paragraph 7.13, Page 133)

Punjab Bus Metro Society provided taxable supply of transport of passenger services in air-conditioned stage carriages under Bus Rapid Transit System in the State of Punjab and collected ₹ 7.59 crore on account of fare from passengers. However, the Society did not get registration under GST and did not pay GST of ₹ 0.36 crore on the taxable supply.

(Paragraph 7.14, Page 134)

The state excise revenue to the tune of ₹ 125.52 crore was diverted to Excise and Taxation Technical Services Agency during the years 2018-19 to 2020-21 in the name of financial assistance and grant-in-aid in contravention of constitutional provisions.

(Paragraph 7.15, Page 136)

Seventeen Sub-Registrars/Joint Sub-Registrars short-levied stamp duty, registration fee and infrastructure development fee of ₹ 2.36 crore in 51 cases due to misclassification of properties and incorrect application of collector's rates.

(Paragraph 7.16, Page 139)

In two lease deeds, Sub-Registrars Patiala and Rupnagar short-levied stamp duty and registration fee of ₹ 0.12 crore due to application of incorrect rate of stamp duty and multiplicative factor.

(Paragraph 7.17, Page 140)

Three Regional Transport Authorities did not collect Social Security Surcharge of ₹ 0.97 crore on motor vehicle tax paid by Punjab Roadways and PUNBUS on stage carriage buses.

(Paragraph 7.18, Page 141)

The State Transport Department did not collect motor vehicle tax and surcharge of ₹ 0.77 crore in respect of 36 tourist permit vehicles of seven transporters.

(Paragraph 7.19, Page 141)

Chapter-VIII: Compliance Audit Observations (State Public Sector Enterprises)

Delay of more than four years in signing of agreement for recovery of operation and maintenance charges resulted in avoidable interest cost of ₹ 1.26 crore.

(Paragraph 8.1, Page 143)

The Company suffered generation loss of 18.93 MUs due to delay in commissioning of three Micro Hydel Projects after renovation which caused net loss of revenue of ₹ 5.58 crore and an avoidable expenditure of ₹ 3.41 crore towards fulfilling the renewable purchase obligation.

(Paragraph 8.2, Page 144)

The Company continued to delay payments to Micro and Small Enterprises resulting into accumulation of penal interest liability of ₹ 90.41 crore between April 2018 and December 2021.

(Paragraph 8.3, Page 146)

The Corporation was deprived of the interest earnings amounting to ₹ 64.11 lakh due to investment of surplus funds in different banks on the same day without ensuring maximum returns.

(Paragraph 8.4, Page 149)

Failure of the Company to raise its claim of extension fee from an allottee in time and accurately as per the terms of allotment resulted in non- recovery of ₹ 6.04 crore and associated loss of interest of ₹ 1.16 crore.

(Paragraph 8.5, Page 150)

Poor preservation and non-adherence of FIFO during distribution of decentralised procurement wheat under National Food Security Act, 2013 resulted in shortages and damage of wheat and consequent loss of ₹ 1.52 crore to the Company.

(Paragraph 8.6, Page 151)

Passenger amenities such as safe drinking water, toilets and urinals, CCTV surveillance, safety measures, provision of waiting rooms etc. were inadequate at the bus stands. Monitoring was grossly inadequate resulting in non-maintenance of public amenities at bus stands and poor redressal of passenger grievances.

(Paragraph 8.7, Page 153)

Chapter-I

General

Chapter-I

General

1.1 Introduction

This Report covers matters arising out of the Compliance Audit of the Departments of the State Government and State Public Sector Enterprises (SPSE). The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. Findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations contributing to better governance.

The Report has been organised in eight chapters as under:

- **Chapter-I** contains a brief profile of the State Government with the receipt and expenditure for the year 2020-21, the authority for audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports, individual observations/paragraphs and follow-up action on Audit Reports.
- **Chapter-II** contains observations of the Subject Specific Compliance Audit on 'Evaluation of schemes for installation of Water Treatment Plants'.
- **Chapter-III** contains observations of the Subject Specific Compliance Audit on 'Transitional Credit under Goods and Services Tax'.
- **Chapter-IV** contains observations of the Subject Specific Compliance Audit on 'Processing of refund claims under Goods and Services Tax'.
- **Chapter-V** contains observations of the Subject Specific Compliance Audit on 'Execution of Transmission Works' by Punjab State Transmission Corporation Limited.
- **Chapter-VI** contains observations of the Subject Specific Compliance Audit on 'Disbursement and recovery of financial assistance' by Punjab Scheduled Castes Land Development and Finance Corporation.
- **Chapter-VII** contains individual observations relating to Compliance Audit of Departments.
- **Chapter-VIII** contains individual observations relating to Compliance Audit of State Public Sector Enterprises.

1.2 Receipts and Expenditure

Table 1.1 provides the details of actual financial results *vis-à-vis* budget estimates for the year 2020-21.

Table 1.1: Actual financial results *vis-à-vis* Budget Estimates

(₹ in crore)

Sr. No.	Components	2020-21 (Budget Estimates)	2020-21 (Actuals)
1	State's Tax Revenue	35,824.45	30,052.83
2	State's Non-Tax Revenue	8,045.99	4,152.13
3	Share of Union taxes/duties	14,021.16	10,638.21[€]
4	Grants-in-aid and Contributions	30,112.71	24,205.01[¥]
5	**Revenue Receipts (1+2+3+4)**	**88,004.31**	**69,048.18**
6	Recovery of Loans and Advances	45.40	50.37[$]
7	Other Receipts	0.00	0.02
8	Borrowings and other Liabilities[*]	18,827.73	22,584.16[⅄]
9	**Capital Receipts (6+7+8)**	**18,873.13**	**22,634.55**
10	**Total Receipts (5+9)**	**1,06,877.44**	**91,682.73**
11	**Revenue Expenditure of which,**	**95,716.04**	**86,344.62**
12	Interest payments[#]	19,075.09	18,152.50
13	**Capital Expenditure**	**11,161.40**	**5,338.11**
14	Capital outlay	10,279.58	4,382.32[$]
15	Disbursement of Loans and advances	881.82	955.79
16	**Total Expenditure (11+13)**	**1,06,877.44**	**91,682.73**

Source: Finance Accounts and State's budget documents

€ *This includes amount of ₹ 3,179.01 crore received from the Government of India as share of Central Goods and Services Tax.*

¥ *This includes amount of ₹ 9,694.05 crore received from the Government of India as compensation of loss due to implementation of 'Goods and Services Tax' and ₹ 7,658.90 crore on account of 'Post Devolution Revenue Deficit Grant'.*

$ *The substantial decrease in recovery of loans and advances and capital outlay during the current year was mainly due to recovery of ₹ 15,628 crore from Punjab State Power Corporation Limited (PSPCL) on account of conversion of UDAY loans into equity during 2019-20.*

* *Borrowings and other liabilities: Net (Receipts - Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.*

⅄ *Includes ₹ 8,359 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

\# *Included in the Revenue Expenditure shown at Sr. No. 11.*

The tax and non-tax revenue raised by the Government of Punjab, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year 2020-21 and the corresponding figures for the preceding four years are depicted in **Table 1.2**.

Table 1.2: Trend of revenue receipts

(₹ in crore)

Sr. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1.	**Revenue raised by the State Government**					
	Tax Revenue, of which	**27,746.66**	**30,423.24**	**31,574.28**	**29,994.79**	**30,052.83**
	VAT/CST	17,586.71	11,160.30	6,571.92	5,222.58	5,372.02
	State Goods and Services Tax (SGST)	--	7,901.14	13,273.15	12,751.20	11,818.93
	State Excise	4,406.00	5,135.68	5,072.40	4,865.01	6,164.32
	Stamp duty and Registration fees	2,043.61	2,135.13	2,297.54	2,258.07	2,470.33
	Taxes and duties on Electricity	1,993.01	2,053.07	2,329.55	2,696.56	2,541.84
	Taxes on Vehicles	1,548.12	1,911.20	1,861.39	1,994.32	1,472.13
	Others[1]	169.21	126.72	168.33	207.05	213.26
	Non-Tax Revenue, of which	**5,863.20**	**4,318.39**	**7,582.29**	**6,654.08**	**4,152.13**
	Miscellaneous General Services[2]	3,028.08	1,478.97	4,851.51	2,743.87	2,208.41
	Interest receipts	1,293.80	1,404.94	1,455.26	2,105.51	144.38
	Other Administrative Services[3]	133.46	165.85	150.63	145.23	233.92
	Police	98.52	61.78	73.38	60.93	89.76
	Medical and Public Health	135.47	253.34	263.42	250.57	287.61
	Irrigation[4]	93.63	71.40	24.22	94.32	94.35
	Non-ferrous Mining and Metallurgical Industries	42.08	122.40	36.13	90.88	120.56
	Public Works	67.96	83.30	28.81	21.71	14.26
	Forestry and Wildlife	20.92	48.67	15.66	19.53	30.88
	Co-operation	3.37	2.82	3.31	7.09	7.47
	Education, Sports, Art and Culture	95.89	41.87	56.75	196.22	137.70
	Others[5]	850.02	583.05	623.21	918.22	782.83
	Total	**33,609.86**	**34,741.63**	**39,156.57**	**36,648.87**	**34,204.96**

[1] Revenue receipts of four heads of accounts i.e. Land Revenue (₹ 67.63 crore which is 1.90 *per cent* higher than previous year's receipt of ₹ 66.37 crore), other taxes and duties on commodities and services (₹ 0.22 crore, which is 91.06 *per cent* lesser than previous year's receipt of ₹ 2.46 crore), Other Taxes on Income and Expenditure (₹ 142.70 crore, which is 3.24 *per cent* higher than previous year's receipt of ₹ 138.22 crore) and Taxes on Goods and Passengers (₹ 2.71 crore, against which there was no receipt during the previous year) are less than one *per cent* of Total Tax Revenue Receipts. Hence, Revenue receipts of these heads have been merged in 'Others'.

[2] This head includes receipts from 'Unclaimed Deposit', 'State Lotteries', 'Guarantee Fee' and 'Other Receipts'.

[3] This head *inter-alia* includes receipts from 'Administration of Justice', 'Election' and 'Other Receipts' (Home Guards, Marriage Fee, Fee for Government Audit, Receipts from Guest Houses).

[4] This includes Major Irrigation, Medium Irrigation and Minor Irrigation.

[5] This includes 30 Heads of revenue, which are not covered under the Heads of revenue mentioned under sub-heading 'Non-Tax Revenue' in the table. The details of receipts for the year 2020-21 under Heads of Revenue included in 'Others' are available at ***Appendix 1.1*** to this Report.

Sr. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
2.	**Receipts from the Government of India**					
	Share of net proceeds of divisible Union taxes and duties	9,599.73	10,616.94	12,005.14	10,345.85	10,638.21[6]
	Grants-in-aid	4,775.83	7,651.01	11,107.37	14,580.03	24,205.01[7]
	Total	**14,375.56**	**18,267.95**	**23,112.51**	**24,925.88**	**34,843.22**
3.	**Total revenue receipts of the State Government** ***(1 and 2)***	**47,985.42**	**53,009.58**	**62,269.08**	**61,574.75**	**69,048.18**
State's own revenue as a *per cent* of total revenue		**70**	**66**	**63**	**60**	**50**

Source: Finance Accounts

During the year 2020-21, the State Government raised 50 *per cent* (₹ 34,204.96 crore) of the total revenue receipts from own sources. Balance 50 *per cent* (₹ 34,843.22 crore) of the receipts was from the Government of India as share of net proceeds of divisible Union taxes and duties, and grants-in-aid. The share of State's own revenue decreased from 70.04 *per cent* of total receipts in 2016-17 to 49.54 *per cent* in 2020-21. However, the grants-in-aid increased from 9.95 *per cent* (₹ 4,775.83 crore) in 2016-17 to 35.06 *per cent* (₹ 24,205.01 crore) in 2020-21. The main reason for increase in grants-in-aid was receipt of ₹ 9,694.05 crore from the Government of India on account of compensation of loss due to implementation of 'Goods and Services Tax' and ₹ 7,658.90 crore on account of 'Post Devolution Revenue Deficit Grant'. The 'Post Devolution Revenue Deficit Grant' was received by the State Government for the first time in the year 2020-21.

There are 45 departments, 49 autonomous bodies and 49[8] State Public Sector Enterprises (SPSEs) in the State. The status of budget estimates and actual expenditure incurred by the State Government, during 2016-21, is given in **Table 1.3**.

[6] This includes amount of ₹ 3,179.01 crore received from the Government of India as share of Central Goods and Services Tax.

[7] This includes amount of ₹ 9,694.05 crore received from the Government of India as compensation of loss due to implementation of 'Goods and Services Tax' and ₹ 7,658.90 crore on account of 'Post Devolution Revenue Deficit Grant'.

[8] Including four Statutory Corporations and 42 Government Companies (including 16 inactive Government companies) and three Government Controlled Other Companies (GCOC) under the audit jurisdiction of the CAG.

Table 1.3: Budget and actual expenditure of the State during 2016-2021

(₹ in crore)

Expenditure	2016-17		2017-18		2018-19		2019-20		2020-21	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General Services	28,964.59	28,487.93	34,091.34	34,499.50	37,493.10	36,930.51	39,449.00	38,614.35	43,540.25	43,253.01
Social Services	17,872.31	15,672.10	19,072.44	15,469.74	20,097.54	18,320.37	21,878.19	19,483.85	24,982.03	21,674.90
Economic Services	13,859.37	10,217.61	15,341.16	11,194.41	21,185.35	17,888.17	18,754.94	14,551.12	17,532.96	15,445.40
Grants-in-aid and Contributions	2,037.53	918.41	2,676.96	1,301.20	3,541.98	2,264.66	6,519.95	3,210.32	6,717.05	5,971.31
Total	**62,733.80**	**55,296.05**	**71,181.90**	**62,464.85**	**82,317.97**	**75,403.71**	**86,602.08**	**75,859.64**	**92,772.29**	**86,344.62**
Capital expenditure										
Capital Outlay	6,117.46	4,346.30	4,388.76	2,352.08	4,871.57	2,412.24	19,641.30	17,827.73	6,821.68	4,382.32
Loans and Advances disbursed	42,870.86	41,364.12	2,197.12	760.05	1,602.64	1,361.05	820.87	783.88	923.63	955.79
Repayment of Public Debt (including Ways and Means Advances)	**32,791.86**	**32,443.29**	**35,029.64**	**34,969.58**	**38,623.32**	**37,770.93**	**44,632.68**	**39,573.90**	**39,482.08**	**34,633.53**
Contingency Fund	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Public Account disbursements*	**51,520.73**	**50,599.95**	**13,238.24**	**45,525.90**	**18,282.51**	**62,271.76**	**16,014.61**	**64,328.24**	**59,068.32**	**74,470.97**
Closing Cash Balance	**-**	**395.28**	**-**	**488.45**	**-**	**1,324.83**	**-**	**2,125.06**	**-**	**9,247.83**
Total	**1,33,300.91**	**1,29,148.94**	**54,853.76**	**84,096.06**	**63,380.04**	**1,05,140.81**	**81,109.46**	**1,24,638.81**	**1,06,295.71**	**1,23,690.44**
Grand Total	**1,96,034.71**	**1,84,444.99**	**1,26,035.66**	**1,46,560.91**	**1,45,698.01**	**1,80,544.52**	**1,67,711.54**	**2,00,498.45**	**1,99,068.00**	**2,10,035.06**

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the Government of Punjab

** Excludes transactions of investment of cash balances and departmental cash in chests.*

Revenue expenditure of the State increased by 56 *per cent* from ₹ 55,296 crore in 2016-17 to ₹ 86,344 crore in 2020-21 and the capital outlay increased by 0.83 *per cent* from ₹ 4,346 crore in 2016-17 to ₹ 4,382 crore in 2020-21. The revenue expenditure constituted 80 to 95 *per cent* of the total expenditure (except for the year 2016-17 when it was 55 *per cent*[9]) while the capital outlay ranged between three and five *per cent* during 2016-2021 except for the year 2019-20 when it was 19 *per cent* due to conversion of UDAY loans amounting to ₹ 15,628 crore into equity in Punjab State Power Corporation Limited.

During the period from 2016-17 to 2020-21, the revenue expenditure increased at an annual average growth rate of 11.70 *per cent* whereas revenue receipts grew at an annual average rate of 10.91 *per cent.*

1.3 Authority for audit

Authority for audit by the Comptroller and Auditor General of India (CAG) is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). The CAG conducts audit of expenditure of State Government Departments under

[9] Though the revenue expenditure increased by 10.43 *per cent* during the year, it depicted a small proportion (55 *per cent*) of total expenditure due to the increase in the disbursement of loans and advances by 593.03 *per cent*.

Section 13[10] of the CAG's DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section 14[11] of DPC Act. Section 16 of the CAG's DPC Act authorises CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each State and of each Union Territory having a legislative assembly and to satisfy himself that the rules and procedures are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit and Accounts Department.

1.4 Planning and conduct of audit

In Civil Compliance audit, the audit process commences with a risk assessment of various Departments, Autonomous Bodies, schemes/projects, considering the criticality/complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the scope of audit is decided and an Annual Audit Plan is formulated.

In the Revenue side, during the year 2020-21, there were 395 auditable units[12] related to tax revenue, of which 131 units[13] were planned on the basis of risk analysis. Out of 131 planned units, 97 units[14] of Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles and other Departmental offices could be audited due to the Covid-19 pandemic restrictions and far away units were substituted by nearby units. Test check of the records of the audited units showed under-assessment/short levy/loss of revenue aggregating ₹ 153.32 crore in 14,765 cases. The Departments recovered ₹ 4.78 crore in 1,116 cases during 2020-21, out of which ₹ 0.04 crore in four cases pertains to the audit conducted during 2020-21 and remaining cases relate to previous years.

In Social, General and Economic Departments[15], the compliance audit of 985 Drawing and Disbursing Officers (DDO), 25 autonomous bodies and

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10 Audit of (i) all expenditure from the Consolidated Fund of State; (ii) all transactions relating to Contingency Funds and Public Accounts; and (iii) all trading, manufacturing, profit and loss accounts, balance-sheets and other subsidiary accounts.

11 Several non-Commercial Autonomous/Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, etc., and substantially financed by the Government, are audited under Section 14.

12 MH 0029: 88 units, MH 0030: 178 units, MH 0039: 75 units, MH 0040: 39 units and MH 0041: 15 units.

13 MH 0029: 59 units, MH 0030: 27 units, MH 0039: 20 units, MH 0040: 19 units and MH 0041: 6 units.

14 MH 0029: 25 units, MH 0030: 40 units, MH 0039: 18 units, MH 0040: 8 units and MH 0041: 6 units.

15 Except for Revenue Departments.

33 SPSEs of the State, under Sections 19(2), 19(3) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, was conducted during the year 2020-21. An amount of ₹ 6.43 lakh was recovered during 2020-21 by various departments after being pointed out by Audit through Inspection Reports.

1.5 Lack of response of Government to Audit

The Principal Accountant General (Audit), Punjab (PAG), conducts periodic inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action.

The heads of the offices are required to comply with the observations contained in the IRs within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

In the Revenue Departments, 111 Inspection Reports[16] for the year 2020-21 were issued to Heads of Departments, out of which Audit did not receive reply for any of the Inspection Report within the stipulated time of four weeks. Further, the Inspection Reports issued up to March 2021 reveal that 9,624 observations[17] involving ₹ 2,609.25 crore[18] relating to 2,367 Inspection Reports[19] remained outstanding at the end of June 2021.

Similarly, in Social, General and Economic Departments, as of June 2021, 18,102 Inspection Reports containing 64,471 observations (issued up to March 2021) having money value of ₹ 49,180 crore, were outstanding, of which 11,480 IRs containing 30,884 observations having money value of ₹ 13,114 crore pertained to the period prior to April 2016 i.e. more than five years old. The year-wise position of outstanding Inspection Reports/ observations along with their money value is given in **Table 1.4**.

16 Forestry and Wildlife (4), Land Revenue (25), Motor Vehicle Tax (6), State Excise (18), Stamp Duty (50) and VAT (8).

17 Entertainment and Luxury Tax (215), Forestry and Wildlife (193), Land Revenue (943), Motor Vehicle Tax (1,581), State Excise (372), State Lotteries (27), Stamp Duty (4,674) and VAT (1,619).

18 Entertainment and Luxury Tax (₹ 16.54 crore), Forestry and Wildlife (₹ 190.26 crore), Land Revenue (₹ 467.44 crore), Motor Vehicle Tax (₹ 254.85 crore), State Excise (₹ 371.00 crore), State Lotteries (₹ 5.49 crore), Stamp Duty (₹ 605.03 crore) and VAT (₹ 698.64 crore).

19 Entertainment and Luxury Tax (95), Forestry and Wildlife (103), Land Revenue (306), Motor Vehicle Tax (194), State Excise (271), State Lotteries (7), Stamp Duty (1,064) and VAT (327).

Table 1.4: Outstanding Inspection Reports/Observations

Particulars	Prior to April 2016	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Inspection Reports	11,480	1,236	1,428	1,548	1,574	836	**18,102**
Observations	30,884	4,826	6,268	7,566	9,295	5,632	**64,471**
Money value (₹ in crore)	13,113.59	4,296.31	4,811.69	7,271.24	5,948.56	13,738.79	**49,180.18**

Source: Office records

The purpose of audit is to check whether prescribed rules, laws and procedures are being adhered to, and to highlight cases of non-compliance, systemic weaknesses, and failures. The large number of pending IRs and audit observations pending settlement indicate inadequate response to audit observations. The lack of action on these audit observations weakens accountability and raises the risk of loss of revenue. Increasing pendency of audit paragraphs merits urgent attention of the Government for addressing the issues consistently raised by Audit. The departmental officers failed to take action on observations contained in IRs within the prescribed time frame, resulting in erosion of accountability. It is recommended that the Government should ensure prompt and proper response to audit observations.

1.5.1 Departmental audit committee meetings

The Government has set up departmental audit committees to monitor and expedite progress of the settlement of the audit observations contained in the Inspection Reports.

Out of 46,532 outstanding audit observations as of June 2020 in respect of Social, General and Economic Departments, 823 observations involving money value of ₹ 143.64 crore were settled in 28 audit committee meetings held with 16 departments/auditee units[20] during 2020-21. In Revenue Departments, no audit committee meeting was held during 2020-21.

The Government may ensure holding audit committee meetings at regular intervals with all the Departments.

1.6 Response of Departments to Draft Audit Observations and Detailed Compliance Audit Observations

Regulations on Audit and Accounts (Amendments), 2020 stipulate that responses to draft audit observations proposed for inclusion in the Report of the Comptroller and Auditor General of India should be sent within six weeks.

[20] (i) Power; (ii) Rural Development; (iii) Dairy Development; (iv) Horticulture; (v) Water supply and Sanitation; (vi) Punjab Home Guards; (vii) Director, Sports; (viii) Director, Youth Services; (ix) Director, Employment Generation, Skill Development and Training; (x) Director, Technical Education (Polytechnic); (xi) Director, Industrial Training Institutes; (xii) District Education Officer, Mohali; (xiii) District Education Officer, Fatehgarh Sahib; (xiv) Printing and Stationery; (xv) Punjab Scheduled Castes Land Development and Finance Corporation; and (xvi) Chief Electoral Office.

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments adversely impacting the success of programmes and functioning of the departments. The focus was on auditing specific programmes/schemes in order to offer suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens.

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

1.7 Follow-up on Audit Reports

The follow-up on Audit Reports have been found to be inadequate as given below:

1.7.1 Non-submission of Action Taken Notes

According to the Rules and Procedure for the Public Accounts Committee (PAC)/Committee on Public Undertakings (COPU), all administrative departments are to initiate *suo motu* action on all Compliance Audit observations and Performance Audits featuring in the Audit Reports of the Comptroller and Auditor General of India, regardless of whether these are taken up for examination by the PAC/COPU or not. They are also to furnish detailed notes, duly vetted by audit, indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the State Legislature.

In spite of these provisions, the explanatory notes on audit observations of the Reports were being delayed inordinately. A total of 144 observations (including Performance Audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Departments of the Government of Punjab for the years ended 31 March 2014 to 2020 were placed before the State Legislative Assembly between 20 March 2015 and 29 June 2022. The Action Taken Notes (ATNs) in respect of 92 paragraphs under eight Heads[21] of Accounts were not received[22]. However, remaining 52 ATNs were received

[21] (i) Sales Tax/VAT; (ii) Goods and Services Tax; (iii) Stamp Duty and Registration Fee; (iv) State Excise (v) Taxes on Vehicles; (vi) Land Revenue; (vii) Forest and Wildlife; and (viii) Entertainment and other tax.

[22] Status of ATNs in respect of 60 paragraphs for the Audit Reports for the period 2013-14 to 2017-18 is as on 31 March 2021. The status of ATNs in respect of 32 paragraphs for the Audit Reports for the period 2018-19 and 2019-20 is as on 23 August 2022.

with average delay ranging between one and 71 months as depicted in **Table 1.5**.

Table 1.5: Delay in receipt of ATNs

Sr. No.	Year of Audit Report	No. of paragraphs (including Performance Audit) included	Date of laying of Audit Report in legislature	ATNs received during the period	Delay in receipt of ATN	No. of paragraphs in which ATNs not received
1.	2013-14	22	20/03/2015	2016 to 2021	13 to 71 months	11
2.	2014-15	27	14/03/2016	2016 to 2021	1 to 59 months	06
3.	2015-16	22	29/03/2017	2018 to 2021	9 to 47 months	13
4.	2016-17	23	22/03/2018	2018 to 2021	3 to 35 months	12
5.	2017-18	18	27/02/2020	2021	9 to 12 months	18
6.	2018-19	19	29/06/2022	Not received		19
7.	2019-20	13	29/06/2022	Not received		13
Total		**144**				**92**

Source: Office records

By 31 March 2021, PAC discussed 38 selected observations pertaining to the CAG's Audit Reports for the years from 2013-14 to 2016-17. PAC had given 70 recommendations[23] in respect of CAG's Audit Reports for the years from 2010-11 to 2016-17 and these recommendations were incorporated in six PAC Reports[24]. ATNs on 34 recommendations were received up to 31 March 2021. However, no ATN against 36 recommendations[25] incorporated in PAC Reports for the years 2017-18 and 2019-20 was received from three Departments up to 31 March 2021.

The status regarding non-receipt of ATNs on the observations included in the Audit Reports of Social, General and Economic Departments up to the period ended 31 March 2022 is given in **Table 1.6**.

[23] Department of Agriculture (7) + Department of Electricity (10) + Department of Revenue (15) + Department of Transport (38).

[24] Report 193 of 2014-15, Report 198 of 2015-16, Report 202 of 2017-18, Report 204 of 2018-19, Report 209 of 2019-20 and Report 212 of 2020-21.

[25] Department of Agriculture (3) + Department of Revenue (15) + Department of Transport (18).

Table 1.6: Status regarding non-receipt of ATNs on the paras included in the Audit Reports

CAG Audit Report	Year	Department/SPSE	Date of presentation of Audit Report in the State Legislature	Due date for receipt of ATNs	ATNs pending as of 31 March 2022
Social, General and Economic Departments	2013-14	Agriculture and Farmers' Welfare	20.03.2015	19.06.2015	01*
		Animal Husbandry, Dairy Development and Fisheries			01*
		Soil and Water Conservation			01*
		Finance			01
	2014-15	Finance	14.09.2016	13.12.2016	02#
		Local Government			01#
		Public Grievances and Governance Reforms			01
	2015-16	Finance	29.03.2017	28.06.2017	01
		Revenue, Rehabilitation and Disaster Management			02
	2016-17	Agriculture and Farmers' Welfare	22.03.2018	21.06.2018	01
		Tourism and Cultural Affairs			01
		Public Grievances and Governance Reforms			01
		Revenue, Rehabilitation and Disaster Management			02
		Housing and Urban Development			01
		Welfare of SCs and BCs			01
	2017-18	Agriculture and Farmers' Welfare	27.02.2020	26.05.2020	01$
		Tourism and Cultural Affairs			01^
		Finance			01@
		Health and Family Welfare			01
		School Education			01@
		Home Affairs and Justice			03
		Public Works (B & R)			02^@
		Town and Country Planning			01
		Soil and Water Conservation			01$
Social, General and Economic Departments (State Public Sector Enterprises)	2012-13	Punjab State Power Corporation Limited	22.07.2014	21.10.2014	6
		Punjab State Civil Supplies Corporation Limited			2]
		Punjab State Grain Procurement Corporation Limited			1]
		Punjab State Warehousing Corporation			1]
	2013-14	Punjab State Civil Supplies Corporation Limited	20.03.2015	19.06.2015	1>
		Punjab State Grain Procurement Corporation Limited			2
		Punjab State Warehousing Corporation			2>

CAG Audit Report	Year	Department/SPSE	Date of presentation of Audit Report in the State Legislature	Due date for receipt of ATNs	ATNs pending as of 31 March 2022
		Punjab Agro Foodgrain Corporation Limited			1[>]
		Punjab State Forest development Corporation Limited			1
		Punjab Energy Development Agency, Punjab Irrigation Department and Punjab State Power Corporation			1
	2014-15	Punjab State Civil Supplies Corporation Limited	14.03.2016	13.06.2016	2[=]
		Punjab State Grain Procurement Corporation Limited			2[=]
		Punjab State Industrial Development Corporation Limited			1
		Punjab Agri Export Corporation Limited			1
		Punjab State Warehousing Corporation			2[=]
	2015-16	Punjab State Civil Supplies Corporation Limited	29.03.2017	28.06.2017	2
		Punjab State Grain Procurement Corporation Limited			1[^]
		Punjab Small Industry and Export Corporation Limited			1
		Punjab Agro Industries Corporation Limited			1
		Punjab State Warehousing Corporation			2[^]
		Punjab Agro Foodgrain Corporation Limited			1[^]
	2016-17	Punjab State Civil Supplies Corporation Limited	22.03.2018	21.06.2018	6[&%]
		Punjab State Grain Procurement Corporation Limited			3[&]
		Punjab Financial Corporation			1
		Punjab Small Industry and Export Corporation Limited			2
		Punjab State Warehousing Corporation			3[&]
		Punjab Agro Foodgrain Corporation Limited			5[&%]
		Punjab Agro Juices Limited			1
	2017-18	Punjab State Power Corporation Limited	27.02.2020	26.05.2020	9
		Punjab State Transmission Corporation Limited			2
		Punjab State Civil Supplies Corporation Limited			3[?]

CAG Audit Report	Year	Department/SPSE	Date of presentation of Audit Report in the State Legislature	Due date for receipt of ATNs	ATNs pending as of 31 March 2022
		Punjab State Grain Procurement Corporation Limited			2[?]
		Punjab Small Industry and Export Corporation Limited			3
		Punjab State Warehousing Corporation			1
		Punjab Agro Foodgrain Corporation Limited			3[+?]
		Punjab State Bus Stand Management Company Limited			1
	2018-19	Punjab State Power Corporation Limited	05.03.2021	04.03.2021	9
		Punjab State Civil Supplies Corporation Limited			1
		Punjab State Grain Procurement Corporation Limited			4[!]
		Punjab Small Industry and Export Corporation Limited			1
		Punjab State Warehousing Corporation			1[!]

Source: Office records

* One observation of the Audit Report 2013-14 pertains to three departments.

\# One observation of the Audit Report 2014-15 pertains to two departments.

$ One observation of the Audit Report 2017-18 pertains to two departments.

^ One observation of the Audit Report 2017-18 pertains to two departments.

@ One observation of the Audit Report 2017-18 pertains to three departments.

] One observation of the Audit Report 2012-13 pertains to three SPSEs.

> One observation of the Audit Report 2013-14 pertains to three SPSEs.

= Two observations of the Audit Report 2014-15 pertains to three SPSEs.

^ One observation of the Audit Report 2015-16 pertains to three SPSEs.

& Three observations of the Audit Report 2016-17 pertain to four SPSEs.

% One observation of the Audit Report 2016-17 pertains to two SPSEs.

\+ One observation of the Audit Report 2017-18 pertains to two SPSEs.

? Two observations of the Audit Report 2017-18 pertains to four SPSEs.

! One observation of the Audit Report 2018-19 pertains to two SPSEs.

1.7.2 Delays in submission of Accounts/Separate Audit Reports of Autonomous Bodies/Authorities

Several autonomous bodies have been set up by the Government in the fields of Urban Development, Housing, Labour Welfare, Agriculture and Justice. As on 31 March 2021, 23 accounts in respect of six out of nine autonomous bodies from 2006-07 to 2019-20 were pending as detailed in **Table 1.7**.

Table 1.7: Arrears of accounts of Autonomous Bodies as on 31 March 2021

Sr. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending
1.	Punjab Legal Services Authority, Chandigarh	2019-20	1
2.	Punjab Khadi and Village Industries Board, Chandigarh	2017-18	3
3.	Punjab State Human Rights Commission, Chandigarh	-	0
4.	Punjab Labour Welfare Board, Chandigarh	2006-07	14
5.	Pushpa Gujral Science City, Kapurthala	2019-20	1
6.	Punjab Building and Other Construction Workers' Welfare Board, SAS Nagar	2018-19	2
7.	Punjab Bus Metro Society, Amritsar	2018-19	2
8.	Punjab State Electricity Regulatory Commission, Chandigarh	-	0
9.	Real Estate Regulatory Authority, Chandigarh	-	0
Total			**23**

Source: Office records

Pendency in submission of accounts ranged between one and 14 years, of which the Punjab Labour Welfare Board had not submitted its accounts since 2006-07. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

1.8 Equity holding and Loans in SPSEs

The sector-wise Total Equity, Equity Contribution by State Government and Long-Term Loans including the loans given by State Government in 33 working SPSEs as on 31 March 2021 is given in **Table 1.8**.

Table 1.8: Sector-wise investment in SPSEs

Name of Sector	Investment[26] *(₹ in crore)*				
	Total Equity	State Government Equity	Total Long Term Loans	State Government Loans	Total Equity and Long Term Loans
Power	22,338.61	22,315.61	17,654.91	14.07	39,993.52
Finance	249.75	175.61	705.70	9.84	955.45
Industries and Infrastructure	81.39	69.16	1,270.33	0.00	1,351.72
Agriculture and Allied	452.86	384.00	25,799.85	25,356.10	26,252.71
Service	394.32	369.91	89.68	23.75	484.00
Total	**23,516.93**	**23,314.29**	**45,520.47**	**25,403.76**	**69,037.40**

Source: Information provided by SPSEs

[26] Investment includes equity and long-term loans.

The thrust of SPSEs investment was mainly on power sector. This sector had received 57.93 *per cent* (₹ 39,993.52 crore) of total investment of ₹ 69,037.40 crore.

1.8.1 Budgetary support by Government of Punjab to SPSEs

The Government of Punjab (GoP) provides financial support to State Public Sector Enterprises (SPSE) in various forms through annual budget from time to time. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity in respect of SPSEs during the last three years ending 31 March 2021 are given in **Table 1.9**.

Table 1.9: Details of budgetary support to SPSEs

(₹ in crore)

Particulars[27]	2018-19		2019-20		2020-21	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Equity Capital	-	-	2	15,629.35	1	5.42
Loans given	-	-	1	(15,628.26)	0	0
Grants/Subsidies provided	9	9,364.50	11	9,769.82	10	10,047.87
Total Outgo		**9,364.50**		**9,770.91**		**10,053.29**
Loan repayment/written off	-	-	1	0.84	-	-
Loans converted into equity	-	-	1	15,628.26	-	-
Guarantees issued during the year	3	2,983.89	3	4,164.35	4	4,773.51
Guarantee Commitment/ outstanding	12	12,518.16	12	16,276.20	12	15,724.37

Source: Compiled based on information received from SPSEs

Equity was infused by the State Government during 2020-21 in Punjab Scheduled Caste Land Development and Finance Corporation. The State Government has not provided loans to any SPSE during 2021-22. Major portion of grants/subsidies was provided by the State Government to Punjab State Power Corporation Limited (₹ 9,656.59 crore).

1.9 Submission of accounts by SPSEs

1.9.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after

[27] Amount represents outgo from State Budget only.

such preparation before the legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of State.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including Directors of the Company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013. The annual accounts of various SPSEs were pending as on 30 November 2021.

1.9.2 Timeliness in preparation of accounts by Government Companies and Government Controlled Other Companies

As of 31 March 2021, there were 45 Companies[28] (42 Government Companies and three[29] Government Controlled Other Companies) under the purview of CAG's audit. Of these, 11[30] Companies submitted their accounts for the year 2020-21 and out of remaining 34 Companies, 15 Companies submitted their accounts for the year 2019-20 or prior years. 36[31] annual accounts of 26[32] Companies were submitted for audit and out of these 31 annual accounts of 24 Companies were finalized by CAG on or before 30 November 2021[33]. The value addition made by Supplementary Audit of financial statements of these Companies was ₹ 46.36[34] crore on profitability and ₹ 346.97 crore on assets/ liabilities. 183 annual accounts of 34 Companies were in arrears for various reasons as of 30 November 2021. Details of annual accounts which were in arrears in respect of 34 Companies (Government Companies: 31 and Government Controlled Other Companies: 3) are given in **Table 1.10**.

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[28] Excluding four Statutory Corporations – (i) Punjab State Warehousing Corporation; (ii) PEPSU Road Transport Corporation; (iii) Punjab Financial Corporation; and (iv) Punjab Scheduled Castes Land Development and Finance Corporation.

[29] (i) Amritsar Smart City Limited; (ii) Jalandhar Smart City Limited; and (iii) Ludhiana Smart City Limited.

[30] (i) Punjab Venture Capital Limited; (ii) Punjab State Biotech Corporation; (iii) Punjab Thermal Generation Limited; (iv) Punjab Communications Limited; (v) Punjab State Transmission Corporation Limited; (vi) Gidderbaha Power Limited; (vii) Punjab State Power Corporation Limited; (viii) Punjab Police Security Corporation Limited; (ix) Punjab Police Housing Corporation Limited; (x) Punjab State Container and Warehousing Corporation Limited; and (xi) Punjab Agro Industries Corporation Limited.

[31] Punjab State Leather Development Corporation Limited and Punjab Footwears Limited: four each and Punjab Venture Capital Limited, Punjab State Biotech Corporation, Punjab Small Industries and Export Corporation Limited and Punjab State Seeds Corporation: two each and twenty SPSEs: One each.

[32] 25 Government Companies and one Government Controlled Other Company.

[33] Date of holding AGM of Companies for the financial year 2020-21 was extended up to 30 November 2021 by Registrar of Companies, Punjab and Chandigarh in accordance with Government of India, Ministry of Corporate Affairs order dated 23 September 2021.

[34] Overstatement: {Profit (₹ 17.17 crore)} and understatement: {Profit (₹ 29.19 crore)}.

Table 1.10: Details of number of Companies, accounts finalised and accounts in arrears as of 30 November 2021

Particulars	Government Companies	Government Controlled Other Companies	Total
Total number of Companies under the purview of CAG's audit as on 31 March 2021	42	3	45
Number of accounts in arrears as on 1 January 2021	171	3	174
Number of Companies, accounts of which became due for the year 2020-21	42	3	45
Total number of accounts due for Supplementary Audit	**213**	**6**	**219**
Number of companies which presented the accounts for CAG's audit from 1 January 2021 to 30 November 2021	35	1	36
Number of accounts finalised	35	1	36
Number of accounts in arrears as on 30 November 2021	178	5	183
Age-wise analysis of arrears of accounts	**Number of SPSEs (accounts in arrears of SPSEs as on 30 November 2021)**		
One year	12(12)	1(1)	13(13)
Between Two years and Three years	10(25)	02(4)	12(29)
More than Three years	09(141)	0(0)	09(141)
Total	**31(178)**	**3(5)**	**34(183)**

Source: Office records

The matter of arrears of accounts was taken up (August 2021) with the Chief Secretary of Government of Punjab and respective Administrative Department. However, there were still nine Companies whose accounts were in arrears for more than three years as of 30 November 2021.

1.9.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of Statutory Corporations is governed by their respective legislations. Audit of four[35] statutory corporations is conducted by the CAG and out of these, for two [36] Statutory Corporations, CAG is the sole auditor. Four Statutory Corporations did not present the accounts for the year 2020-21 for audit before 30 November 2021. As on 30 November 2021, a total of eight accounts of four Statutory Corporations were pending.

[35] (i) Punjab State Warehousing Corporation; (ii) PEPSU Road Transport Corporation; (iii) Punjab Financial Corporation; and (iv) Punjab Scheduled Castes Land Development and Finance Corporation.

[36] (i) Punjab Scheduled Castes Land Development Finance Corporation; and (ii) PEPSU Road Transport Corporation.

Chapter-II

Evaluation of schemes for installation of Water Treatment Plants

Chapter-II

WATER SUPPLY AND SANITATION DEPARTMENT

Evaluation of schemes for installation of Water Treatment Plants

The State had decided to install 1,258 number of RO plants for which ₹ 187.51 crore was earmarked. Out of these, tender process was started for 703 plants with an assessed cost of ₹ 105.64 crore, against which 580 RO plants were installed at a cost of ₹ 80.14 crore. Thus, the Department could have benefitted 2,70,781 households by installing all the planned 703 RO plants but fell short of the planned coverage by about 40,000 households.

Further, the Department failed to install 97 RO plants as tenders were not finalised and 44 *per cent* available funds under special assistance by NITI Aayog was not utilised by the Department due to dropping/non-taking up/incomplete RO plants. 92 RO plants were left incomplete after incurring an expenditure of ₹ 7.47 crore under NABARD XIX. The penetration level of installed RO plants was not satisfactory as it was below 10 *per cent* in respect of 300 RO plants and the penetration level of 42 *per cent* RO plants was not available. Water rejected from the RO plants was not being disposed in a scientific manner.

2.1 Introduction

Provision of safe drinking water is essential for promoting public health and for preventing and controlling water borne diseases. Water Supply and Sanitation (WSS) Department (Department), Government of Punjab is responsible to provide potable water to the rural habitation through canal and ground water sources. Providing safe drinking water and improvement of water quality is also one of the goals of the United Nations' Sustainable Development Goals (SDG) under SDG 6. The Department got (between 2013 and 2016) three schemes[1] approved costing ₹ 218.80 crore for installation of 1,442 Water Treatment Plants[2] (WTP) in Punjab with the objective to provide potable water to the rural habitations as the quality of water was not potable due to presence of Fluoride, Arsenic, Uranium, Total Dissolved Solids (TDS) etc. beyond the acceptable[3] limit in the ground water.

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1 (i) Installation of RO Plants to provide drinking water in heavy metals affected districts of Punjab under Rural Infrastructure and Development Fund (RIDF)-XIX (NABARD); (ii) Special assistance of Central Plan scheme on recommendation of NITI Aayog for mitigation of Drinking Water Problems; and (iii) Installation of RO Plants to provide drinking water in heavy metals affected districts of Punjab under RIDF-XXII (NABARD).

2 Reverse Osmosis Plants (RO plants) and Arsenic Removal Plants (ARP).

3

Heavy metal/uranium etc.	Acceptable limit	Test results
Fluoride	1.0 mg/l	1.03 to 5.35 mg/l
Arsenic	0.01 mg/l	0.011 to 0.077 mg/l
Uranium	60 µg/l	60.40 to 233.7 µg/l
TDS	500 mg/l	503 to 1890 mg/l

With a view to assess implementation of schemes relating to installation of water treatment plants, Audit covered the aforesaid three schemes implemented with the financial assistance from NABARD and Government of India. The schemes were to be implemented in 28 divisions located in 17 districts of Punjab. However, the schemes were implemented in 16 districts ***(Appendix 2.1)***. Records of nine divisions[4] falling in seven districts[5] were checked for the period 2017-18 to 2019-20 during February 2021 and March 2022. Besides, data of remaining 19 divisions has been updated, wherever necessary, by collecting the information from the Head Office of Department of Water Supply and Sanitation, Punjab. The records examined include project reports, provisions of contract agreements, Detailed Notice Inviting Tender (DNIT) and Government instructions issued from time to time.

A mention was made in paragraph 3.20 of the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2014 in respect of installation, operation and maintenance of RO plants. The paragraph was discussed in the Public Accounts Committee (PAC) in December 2017 and February 2021. Compliance of PAC's recommendations was also examined and has been incorporated under the relevant paragraphs.

Audit findings

Audit findings in respect of preparation of plan, financial management, implementation and monitoring of installed WTPs are discussed in the succeeding paragraphs.

2.2 Implementation of approved plan

The details of water treatment plants, approved cost and installation thereof are given in **Table 2.1**.

4 Water Supply and Sanitation Division (i) No. 1, Amritsar; (ii) SBS Nagar; (iii) Fatehgarh Sahib; (iv) Rajpura; (v) Batala; (vi) Gurdaspur; (vii) Patiala; (viii) SAS Nagar; and (ix) Barnala.

5 (i) Amritsar; (ii) Barnala; (iii) Fatehgarh Sahib; (iv) Gurdaspur; (v) Patiala; (vi) SBS Nagar; and (vii) SAS Nagar.

Table 2.1: Scheme-wise status of Water Treatment Plants

Scheme	Year of commencement of scheme	Period of Audit	No. of plants sanctioned (Village to be covered)	Cost of project (₹ in crore)	No. of plants dropped (Villages where plants dropped)		No. of plants taken up (Villages)	No. of plants actually installed	No. of plants not installed despite allotment
					At initial stage	RO plants after tender			
Installation of RO Plants under RIDF-XIX (NABARD)	2013-14	2017-18 to 2019-20	561(546)	88.75[6]	29(26)	--	532 (520)	440	92
Installation of WTP out of special assistance of NITI Aayog	2015-16	-do-	326[7] (182)	39.82[8]	50[9](34)	97(95)	179[10](53)	148[11]	31
Installation of RO plants under RIDF-XXII (NABARD)	2015-16	-do-	555(546)	90.23	--	458(449)	97(97)	97	0
Total			**1,442(1,274)**	**218.80**	**79(60)**	**555(544)**	**808 (670)**	**685[12]**	**123**

Source: Departmental data

From the above table it is seen that:

- Out of 1,442 WTPs planned the Department dropped 634 WTPs[13] (which were to cover 604 villages) due to improvement of water quality, merger with Municipal Council (MC) due to change in jurisdiction, non-availability of land, coverage under other schemes etc. This indicates deficiencies in preparation of preliminary estimates, as aspects such as availability of land, convergence with other schemes are not expected to be missed out in preliminary estimates.

- Under special assistance by NITI Aayog, tenders for installation of 171 RO plants in five districts[14] were invited (October 2016). Two bidders were selected (December 2016) for installation, operation and maintenance of 74[15] RO plants. The tenders for 97 RO plants were not accepted (December 2016) due to higher rates and non-uploading the tenders (in one district viz. SAS Nagar) and Tender Processing Committee desired recall of tenders. Accordingly, the tenders were re-called in May 2017 which did not materialise due to higher rates quoted. Thereafter the tenders were not called for again. Further, the Department stated (December 2021) that the

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6 Revised to ₹ 83.88 crore after dropping 29 RO plants.
7 RO plant-208, ARP-96 and Handpumps-22; installation of domestic ARPs and new projects.
8 208 RO: ₹ 14.16 crore; 96 ARP: ₹ 21.97 crore; Hand pump: ₹ 0.26 crore; Domestic ARP: ₹ 0.04 crore; and new projects for fluoride and arsenic affected habitation: ₹ 3.39 crore.
9 RO plant-37, ARP-13 and new projects.
10 RO plant-74, ARP-83, Hand pumps-22.
11 RO plant-43, ARP-83, Handpumps-22.
12 RO plant-580, ARP-83, Hand pumps-22.
13 79 WTP-Dropped at initial stage; 458 WTP: Dropped due to non-availability of land, covered under other scheme, change in capacity of WTP improvement of water quality and 97 WTP: tenders not finalised.
14 (i) Fatehgarh Sahib: 36; (ii) Ferozepur: 7; (iii) Patiala (Rajpura): 81; (iv) Sangrur: 29; and (v) SAS Nagar: 18.
15 38 RO plants in cluster-1 (Patiala-Rajpura) and 36 RO plants in cluster-3 (Fatehgarh Sahib).

implementation of remaining RO plants had been called off. Replies of the divisions were also awaited (March 2022) despite being called for (December 2021).

Thus, the approved 97 RO plants were not installed which resulted in denial of benefit to the affected habitations as well as non-utilisation of funds received under NITI Aayog, as discussed in Paragraph 2.4.1.

- Under NABARD-XXII, 555 RO plants in 546 villages were approved (July 2016). Tenders were called (October 2016) for 533 RO plants which did not mature due to higher rates quoted by bidders. Further, the Department recalled the tenders in May 2017 which also did not mature for reasons not on record.

Out of 555 RO plants, the Department dropped (April 2018) 217 RO plants due to improvement of water quality and 184 RO plants in anticipation of improvement in water quality. Reasons for the same were not given by the Department on the pretext that these would be available with divisional formations. The revised project of 154 RO plants was submitted to NABARD (April 2018) and the requirement was further reduced by 11 on suggestion by NABARD. Thus, the revised project of ₹ 20.86 crore was approved (June 2018) for 143 RO Plants. Another 46 RO plants were again dropped (between November 2020 and December 2021) due to non-availability of land, improvement of water quality, non-allowing by Gram Panchayat and transfer to MC area, etc.

Further, audit verified the data of water quality as available on the website of Department in respect of 604 villages which were dropped from the three schemes as discussed above. It was seen that the water quality in 429 villages was potable and in 175 villages it was not potable as per test report (April 2021)[16]. Thus, the dropping of RO plants in these 175 villages was incorrect.

Dropping of already planned/approved RO plants in a phased manner during 2016-21 reflects lack of commitment of the Department towards providing the intended benefits to the targeted population.

2.3 Financial management

Funds received and expenditure under all the three schemes are given in **Table 2.2**.

16 Source: dwss.punjab.gov.in.

Table 2.2: Funds received and expenditure

(₹ in crore)

Name of scheme	Cost of project	Funds received	Expenditure	Funds not utilised	Remarks
Installation of 532 RO Plants under RIDF-XIX (NABARD)	88.75	70.64.	70.64	--	Variation between expenditure and project cost was due to dropping of 29 RO plants and dispute in respect of 92 RO plants.
Installation of WTP under NITI Aayog (CSS)	39.82[17]	39.35	21.85	17.50	The expenditure was less due to dropping of 178 WTP.
Installation of 555 RO under RIDF-XXII (NABARD)	90.23	15.34	6.69	8.65	The variation between approved project cost and expenditure was due to dropping of RO plants.
Total	**218.80**	**125.33**	**99.18**	**26.15**	

Source: Departmental data

From the above table it is evident that:

- As against the project cost of ₹ 39.82 crore, ₹ 39.35 crore were released (March 2016) by GoI under special assistance by NITI Aayog. Out of ₹ 39.35 crore, ₹ 21.85 crore (55.53 *per cent*) only could be utilised (May 2021) and ₹ 17.50 crore (44.47 *per cent)* was not utilised by the Department due to dropping of 50 WTP (37: RO plant and 13: ARP) at initial stage, non-retendering of 97 RO plants, incomplete work of 31 RO plants and non-starting of new projects for fluoride and arsenic affected habitation.

- NABARD released (March 2017) ₹ 15.34 crore to State Government as mobilisation advance, against which expenditure of ₹ 6.69 crore was incurred (December 2021) on the project and balance of ₹ 8.65 crore was lying with Government.

The replies of audit observations were awaited (November 2022), despite being called for (February 2022).

2.4 Implementation of schemes

2.4.1 Incomplete works

(i) The work of installation of 74[18] RO plants under special assistance by NITI Aayog was allotted (December 2016) to the contractors at a cost of ₹ 6.42 crore (₹ 3.33 crore: 38 RO plants-work A and ₹ 3.09 crore: 36 RO plants-work B) on Build-Own-Operate-Transfer (BOOT)[19] basis for operation and maintenance of seven years to be done by contractor. The works were to be completed within four months i.e. by April 2017.

(a) Work 'A' was not completed within the stipulated period and time extension was granted upto July 2017 due to imposition of model code of

[17] 208 RO Plants: ₹ 14.16 crore; 96 ARP: ₹ 21.97 crore; Hand pump: ₹ 0.26 crore, Domestic ARP: ₹ 0.04 crore; and New projects for fluoride and arsenic affected habitation: ₹ 3.39 crore.

[18] Executive Engineer, Water Supply and Sanitation Divisions (i) Rajpura: 38 RO plants; and (ii) Fatehgarh Sahib: 36 RO plants.

[19] BOOT is the term of Public Private Partnership.

conduct in view of Punjab Assembly elections. However, out of 38 RO plants, the work of 24 RO plants was completed (July 2019) for which ₹ 1.79 crore were paid to the contractor and the work of remaining 14 RO plants was not completed by the contractor. It is pertinent to mention here that the Executive Engineer imposed the penalty[20] and agreement was alive. Thus, the fact remains that the installation work of 14 RO plants was pending despite availability of funds under the scheme.

(b) Similarly, the contractor did not complete work 'B' within the stipulated period and even within the extended period upto December 2017. The Department had written (April 2019) to the contractor and ordered to complete the work upto May 2019. Out of allotted 36 RO Plants, only 19 RO plants were completed (between March 2017 and December 2018) at a cost of ₹ 1.30 crore out of which ₹ 1.02 crore[21] had been paid to the contractor. In this case penalty[22] was also imposed and agreement was terminated in August 2019. Thus, remaining 17 RO plants were still lying incomplete. Further, out of 19 RO plants, two RO plants were also physically verified (November 2020 and December 2021) by Audit, out of which one was found non-functional, and the penetration was only 11.54 *per cent* (15 households out of 130) in respect of the second RO plant.

The Department replied (November 2020, December 2021 and March 2022) that work of installation of the remaining 14 RO plants and 17 RO plants in respect of works 'A' and 'B' respectively were dropped due to various reasons[23]. The reply indicates that the preliminary survey/planning of the project was not done with due diligence which led to inclusion of non-feasible sites in the project and which had to be dropped subsequently even after allotment of works. This also led to denial of intended benefit to the habitations in the area where RO plants were not installed.

2.4.2 Avoidable expenditure on installation of Arsenic Removal Plants (ARPs)

Under NITI Aayog's sponsored project, 96 ARPs in 102 villages were approved (September 2016) by GoI at a cost of ₹ 21.97 crore as the Arsenic was found in the water of these villages beyond the prescribed limit[24]. Out of 96 ARPs, works of 83 ARPs[25] in five[26] districts were allotted (May 2017) at a

[20] Under the clause 2 of the agreement of ₹ 16.63 lakh which was reduced by SE to ₹ two lakh.

[21] Work cost - ₹ 1.30 crore, payment made to contractor - ₹ 1.02 crore. Balance payment of contractor- ₹ 0.28 crore, penalty imposed and retention money of contractor - ₹ 0.27 crore, pending liability to be paid to contractor - ₹ 0.01 crore (i.e. ₹ 1.30 crore *minus* ₹ 1.29 crore).

[22] ₹ 23.20 lakh.

[23] Covered under MC area, RO plant installed by villagers, land was not available, etc.

[24] 0.01 milligram per litre.

[25] 13 ARPs were dropped from those villages where more than one ARPs were to be installed with less capacity. The capacity of ARP was enhanced and only one ARP was installed instead of two or more.

[26] (i) Amritsar; (ii) Gurdaspur; (iii) Hoshiarpur; (iv) Roopnagar; and (v) Tarn Taran.

cost of ₹ 21.69 crore and these were installed between November 2017 and July 2019 after incurring an expenditure of ₹ 18.65 crore (as of May 2021).

Audit noticed (February 2021) that out of 83 ARPs, in Water Supply and Sanitation Division No. 1, Amritsar, 11 ARPs costing ₹ 2.54 crore were installed (between November 2017 and September 2018) in eight such villages[27] of Amritsar district where RO plants were also installed (between August 2016 and June 2017) for removal of Arsenic, after incurring an expenditure of ₹ 1.06 crore.

On being pointed out (February 2021), the Executive Engineer stated (March 2021) that ARP was the need of the hour and was in public interest. The reply of the EE was not acceptable as the Department itself was of the view (July 2018) that ARPs should not be installed in habitations which already stand covered under other schemes.

Since the purpose of both types of plants was to provide safe drinking water to the villagers by removing impurities from ground water, the decision to install ARPs in same village where RO plants were already installed resulted in avoidable expenditure of ₹ 2.54 crore.

2.4.3 Unfruitful expenditure on incomplete RO plants

The works of installation of 532 RO plants sanctioned (April 2013) for ₹ 83.88 crore under NABARD XIX scheme, were allotted to four agencies[28] during December 2013 and January 2014 which were due for completion as of May 2014. Out of the allotted 532 RO plants, 431 RO plants allotted to three agencies[29] were commissioned during 2013-14 to 2018-19.

Scrutiny of records (July 2019) and subsequent information collected from the Department[30] revealed that the work of the remaining 101 RO plants in six Divisions[31] was allotted (between December 2013 and January 2014) at a cost of ₹ 12.83 crore which were to be competed between April and May 2014. However, the contractor could not complete the works within stipulated period despite an amount of ₹ 6.18 crore[32] having been paid to the contractor against the material/machinery provided in respect of 67 RO plants and ₹ 1.29 crore

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27 (i) Bhakha Hari Singh; (ii) Kamalpura; (iii) Urdhan; (iv) Bhullar; (v) Hetampura; (vi) Manawala; (vii) Pandher; and (viii) Modey.

28 (i) M/s Hi-Tech Sweet Water Pvt. Ltd. (232 RO plants), (ii) M/s SR Paryavaran (P) Ltd. (139 RO plants), (iii) M/s Garg Sons (60 RO plants) and (iv) M/s Doshion Veolia Water Solution Pvt. Ltd. (101 RO plants).

29 (i) M/s Hi-Tech Sweet Water Pvt. Ltd. (232 RO plants), (ii) M/s SR Paryavaran (P) Ltd. (139 RO plants), and (iii) M/s Garg Sons (60 RO plants).

30 The EEs of the respective WSS Divisions and Office of Head, Department of Water Supply and Sanitation, Punjab.

31 WSS Divisions-(i) Rajpura; (ii) No. 2 Patiala; (iii) Barnala; (iv) Batala; (v) Gurdaspur; and (vi) SBS Nagar.

32 WSS Divisions-(i) Rajpura: ₹ 1.97crore; (ii) No. 2 Patiala: ₹ 0.96 crore; (iii) Barnala ₹ 1.62 crore; (iv) Batala: ₹ 0.69 crore; (v) Gurdaspur: ₹ 0.13 crore; and (vi) SBS Nagar: ₹ 0.81 crore.

was also incurred by the Department for providing tubewells, electricity and other miscellaneous services. The reasons for non-completion of project by the contractor were not on record. Further, due to non-completion of works, the EEs concerned imposed (between May 2015 and March 2018) penalty of ₹ 0.96 crore[33] under the clauses 2 and 3 of agreement[34] and the contracts were terminated (between August 2017 and April 2018). Out of ₹ 0.96 crore, ₹ 0.53 crore was recovered from the contractor.

The contractor approached (October 2018) various arbitrators against the decision of the Department. However, the Department called (July 2019) the tenders for the balance work but the tenders did not materialise into an agreement. Further, the arbitrations cases were dismissed (July and August 2020) by the Arbitrators.

Meanwhile, the installation work of nine RO plants had been completed by the Department itself. Thus, 92 RO plants were still lying incomplete and no action had been taken by the Department after July 2019.

Machines lying idle in Kharajpur and Islampur, Rajpura (29.12.2021)

On being pointed out, the Department stated (December 2021) that 92 RO plants were under Arbitration. Reply is not acceptable as (a) the arbitration cases had been terminated between July and August 2020; and (b) arbitration proceedings are not expected to impact the completion of ongoing works/projects. This shows the negligence of the Department in installation of RO plants despite incurring huge expenditure.

Thus, the Department failed to get installed balance 92 RO plants even after lapse of more than seven years of its approval which resulted in depriving the inhabitants of the villages of safe potable drinking water despite incurring a net expenditure of ₹ 7.47 crore[35] which had not proved fruitful.

2.4.4 Low penetration of the installed RO plants

As per conditions of allotment letter for installation of RO plants, the contractor was fully responsible for conducting Information, Education and Communication (IEC) activities, awareness campaign and collection of water tariff etc. Similarly, under the NABARD-XIX Scheme, contractor was responsible to increase the penetration level as operation and maintenance was

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33 WSS Divisions-(i) Rajpura: ₹ 0.34 crore; (ii) No. 2 Patiala: ₹ 0.12 crore; (iii) Barnala: ₹ 0.22 crore; (iv) Batala: ₹ 0.15 crore; (v) Gurdaspur: ₹ 0.04 crore; and(vi) SBS Nagar: ₹ 0.09 crore.

34 Clause-2 and 3 of agreement "The time allowed for carrying out the work shall be the essence of the contract and shall be strictly observed failing which a penalty limited to 7.5 *per cent* of the amount of contract shall be levied as liquidated damages".

35 Contractor's payment: ₹ 6.18 crore and expenditure made by Department: ₹ 1.29 crore.

the responsibility of the contractor. However, the penetration level[36] of installed RO plants was not satisfactory as given in **Table 2.3**.

Table 2.3: Penetration level of installed RO plants

Name of scheme	Total RO installed	RO having penetration Zero	Penetration between 0 and 10 *per cent*	Penetration between 10 and 25 *per cent*	Penetration more than 25 *per cent*	Records not available
Installation of RO Plants under RIDF-XIX (NABARD)	440	--	227	--		213
Installation of water treatment plants out of Special assistance on recommendation of NITI Aayog	43	8	18	4		13 non-functional
Installation of RO Plant under RIDF-XXII (NABARD)	97	25	22	12	10	28
Total	**580**	**33**	**267**	**16**	**10**	**254**

Source: Departmental data

It is evident from the above table that:

- information in respect of 326 RO plants (56 *per cent*) was provided. The penetration in respect of 300 (92 *per cent*) out of 326 plants was below 10 *per cent*.

- Audit further observed that there was zero penetration in respect of eight RO plants due to non-appointment of RO operator by the contractor or the plants being at a distance from the beneficiaries' residences and 13 RO plants were found non-functional.

- joint physical verification of 11[37] RO plants was done (December 2021), out of these the penetration level of nine RO plants was ranging between zero and 23.80 *per cent* and two RO plants were found non-functional in Rajpura.

The PAC while discussing paragraph 3.20.3.2(a) of the CAG's Audit Report for the year ended 31 March 2014, recommended (December 2017) that where the water quality is affected, the Department should involve local representatives and social organisations to motivate the villagers to use RO water for drinking purpose. The Department assured to take corrective action in future on the recommendation of PAC.

While accepting the audit observation, the Department stated (March and December 2021) that there was a need of continuous IEC activities to encourage the villagers to use RO water. Thus, despite the recommendation of PAC and assurance given by the Department, the corrective measures were not taken.

[36] Number of Households taking water from RO against the total Households.
[37] Rajpura-06 and Fatehgarh Sahib-05.

2.4.5 Improper disposal of water rejected from the RO plants

As per terms of contract, it is the responsibility of the contracted agency to dispose of rejected water into a nearby pond after treating with alum and charcoal/carbon (treatment chamber). The concentrated solid chemicals containing heavy metals was to be disposed in accordance with Punjab Pollution Control Board (PPCB) guidelines at the site approved by the PPCB minimum after every six months. Also as per Rule 8(A)(3) of the Hazardous Wastes (Management and Handling) Rules, 1989 made under the Environment (Protection) Act, 1986, the Punjab Pollution Control Board was to monitor the setting up and operation of the disposal facility for hazardous waste.

It was noticed (between February 2021 and December 2021) that under NABARD-XIX, 440 RO plants were installed in 21 Divisions. Further, the records of 12 Divisions (292 RO plants) were made available to Audit. Out of this, in two divisions[38] (seven RO plants), the rejected water was being disposed of properly. In remaining ten divisions, the rejected water of 29 RO plants was being disposed of properly whereas in respect of 256 RO plants neither the contractor nor the Department made any arrangement for disposal of the rejected water as provided in the agreement (***Appendix 2.2***).

Disposal of water of RO plant at Shergarh (Fatehgarh Sahib) 21.12.2021

The outcome of joint physical verification of 11 RO plants (December 2021) showed that two plants (Rajpura) were non-functional. There was no proper arrangement of disposal of rejected water in the remaining nine RO plants as the *Haudi* was constructed but treatment with alum and charcoal/carbon was not found to be done. There was nothing on record to suggest that Punjab Pollution Control Board (PPCB) had taken any action in respect of disposal of rejected water in the pond as provided in the agreement, indicating lack of monitoring on PPCB's part.

On being pointed out (February, March 2021 and December 2021), the EE, WSS Division, Fatehgarh Sahib admitted to the facts. The EE, WSS Division, Rajpura stated that efforts were being made to operate the non-functional RO plants and arrangements for proper disposal of the rejected water would be made as per agreements. The EE, WSS Division No. 1, Amritsar stated (December 2021) that recovery would be made. Reply of the Department in respect of these two Divisions was not acceptable because no responsibility of delinquent agencies/departmental officers was fixed. Moreover, in such cases, PPCB should take appropriate action against their officials for lack of proper monitoring on their part. Replies from seven Divisions were awaited (November 2022).

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[38] Water Supply and Sanitation Divisions: (i) No. 1, Hoshiarpur-two RO plants; (ii) No. 2, Hoshiarpur-five RO plants.

Thus, due to non-implementation of the agreement clause, the rejected water was either being disposed of in nearby ponds or in open area which ultimately was leaching back into the earth contaminating the ground water again.

2.4.6 Testing of RO treated water

As per clause 7.2.4 and 7.2.8 of the agreement, the contractors should have their own testing facilities to analyse the water samples for all parameters once in a month. The water quality was also required to be tested in the laboratories of the Department.

Scrutiny of records (November and December 2021) revealed that 580 RO plants were installed in 28 divisions. Thus, the treated water was required to be tested by contractor as well as by the Department. However, the water testing report was not provided by 27 divisions whereas the test reports were provided only by one division[39] in respect of 12 RO plants. After analysing these reports it was found that the treated water was fit for consumption as the results were within the acceptable limit.

During physical verification of 11 RO plants, it was noticed that testing of RO water was neither being done by the contractor nor by the Department in all nine functional RO plants (Rajpura- 04 and Fatehgarh Sahib-05) in violation of the provisions of the agreement.

On being pointed out, the EE, WSS Division, Rajpura stated that samples would be tested, and report would be sent to Audit whereas the EE, WSS Division, Fatehgarh Sahib only accepted the facts.

2.5 Conclusions

The State had decided to install 1,258 number of RO plants for which ₹ 187.51 crore was earmarked. Out of these, tender process was started for 703 plants with an assessed cost of ₹ 105.64 crore, against which 580 RO plants were installed at a cost of ₹ 80.14 crore. Thus, the Department could have benefitted 2,70,781 households by installing all the planned 703 RO plants but fell short of the planned coverage by about 40,000 households.

Further, the Department failed to install 97 RO plants as tenders were not finalised and 44 *per cent* available funds was not utilised by the Department due to dropping/non-taking up/incomplete RO plants under special assistance by NITI Aayog. 92 RO plants were not got installed even after incurring of ₹ 7.47 crore under NABARD XIX as the contractor left the work incomplete. The penetration level of installed RO plants was not satisfactory as it was below 10 *per cent* in respect of 300 RO plants and the penetration level of 42 *per cent* RO plants was not available. Water rejected from the RO plants was not being disposed of in a scientific manner.

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[39] Water Supply and Sanitation Division No. 2, Jalandhar.

2.6 Recommendations

The Government may consider the following:

(a) *take adequate steps to complete all the incomplete works on priority so that the potable water could be provided to the habitations;*

(b) *completed projects should be operated and maintained properly;*

(c) *take action to increase the penetration level of the completed RO plants; and*

(d) *responsibility of delinquent agencies/departmental officers should be fixed for improper disposal of rejected RO water and it should be ensured that proper and scientific disposal is done.*

The matter was referred to Government in April 2021; reply was awaited (November 2022).

Chapter-III

Transitional Credit under Goods and Services Tax

Chapter-III

EXCISE AND TAXATION DEPARTMENT

Transitional Credit under Goods and Services Tax

3.1 Introduction

With the introduction and implementation of Goods and Services Tax (GST) Act, which subsumed multiple indirect taxes levied and collected by the Centre and States, 'Transitional Provisions for input tax' were included in the GST Acts to ensure smooth transition from the old tax regime to GST. These provisions provide for the entitlement and manner of claiming input tax credit in respect of appropriate taxes or duties paid under the existing laws.

This was to provide for carry forward of input tax credits into GST regime from the pre-GST taxes that were available with the taxpayers on the day of roll out[1] of GST (herein after referred to as transitional credits). Transitional credit provisions are important for both the Government and the business. For business, these credits should be carried forward properly to give them benefit of taxes they had already paid on inputs or input services in the pre-GST regime. From the viewpoint of the Government, the amount of admissible transitional credits will determine the extent of cash flow of GST revenue. Hence, in the interest of revenue, only admissible and eligible transitional credits should be carried forward into GST. To ensure the eligibility of transitional credit by the Departmental Officer, the Department of State Taxes, Punjab issued a guidance note covering various aspects for verification of SGST transitional credit claims.

3.2 Organizational set up

The Financial Commissioner Taxation and Principal Secretary to the Government of Punjab is overall in-charge of the Department of State Taxes. The Department administers Goods and Services Tax as well as Punjab Value Added Tax Act/Central Sales Tax Act in the State subject to overall control and superintendence of the Commissioner of State Tax with the help of Additional Commissioners of State Tax, Joint Commissioners of State Tax at the Headquarters, Deputy Commissioners of State Tax at the divisional level and Assistant Commissioners of State Tax (ACSTs), State Tax Officers and other allied staff at the district level.

3.3 Provisions for Transitional Credit

3.3.1 Conditions for availing Transitional Credit

Section 140 of the Punjab GST Act 2017 contains elaborate provisions relating to transitional arrangements for input tax credits. Under the

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[1] GST was rolled out on 1 July 2017.

transitional arrangements, the input tax credit of various taxes paid under the State Value Added Tax (VAT) Act was carried forward to GST regime as under:

a) ***Closing balance of the credit in the last returns***: The closing balance of the VAT credit available in the returns filed under pre-GST law for the month immediately preceding the appointed day can be taken as SGST credit in Electronic Credit Ledger (ECL) by a registered person, other than composition taxpayer subject to conditions stated below: -

   i. Such credit should be admissible as input tax credit under GST Act; and,

   ii. Returns for at least the previous six months before roll out of GST should have been furnished.

(Section 140(1))

b) ***Credit on duty paid stock:*** A registered person other than manufacturer or service provider, may take the credit of duty/tax paid on the goods held in stock.

   i. If the stock is supported with invoice depicting amount of tax paid, credit on full stock is admissible. The claim is made through Table 7c of Form Tran-1.

   ii. If there is no such invoice which may depict amount of tax paid, credit will be admissible at the rate of 60 *per cent* on such goods where rate of GST is nine *per cent* or more or, 40 *per cent* credit on such goods where the rate of GST is less than nine *per cent*. The claim is made through Table 7d of Form Tran-1.

(Section 140(3))

c) **Credit for stock received after appointed day**: The input or input services received on or after the appointed day but the duty or tax on the same was paid by the supplier under the existing law.

(Section 140(5))

3.3.2 Timelines for Transitional Credit returns

Rule 117 of the Punjab GST Rule 2017 provides that every registered person entitled to transitional credit has to file a declaration electronically in form Tran-1, on the GST portal within 90 days of roll out of GST. This rule also provides for extension of this period by a further period not exceeding 90 days by the Commissioner, on the recommendations of GST Council. Further, a person not registered under the existing law is also entitled to avail the credit of input tax on goods held in stock on the appointed day for which he is not in possession of any document evidencing payment of tax. Such person has to file a statement in form Tran-2, provided that such goods were not unconditionally exempt from payment of tax. The GST rules initially provided for a maximum of six months to file Tran-1. However, on the recommendations of GST Council and due to technical difficulties on GST portal, the date for filing Tran-1 was extended till 31 March 2020.

3.4 Audit Objectives

Transitional credit claimed under Tran-1 and Tran-2 returns, credited to the Electronic Credit Ledger of the taxpayers as input tax credit, could be adjusted against GST output liability of the taxpayers. Thus, the claims have a direct impact on GST revenue collection. The audit of transitional arrangements for input tax credit under GST was taken up with the following audit objectives with a view to seek an assurance on:

i. Whether the mechanism envisaged by the Department for selection and verification of transitional credit claims was adequate and effective.

ii. Whether the transitional credit carried over by the assessee into GST regime was valid and admissible.

3.5 Scope of Audit

The scope of Audit comprises a review of transitional credit claim returns, both Tran-1 and Tran-2, filed by the taxpayers under the transitional arrangements of Punjab GST Act. Audit verification involves the scrutiny of process and outcomes of Departmental verifications along with detailed independent verification of selected claims. Verification of individual transitional credit claims involved the examination of VAT credit claimed by the taxpayers in the last quarterly/annual returns filed under pre-GST laws, immediately preceding the appointed date i.e., 01 July 2017, along with the documentary evidence in support of such claims. Further, in respect of input tax claimed pertaining to purchase of materials, verification involved examination of necessary invoices, documents or records evidencing purchase of such goods.

Audit observations were issued to the Department between February 2021 and March 2022. The replies furnished by the Department during audit and in meeting held on 10 June 2022 have been suitably incorporated in the relevant paragraphs.

3.6 Sample selection and audit

A total of 35,526 cases with total transitional credit claim of ₹ 3,557.22 crore (CGST of ₹ 2,340.81 crore and SGST of ₹ 1,216.41 crore) were received by the Department. The Department verified SGST claim in respect of 35,525 cases and allowed transitional credit of ₹ 1,050.10 crore as SGST.

Pan-India GST transitional credit data was obtained from GSTN and through risk-based data analysis, a sample of 1,933 cases[2] with SGST claim of ₹ 739.91 crore pertaining to 26 ACST offices were selected for detailed verification. Out of the selected 1,933 cases, 1,554 cases pertain to taxpayers who constituted potentially risk prone cases and 379 cases pertain to taxpayers who constituted relatively less risk prone cases.

The audit involved data analysis and verification of records available with the jurisdictional taxation authority. The legacy returns under Value Added Tax (VAT), input tax credit claimed by the taxpayers in Tran-1 and Electronic Credit Ledgers of the taxpayers were examined. Further, in respect of input tax credits pertaining to materials held in stock, the verifications involved examination of necessary accounting details, documents or records evidencing purchase of such goods.

3.7 Audit Criteria

Section 140 of the Punjab GST Act 2017 read with Rule 117 of the Punjab GST Rules 2017, Guidance Note on verification of SGST transitional credit claim issued by the Department were criteria for this audit.

3.8 Audit Findings

The audit findings have been categorized into two broad areas as systemic issue and compliance issues. While systemic issue addresses the adequacy and effectiveness of the envisaged verification mechanism, compliance issues address the deviations in individual cases from the provisions of the Act/Rules.

Table 3.1 brings out the extent of deficiencies noted during the audit of 1,933 selected cases of transitional credit claims.

Table 3.1: Nature of Audit Findings

(₹ in crore)

Sr. No.	Nature of Audit Findings	ACST offices involved	No. of cases	Money value	Recoveries at the instance of audit
1.	Inadmissible transitional credit due to non-validation of data (Para 3.9.1)	7	16	3.94	0.70
2.	Excess claim of Transitional credit [Para 3.10(A)(i)]	25	322	84.99	4.43
3.	Claim of Transitional credit by non-filers [Para 3.10(B)]	11	39	13.03	1.91

2 Amritsar-I (41), Amritsar-II (50), Barnala (14), Bathinda (69), Faridkot (8), Fatehgarh Sahib (154), Fazilka (22), Ferozepur (79), Gurdaspur (54), Hoshiarpur (35), Jalandhar-I (58), Jalandhar-II (151), Kapurthala (17), Ludhiana-I (343), Ludhiana-II (141), Ludhiana-III (175), Mansa (15), Moga (41), Sri Muktsar Sahib (34), Nawanshahr (6), Pathankot (49), Patiala (100), Ropar (12), Sangrur (57), SAS Nagar (203) and Tarn Taran (5).

Sr. No.	Nature of Audit Findings	ACST offices involved	No. of cases	Money value	Recoveries at the instance of audit
4.	Non-reversal of excess transitional credit after finalising annual VAT-20 return (Para 3.10.1)	21	-	-	-
5.	Allowance of transitional credit twice against same input tax credit (Para 3.10.2)	2	4	0.11	0
6.	Input tax credits on suspected sales/purchases (Para 3.10.3)	4	9	13.28	0
7.	Accumulation of ineligible input tax credit (Para 3.10.4)	4	5	1.92	0.59
8.	Transitional credit against refunded input tax credit (Para 3.10.5)	1	1	0.03	0.02
9.	Inadmissible transitional credit under GST Act (Para 3.10.6)	1	1	0.62	0.62
10.	Allowance of transitional credit in assessed cases (Para 3.10.7)	9	23	18.84	1.45
11.	Transitional credit claims on input stock (Para 3.10.8)	3	5	0.86	0.04
12.	Irregular adjustment of SGST liability with CGST credit (Para 3.10.9)	2	-	-	0.02
Total			**425**	**137.62**	**9.78**

***Note:** The sample of 1,933 cases has been categorized under four categories viz. 'Excess', 'Less', 'Matching' and 'Non-filers'. The number and money value of cases in respect of 'Excess' and 'Non-filers' is comprehensively covered under Para 3.10 A(i) and 3.10 B respectively, which is included at Sr. No. 2 and 3 above. As significant findings at Para 3.10.1 to 3.10.9 of the report covers all four categories, the number and money value of 'Excess' and 'Non-filers' categories has been excluded in the table at Sr. No. 4 to 11 to avoid duplication. The category-wise details of cases included in the significant findings are available at Appendix 3.1.*

3.9 Systemic Issue

3.9.1 Inadmissible transitional credit due to non-validation of data

As per Section 140(1) of the Punjab GST Act 2017, a registered person, other than a person opting to pay tax under composition scheme, shall be eligible to take, in his Electronic Credit Ledger (ECL), the amount of Value Added Tax (VAT) credit carried forward in the return relating to the period up to 30 June 2017, furnished under the existing law (Punjab Value Added Tax Act 2005) provided that said credit was admissible under the existing law as well as under the Punjab GST Act.

To carry forward transitional credit to GST, the taxable person was required to file Tran-1 return and as per Table 5(c) of the Tran-1, the taxable person had to declare input tax credit reversible on the turnover for which statutory declaration forms (Form 'C', 'F', 'H' and 'I')[3] were pending. The portion of input tax credit reversible relatable to turnover for which such forms were pending, was not to be carried forward in the Electronic Credit Ledger. As provisions of GST have been implemented through GSTN system, the system is supposed to carry adequate checks and validations, which may enforce the provisions of GST effectively.

Audit noted in seven[4] ACSTs that taxable persons in 16 cases (0.83 *per cent* of examined sample) declared turnover of goods sold for ₹ 176.78 crore, where statutory declaration forms (Form 'C', 'F') were pending as on date of filing of Tran-1 and input tax credit reversible relatable to above turnover was ₹ 3.94 crore. The portion of input tax credit reversible declared by the taxpayers was not to be carried forward in the Electronic Credit Ledger. Audit, however, observed that the transitional credit in Electronic Credit Ledger of the taxpayers was carried forward without reducing ₹ 3.94 crore from the input tax credit balance available in the VAT return ending 30 June 2017. Audit analysis of the Tran-1 of the above taxpayers revealed that amount of input tax credit reversible declared by the taxpayers in Columns 4 and 6 was not deducted in the Column 10 of the Table 5(c), whereas in some other cases, the amount was found to have been deducted correctly. It indicates that correctness of the data to be inputted in Column 10 was not validated by the system and system allowed the amount in this column without deducting the input tax credit reversible declared by the taxpayers in the previous columns. The GSTN system is supposed to be robust having adequate checks and validations to avoid incorrect data insertions. The incorrect data insertion in Column 10 of Table 5(c) of Tran-1 resulted in inadmissible transitional credit of ₹ 3.94 crore **(*Appendix 3.2*)**, which could have been avoided by having validation checks or populating the amount automatically in the Column 10 based on the figures provided by the taxpayer in the previous columns of the Table 5(c).

The Department needs to examine the processes of the GSTN system leading to incorrect data insertions and identify the similar cases for rectifications.

On being pointed out (June 2021), the Department recovered ₹ 0.70 crore in four cases[5] and issued notice for ₹ 2.14 crore in one case of Hoshiarpur, which was under revision due to legal issues. In two cases of Fatehgarh Sahib, the Department replied that the dealers had submitted statutory declaration forms with the jurisdictional authorities. In one case of Sangrur, it was stated that the

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3 'C'-Interstate sale, 'F'-Branch/Consignment transfer, 'H'-Deemed export, 'I'-Interstate sale to unit in Special Economic Zone.

4 Fatehgarh Sahib (5), Hoshiarpur (1), Jalandhar-I (1), Ludhiana-I (1), Patiala (2), Sangrur (2) and SAS Nagar (4).

5 Fatehgarh Sahib (3) ₹ 0.03 crore and SAS Nagar (1) ₹ 0.67 crore.

dealer had less amount of transitional credit than the input tax credit available in VAT-20 return and, in another case, it was stated that 'C' forms were available as per assessments made for 2015-16 to 2017-18. In one case of Jalandhar-I, the dealer had reversed entire transitional credit in January 2018. Hence, there was no loss to Government in these cases. In remaining cases, replies were awaited (November 2022).

Audit opines that although Departmental responses were in line with the corrective actions after the matter was pointed out by Audit, yet, no comments were offered towards system weakness pointed out in audit observation, which ultimately had bearing on correctness of transitional credit.

3.10 Compliance Issues

Audit verified SGST transitional credits of 1,933 selected cases, claimed under Table 5(C) "State/UT tax credit carried forward" of form Tran-1, with the input tax credit balances available as per annual returns VAT-20[6] for the year 2017-18. In cases, where annual return was neither available on ETTSA[7] system nor made available to Audit by the Department, a comparison was made with quarterly return VAT-15 for the quarter April-June 2017.

Audit noticed that:

A. 1,894 (97.98 *per cent*) out of 1,933 dealers had filed return in VAT-20/ VAT-15. Out of this,

i. **Excess claim:** 322 (16.66 *per cent*) dealers claimed SGST transitional credit of ₹ 150.50 crore, whereas input tax credit of ₹ 65.51 crore was available as per VAT-20/VAT-15 filed by the dealers. Thus, the dealers claimed excess claim of transitional credit of ₹ 84.99 crore (***Appendix 3.3***).

ii. **Short claim:** 635 (32.85 *per cent*) dealers claimed transitional credit of ₹ 303.04 crore, which was ₹ 131.02 crore less than the input tax credit of ₹ 434.06 crore available as per VAT-20/VAT-15 filed by the dealers. The major reasons for short claim of transitional credit were *i) reduction in input tax credit due to non-availability of statutory declarations in Form 'C', 'F' and 'H'; ii) claim of refund out of input tax credit balances; iii) claim of transitional credit on the closing stock instead of accumulated input tax credit by the dealers who were engaged in manufacturing of goods, which was tax-free under Punjab VAT regime but became taxable under GST regime; and iv) Non-claim of transitional credit by such dealers who dealt in goods (e.g. food grains), which became exempt in GST regime.*

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6 Annual Returns (VAT-20) filed by the dealer on the ETTSA system or filed manually to the Department and made available to audit by the Department.

7 Excise and Taxation Technical Services Agency (ETTSA), a society created by the Government of Punjab, for the computerization of Excise and Taxation Department.

iii. **Matching claim:** In 937 cases (48.47 *per cent*), the claim of transitional credit of ₹ 250.94 crore matched[8] with input tax credit as per VAT-20/VAT-15.

B. Non-filers: 39 (2.02 *per cent*) out of 1,933 dealers claimed transitional credit of ₹ 13.93 crore without filing any of the quarterly/annual return for the relevant period. These dealers had filed neither quarterly return VAT-15 for the quarter April-June 2017 nor annual return VAT-20 for the year 2017-18 (***Appendix 3.4***). Filing of return for the last six months preceding the appointed day was a prerequisite for claiming transitional credit. In the absence of the returns, it could not be ascertained in audit on what basis the Department had verified these cases and allowed the SGST transitional credits.

Transitional credits allowed in excess of input tax credits available in VAT returns as mentioned at Para 3.10(A)(i), transitional credits allowed to non-filers as mentioned at 3.10(B) and inadmissible transitional credits pointed at Para 3.10.1 to 3.10.9 in this report indicate that the system of documents' verification by the Department before allowing transitional credit was inadequate.

Out of 361 cases mentioned at A(i) and B above, the recoveries/reversals of ₹ 35.05 crore in 74 cases[9] had already been made. The Department further recovered ₹ 6.34 crore in 88 cases[10] after being pointed out in Audit.

In 41 cases of excess claims, the Department replied (June 2022) that dealers had correctly claimed transitional credit and there was no excess. The reasons explained by the Department are detailed below:

- In 33 cases[11], the input tax credits were accumulated during the previous years, but the dealers didn't reflect it in the opening balance of subsequent annual VAT returns. At the time of filing Tran-1, the dealers claimed all such accumulated input tax credits lying in previous returns and correctly claimed transitional credit of ₹ 12.37 crore.
- In eight cases[12], the dealers had claimed VAT refunds in previous years by debiting the input tax credits. However, the refunds were not

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8 Differences up to ₹ 10,000 between input tax credit as per VAT-15/VAT-20 and transitional credit as per Tran-1 have been ignored.

9 Amritsar-I (2), Amritsar-II (2), Barnala (2), Bathinda (2), Fazilka (3), Ferozepur (4), Gurdaspur (5), Hoshiarpur (4), Jalandhar-I (1), Jalandhar-II (4), Kapurthala (1), Ludhiana-I (10), Ludhiana-II (3), Ludhiana-III (2), Mansa (2), Moga (5), Sri Muktsar Sahib (2), Pathankot (5), Patiala (10), Sangrur (3) and SAS Nagar (2).

10 Amritsar-I (6), Amritsar-II (4), Barnala (2), Bathinda (2), Faridkot (2), Fatehgarh Sahib (3), Fazilka (2), Ferozepur (11), Gurdaspur (3), Hoshiarpur (1), Jalandhar-I (1), Jalandhar-II (4), Ludhiana-I (4), Ludhiana-II (6), Ludhiana-III (4), Mansa (2), Moga (1), Sri Muktsar Sahib (7), Pathankot (4), Patiala (4), Ropar (1), Sangrur (3), SAS Nagar (10) and Tarn Taran (1).

11 Bathinda (1), Gurdaspur (1), Jalandhar-II (14), Ludhiana-I (12), Ludhiana-II (2), Ludhiana-III (1), SAS Nagar (2).

12 Gurdaspur (1), Jalandhar-I (1), Jalandhar-II (1), Kapurthala (1) and Ludhiana-I (4).

issued to them. These dealers claimed transitional credit of ₹ 37.92 crore by including the amount of VAT refunds not received.

The Department may ensure the correctness of input tax credits of previous years which were not brought forward in the annual VAT returns but dealers claimed all such input tax credits at the time of filing Tran-1.

In two cases[13] of excess claim, the Department stated (June 2022) that due to technical problems in GSTN system, the dealers could not avail the input tax credit on the inwards supplies for the post-GST month of July 2017. Thus, the dealers claimed input tax credit of July 2017 for ₹ 0.11 crore in Tran-1 and there was no monetary loss to the Government.

Audit opines that although there was no loss to Government, yet the claim of post-GST input tax credit through Tran-1 was irregular.

In five cases[14] of excess claim, the Department replied (June 2022) that dealers had correctly claimed transitional credit of ₹ 0.87 crore as per VAT returns.

The reply of the Department was not acceptable because as per annual VAT-20 returns of these dealers for 2017-18, the input tax credits of ₹ 0.77 crore were available but the dealers claimed transitional credits of ₹ 0.87 crore.

In one case[15] of excess claim, the Department stated (June 2022) that dealer had stock of tax paid goods for which he claimed transitional credit by including the amount under Table 5(c) of Tran-1. The transitional credit of ₹ 0.04 crore claimed by dealer was correct.

Audit opines that dealer needed to separately claim the transitional credit for stock under Table 7(c) or 7(d). Claiming of transitional credit for stock under Table 5(c) was irregular.

In one case[16] of excess claim, the Department informed (June 2022) that dealer had reversed input tax credit of ₹ 0.30 crore in VAT-20 return on account of Tran-1 claim and accordingly transitional credit of ₹ 0.29 crore claimed in Tran-1 was correct.

The Department needs to ensure that reversal of ₹ 0.30 crore made by the dealer in VAT-20 was on account of transitional credit as the same was not clearly reflecting in the VAT return and the amount of reversal was also varying from the transitional credit.

In one case[17] of excess claim of ₹ 0.58 crore, the Department replied (June 2022) that dealer had claimed refund of ₹ 0.46 crore under GST, which

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13 Ludhiana-I.
14 Fatehgarh (1), Ferozepur (1), Jalandhar-II (2) and Patiala (1).
15 Bathinda.
16 Ludhiana-I.
17 Moga.

was rejected by the Department. The remaining amount of ₹ 0.12 crore pertained to pre-GST year 2016-17.

The Department needs to reconsider its reply because as per VAT-20 returns of the dealer for 2016-17 and 2017-18, the excess input tax credit of ₹ 0.39 crore was available, whereas the dealer had claimed transitional credit of ₹ 0.65 crore.

In one case[18] of excess claim, the Department replied (June 2022) that the dealer had claimed transitional claim of ₹ 0.39 crore which tallied with input tax credit available in VAT-15.

The reply of Department was not acceptable because dealer had claimed transitional credit of ₹ 0.40 crore instead of ₹ 0.39 crore, which was reflecting in the Tran-1 and Electronic Credit Ledger of the dealer.

In 33 cases[19] (30 cases of excess claims and three cases of non-filers) involving transitional credit of ₹ 6.52 crore, the Department informed that actions had been initiated. In remaining 114 cases[20] involving transitional credit of ₹ 40.98 crore, the replies were awaited (November 2022).

In cases categorized as ‘A’ and ‘B’ above, Audit observed several significant findings, which have been discussed in the succeeding paragraphs 3.10.1 to 3.10.9. The findings were noticed even in cases where the transitional credits were matching with the input tax credit balances as per the VAT returns or the dealers had claimed less transitional credits than the input tax credit balances available in the VAT returns.

3.10.1 Non-reversal of excess transitional credit after finalizing annual VAT-20 returns

In annual returns VAT-20, there are two columns which depict calculation of output tax liability on sale and input tax credit on purchase, one is "As per return" and another is "As per books of accounts". Figures under the column "As per return" are total of the figures depicted in the quarterly returns VAT-15 filed by the dealer during a tax period. The figures under the column "As per books of accounts" are the updated figures after making necessary corrections in the books of accounts of a dealer and are treated as final.

Audit noticed in 65 cases that the dealers claimed transitional credit of ₹ 11.96 crore on the basis of input tax credit carried forward as per quarterly returns VAT-15. However, in the annual returns VAT-20 filed by the dealers,

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18 Ludhiana-III.

19 Amritsar-II (1), Bathinda (4), Fatehgarh Sahib (8), Ferozepur (1), Gurdaspur (1), Jalandhar-I (3), Jalandhar-II (4), Ludhiana-I (5), Ludhiana-II (1), Ludhiana-III (2), Mansa (1), Pathankot (1) and Ropar (1).

20 Amritsar-I (2), Bathinda (6), Faridkot (1), Fatehgarh Sahib (3), Ferozepur (10), Jalandhar-I (7), Jalandhar-II (4), Ludhiana-I (30), Ludhiana-II (7), Ludhiana-III (11), Sri Muktsar Sahib (1), Patiala (1), Sangrur (1), SAS Nagar (30).

input tax credit of ₹ 8.94 crore was available as transitional credit based on their corrected books of accounts. Thus, the dealers availed excess transitional credit of ₹ 3.02 crore. The dealers did not reverse the excess claimed transitional credit of ₹ 3.02 crore after finalization and filing of annual return VAT-20. The Department also did not reverse the excess allowed transitional credit at the time of verification. This resulted in excess allowance of transitional credit of ₹ 3.02 crore (***Appendix 3.5***).

The matter was reported to the Department (March and April 2022). The Department replied (June 2022) in 57 cases[21], which have been incorporated under Para 3.10 being the parent Para.

3.10.2 Allowance of transitional credit twice against same input tax credit

Section 140(1) of the Punjab GST Act provides that the closing balance of the VAT credit available in the returns filed under pre-GST law for the month immediately preceding the appointed day can be taken as SGST credit in Electronic Credit Ledger (ECL) by a registered person, other than composition taxpayer. Further, Section 140(3) allows a registered person other than manufacturer or service provider to take the credit of duty/tax paid on the goods held in stock.

Audit noticed in six cases[22] that the dealers claimed transitional credit of ₹ 1.95 crore under Table-5C of Tran-1 as per Section 140(1) of the Punjab GST Act on the basis of input tax credit balance as per annual return VAT-20. The dealers claimed the same amount as credit under Table-7C of Tran-1 under Section 140(3) on account of input stock with invoices. Claim of same amount twice resulted in double input tax credit of ₹ 1.95 crore as transitional credit, which was allowed by the Department during verification (***Appendix 3.6***).

The matter was reported to the Department (March and April 2022). The Department replied (June 2022) that reversals of ₹ 2.57 crore had already been made by the dealers in five cases. In one case of Ludhiana-I, demand notice of ₹ 0.10 crore had been issued.

3.10.3 Input tax credits on suspected sales/purchases

A. Suspected sales/purchase: Section 13(12) of the Punjab VAT Act provides that in no case the amount of input tax credit on purchase of goods shall exceed the amount of tax actually paid into the Government Treasury on purchase of such goods.

The Department maintained a network called ETTSA gateway on which each dealer was required to fill details of sale/purchase made by him

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[21] 19 cases: Recoveries/reversals already made, 30 cases: Recoveries made after audit, 8 cases: Replies received and included under Para 3.10 being parent para.

[22] Amritsar-I (1), Gurdaspur (1), Jalandhar-II (1) and Ludhiana-I (3).

during a tax period. Quarterly return in VAT-15 and Annual return in VAT-20 were also required to be filed by the dealers on the network. The network also captured the movement of goods in and out of State in respect of dealers through Information Collection Centres (ICCs) and detail of tax paid by the dealers. The Department, *inter-alia*, used this network to validate the purchase detail of purchasing dealer with sale detail of selling dealer. Any break in sale/purchase chain of a dealer, unless justified, was indicative of creation of bogus input tax credit.

Audit analysis of information available on ETTSA network revealed that transitional credit of ₹ 19.22 crore in 10 cases[23] was allowed on the basis of input tax credit balances against which no tax was found paid in the VAT regime at any stage in the purchase chains of the dealers. There were either breaks in the purchase chains because the selling dealers at some stage had not filed detail of sale/purchase on ETTSA gateway or the purchase chain was cyclic i.e., the selling dealers were the ultimate purchasers of the same goods. No dealer in these purchase chains had paid tax on such goods in the Government Account, which was indicative of creation of bogus input tax credits. The Department neither disallowed transitional credit of ₹ 19.22 crore against suspected purchases of ₹ 502.44 crore in these cases nor recovered the due tax from the selling dealers who did not pay any tax and did not file the required returns (***Appendix 3.7***).

The matter was reported to the Department (February and April 2022). The Department in four cases[24] replied (June 2022) that assessment of these cases will be done. In one case of Ludhiana-II, the Department stated that claim of input tax credit cannot be rejected because fraud, collusion or connivance with the registered selling dealer was not established yet. In one case of Ludhiana-III, the Department replied that case had already been assessed in October 2021 and demand of ₹ 2.42 crore was raised.

The reply of the Department in case of Ludhiana-II was not acceptable as Department did not provide information regarding action taken or investigation made to ascertain the genuineness of the transactions. The reply was furnished without taking any action in this regard. Further, the reply in case of Ludhiana-III was partially acceptable because the demand of ₹ 2.42 crore raised by the Department did not include the entire purchase portion objected to by Audit. The analysis of Assessment Order showed that the demand included only ₹ 0.65 crore on account of rejected input tax credit, whereas Audit had objected to input tax credit of ₹ 0.90 crore.

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[23] Bathinda (1), Ludhiana-I (4), Ludhiana-II (2) and Ludhiana-III (3).
[24] Bathinda (1), Ludhiana-II (1) and Ludhiana-III (2).

Out of the above 10 cases, illustrative case studies in four dealers along with Department's replies are mentioned below.

i. The dealer 'A'[25] in Ludhiana-I was allowed transitional credit of ₹ 2.40 crore who had not filed quarterly return VAT-15 for April-June 2017 and annual return VAT-20 for 2017-18. The detail of sale/purchase for the quarter April-June 2017 was also not available on ETTSA. In the absence of the returns and detail of sale/purchase, the source of accumulation of input tax credit during 2017-18 was not ascertainable. However, detail of sale/purchase made during 2016-17 was available on dealer cardex[26] on ETTSA. During 2016-17, the dealer 'A' had shown purchase of ₹ 54.48 crore from dealer 'B' and claimed input tax credit of ₹ 3.39 crore. However, the selling dealer 'B' had not shown any sale/purchase during the same period on ETTSA. Further, the VAT registration certificate of the dealer 'B' was cancelled by the Department *suo-moto* with effect from 6 April 2017, which clarifies that the dealer 'B' was non-compliant with provisions of the Punjab VAT Act 2005. Audit noticed that the GST registration of the dealer 'A' was also cancelled by the Department *suo-moto* on 14 May 2018. The order of cancellation had retrospective effect from 3 July 2017. However, transitional credit claimed by dealer 'A' in Tran-1 dated 14 October 2017 was allowed by the Department after verification. Moreover, the dealer 'A' utilised the transitional credit by debiting his electronic cash ledger on 6 November 2017 and 28 November 2017 i.e., almost four months after the effective date of cancellation of GST registration certificate. Thus, the Department allowed transitional credit of ₹ 2.40 crore, which was based on input tax credit against suspected transactions between non-compliant dealers whose VAT/GST registration certificates were cancelled by the Department *suo-moto*.

   The matter was reported to the Department (February and April 2022). The Department replied (June 2022) that assessment had been initiated.

ii. The Dealer 'C'[27] in Ludhiana-I was allowed transitional credit of ₹ 7.85 crore. This dealer had shown purchase of ₹ 78.78 crore during the quarter April-June 2017 from the dealer 'A' mentioned at serial number (i) above, who was allowed transitional credit of ₹ 2.40 crore on suspected transactions. The dealer 'C' had availed input tax credit of ₹ 8.90 crore during April-June 2017 on the above purchase shown from dealer 'A' but the dealer 'A' did not show any sale to this dealer. Further, the dealer 'C' had shown interstate sale of ₹ 47.97 crore (₹ 47.03 crore *plus* ₹ 0.94 crore CST) at concessional rate of tax of two *per cent* against 15 statutory

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[25] ARN - AA031017012479J.

[26] Dealer cardex contains the summarized details of transactions of the dealer.

[27] ARN - AA030917006054K.

declarations in Form 'C'. Audit got these 'C' forms verified[28] from the issuing authorities of the states concerned and found that nine 'C' forms involving goods worth ₹ 38.84 crore were not issued by the issuing authorities concerned and were not genuine. Verification report of the remaining six 'C' forms was awaited up to the date of finalization of this audit report. Thus, the dealer 'C' not only showed suspected purchases to create input tax credit but also showed suspected interstate sales against fake 'C' forms to create surplus input tax credit of ₹ 7.85 crore, which was allowed as SGST transitional credit.

The matter was reported to the Department (February and April 2022). The Department in its reply (June 2022) accepted that purchases of dealer seemed fake, hence, assessment had been initiated.

iii. The dealer 'D'[29] in Ludhiana-I was allowed transitional credit of ₹ 3.68 crore. This dealer had shown purchase of ₹ 36.40 crore during the quarter April-June 2017 from the dealer 'A' mentioned at serial number (i) above, who was allowed transitional credit of ₹ 2.40 crore on suspected transactions. The dealer 'D' also showed interstate sale of ₹ 26.66 crore at concessional rate of tax. However, statutory declarations of this dealer in Form 'C' were not provided by ACST Ludhiana-I as the same was not available with the office. The transitional credit was allowed by the Department without verifying the status of receipt of statutory declarations. During verification of interstate sales of ₹ 26.66 crore with the authorities concerned of states, the taxation authorities of Haryana, Goa and Odisha informed that interstate sales of ₹ 13.55 crore were not made by the dealer 'D' to the dealers of their states. The verification reports for the remaining interstate sale of ₹ 13.11 crore[30] were awaited from the states of Maharashtra and Tripura (November 2022). It was also noticed that the GST registration certificate of the dealer 'D' was cancelled by the Department *suo-moto* with effect from 13 April 2018. However, no reversal of transitional credit was made by the Department despite having no records of 'C' Forms for the interstate sales, which were eventually found to be not genuine in the audit verifications made from the states concerned.

The matter was reported to the Department (February and April 2022). The Department replied (June 2022) that assessment had been initiated.

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[28] Audit had requested respective State Tax Departments for verification of suspected 15 'C' forms of this dealer involving goods worth ₹ 47.97 crore. Verification report for 9 'C' forms pertaining to two dealers involving goods worth ₹ 38.84 crore received, and position stands included at 3.10.3 (A)(ii). The verification report for remaining red flagged 6 'C' forms involving goods worth ₹ 9.13 crore was awaited till the finalization of this report (***Appendix 3.8-A***).

[29] ARN - AA030917004075I.

[30] Maharashtra: ₹ 9.99 crore, Tripura: ₹ 3.12 crore.

iv. The dealer 'E'[31] in Ludhiana-I was allowed transitional credit of ₹ 3.53 crore, who had shown taxable purchase of ₹ 250.77 crore during the quarter April-June 2017 on which input tax credit of ₹ 26.29 crore was claimed. The purchases were suspect as VAT was not found paid on the purchased goods at any stage by any dealer. Further, the amount of purchase of ₹ 250.77 crore mentioned by dealer 'E' in his VAT-20 return did not match with the trading account for the year 2017-18, where purchase was shown as ₹ 164 crore, which was ₹ 86.77 crore less than the purchase declared in the annual return. Thus, the dealer suppressed the purchase of ₹ 86.77 crore involving input tax credit of ₹ 3.34 crore[32] in his trading account to avoid GST liability in the GST regime because such suppressed goods were neither sold nor got included in the closing stock. Thus, the dealer not only claimed transitional credit on suspected purchase but also suppressed such purchase in his trading account to avoid GST.

The matter was reported to the Department (March and April 2022). The Department replied that GST assessment of the dealer had been framed for 2017-18 and demand for ₹ 7.69 crore under SGST had been raised. The reply of the Department was not acceptable as stated assessment was for the GST period, whereas Audit had objected to transitional credit of ₹ 3.53 crore, which had flown from pre-GST period.

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

Audit noticed that one dealer in Ludhiana-II, who had claimed transitional credit of ₹ 0.26 crore, had shown interstate sale of ₹ 1.41 crore at concessional rate of tax of two *per cent* during the year 2017-18. On verification[33] of 'C' form valuing ₹ 1.17 crore from the taxation authority concerned of Delhi, it was informed to Audit that no such 'C' form was issued to the dealer of Ludhiana-II. The tax implication involved in this 'C' form worked out to ₹ 0.14 crore, eventually resulting in inadmissible transitional credit of ₹ 0.14 crore[34].

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[31] ARN - AA0308170827132.

[32] 3.85 *per cent* of ₹ 86.77 crore.

[33] Audit had requested respective State Tax Departments for verification of suspected 6 'C' forms of five dealers involving goods worth ₹ 3.68 crore. Verification report in respect of one 'C' forms from Taxation Authority of Delhi was received and case included at Para 3.10.10.3 (B). The verification report of remaining red flagged 5 'C' forms involving goods worth ₹ 2.51 crore was awaited till the finalization of this report. (***Appendix 3.8-B***)

[34] ₹ 1.17 crore x (14.30 *per cent* minus two *per cent*) = ₹ 0.14 crore.

The matter was reported to the Department (March and April 2022). The reply was awaited (November 2022).

3.10.4 Accumulation of ineligible input tax credit

GST regime allowed transitional credit of accumulated input tax credit of pre-GST law. Audit observed in six cases that dealers had availed transitional credit of ₹ 1.99 crore for which they were not eligible.

A-Tax Free Sales: Section 13(5) of Punjab VAT Act 2005 provides that a taxable person shall not qualify for input tax credit in respect of tax paid on purchase of goods used in manufacture, processing and packing of tax-free goods.

i. Audit noticed in two cases[35] in which transitional credit of ₹ 0.65 crore was allowed that the gross sale of the dealers during 2016-17 and 2017-18 was ₹ 26.23 crore, out of which ₹ 24.02 crore was sale of tax-free goods. Input tax credit of ₹ 0.47 crore was claimed on local purchase of the goods, out of which ₹ 0.40 crore was required to be reversed on account of tax-free sale. However, the dealers did not reverse any input tax credit. The non-reversal caused accumulation of unqualified input tax credit, which resulted in excess allowance of transitional credit of ₹ 0.40 crore (***Appendix 3.9***).

   On being pointed out by Audit (June 2021 and March 2022), the Department accepted and recovered ₹ 0.59 crore in case of SAS Nagar. In case of Ludhiana-II, the Department replied (June 2022) that dealer had claimed transitional credit as per input tax credit available in the VAT returns.

   The reply of the Department is not acceptable because all the sales of the dealer were tax-free during 2016-17 and 2017-18. The accumulation of input tax credit for these years was not justified.

ii. In one case[36] of Ludhiana-II, in which transitional credit of ₹ 0.18 crore was allowed, Audit noticed that the input tax credit balance was mainly due to carry forward of input tax credit of ₹ 0.18 crore from previous year i.e., 2016-17.

   Scrutiny of previous annual returns of the dealer revealed that the dealer had made only local taxable and tax-free sales in all the years right from 2011-12 in which the dealer had opening balance of input tax credit of ₹ 0.01 crore only. No export, interstate sale at concessional rate of tax, branch transfer or any other such activity was made by the dealer from 2011-12 to 2017-18 that may result in accumulation of input tax credit

[35] Ludhiana-II (1) and SAS Nagar (1).

[36] ARN - AA030817076586R.

even after discharging output tax liability. Still, the input tax credit balance increased from ₹ 0.01 crore in 2011-12 to ₹ 0.18 crore in 2017-18. Out of ₹ 0.18 crore, the dealer was eligible for input tax credit of ₹ 0.03 crore only in the year 2017-18 on the basis of goods lying in stock[37] (₹ 0.01 crore) as on 1 April 2017 and entry tax[38] (₹ 0.02 crore) paid during previous years. Remaining input tax credit of ₹ 0.15 crore *(₹ 0.18 crore minus ₹ 0.03 crore)* was not qualified as transitional credit. The accumulation of unqualified input tax credit resulted in excess allowance of transitional credit by ₹ 0.15 crore.

The matter was reported to the Department (March and April 2022). The reply was awaited (November 2022).

B-Incorrect carry forward: The unutilised input tax credit at the end of a tax period is carried forward to the next tax period as opening balance.

i. Audit noticed in one case[39] of Ludhiana-III, in which transitional credit of ₹ 1.98 crore was allowed, that the accumulation of input tax credit was mainly due to input tax credit carried forward from previous years. Audit noted that opening balance of input tax credit of the dealer in 2014-15 was zero, hence Audit calculated the flow of input tax credit from 2014-15 onwards. As annual return VAT-20 for 2015-16 was not filed by the dealer on ETTSA, therefore, details of sale/purchase for this year available in the dealer's cardex on ETTSA was considered by Audit. It was noticed that input tax credit of ₹ 0.61 crore was required to be carried forward from the year 2015-16 to the year 2016-17, whereas input tax credit of ₹ 1.71 crore was carried forward in the year 2016-17 as detailed below:

(₹ in crore)

Year	ITC brought forward	ITC on purchases	Output tax on sale	Net Input Tax Credit	ITC to be carried forward
2014-15	0	0.61	0.33	0.28	0.28
2015-16*	0.28	0.64	0.31	0.33	**0.61**
2016-17	**1.71**	0.52	0.27	0.25	1.96
2017-18	1.96	0.17	0.08	0.09	2.05

**** Figures of this year are as per dealer Cardex.***

Thus, input tax credit of ₹ 1.10 crore was carried forward in excess of due input tax credit in the year 2016-17 that flowed in the year 2017-18 and resulted in excess allowance of transitional credit of ₹ 1.10 crore.

37 ₹ 0.74 lakh on goods worth ₹ 12.25 lakh lying in closing stock as on 01 April 2017 at the rate of 6.05 *per cent*.

38 ₹ 48,000 (2011-12) + ₹ 23,180 (2012-13) + ₹ 1,09,650 (2013-14) + ₹ 10,790 (2015-16) + ₹ 4,530 (2016-17).

39 ARN - AA031117008364Q.

On being pointed out (March and April 2022), the Department partially accepted (June 2022) the objected amount and mentioned that input tax credit of ₹ 1.60 crore had been accumulated starting from 2010-11 till 2015-16 but the dealer carried forward ₹ 1.71 crore in 2016-17. The recovery of ₹ 0.11 crore would be made in the assessment of 2016-17.

ii. In one case[40] of Fatehgarh Sahib, where transitional credit of ₹ 0.36 crore was allowed, the closing balance of input tax credit in the annual return for 2016-17 was ₹ 0.34 crore, which was required to be carried forward as opening balance in 2017-18. However, the dealer carried forward ₹ 0.58 crore as opening balance of input tax credit in 2017-18 i.e., ₹ 0.24 crore in excess and at the end of this return period, the dealer had closing balance of input tax credit of ₹ 0.61 crore. The dealer claimed refund of ₹ 0.25 crore out of this accumulated input tax credit, which was allowed by the Department. After adjusting refunded amount, the dealer claimed transitional credit of ₹ 0.36 crore, which included the excess input tax credit of ₹ 0.24 crore flowing through the incorrect opening balance of 2017-18. This resulted in excess allowance of transitional credit of ₹ 0.24 crore.

The matter was reported to the Department (March and April 2022). The Department replied (June 2022) that as per assessment 2016-17, the input tax credit of ₹ 0.58 crore was available, but the dealer had mistakenly mentioned input tax credit of ₹ 0.34 crore in his VAT-20. The dealer had correctly claimed ₹ 0.58 crore as transitional credit.

The reply of the Department was not convincing because Audit analysis of VAT-20 returns from 2011-12 till 2017-18 did not indicate any omission of input tax credit of ₹ 0.24 crore at any stage, which might have required correction by adding ₹ 0.24 crore at the time of claiming transitional credit. Moreover, the Department did not provide any document, which could clarify at what stage and when the input tax credit of ₹ 0.24 crore was left out.

iii. Audit noticed in one case[41] of Ludhiana-II, in which transitional credit of ₹ 0.10 crore was allowed, that the accumulation of input tax credit occurred because no sale was shown by the dealer during the period from 2014-15 to 2017-18 as detailed in table below:

[40] ARN - AA030817082894Q.

[41] ARN - AA030917023192H (₹ 10.35 lakh).

(₹ in lakh)

Year	Gross Purchase value as per VAT-20	Input tax credit	Gross Sale Value as per VAT-20	Output tax	Net input tax credit
2013-14	18.22	0.30	0.93	0.04	0.26
2014-15	27.46	1.66	0	0	1.66
2015-16	41.18	1.66	0	0	1.66
2016-17	78.98	4.59	0	0	4.59
2017-18*	64.38	2.42	0	0	2.42
Total	**230.22**	**10.63**	**0.93**	**0.04**	**10.59**

***** *Upto 30 June 2017***

On this being pointed out (February 2022), ACST Ludhiana-II replied that the dealer was engaged in business of renting of shuttering material and had rental income. Since rental income is not sale, the same was not shown as such in the annual returns.

The reply was not acceptable because the goods were neither sold nor used in manufacture of taxable goods for sale; hence, the dealer was not eligible for input tax credit of ₹ 0.10 crore as per provision contained in Section 13 of Punjab VAT Act 2005. The transition credit of ₹ 0.10 crore allowed against this accumulated input tax credit was not admissible.

3.10.5 Transitional credit against refunded input tax credit

Section 39 of Punjab VAT Act 2005 provides that a dealer may be granted refund of excess of input tax credit over output tax payable under the Act. Input tax credit refunded to a dealer should not be available as transitional credit.

Audit noticed in three cases[42] that transitional credit of ₹ 0.79 crore was allowed to the dealers on the basis of input tax credit balances available in the pre-GST returns. However, these dealers had also claimed refunds of ₹ 0.56 crore against the same input tax credit balances. Out of this, refunds of ₹ 0.48 crore were granted to these dealers and input tax credit of ₹ 0.08 crore was rejected in the refund claims. Thus, refunded and rejected input tax credit of ₹ 0.56 crore was not admissible as transitional credit and was required to be disallowed at the time of transitional credit verifications, but no such reversal was made in the electronic credit ledger of the dealers. This resulted in inadmissible allowance of transitional credit of ₹ 0.56 crore (***Appendix 3.10***).

The matter was reported to the Department (March and April 2022). The Department replied (June 2022) that recovery of ₹ 0.02 crore had been made in one case of Ludhiana-II and demand of ₹ 1.05 crore including interest and penalty had been created in one case of Ludhiana-I. In one case of Ludhiana-I,

[42] Ludhiana-I (2) and Ludhiana-II (1).

the Department stated that dealer had excess input tax credit available even after claiming refund; however, the reply was not supported with documents which could justify the objected transitional credit of ₹ 0.17 crore.

3.10.6 Inadmissible transitional credit under GST Act

Audit noticed in one case[43] of Gurdaspur that a dealer dealt in manufacturing/trading of goods which were taxable in VAT regime but became exempted under GST regime. The dealer claimed transitional credit of ₹ 0.62 crore on the basis of input tax credit available in the annual return VAT-20 for the year 2017-18. However, the transitional credit was not admissible as input tax credit in GST regime because the goods that the dealer dealt in became exempted in GST regime. This resulted in inadmissible allowance of SGST transitional credit of ₹ 0.62 crore.

After the matter was pointed out by Audit (March 2022), the Department recovered (March 2022) the transitional credit of ₹ 0.62 crore.

3.10.7 Allowance of transitional credit in assessed cases

The Department stated to have verified 1,932 cases of transitional credit selected by Audit for detailed examination. Out of these cases, the Department had also made assessment of 326 cases for the years 2016-17 and 142 cases for the year 2017-18. Audit scrutiny of these cases brought out deficiencies in the allowance of transitional credit as discussed below.

i. In five cases[44], in which transitional credit of ₹ 17.97 crore was allowed, the Department had created additional tax demands of ₹ 25.52 crore after making assessments. These tax demands were pending for recovery. The Department could have recovered tax demand of ₹ 15.10 crore by adjustment from input tax credit balance/transitional credit (***Appendix 3.11***).

   The matter was reported to the Department (March and April 2022). The Department replied (June 2022) that two cases[45] were pending with the appellate authority and one case of Ludhiana-III was in tribunal. In one case of Ferozepur, the recovery of ₹ 0.22 lakh had been made. The reply in one case of SAS Nagar was awaited (November 2022).

ii. In six cases[46], the dealers claimed transitional credit of ₹ 2.54 crore, however, as per assessment made by the Department for 2017-18, input tax credit of ₹ 1.17 crore was available as transitional credit. Thus, the dealers had claimed excess transitional credit of ₹ 1.37 crore (***Appendix 3.12***).

[43] ARN - AA031117260999V.
[44] Gurdaspur, Ferozepur, Ludhiana-III, Sangrur and SAS Nagar.
[45] Gurdaspur (1) and Sangrur (1).
[46] Barnala (1), Moga (3), Pathankot (1) and Sangrur (1).

In one case of Moga, the Department had already recovered excess claimed transitional credit of ₹ 1.26 crore. Balance amount of ₹ 0.02 crore in this case and ₹ 0.09 crore in five cases[47] was recovered (February to April 2022) after the cases were pointed out by Audit (February and March 2022).

iii. In 14 cases[48], the dealers claimed ₹ 4.76 crore as transitional credit. The Department had assessed annual returns of these dealers for 2016-17, in which the Department determined the input tax credit of ₹ 2.45 crore available for carry forward to 2017-18. Out of this surplus input tax credit of ₹ 2.45 crore, four dealers were allowed refund of ₹ 0.89 crore. Hence, the dealers were eligible to carry forward remaining input tax credit of ₹ 1.56 crore *(₹ 2.45 crore minus ₹ 0.89 crore).* Further, there was accumulation of input tax credit of ₹ 0.48 crore during the quarter April-June 2017. Thus, the dealers were eligible for transitional credit of ₹ 2.04 crore *(₹ 1.56 crore plus ₹ 0.48 crore).* However, the dealers claimed transitional credit of ₹ 4.76 crore as they had already carried forward excess input tax credit from the annual return for the year 2016-17 to the year 2017-18. This resulted in excess claim of transitional credit of ₹ 2.72 crore which was required to be recovered by the Department during verification of transitional credit (***Appendix 3.13***).

The Department had already recovered ₹ 1.91 crore in eight cases[49]. On being pointed out by Audit (March 2022), further recoveries of ₹ 1.33 crore in five cases[50] were made (March and April 2022). In one case of Kapurthala, the Department intimated that the difference of ₹ 0.10 crore was due to omission of opening balance of input tax credit in the assessment of 2016-17, which was available as per previous assessment. The same was corrected in 2017-18.

The Department may reconcile ₹ 0.10 lakh with the refunds issued to the dealer of Kapurthala to ensure that the objected amount was not refunded.

iv. In two cases[51], the dealers claimed transitional credit of ₹ 0.30 crore. Out of this, Department disallowed transitional credit of ₹ 0.10 crore during Tran-1 verification. However, one dealer of Bathinda had already utilised the transitional credit towards liability for the month of November 2017, hence, Department levied interest of ₹ 0.01 crore. Audit noticed that although the dealers had credited ₹ 0.11 crore *(₹ 0.10 crore plus ₹ 0.01 crore)* in their electronic cash ledgers on 30 April 2018 and

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47 Barnala (1), Moga (2), Pathankot (1) and Sangrur (1).
48 Ferozepur (12), Jalandhar-II (1) and Kapurthala (1).
49 Ferozepur (8).
50 Ferozepur (4) and Kapurthala (1).
51 Bathinda: ₹ 10.62 lakh (ARN - AA030817069039Z) and Tarn Taran: ₹ 0.52 lakh (ARN - AA031217018014X).

6 September 2021, yet they did not debit electronic cash ledgers to make payment for the demand.

After the matter was pointed out by Audit (March 2022), the tax of ₹ 0.52 lakh in one case[52] was debited in electronic cash ledger (March 2022). The reply in respect of the other case was awaited (November 2022).

3.10.8 Transitional credit claims on input stock

Section 140(3) of Punjab GST Act 2017 provides that a registered person, not liable to be registered under the pre-GST law, or who was dealing with exempted goods/services or a first/second stage dealer or a registered importer or a depot of a manufacturer is entitled to carry forward credit of eligible taxes in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock.

Out of selected sample of 1,933 cases, 46 dealers had claimed transitional credit of ₹ 18.19 crore on account of input stock with invoices. These were mainly either builders with work-in-progress or buildings in their stock or second stage dealers dealing in such goods, which were taxable at first stage only. In pre-GST regime, the second stage dealers were not required to claim input tax credit on purchase and declare output tax liability on sale in the VAT returns. These dealers claimed transitional credit on input stock with invoices. Further, nine dealers had claimed transitional credit of ₹ 0.32 crore on account of input stock without invoices. Audit verification of the above cases brought out significant findings as discussed below:

i. In one case[53] of Ludhiana-II, the dealer was allowed transitional credit of ₹ 0.25 crore (₹ 0.15 crore against input tax credit and ₹ 0.10 crore against input stock with invoices). A list containing detail of closing stock of ₹ 2.86 crore against which transitional credit of ₹ 0.10 crore was allowed was analysed by Audit and it was observed that input tax credit against these goods was already accounted for in the annual return VAT-20 on the basis of which input tax credit of ₹ 0.15 crore was allowed as transitional credit. This resulted in double allowance of input tax credit of ₹ 0.10 crore in the transitional credit.

   The matter was reported to the Department (March and April 2022). The Department replied (June 2022) that the claim of ₹ 0.15 crore under Table 5C was on account of advance tax which was paid by the dealer in previous years and got accumulated, whereas the claim of ₹ 0.10 crore under Table 7C was against the stock of yarn lying in stock as on 30 June 2017.

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52 Tarn Taran (ARN - AA031217018014X).

53 ARN - AA031117260261S.

The reply was not acceptable because it is clear from the VAT-20 return of 2017-18 that the amount of transitional credit of ₹ 0.15 crore claimed under Table 5C already included accumulated advance tax paid in previous years and input tax credit of ₹ 0.10 crore on local purchases made during the quarter April-June 2017. The same input tax credit of ₹ 0.10 crore was allowed as transitional credit under Table 7C also, which resulted in double allowance of transitional credit.

ii. In one case[54] of Ludhiana-III, the dealer was allowed transitional credit of ₹ 0.68 crore (₹ 0.46 crore against input tax credit and ₹ 0.22 crore against input stock with invoices). Audit noticed that gross purchase of the dealer during the quarter April-June 2017 as per VAT-20 returns was ₹ 14.06 crore. Out of this purchase, the local purchase was ₹ 12.41 crore on which input tax credit of ₹ 0.74 crore had been claimed. After utilising the available input tax credit against output tax liability, the surplus input tax credit remained ₹ 0.46 crore at the end of the quarter. It was further observed that the trading account of the dealer for 2017-18 also showed purchases of goods under VAT regime as ₹ 14.06 crore. Since all the purchases were already accounted for in the annual return VAT-20, on the basis of which transitional credit of ₹ 0.46 crore was allowed, allowance of additional transitional credit of ₹ 0.22 crore against input stock with invoices was not admissible.

The matter was reported to the Department (March and April 2022). The Department replied (June 2022) that reversal of ₹ 0.33 crore had been made in GSTR-3B of April 2018. However, from the documents made available to Audit, it could not be ascertained that the reversed amount of ₹ 0.33 crore also included the amount of ₹ 0.22 crore objected on account of double claim of same input tax credit.

iii. In two cases[55], the dealers were allowed transitional credit of ₹ 0.64 crore against input stock with invoices. Scrutiny of invoices and statement appended revealed that the dealers had claimed credit of ₹ 0.51 crore[56], which was paid by the dealer on account of central excise duty, Central Sales Tax (CST) and stock of high-speed diesel. These payments of tax of ₹ 0.52 crore were not eligible as input tax credit under Punjab VAT Act 2005 and hence was not admissible as transitional credit as SGST. However, the Department recovered ₹ 0.03 crore only. This resulted in excess allowance of transitional credit of ₹ 0.48 crore.

[54] ARN - AA0312170137710.

[55] Amritsar-II (ARN - AA031117263339A) and Ropar (ARN - AA031217017213W).

[56] Amritsar-II: Central Excise Duty (₹ 0.47 crore), Central Sales Tax (₹ 0.03 crore) and Ropar: Stock of High-Speed Diesel (₹ 0.01 crore).

On being pointed out in Audit (March and April 2022), the Department recovered ₹ 0.01 crore in one case of Ropar (March 2022). The reply in respect of one case of Amritsar-II was awaited (November 2022).

iv. Audit noticed in two cases[57] that transitional credit of ₹ 0.03 crore was allowed on account of input stock without invoices. However, the dealers were not second stage dealers and had already claimed input tax credit on purchases in the annual returns. SGST transitional credit of ₹ 0.03 crore allowed against input stock without invoices was not admissible in these cases.

On being pointed out by Audit (March 2022), the Department recovered ₹ 0.03 crore in both cases (March and May 2022).

3.10.9 Irregular adjustment of SGST liability with CGST credit

Section 49(5)(c) of PGST Act 2017 provides that the amount of input tax credit available in the Electronic Credit Ledger of a registered person on account of the State tax shall first be utilised towards payment of State Tax and the amount remaining, if any, may be utilised towards payment of Integrated Tax. Further, Section 49(5)(e) of the Act provides that the central tax shall not be utilised towards the payment of State Tax.

Audit noticed in two cases[58] that the dealers claimed SGST of ₹ 21 crore as transitional credit. At a later stage, Department objected to SGST transitional credit of ₹ 0.05 crore being inadmissible. The dealer reversed objected transitional credit of ₹ 0.05 crore, out of which ₹ 0.02 crore was adjusted from CGST credit and ₹ 0.03 crore from SGST credit. Adjustment of SGST of ₹ 0.02 crore out of CGST credit was irregular as it was not permissible under the provisions.

The matter was reported to the Department (March and April 2022). The Department replied (June 2022) that in case of Hoshiarpur, the payment of ₹ 1.88 lakh has now been made under the correct head of SGST. The reply in respect of case of Amritsar-I was awaited (November 2022).

3.11 Acknowledgement

Audit acknowledges the efforts put in by the Department to produce the relevant records and information necessary to conclude the audit. However, in

[57] Ludhiana-II: ₹ 0.51 lakh (ARN-AA031117261270S) and Ludhiana-III: ₹ 2.65 lakh (ARN-AA0311170100072).

[58] Amritsar-I: ₹ 0.08 lakh (ARN-AA031017020568K) and Hoshiarpur: ₹ 1.88 lakh (ARN-AA031017014542W).

25 cases[59], records like trading account, statutory declarations and other information were not provided to Audit.

3.12 Conclusion

Audit examination of transitional credits showed systematic as well as compliance issues. The nature of systematic deficiency indicated inadequate checks and validations due to which transitional credits were carried forward to Electronic Credit Ledger without deducting the input tax credit reversible on account of pending statutory forms. The compliance deficiencies showed improper verification of transitional credits and Audit observed that dealers had claimed transitional credits in excess of credits available in pre-GST returns.

In some cases, dealers claimed double transitional credit, which was allowed by Department despite conducting verifications. Some dealers created suspected and bogus input tax credits in pre-GST regime and carried them forward as transitional credits to GST regime. Audit also noticed such cases, where transitional credit as well as refund against the same input tax credit was allowed to dealers. The deficiencies mentioned above indicate that the system of verification of documents by the Department before allowing transitional credit was inadequate.

Above matters were reported to Government/Department (April 2022). The replies of the Government were awaited (November 2022). However, the responses of the Department, wherever received, have been incorporated in the relevant paragraphs.

3.13 Recommendations

In view of the audit points coming out of above, it is recommended that:

- *Systemic lapse which allowed transitional credit without deducting tax liability on pending statutory forms may be examined in similar cases as included in this Report.*
- *The Department may verify transitional credit claims of all the dealers who had applied for refunds especially for the years 2016-17 and 2017-18, with the refunds issued to such dealers.*
- *The Department may verify the suspected red flagged 'C' forms, the verification of which was awaited till the finalization of this Report.*
- *The Department may verify the transitional claims on the basis of documentary evidences and information available on the ETTSA system.*
- *Department may evolve mechanisms to check claims of transitional credit by non-filers and inadmissible excess claims.*

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[59] Amritsar-I (1), Ludhiana-I (6), Ludhiana-II (3), Ludhiana-III (14) and SAS Nagar (1).

Chapter-IV

Processing of refund claims under Goods and Services Tax

Chapter-IV

EXCISE AND TAXATION DEPARTMENT

Processing of refund claims under Goods and Services Tax

4.1 Introduction

There are various situations when refund of Goods and Services Tax (GST) may arise. These situations include export, accumulation of tax credit due to output being tax exempted or nil-rated, excess payment of tax due to mistake or omission or other reasons as provided in the Central Goods and Services Tax (CGST), Integrated Goods and Services Tax (IGST) and Punjab Goods and Services Tax (PGST) Acts. Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business. The provisions pertaining to refund contained in the GST laws aim to streamline and standardise the refund procedures under GST regime. GST laws envisaged that the claim and sanction procedure would be completely online. However, due to unavailability of electronic refund module on the common portal[1], a temporary mechanism was devised and implemented. In this mechanism, the applicants were required to file the refund applications in Form GST RFD-01A on the common portal, take a print out of the same and submit it physically to the jurisdictional tax office along with all supporting documents. Further processing of these refund applications, i.e. issuance of acknowledgement, issuance of deficiency memo, passing of provisional/final refund orders, payment advice etc. was being done manually. In order to make the process of submission of the refund application electronic, a circular[2] was issued wherein it was specified that the refund applications in Form GST RFD-01A, along with all supporting documents, had to be submitted electronically. However, necessary features for making the refund procedure fully electronic, wherein all the steps from submission of application to processing thereof could be undertaken electronically, could be deployed on the common portal with effect from 26 September 2019.

4.2 Organizational set up

The Additional Chief Secretary (Taxation) is the administrative head of the Department. The functional head of the department is the Commissioner of State Tax. The Commissioner of State Tax is assisted by Additional Excise and Taxation Commissioner cum Chief Executive Officer (Excise and Taxation Technical Services Agency), Director (GST), Additional Excise and Taxation Commissioner (Administration), Additional Excise and Taxation

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1 The GST Common Portal known as GST Network (GSTN) has been made available to enable taxpayers enroll/register with GST, to meet the GST compliance requirements like filing return, making tax payment and also offers services for claiming refund and other relevant services.

2 No. 79/53/2018-GST dated 31 December 2018.

Commissioner (Audit) and other staff members. The district offices are headed by Assistant Commissioner of State Tax (ACST).

4.3 Audit Objectives

Audit of refund cases under GST regime was conducted to assess

- The adequacy of Act, Rules, notifications, circulars etc. issued in relation to grant of refund.
- The compliance of extant provisions by the tax authorities and the efficacy of the systems in place to ensure compliance by taxpayers.
- Whether effective internal control mechanism exists to check the performance of the departmental officials in disposing the refund applications.

4.4 Scope of Audit

Pan-India GST refund data was obtained from GSTN and through risk-based data analysis, a sample of refund cases was extracted for detailed examination. Refund cases processed in the selected district/ACST[3] offices of Department of State Tax, Punjab (Department) from July 2017 to July 2020 were examined.

Audit observations were issued to the Department from time to time between November 2020 and March 2021. The replies furnished by the Department have been suitably incorporated in the relevant paragraphs.

4.5 Sample selection and audit

GSTN provided pan-India refund data for the period from July 2017 to July 2020. For the period prior to 26 September 2019, i.e., pre-automation period, the refund applications under each category were sorted in descending order of refund amount claimed by taxpayers. The sorted refund applications were divided into four quartiles for drawing the sample.

For selecting refund applications filed after 26 September 2019, a composite risk score was devised using risk parameters such as refund amount claimed (60 *per cent* weightage), delay in sanctioning refund (15 *per ce*nt), refund sanctioned to refund amount claimed ratio (10 *per cent*) and issue of deficiency memo issued. Based on the risk score arrived as per this process, refund applications were selected.

Based on the above procedure, 1,048 cases of refunds claimed prior to 26 September 2019 pertaining to 25 ACST offices were selected (pre-automation cases), out of which 704 cases involving money value of ₹ 193.01 crore belonging to six ACST[4] offices could be covered due to

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3 Office of the Assistant Commissioner of State Tax.

4 Fatehgarh Sahib (6), Ludhiana-I (200), Ludhiana-II (130), Ludhiana-III (261), Mohali (62) and Patiala (45).

constraints on physical movement as a result of COVID-19 pandemic. For the post 26 September 2019 period, 1,002 refund cases involving money value ₹ 201.04 crore of 23 ACST[5] offices (post automation cases) were selected and examined using the login ID based access to State GST portal[6]. Thus, out of 10,002 refund cases[7] processed in the selected ACST offices, a total of 1,706 cases[8] (17.06 *per cent*) were examined by Audit for this Subject Specific Compliance Audit (SSCA). Category-wise audit universe and sample selection are given in the ***Appendix 4.1***.

4.6 Audit Criteria

The following sections/rules/notifications provide the guidelines/procedure for claiming refunds:

- Sections 54 to 58 and Section 77 of Central Goods and Services Tax Act 2017.
- Rule 89 to 97A of Central Goods and Services Tax Rules 2017.
- Section 15, 16 and 19 of Integrated Goods and Services Tax Act 2017.
- Section 54 to 58 and Section 77 of Punjab Goods & Services Tax Act 2017.
- Punjab Goods & Service Tax (PGST) Rules 2017.

4.7 Audit findings

Table 4.1 brings out the extent of deficiencies noted during the audit of refund cases, selected for detailed audit.

Table 4.1: Nature of Audit Findings

Nature of Audit Findings	Audit Sample				Number of deficiencies noticed				Deficiencies as percentage of sample
	Number		Amount (*₹in crore*)		Number		Amount (*₹in crore*)		
	Pre / Post	*Total*	*Pre / Post*	*Total*	*Pre / Post*	*Total*	*Pre / Post*	*Total*	
Delay in issue of acknowledgment	*380*	**1,382**	*145.63*	**346.67**	*85*	**417**	*17.26*	**93.92**	**30.17**
	1,002		*201.04*		*332*		*76.66*		
Delay in issue of Refund orders	*619*	**1,621**	*179.45*	**380.49**	*258*	**610**	*66.27*	**117.55**	**37.63**
	1,002		*201.04*		*352*		*51.28*		
Delay in sanction of Provisional refunds on account of zero-rated supply	*81*	**211**	*25.94*	**62.87**	*4*	**10**	*2.02*	**5.25**	**4.74**
	130		*36.93*		*6*		*3.23*		

[5] Amritsar-I (25), Amritsar-II (37), Barnala (13), Bathinda (13), Faridkot (2), Fatehgarh Sahib (15), Fazilka (2), Ferozepur (2), Hoshiarpur (3), Jalandhar-I (19), Jalandhar-II (117), Kapurthala (4), Ludhiana-I (129), Ludhiana-II (155), Ludhiana-III (304), Mansa (8), Moga (14), Mohali (37), Muktsar (12), Patiala (43), Ropar (1), Sangrur (45) and Tarn Taran (2).

[6] BOWEB portal.

[7] 5,750 pre-automation cases and 4,252 post-automation cases.

[8] 704 pre-automation cases and 1,002 post-automation cases.

Nature of Audit Findings	Audit Sample				Number of deficiencies noticed				Deficiencies as percentage of sample
	Number		Amount (₹in crore)		Number		Amount (₹in crore)		
	Pre / Post	*Total*	*Pre / Post*	*Total*	*Pre / Post*	*Total*	*Pre / Post*	*Total*	
Delay in communicating refund orders to counterpart tax authority	*282*	**282**	*66.20*	**66.20**	*75*	**75**	*12.21*	**12.21**	**26.60**
	0		*0.00*		*0*		*0.00*		
Sanction of excess refund	*619*	**1,621**	*179.45*	**380.49**	*6*	**7**	*0.15*	**0.15**	**0.43**
	1,002		*201.04*		*1*		*0.004*		
Delayed/non-credit of SGST refund to taxpayer's account	*507*	**507**	*93.35*	**93.35**	*94*	**94**	*11.27*	**11.27**	**18.54**
	0		*0.00*		*0*		*0.00*		
Non-compliance of GST refund procedure	*35*	**35**	*2.77*	**2.77**	*8*	**8**	*0.09*	**0.09**	**22.86**
	0		*0.00*		*0*		*0.00*		
Absence of supporting documents in GST refund cases	*619*	**1,621**	*179.45*	**380.49**	*242*	**535**	*60.22*	**134.76**	**33.00**
	1,002		*201.04*		*293*		*74.54*		

As evident from the table above, Audit noticed significant delay in issuance of acknowledgment in 30.17 *per cent* cases, in issuance of refund orders in 37.63 *per cent* cases, in sanction of Provisional Refunds in zero-rated supplies in 4.74 *per cent* cases, in communicating refund orders to counterpart tax authorities in 26.60 *per cent* cases and in credit of SGST refund to taxpayer's account in 18.54 *per cent* cases.

Further, Audit also noticed deviations from the provisions of Acts and Rules which resulted in excess refunds in 0.43 *per cent* cases and issue of refunds in absence of supporting documents in 33.00 *per cent* cases; the deviation ranges from 0.43 *per cent* to 37.63 *per cent.*

Audit findings noticed and the lapses identified based on these cases are included in the subsequent paragraphs.

4.7.1 Delay in issue of acknowledgement

Rule 90(1) and (2) of Punjab GST Rules 2017 stipulate that the acknowledgment shall be issued within fifteen days of filing of refund claim by the proper officer, if the application is found complete in all respects. In case of pre-automation cases, the stipulated period of 15 days will be counted from the date of manual submission of refund application along with all supporting documents.

During the audit period, 5,750 pre-automation and 4,252 post-automation refund cases were processed in the selected ACST offices, out of which 380 pre-automation[9] and 1,002 post-automation refund cases were examined and it

[9] Out of total selected sample of 704 pre-automation refund cases, 50 cases were not produced to audit. 35 cases were either rejected by the Department or taxpayers did not submit documents. Acknowledgement information in respect of 239 cases was not available. Remaining 380 sample cases were examined by audit.

was noticed that there was delay in issue of acknowledgement in 417 cases[10] (30.17 *per cent*) involving refund of ₹ 93.92 crore from 1 to 245 days with the average delay being 30 days in these cases. Of these, 391 cases involving refund of ₹ 88.09 crore were delayed by 1 day to 3 months, 24 cases involving refund of ₹ 5.15 crore were delayed by 3 to 6 months and two cases involving refund of ₹ 0.68 crore were delayed by more than six months, respectively. Thus, the department failed to adhere to the timelines for issuing acknowledgements as prescribed in the rules *ibid*.

The matter was reported to the Department and the State Government (between November 2020 and May 2021). Nine ACSTs accepted the audit observation (January and April 2021), out of which, seven ACSTs[11] stated that the delay in 116 cases was due to technical problems on the GST portal and two ACSTs[12] attributed delay in five cases to imposition of lockdown due to COVID-19 pandemic.

Reply in respect of 296 cases pertaining to 12 ACSTs was awaited (November 2022).

4.7.2 Delay in issue of refund orders

Section 54(7) of Punjab GST Act 2017 specifies that if the proper officer, on receipt of any refund claim, is satisfied that the whole or part of the amount claimed as refund is refundable, he shall issue the order within sixty days from the date of receipt of application complete in all respects. Section 56 of the Punjab GST Act states that if any tax ordered to be refunded is not refunded within 60 days of the date of receipt of application, interest at the rate of six *per cent per annum* on the refund amount starting from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund of such tax shall have to be paid to the claimant.

During the audit period, 619 pre-automation[13] and 1,002 post-automation refund cases were examined and it was noticed that there was delay in issue of refund orders in 610 cases[14] (37.63 *per cent*) involving refund of ₹ 117.54 crore from 1 to 635 days with the average delay being 45 days in

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[10] Amritsar-I (19), Amritsar-II (27), Barnala (7), Bathinda (8), Faridkot (1), Fatehgarh Sahib (13), Fazilka (2), Ferozepur (2), Hoshiarpur (3), Jalandhar-I (9), Jalandhar-II (28), Kapurthala (2), Ludhiana-I (121), Ludhiana-II (28), Ludhiana-III (67), Mansa (3), Moga (3), Mohali (22), Muktsar (9), Patiala (18) and Sangrur (25).

[11] Barnala (7), Faridkot (1), Fazilka (2), Jalandhar-I (9), Kapurthala (2), Ludhiana-II (28) and Ludhiana-III (67)

[12] Ferozepur (2) and Moga (3).

[13] Out of total selected sample of 704 pre-automation refund cases, 50 cases were not produced to Audit and 35 cases were either rejected by the Department or taxpayer did not submit documents. Remaining 619 cases were examined by audit.

[14] Amritsar-I (14), Amritsar-II (14), Barnala (3), Bathinda (12), Faridkot (2), Fatehgarh Sahib (3), Fazilka (1), Ferozepur (2), Jalandhar-I (3), Jalandhar-II (75), Kapurthala (1), Ludhiana-I (162), Ludhiana-II (92), Ludhiana-III (164), Mansa (1), Mohali (42), Muktsar (5), Patiala (6), Ropar (1) and Sangrur (7).

these cases. Of these, 538 cases involving refund of ₹ 104.33 crore were delayed by 1 day to 3 months, 57 cases involving refund of ₹ 12.38 crore were delayed by 3 to 6 months and 15 cases involving refund of ₹ 0.83 crore were delayed by more than six months, respectively. Thus, the department failed to adhere to the timelines for issuing refund orders as prescribed in the rules *ibid*.

The matter was reported to the Department and the State Government (between November 2020 and May 2021). Six ACSTs accepted the audit observation (January and April 2021), out of which, five ACSTs[15] stated that the delay in nine cases was due to technical problems on the GST portal and imposition of lockdown due to COVID-19 pandemic, and one[16] ACST stated in three cases that GST portal was new and it took time to understand and implement the system.

For 34 pre-automation cases, one ACST[17] stated that delay was due to more time requested by dealers for submission of pending documents. The reply of department was not acceptable as neither correspondence regarding submission of pending documents nor deficiency memos were found issued to dealers concerned as per records made available to Audit. However, the ACST did not reply in respect of 58 post-automation cases.

Reply in respect of 506 cases[18] pertaining to 13 ACSTs was awaited (November 2022).

4.7.3 Delay in sanction of Provisional refunds on account of zero-rated supply

Section 54(6) of Punjab GST Act 2017 specifies that the proper officer in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, may refund on a provisional basis, ninety *per cent* of the total amount so claimed, excluding the amount of input tax credit provisionally accepted, in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order for final settlement of the refund claim after due verification of documents furnished by the applicant. Further, Rule 91 of Punjab GST Rules 2017 provides that provisional refund on account of zero-rated supply shall be granted subject to the condition that the person claiming refund has, during any period of five years immediately preceding the tax period to which the claim for refund relates, not been prosecuted for any offence under the Act or under an existing law where the amount of tax evaded exceeds ₹ 2.5 crore. Thereafter, the proper officer will scrutinize the application and the evidences submitted. On being prima facie satisfied, he shall make a provisional refund

[15] Barnala (3), Faridkot (2), Fazilka (1), Ferozepur (2) and Ropar (1).

[16] Jalandhar-I (3).

[17] Ludhiana-II (Replied: 34 pre-automation cases, Not replied: 58 post-automation cases).

[18] 58 cases of Ludhiana-II not included in this number being already mentioned separately.

order in Form GST RFD-04 sanctioning the amount of refund due to the said applicant on provisional basis within a period of seven days from the date of acknowledgement.

During the audit period, 81 pre-automation[19] and 130 post-automation[20] refund cases were examined where refunds were issued on account of 'zero-rated supply of goods or services or both' and it was noticed that there was delay in issue of provisional refund orders in 10 cases[21] (4.74 *per cent*) involving refund of ₹ 5.05 crore from 2 to 24 days with the average delay being seven days in these cases. It was further noticed that provisional refunds were not sanctioned in 63 post-automation[22] refund claims (29.86 *per cent*). In these cases, there was nothing on record to show that these tax-payers had violated Rule 91 of Punjab GST Rules 2017.

The matter was reported to the Department and the State Government (March and May 2021). One ACST[23] accepted the audit observation of delay in issue of provisional refund (March 2021) in two cases and stated that provisional refund order will be issued in future within the prescribed period.

Four ACSTs[24] in 23 cases of non-issue of provisional refund replied (April 2021) that 90 *per cent* provisional refunds were not sanctioned in seven days in hurry to safeguard the revenue. In some cases, inward supply chain of the taxpayers had to be verified to ensure that claims were genuine, which was time consuming process. Hence, complete refunds were sanctioned after proper verification. Further, if the proper officer is fully satisfied about the eligibility of a refund claim on account of zero-rated supplies and is of the opinion that no further scrutiny is required, the proper officer may issue final order in Form GST RFD-06. In such cases, the issuance of provisional refund in Form GST RFD-04 will not be necessary. Since the form GST RFD-06 was issued within 60 days, there was no delay. The reply of the ACSTs was not in harmony with the provisions of Punjab GST Rules. Department is supposed to observe the timelines of refund process, while safeguarding the revenue. Further, provisional refunds were not required to be made in cases where final refund orders were issued within seven days of issuance of acknowledgement. In the pointed-out cases, final refund orders were not issued within seven days of the issuance of acknowledgment.

[19] Ludhiana-I (19), Ludhiana-II (13), Ludhiana-III (12), Mohali (25) and Patiala (12).

[20] Amritsar-II (7), Faridkot (1), Fatehgarh Sahib (2), Hoshiarpur (2), Jalandhar-I (6), Jalandhar-II (27), Ludhiana-I (19), Ludhiana-II (18), Ludhiana-III (22), Mansa (1), Moga (8), Mohali (11), Patiala (4) and Sangrur (2).

[21] Jalandhar-II (4) Ludhiana-I (4) and Patiala (2).

[22] Amritsar-II (3), Faridkot (1), Hoshiarpur (2), Jalandhar-I (2), Jalandhar-II (9), Ludhiana-I (14), Ludhiana-II (9), Ludhiana-III (17), Moga (3), Mohali (2) and Patiala (1).

[23] Patiala (2).

[24] Faridkot (1), Ludhiana-III (17), Jalandhar-I (2) and Moga (3).

Replies, in respect of 48 cases of delay/non-issue of provisional refunds pertaining to seven ACSTs were awaited (November 2022).

4.7.4 Delay in communicating refund orders to counterpart tax authority

As per circular No. 24/24/2017 GST dated 21 December 2017, refund orders issued either by Central tax authority or State tax/UT tax authority shall be communicated to the counterpart tax authority concerned within seven working days for the purpose of payment of relevant sanctioned refund amount of tax or cess as the case may be. It was also reiterated therein to ensure adherence to timeline specified under Section 54(7) and Rule 91(2) of Punjab GST Act and Rules respectively for sanction of refund orders.

During the audit period, 282 pre-automation[25] refund cases were examined where refund of CGST/IGST was sanctioned and communication was required to be sent by the State tax authority to the counterpart Central tax authority for issue of refund. It was noticed that there were delays in issue of communication in 75 cases[26] (26.60 *per cent*) involving refund of ₹ 12.21 crore from 2 to 275 days with the average delay being 26 days in these cases. Of these, 71 cases involving refund of ₹ 11.88 crore were delayed by 1 day to 3 months, two cases involving refund of ₹ 0.07 crore were delayed by 3 to 6 months and two cases involving refund of ₹ 0.26 crore were delayed by more than six months, respectively. Thus, the department failed to adhere to the timelines for issuing communication as prescribed in the rules *ibid*.

The matter was reported to the Department and the State Government (between January 2021 and May 2021). One ACST[27] accepted the audit observation (January 2021) in 29 cases and stated that the delay was due to discrepancies intimated by the counterpart tax authority after the dealers concerned approached them for processing of the refund.

The reply was not acceptable as Audit had worked out the delay after the date of sanction of final refund order (RFD-06).

Reply in respect of 46 cases pertaining to one ACST was awaited (November 2022).

4.7.5 Sanction of excess refund

During the audit period, 619 pre-automation and 1,002 post-automation refund cases were examined in audit and it was noticed that there was excess refund

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[25] In 466 out of 619 cases, refund of CGST/IGST was sanctioned and communication was required to be sent by State tax authority to counterpart Central tax authority. The information regarding communication was not found on records in 184 cases. Remaining 282 cases were examined in audit.

[26] Ludhiana-I (46), Ludhiana-II (29).

[27] Ludhiana-II (29).

of ₹ 15.28 lakh in seven cases (0.43 *per cent*) as detailed in Sub-Para A to C below:

(A) As per Circular No. 59/33/2018-GST dated 4 September 2018, refund claim shall be accompanied by Form GSTR-2A for the relevant period for which the refund was claimed by claimant. The proper officer shall rely upon Form GSTR-2A as evidence of the account of the supply by the corresponding supplier in relation to which the input tax credit has been availed by the claimant. Further, as per circular No. 79/53/2018-GST dated 31 December 2018, it was clarified that the said statement supported with invoices is not required to be submitted physically in the office of the jurisdictional proper officer but shall only be electronically uploaded on the common portal at the time of filing the refund in prescribed Form 'GST RFD-01A'.

It was noticed in three pre-automation[28] cases that input tax credit as per GSTR 2A was ₹ 1.14 crore, whereas the dealers had shown input tax credit as ₹ 1.29 crore in refund application (RFD 01A). Invoices were not found uploaded electronically and mismatch report of input tax credit was not available on record. As per input tax credit available in GSTR 2A, the dealers were eligible for refund of ₹ 26.70 lakh, whereas refund of ₹ 41.15 lakh was allowed, resulting in excess refund of ₹ 14.45 lakh as given in **Table 4.2**.

Table 4.2: Sanction of excess refund amount

(₹ in lakh)

ARN No. & date	ITC as per RFD-01A	ITC as per GSTR 2A	Refund permissible[29]	Refund allowed	Excess refund allowed
AA0307190190397 Dated 27.07.2019	57.93	55.48	9.95	12.27	2.32
AA030819007272F Dated 10.08.2019	12.11	11.23	4.18	5.05	0.87
AA030719000229F Dated 01.07.2019	58.94	47.68	12.57	23.83	11.26
Total	**128.98**	**114.39**	**26.70**	**41.15**	**14.45**

(B) Central Board of Indirect Taxes and Customs (CBIC) clarified vide circular No. 37/11/2018-GST dated 15 March 2018 on export related refund issues that, where the refund of unutilized ITC on account of export of goods is claimed and the value declared in the tax invoice is different from the export value declared in the corresponding shipping bill, then refund of lower of these two values should be sanctioned.

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28 Ludhiana-II (3).

29 $\frac{\text{Turnover of inverted rated supply x Net Input Tax Credit}}{\text{Adjusted turnover}}$ (-) Tax payable on inverted rated supply

It was noticed that 130 post-automation refund cases were against unutilised ITC on account of export of goods. On examination of these cases, it was noticed in three[30] post-automation refund cases that refunds were issued on the higher values of goods declared in the GST invoices and corresponding shipping bills, whereas refunds were required to be allowed on lower of these two values. The omission resulted in grant of excess refund of ₹ 0.37 lakh[31].

(C) As per Section 54(3) of the Punjab GST Act 2017, a registered person may claim refund of any unutilised Input Tax Credit (ITC) at the end of any tax period where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (i.e., Inverted Duty Structure). Further, Rule 89(5) of the Punjab GST Rules 2017 prescribes the formula for maximum refund of unutilized ITC on account of inverted duty structure. As per the Rule, net ITC includes the input tax credit availed only on inputs during the relevant period and does not include credit availed on input services or capital goods. Circular No.125/44/2019-GST dated 18 November 2019 also clarifies that the intent of the law is not to allow refund of tax paid on input services or capital goods as part of refund of unutilized input tax credit in case of inverted duty structure. Further for refund of ITC unutilized on account of accumulation due to inverted tax structure, a statement of invoices is submitted along with the application. In this statement the taxpayer declares whether ITC was eligible on inputs or otherwise.

It was noticed that 811 post-automation refund cases were due to inverted duty structure. On examination of these cases, it was noticed in one case[32] that refund of ₹ 22.93 lakh was allowed which included ITC of ₹ 0.63 lakh on input services. The ITC of input services was not admissible for refund and was required to be disallowed. However, this amount was not excluded by the department before allowing refund resulting in excess grant of refund of ₹ 0.46 lakh[33].

Reply in respect of all seven cases pertaining to three ACSTs was awaited (November 2022).

4.7.6 Delayed/non-credit of SGST refund to taxpayer's account

As per Section 54(7) of Punjab GST Act 2017, GST refund has to be sanctioned within a period of 60 days from the date of receipt of the application of claim complete in all respect. Further, Section 56 of the said Act provides that if any tax order to be refunded to the applicant is not refunded within 60 days from the date of receipt of application, interest at the rate of

30 Amritsar-II (1), Ludhiana-II (1) and Mohali (1).

31 ARN: AA0301200029333 (IGST: ₹ 10,516, CGST: ₹ 5,132, SGST: ₹ 5,132), ARN: AA031119004790N (SGST: ₹ 8,082), ARN: AA0301200018990 (CGST: ₹ 3,972, SGST: ₹ 3,972).

32 Ludhiana-II (1).

33 ARN: AA031119006049M (IGST: ₹ 20,048, CGST: ₹ 12,964, SGST: ₹ 12,964).

six *per cent* will be payable. Further, it was clarified that any tax shall be considered to have been refunded only when the amount has been credited to the bank account of the claimant.

During the audit period, 619 pre-automation refund cases were examined out of which 507 cases involved refund of SGST. It was noticed in 94 cases[34] (18.54 *per cent*) involving refund of ₹ 11.27 crore that although the refunds were processed within 60 days, there were delays in credit of refunds to the taxpayer's accounts ranging from 2 to 257 days with the average delay being 74 days. Of these, 59 cases involving refund of ₹ 6.61 crore were delayed by 1 day to 3 months, 31 cases involving refund of ₹ 4.47 crore were delayed by 3 to 6 months and four cases involving refund of ₹ 0.19 crore were delayed by more than six months, respectively. Thus, the Department failed to adhere to the timelines for crediting refund to the taxpayer's accounts as prescribed in the rules *ibid*. It was further noticed in six cases[35] involving refund of ₹ 0.27 crore that credits were not made in taxpayer's accounts even up to date (August 2021) as verified from treasury data, although, refund orders in these cases had been issued between January 2019 and October 2020.

The matter was reported to the Department and the State Government (between November 2020 and May 2021). One ACST[36] accepted the audit observation (January 2021) and stated in 42 cases that the delay in processing of refund was due to delay in providing documents by the dealers. The dealers had requested more time for submission of pending documents. Hence, there was delay in such cases for credit of GST refund in tax-payer's account.

The reply was not acceptable because final refunds were not supposed to be sanctioned unless complete documents were submitted by tax-payers. Further, Audit neither noticed any correspondence regarding submission of pending documents nor found any deficiency memo issued in this regard.

Reply in respect of 52 cases of delayed credit pertaining to three ACSTs and six cases of non-credit pertaining to two ACSTs was awaited (November 2022).

4.7.7 Non-compliance of GST refund procedure

As per circular no. 79/53/2018-GST dated 31 December 2018, in case of GST refund cases, wherein an amount greater than ₹ 1,000 has been claimed, a list of applications which have not been received in the jurisdictional tax office within a period of 60 days starting from the date of generation of ARN was to be compiled. A communication was to be sent to all such claimants on their registered emails, informing them that the application needs to be physically

34 Ludhiana-I (32), Ludhiana-II (42), Patiala (17) and Mohali (3).
35 Ludhiana-I (4) and Ludhiana-II (2).
36 Ludhiana-II (42).

submitted to the jurisdictional tax office within 15 days of the date of the email. In case the claimant fails to physically submit the application within 15 days of the date of the email, the application shall be summarily rejected and the debited amount, if any, shall be re-credited to the electronic credit ledger.

During the audit period, 35 pre-automation refund cases which were rejected by the Department were examined and it was noticed in eight cases[37] (22.86 *per cent*) involving refund of ₹ 0.09 crore that application of refund was not received even after lapse of 60 days from the date of generation of ARN but the communication required to be sent to the claimants in these cases as per laid procedure, was not sent by the Department.

Reply of the department in these cases was awaited (November 2022).

4.7.8 Absence of supporting documents in GST refund cases

Rule 89 of Punjab GST Rules 2017 prescribes documentary evidences, as applicable, to be furnished with refund application, to establish that refund is due to the applicant. Circular No. 59/33/2018-GST dated 4 September 2018 provided for submission of details of invoices in Annexure-A and Circular No. 125/44/2019-GST dated 18 November 2019 provided for uploading of the details of invoices in Annexure-B on common portal, depicting invoice wise details of inputs, input services and capital goods.

During the audit period, 619 pre-automation and 1,002 post-automation refund cases were examined and it was noticed in 535 cases[38] (33 *per cent*) that required documents in Annexure-A/Annexure-B were not submitted/uploaded on GSTN portal. These documents were important for determination of eligible ITC for refund.

Three ACSTs[39] replied (December 2020 and April 2021) that in 72 cases where submission of Annexure-A was required, the documents were submitted online and the same were processed through GSTN portal. In four cases where Annexure-B was required to be uploaded on common portal, the taxpayer had submitted the hard copy of refund application with all supporting documents/annexures like invoices, Annexure-B, etc. In two cases, refunds were applied prior to the date of applicability of the above circular dated 18 November 2019. Hence, there was no need of Annexure-B in these cases.

Reply of the Department was not acceptable as documents in Annexure-A were not available on GSTN portal as verified by Audit in 72 cases. In four cases, the statement of invoices submitted manually with application of refund

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37 Ludhiana-II (8).

38 Amritsar-I (3), Amritsar-II (19), Barnala (2), Bathinda (11), Faridkot (1), Fatehgarh Sahib (12), Hoshiarpur (1), Jalandhar-II (25), Ludhiana-I (235), Ludhiana-II (107), Ludhiana-III (61), Mansa (4), Moga (4), Mohali (11), Muktsar (6), Patiala (10), Ropar (1), Sangrur (20) and Tarn Taran (2).

39 Barnala (2), Ludhiana-II (72) and Moga (4).

was not as per prescribed format of Annexure-A or Annexure-B as applicable. Further, in all the above cases, the details did not contain necessary information regarding eligibility of input tax credit (full, partial or not eligible) and category of input purchases (inputs, input services or capital goods). In the remaining two cases, Annexure-A containing the details of invoices for inputs, input services and capital goods was applicable, which was not submitted.

Reply in respect of 170 cases pertaining to one ACST where Annexure-A was required to be submitted and 287 cases pertaining to 17 ACSTs where Annexure-B was required to be uploaded, was awaited (November 2022).

4.7.9 Non-production of records

Out of selected 704 refund cases in six ACST offices for the pre-automation period, files and records related to 50 refund cases involving money value of ₹ 10.79 crore were not made available to Audit by three ACST[40] offices.

4.8 Internal Control Mechanism

4.8.1 Improper maintenance of refund register

Due to the non-availability of the refund module on the common portal, it was decided by the competent authority, on the recommendations of the Council, vide circular No. 17/17/2017–GST dated 15 November 2017 that the applications/documents/forms pertaining to refund claims on account of zero-rated supplies shall be filed and processed manually. Further, vide circular No. 24/24/2017-GST dated 21 December 2017, provisions of the said circulars were also made applicable to other types of refunds viz. refunds in case of Inverted Duty Structure, refund of tax on the supply of goods regarded as deemed exports etc. As per provisions of the said circular, refund registers in prescribed proforma were to be maintained to record therein certain details viz. period of refund, date of receipt of application, date of issuing acknowledgement, date of issue of provisional/final refund etc.

Audit examination of GST refund records for the pre-automation period (April 2017 and September 2019) in six ACST offices revealed that prescribed registers with required details were not maintained by four ACST[41] offices. Therefore, details like date of issue of acknowledgement, date of issue of refund, etc. were not found recorded.

ACST Ludhiana-II replied (January 2021) that the refund register was maintained as per the prescribed proforma but some entries were incomplete due to discrepancies in MIS reports extracted from the GSTN portal and also

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40 Fatehgarh Sahib (3), Ludhiana-I (10) and Ludhiana-III (37).
41 Fatehgarh Sahib, Mohali, Ludhiana-II and Ludhiana-III.

due to some other technical issues. Remaining ACSTs did not furnish reply (November 2022).

4.9 Conclusion

There were delays at every stage of refund processing, viz. issue of acknowledgement, grant of provisional refund and issue of final refund order. Such delays were noticed during pre-automation as well as post-automation period. After the final refund orders were issued, further delays were observed in communication to counterpart tax authorities and making credits of refunded amounts in the tax-payer's accounts. Some instances of excess refunds and non-submission of mandatory documents were also noticed.

The above matters were reported to the Government/Department in April and May 2021. Replies received from the Department have been incorporated in the report. Reply of the Government was awaited (November 2022).

4.10 Recommendation

The Department needs to adhere to the prescribed provisions for GST refunds to ensure timely processing of refund claims so that traders are not unduly inconvenienced.

Chapter-V

Execution of Transmission Works

Chapter-V

POWER DEPARTMENT

Punjab State Transmission Corporation Limited

Execution of Transmission Works

The Company did not prepare its perspective rolling transmission plan as required under Punjab State Grid Code, spill-over of 53 works resulted in cost escalation of ₹ 389.71 crore, delays up to 105 months were observed in execution of 64 *per cent* of works; deficiencies in preparation of route plan; non-identification of critical infrastructures along the planned route and delays in submission of cases for statutory clearances etc. not only delayed the execution of works but also resulted in increase in cost to the extent of ₹ 104.05 crore (63 *per cent*) in seven works. Unfruitful expenditure of ₹ 4.53 crore was also incurred on various transmission works.

5.1 Introduction

Punjab State Transmission Corporation Limited (Company), was incorporated (April 2010) under the Companies Act, 1956, is the State power Transmission Utility (STU). The Company was entrusted with the power transmission segment on unbundling of the erstwhile Punjab State Electricity Board (PSEB). The Company was established to build, maintain and operate efficient, coordinated and economical intra-state power transmission system in the State.

5.2 Audit Findings

Audit examined the executed transmission projects and observed several lapses which are discussed below:

5.2.1 Non-preparation of perspective rolling transmission plan for works

Punjab State Electricity Regulatory Commission (PSERC) (Punjab State Grid Code) Regulations 2013 *i.e.* State Grid Code (SGC) provides that the Company would develop a perspective rolling transmission plans for next 10 years for the State Transmission System. The perspective transmission plans shall be updated every year to take care of the revisions in load projections and generation capacity additions. The perspective plans shall be submitted to the PSERC for approval by 30 November each year. Further, it prescribed that the Company shall carry out annual planning process corresponding to a five year forward term for identification of major State Transmission System schemes which shall be dovetailed into

National Electricity Plan on five years short term basis prepared by Central Electricity Authority (CEA). Audit noticed that no such perspective rolling transmission plan for 10 years for the State Transmission System had been prepared by the Company and submitted to PSERC which was non-observance of the provisions of SGC.

The Management accepted and added (April 2022) that they are now working on 10 years rolling plans for transmission works in line with the State Grid Code.

5.2.2 Spill over works

The PSERC (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014, require the Company to file its petition for approval of Business Plan along with Capital Investment Plan (CIP) when planning new/ augmentation works to be executed in future. The CIP is to be submitted for a Control Period (CP) of three years.

The Company filed (May 2016) a petition for approval of CIP for the first CP year 2017-18 to 2019-20. PSERC initially approved (October 2017) ₹ 778.94[1] crore for 182 schemes to be executed during first CP and revised (May 2019) to ₹ 800.16[2] crore. Audit noticed that out of the 182 schemes approved in first CP, 53 schemes *i.e.* 29 *per cent* spilled over to second CP *i.e.* year 2020-23. These works were now included in the second CP with an escalation of ₹ 389.71 crore *i.e.* 99 *per cent* escalation in cost price compared to cost included in first CP. Hence, non-execution of works as per plan not only deprived the Company from achieving the targeted relief to the existing overloaded system and reducing T&D losses but also resulted into cost escalation to the extent of ₹ 389.71 crore.

The Management attributed (April 2022) the delay to factors such as land acquisition, right of way issues, funds availability and change in scope of work which were beyond the control of the Company. The reply is not acceptable as all these factors are to be resolved before commencement of the work as per the guidelines of the Company.

5.2.3 Delay in execution of works

A review of remaining transmission works showed that out of 118 cases[3], there was delay in 75 schemes (64 *per cent* of works) ranging from one to 105 months as detailed in **Table 5.1**:

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1 ₹ 328.29 crore, ₹ 248.01 crore and ₹ 202.64 crore for the year 2017-18, 2018-19 & 2019-20 respectively.

2 ₹ 321.48 crore, ₹ 251.40 crore & ₹ 227.28 crore for year 2017-18, 2018-19 and 2019-20 respectively.

3 In case of 11 schemes, information was not reliable as completion FY was shown earlier than starting FY.

Table 5.1: Delay in execution of transmission works

Range of delay	Number of works	Percentage
No delay	43	36
More than 36 Months	23	20
25 to 36 Months	8	7
13 to 24 Months	19	16
Up to 12 Months	25	21
Total	**118**	

Source: Information provided by the Company

The Company had not maintained proper records of scheduled date of completion and actual date of completion of works. The information regarding transmission works submitted to PSERC indicated only scheduled financial year (FY) of completion instead of scheduled date of completion of works. PSERC directed (December 2014) the Company to keep its records in proper form. However, even after a lapse of more than seven years, records had not been prepared as desired by PSERC and were being prepared FY wise.

The Management stated (April 2022) that main reasons of delay in execution of works were right of way issues and delay in approval of statuary clearance *i.e.* forest, railway and Power Telecommunication Co-ordination Cell (PTCC) cases etc. The reply is not acceptable as right of way issues and all statutory clearance cases were also required to be submitted and got cleared from the concerned authorities before taking up works.

5.2.4 Lapses in execution of works

Survey is the most vital part of the activity of construction of a transmission line. The Company (erstwhile PSEB) issued instructions (December 1991) which divided survey of a line into two parts *i.e.* Preliminary Reconnaissance[4] and thereafter Detailed survey[5]. The instructions desired that routes of transmission lines should be proposed as far as possible out-side the municipal limits and not located close and parallel to communication lines, railway lines and avoid crossing of lines through forest areas. The key plan showing the prominent points along the proposed route such as cities, towns, highways and Rail-Road crossings, power lines crossing, river crossing and forest area should also be prepared. Further, railways crossing cases, forest and environment clearance cases and Power Telecommunication Co-ordination Cell (PTCC) cases should be submitted and got cleared from the concerned authorities before taking up the construction of line.

Audit observed lapses in execution of works as detailed below:

[4] For selection of an appropriate route out of various possible routes through topographical maps and walkover survey to know the likely constrain.

[5] For detailed study of the route to mark location and span of towers.

5.2.4.1 220 KV line from 220 KV Gaunsgarh to 220 KV Ladowal

The work of 220 KV double circuit (DC) line from 220 KV Gaunsgarh sub-station to 220 KV Ladowal sub-station was included (March 2016) in the planning list of works to be executed during 2016-17. The route plan of this line was approved in March 2017 (Tower number 1 to 59) and April 2018 (Tower number 60 to 61). Estimate for the line was prepared and approved for ₹ 11.83 crore. The work order issued (May 2018) stipulated completion by May 2019.

Audit noticed:

- During the course of execution of work, existence of a township[6], already approved (March 2012) by Greater Ludhiana Area Development Authority (GLADA) was identified. The change of land use (CLU) of the parcel of land of the township had been approved (2010) and a public notice was also issued (May 2015) by GLADA in this regard. These developments occurred much before the Company initiated (May 2016) the process to conduct survey for laying of the high-tension line. The developers of the township requested (January 2019) the Company to revise the route plan of 220 KV line pleading that they will suffer an irreparable loss if lines would be routed through the township. The GLADA supported the developer's plea and Special Secretary, Housing and Urban Development, GoP also requested Department of Power, GoP for re-routing the line. The Company however, refused (January 2019) to revise the route plan citing that there was no sign of any township at the time of conducting the survey.

  Audit observed that the claim of the Company regarding non-existence of any mark during the survey was incorrect as the review of history of the location through the application – 'Google earth' revealed the existence of entry gate and approach road to the township and other constructions in May 2016. Also, CRISIL[7], the rating agency, in its report in July 2016 had also published the images of the construction works clearly showing the existence of township. Thus, due to conducting deficient survey, the existence of an approved township was not identified which delayed the work for more than two years as the developer filed a court case. The matter was resolved (June 2021) and the Company agreed to raise the height of tower numbers 7 to 9.

- The crossing of 66 KV lines of Mega Food Park was also not marked in the route plan which caused the revision of route plan from tower numbers 2 to 6 and delay in execution.

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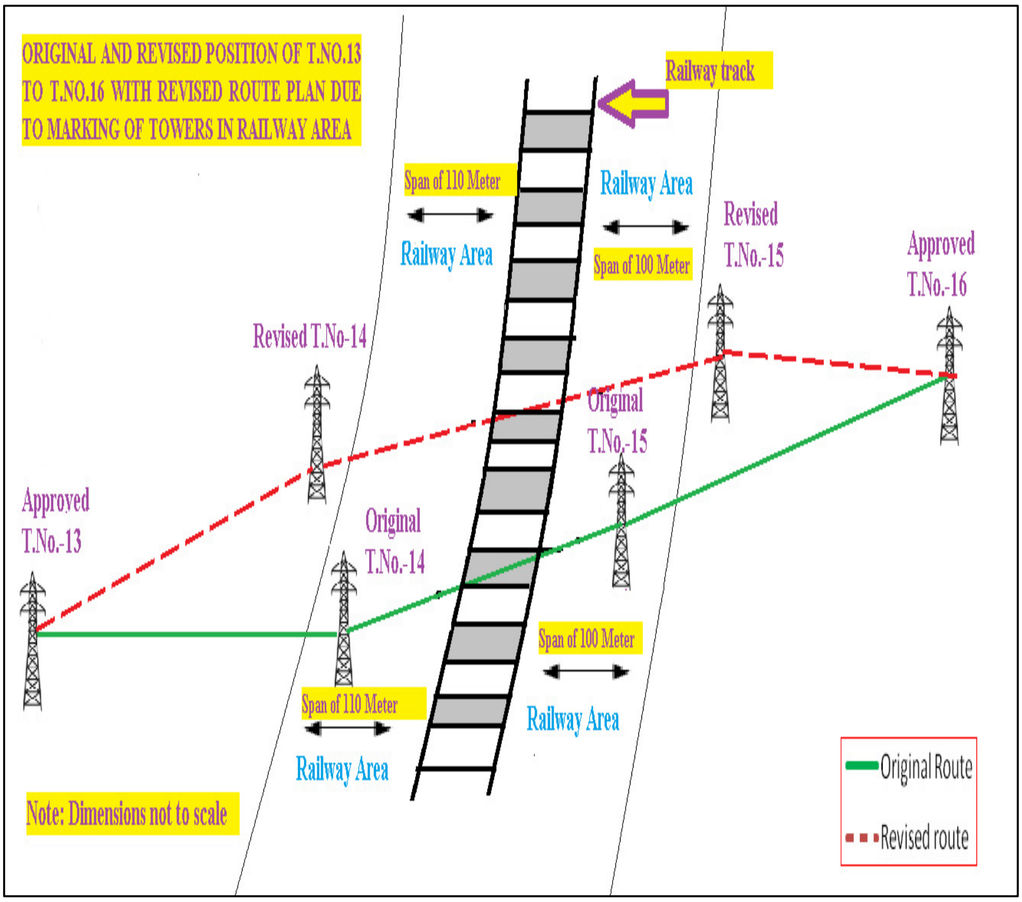
[6] Developed by Fortune R. Buildco Developer Private Limited.

[7] CRISIL is a analytical Company providing ratings, research and risk and policy advisory services.

- The position of Tower number 14 and 15 was marked on railway land with short spans as in figure below:



Marking of towers on railway area caused the revision of route plan from Tower number 13 to 16. Due to lapses in survey, route plan had to change frequently and consequent delay in execution of work.

- The Company didn't apply for cases of forest, Power Telecommunication Co-ordination Cell and railway clearance even after lapse of seven months (December 2018) of issue of work order despite the standing instructions of obtaining prior clearance from competent authority. This delayed execution of whole work and commissioning of line.

Hence, due to improper survey, critical infrastructures were not identified causing frequent revisions in route plans. The lapses in conducting survey, coupled with delay in approaching competent authorities for clearance of PTCC and forest cases, resulted in delay in completion of work for more than 29 months (till October 2021) as the work was still incomplete, even after incurring an expenditure of ₹16.12 crore *i.e.* 36 *per cent* excess than the estimated cost of ₹ 11.83 crore.

The Management stated (April 2022) that there was no indication of existence of any GLADA approved township in year 2016 and no delay occurred in filing the statuary clearance cases. The reply is not acceptable as the review of history of google earth and report of CRISIL proved the existence of township in year 2016. For the delay in getting statutory clearances, Deputy Chief Engineer/TLSC[8] had instructed to take action against the concerned officers/ officials.

5.2.4.2 220 KV line from 400 KV Makhu to Algon

The work of 220 KV double circuit (DC) line from 400 KV Makhu sub-station to Algon sub-station was included (May 2012) in list of works to be executed during 2012-13 and route plan was approved in May 2012. Cost estimate for the line was prepared and approved (May 2012) for an amount of ₹ 26.76 crore. The work order was issued (November 2012) with stipulated time of 10 months *i.e.* up to September 2013.

Deficiencies in survey for laying of this line were noticed as the spans shown between various towers[9] at four places were found wrong at the later stage. Further, crossing of 66 KV line between Tower number 2 and 2A was not marked in the key plan. Even the extensions at the crossings of 11 KV lines was not provided at four instances. These deficiencies in survey caused frequent revision of route plan. The competent authority directed (July 2016) Deputy Chief Engineer/TLSC to recover the compensation amount from the surveyor[10], however, no recovery was made from the surveyor. Further, there was delay in start of work for more than two months by the contractor. Even after starting the work, progress was very slow. There were neither recorded reasons for delay in start/slow progress of work nor the Company initiated any action on the contractor as per the terms of contract. The contract was terminated in March 2015 after almost 18 months of scheduled date of completion and was re-allotted (May 2015) to contractor-2 at the risk and cost of the contractor-1. Meanwhile type of seven towers was also changed from open pit to semi-submerged. Thereafter, the Company had to allot (October 2018) the work of pile type foundation to contractor-3, due to work being of specialised nature of foundations which shows the lack of planning on the part of the Company. It was noticed that material (cement, anchor bolts etc.) was not available in stores of the Company which further delayed the work. It was also observed that clearances from Railways were not obtained for Tower numbers 46 to 47 even after a lapse of more than six years in contravention of the standard operating protocols. The work got completed (February 2021) with an actual cost of ₹ 50.23 crore, *i.e.* 88 *per cent* above the estimated cost.

8 Transmission Line Survey and Construction.

9 Between Tower number 2 to 3, Tower number 3 to 4, Tower number 74 to 75 and Tower number 78 to 79.

10 An agency to whom Company outsourced the work of preliminary and detailed survey.

The Management accepted (April 2022) and stated that delay occurred due to discrepancies in survey and non-provisioning of extension to 11 KV/66 KV/220 KV lines.

The gist of delay in completion of five other works, reviewed in Audit is highlighted in **Table 5.2** below:

Table 5.2: Details of lapses for delay in completion of transmission works

Sl. No.	Name of Work	DOWO[11]/ TDOC[12]/ ADOC[13]	Lapses for delay in completion of works	Impact
1.	220 KV Line from 400 KV Nakodar to Ladowal	10 December 2014 09 October 2015 16 August 2019	1. Revision of route plan- four times due to non-marking of crossing of Satluj River, other 400 KV lines and to maintain clearance. 2. Delay in approval (January 2017) of design of foundation *i.e.* after 2 years of issue of Work Order. 3. Delay in submission (July 2015 and December 2016) of forest clearance cases.	• Delay of 46 months in completion of work led to delay in accrual of envisaged benefits. • Actual cost increased to ₹ 42.39 crore against the estimated cost of ₹ 26.63 crore *i.e.* 59 *per cent* increase in cost.
2.	220 KV Muktsar-Kotkapura (Sandhwan) Line	30 August 2011 30 April 2012 27 January 2021	1. Route plan revised five times due to non-marking of crossing of other lines and difference in span length. 2. Delay of decision in finalization of design of foundations of towers. 3. Right of Way problem due to improper route plan. 4. Twenty six incidents of theft of material. 5. Delay in forest clearance.	• Delay of 104 months in completion of work led to deprival of envisaged benefits. • Actual cost increased to ₹ 25.96 crore against the estimated cost of ₹ 19.13 crore *i.e.* 36 *per cent* increase in cost.
3.	220 KV Makhu-Rashiana line	04 June 2013 3 February 2014	1. Route plan revised nine times due to non-marking of crossing of other lines and river. 2. Delay of 11 month in approval (May 2014) of type of foundations.	• Delay of 71 months in completion of work led to deprival of envisaged benefits.

[11] Date of Work Order issued.
[12] Target date of Completion.
[13] Actual date of completion.

Sl. No.	Name of Work	DOWO[11]/ TDOC[12]/ ADOC[13]	Lapses for delay in completion of works	Impact
		14 January 2020	3. Sinking of one tower which delayed the work for 18 months. 4. Change in design of foundations of towers. 5. Right of Way problem (March 2017 to June 2019) due to encroachment of land. 6. Delay in forest clearance.	• Actual cost increased to ₹ 61.30 crore against the estimated cost of ₹ 30.32 crore *i.e.* 102 *per cent* increase in cost.
4.	220 KV Malout - 220 KV Abohar Line	18 July 2013 17 January 2014 Work in Progress till October 2021	1. Route plan revised three times due to incorrect angle shown in approved route plan, non-marking of crossing from Railways and other 220 KV lines. 2. Delay of more than 4 years in issue of designs of semi-submerged type foundations. 3. Delay start of work and slow progress of work by contractor. 4. Laying of line by Punjab State Power Corporation Limited (PSPCL) without vetting of profile from the Company	• Delay of 93 months (up to October 2021) while the work is still incomplete. • Actual cost increased to ₹ 22.43 crore against the estimated cost of ₹ 17.92 crore *i.e.* 25 *per cent* increase in cost.
5.	220 KV Line from Goindwal Sahib to Bottianwala	04 January 2012 03 July 2013 06 March 2019	1. Route plan revised 11 times due to discrepancies in survey, non-marking of crossing of other 400/220/11 KV lines. 2. Change of type of 17 towers from open pit to semi-submerged. 3. Slow progress of work by contractor. 4. Foundation of two towers changed from open pit to well type foundation after 13 months. 5. Delay in approaching for railways/forest clearance.	• Delay of 68 months in completion of work led to deprival of envisaged benefits. • Actual cost increased to ₹ 50.91 crore against the estimated cost of ₹ 32.70 crore *i.e.* 56 *per cent* increase in cost.

Source: Records provided by the Company.

Thus, five out of these seven works[14] were completed with delays ranging from 46 months to 104 months and two works were still incomplete (October 2021) despite lapse of period of 29 and 93 months. Due to delay in execution, actual cost of these works increased to ₹ 269.34 crore against the estimated cost of ₹ 165.29 crore, a cost escalation of ₹ 104.05 crore (63 *per cent*).

[14] Selection made on judgemental basis.

The Management accepted (April 2022) the above-mentioned facts.

5.2.5 Unfruitful expenditure

5.2.5.1 Laying of 132 KV line to connect with substation already upgraded to 220 KV

A work order for 132 KV link line to connect 132 KV Sub-station Dharamkot to 132 KV substation Dhalleke, was issued (May 2013) with scheduled completion period of three months *i.e.* August 2013. However, the work of laying the line was stopped due to shortage of material for the towers and protest by the land owners of the land on which the towers were erected. In the meantime, another estimate was sanctioned (March 2014) for upgradation of Dharamkot Substation from 132 KV to 220 KV. The work of upgradation of Dharamkot substation was started accordingly and got completed in December 2014.

Audit noticed that despite upgradation of Dharamkot substation from 132 KV to 220 KV, the work of laying 132 KV line from Dharamkot to Dhalleke keep on moving while there was no need of laying the said line of 132 KV. The work of laying the line was completed in January 2020 with cost of ₹ 1.26 crore.

After completion of works, it was noticed (January 2020) that Dharamkot substation has already been upgraded from 132 KV to 220 KV in December 2014. Due to this, the line remained idle (October 2021). This showed poor monitoring and non-coordination between Transmission Line Survey and Construction (TLSC) and Grid Construction wings of the Company. Thus, even after upgradation of substation in December 2014, the work of laying of 132 KV line was continued up to December 2019 which resulted in unfruitful expenditure of ₹ 1.26 crore.

The Management accepted (April 2022) and stated that at present 220 KV Dharamkot Sub-station has no 132 KV equipment.

5.2.5.2 Avoidable expenditure on augmentation of conductor

The work of augmentation of conductor from 0.15 sq. inch to 0.2 sq. inch was planned (March 2011) for 132 KV Jamalpur to Moga line circuit No. 1. The work was technically sanctioned (May 2011) and allotted (July 2011) to Firm-1[15] with the time limit of nine months. Firm-1 failed to perform and the work was cancelled/terminated (April 2014) and re-allotted (August 2014) to Firm-2[16]. However, the scope of work was reduced (December 2017) by

[15] M/s Telelink Power Transmission.

[16] M/s MVL Enterprises.

dropping the replacement of conductor, after a lapse of 40 months of issue of work order. Firm-2 thereafter, refused to continue the work due to reduction in scope of work and the work was short closed by which time expenditure of ₹ 1.24 crore had been incurred.

Audit noticed that the approval (November 2011) for said work was given only upon the condition that the work must be taken up after considering actual condition of towers and their foundation since towers were very old. This shows that the work was planned without considering actual site conditions which ultimately led to the expenditure of ₹ 1.24 crore proving wasteful.

The Management stated (April 2022) that the work could not be completed due to resistance by area residents as these circuits were passing over their rooftops. The scope of work was changed accordingly and was short closed. The reply is not acceptable as passing of circuits over the rooftops of residents shows that survey for line augmentation works was deficient which led to expenditure of ₹ 1.24 crore proving wasteful.

5.2.5.3 Non-operational 66 KV line bays

The Company planned construction of two 66 KV outgoing line bays for 66 KV substation, Tarn Taran. Accordingly, these two line bays were got commissioned (June 2019) at a cost of ₹ 31.17 lakh. Audit observed that these two bays are lying idle since their commissioning. Besides these, seven other bays, commissioned at various sub-stations between September 2015 and October 2020, were also lying idle (position as of November 2021). An expenditure of ₹ 2.03 crore incurred for construction of these nine bays which was borne by the Company, thus remained blocked.

The Management stated (April 2022) that these line bays were constructed as per the requirement of Punjab State Power Corporation Limited (PSPCL). The reply is not acceptable as the Company constructed these line bays without taking firm commitment from PSPCL regarding their utilisation.

5.3 Conclusion

The Company has not prepared perspective rolling transmission plan. Surveys were faulty as existing infrastructures in the planned route of transmission line locations were not detected. There were delays in approaching the statutory authorities for obtaining necessary clearances. Prolonged delays in approval of design were noticed. These lapses led to delay in completion of projects, resulted in not only increased cost but also delay in realisation of envisaged benefits of improved reliability of supply, meeting additional load requirements etc.

5.4 Recommendations

The Company may ensure:

- *preparation of perspective rolling transmission plan;*
- *comprehensive route surveys along the planned line locations;*
- *obtaining of statutory clearances in timely manner; and*
- *timely completion of works to avoid cost overrun.*

The matter was referred (January 2022) to the Government; their replies were awaited (November 2022).

Chapter-VI

Disbursement and recovery of financial assistance

Chapter-VI

WELFARE OF SCHEDULED CASTES AND BACKWARD CLASSES DEPARTMENT

Punjab Scheduled Castes Land Development and Finance Corporation

Disbursement and recovery of financial assistance

There were significant shortfalls in achieving the targets of lending activities, ranging from 34.87 *per cent* to 78.50 *per cent* under various schemes which showed that the implementation of the welfare schemes was poor which deprived the targeted beneficiaries of the intended benefits. There were 5,651 pending applications from intending beneficiaries. The available lendable funds reduced from ₹ 29.84 crore in 2018-19 to ₹ 5.05 crore in 2020-21.

6.1 Introduction

Punjab Scheduled Castes Land Development and Finance Corporation (Corporation) was set up (January 1971) for the economic upliftment of the scheduled castes (SC) community and specially abled people in the State. The State Government and Government of India (GoI) hold equity of the Corporation in ratio of 51:49.

The Corporation advances loans to the members of the SC community and specially abled people in the State under various schemes either directly through 'Direct Lending Scheme' or in collaboration with National Scheduled Castes Finance and Development Corporation (NSFDC), National Safai Karamcharis Finance and Development Corporation (NSKFDC) and National Handicapped Finance and Development Corporation (NHFDC) by acting as State channelising agency to implement their welfare schemes in the State. The Corporation extends subsidy to Below Poverty Line (BPL) SC families under the Special Central Assistance (SCA) scheme of GoI through its Bank Tie-up Scheme (BTS). The Corporation being State channelising agency for NSKFDC has also been nominated as nodal agency for rehabilitation of scavengers in the State under the scheme for rehabilitation of manual scavengers[1] (SRMS) launched by GoI. The Corporation provides loans for self employment creation under small businesses, small scale industries and agriculture and allied activities sectors besides education loans.

The Corporation had finalised its accounts upto 2020-21 and had incurred aggregate loss of ₹ 15.20 crore during 2018-19 to 2020-21. The Corporation

1 One who is engaged in manually cleaning, carrying, disposing of human excreta in an insanitary latrine or in an open drain or pit.

had disbursed loan amounting to ₹ 551.80 crore to 49,854 beneficiaries (excluding subsidy of ₹ 168.48 crore disbursed to 4,60,633 beneficiaries under BTS) since its inception.

6.2 Audit Objective

The Audit objective was to assess whether the Corporation planned and executed its activities to cover the targeted population in an effective and efficient manner, periodically reviewed the impact of its activities and took remedial measures wherever required.

6.3 Audit Scope and Methodology

Audit of disbursement and recovery of financial assistance by selecting[2] six district offices[3] along with head office was conducted for the period from 2018-19 to 2020-21. The sample covers 32 *per cent* of the transactions relating to disbursement of loans during these three years.

6.4 Audit Findings

6.4.1 Identification of beneficiaries

Identification of beneficiaries is crucial to the success of development schemes as they are targeted towards the downtrodden sections of the society, having a greater risk of exclusion owing to their lack of awareness. There is a need for identification of target groups through surveys and maintenance of reliable database of SC/ Below Poverty Line (BPL) / Specially abled population. Such survey helps in identification of viable professions and trades for various blocks/ districts and facilitates in planning and extending financial assistance to cover the entire targeted section of population in a phased manner.

Audit observed that neither any survey was conducted nor any reliable database was maintained by the Corporation. Instead, the Corporation was advertising in newspapers for identification of beneficiaries which was not serving the purpose.

The Management stated (February 2022) that camps were organised by the District Managers of the Corporation to create awareness among scheduled castes and specially abled people about the benefits of various welfare schemes implemented by the Corporation. However, record notes substantiating outcome and effectiveness of such camps were not shown to Audit. In absence of the records, Audit therefore cannot comment upon the participation levels and effectiveness of the awareness camps reported organised by the Corporation.

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[2] criteria was disbursement of loans under various schemes, disbursement of subsidy and recovery of loans selected on judgemental basis.

[3] Barnala, Pathankot, Patiala, Sangrur, SAS Nagar and Tarn Taran.

6.4.2 Planning

The Corporation had not prepared any strategic plan for coverage of targeted beneficiaries in a phased manner and was fixing targets on ad-hoc basis.

The Corporation prepared annual budgets in which targets for disbursement of loans and subsidy were fixed. Audit observed that there were significant shortfalls in achieving the targets of lending activities, ranging between 34.87 *per cent* and 78.50 *per cent* under various schemes except in NSFDC scheme where achievement during 2018-21 was only 2.07 *per cent* due to non-receiving of funds during the period 2018-20 as given in **Table 6.4**. This shows that the planning of the welfare schemes was inadequate which deprived the targeted population of the intended benefits.

The Management replied (February 2022) that the Corporation had already prepared four year strategic action plan. The reply is not acceptable as the Corporation has only compiled data for four years based on its annual plans which cannot be construed as a Strategic plan. The lack of strategic planning is also evident from the fact that a large number of applications for the loan schemes were pending for decision at the end of each year.

6.4.3 Receipts and Disbursements under various schemes

The Corporation received funds as share capital from GOI/ State Government, Special Central Assistance (SCA) from GOI and term loans from National Financial Institutions (NFIs) *i.e.* NSFDC, NSKFDC and NHFDC. Share Capital is utilised for providing loans under Direct Lending Scheme and margin money for various loans schemes of NFIs. SCA is utilised for granting subsidy to BPL SC families under Bank Tie -up Scheme. A summary of the details of lendable funds available to the Corporation for disbursement during 2018-19 to 2020-21 is given in **Table 6.1** below:

Table 6.1: Lendable funds available to the Corporation for disbursement

(₹ in crore)

Particulars		Years		
		2018-19	2019-20	2020-21
Opening Balance of Lendable funds (A)		**16.03**	**21.58**	**4.82**
Receipts	Share Capital	0.00	6.87	11.78
	Long term loans from NFIs	0.99	2.2	3.93
	SCA (BTS)	3.58	2.08	2.29
	Other subsidies	0.52	0.15	0.50
	Recovery of loan and interest	36.90[4]	9.73	10.27
	Interest on Savings Bank and Fixed Deposits	1.17	3.34	2.53
	Other Income	0.16	0.08	0.12
Total of Receipts (B)		**43.32**	**24.45**	**31.42**

4 Includes ₹27.74 crore received on account of loan waiver scheme during 2018-19.

Particulars		Years		
		2018-19	**2019-20**	**2020-21**
Payments other than disbursement of schemes	Administrative expenses	10.17	10.64	11.53
	Gratuity	1.38	0.32	0.54
	Leave encashment	0.90	0.17	0.35
	Repay to NFIs	8.52	6.39	4.48
	Other expenses	0.00	0.13	0.01
Total of Payments (C)		**20.97**	**17.65**	**16.91**
Committed liability (D)		**8.54**	**13.93**	**14.28**
Available Lendable funds (E) = (A)+(B)-(C)-(D)		**29.84**	**14.45**	**5.05**
Disbursement under scheme	subsidy SCA (BTS)	2.93	0.37	3.00
	other subsidy	0.36	0.15	0.50
	loan advanced (Direct + NFIs)	4.97	9.11	8.34
Total of Disbursement under scheme (F)		**8.26**	**9.63**	**11.84**
Closing Balance of Lendable funds (G) = (E) - (F)		**21.58**	**4.82**	**(-)6.79**

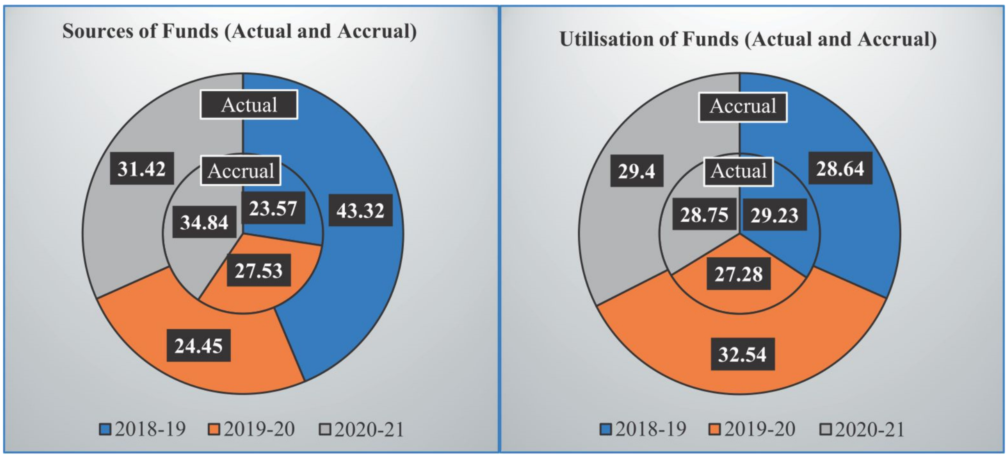
Source: Financial statements of the Corporation

The Corporation had clear surplus funds of ₹ 16.03 crore. ₹ 21.58 crore and ₹ 4.82 crore at the beginning of the years 2018-19, 2019-20 and 2020-21 respectively. The auditee had not demarcated funds for lending and for meeting its administrative expenses separately. During the years, the total receipts were ₹ 43.32 crore, ₹ 24.45 crore and ₹ 31.42 crore respectively. After considering the opening balance and the receipts during the year and providing for the administrative expenses/committed liabilities, the auditee was still left with substantial lendable funds of ₹ 21.58 crore and ₹ 4.82 crore during 2018-19 and 2019-20. The auditee could lend only 28 *per cent* and 67 *per cent* of the clear funds available during 2018-19 and 2019-20.

The following pie charts depict the sources and utilisation of funds on accrual and actual basis:

Chart 6.1: Sources and utilisation of funds on accrual and actual basis

(₹ in crore)



Audit observed that available lendable funds reduced from ₹ 29.84 crore in 2018-19 to ₹ 5.05 crore in 2020-21 (after taking into consideration committed liabilities at the end of the year). Investment profile of the Corporation for the period 2018-21 is as follows:

Table 6.2: Investment profile of the Corporation

(₹ in crore)

Investment	2018-19	2019-20	2020-21
Saving Accounts	2.77	6.27	14.98
Fixed Deposits	40.15	33.55	27.31
Total	**42.92**	**39.82**	**42.29**

Source: Financial statements of the Corporation

The Corporation continued to hold funds despite large number of pending applications for approval, from intending beneficiaries. The highest disbursement that the Corporation could achieve during 2018-21, in financial terms, was 55.8 *per cent* of its targets for its direct lending schemes. It could achieve a mere 2.04 *per cent* of its financial targets during the same period for disbursement under NSFDC operated schemes.

6.4.4 High Cost of Service vis-à-vis scale of operations

As no separate budget is allotted for Administrative Expenses by the Govt. of Punjab, the Corporation has been meeting its administrative expenses from interest income and recovery of loans. During 2018-21, mapping of Administrative Expenses from various sources of income is given below in **Table 6.3**:

Table 6.3: Mapping of Administrative expenses and all sources of Income for the period 2018-21

(₹ in crore)

Particulars	Actual Basis	Accrual Basis
Operational Income (A)	33.88	20.28
Administrative Expenses (B)	36.00	41.37
Balance (C = A - B)	**-2.12**	**-21.09**
Investing Income (D)	7.04	7.39
Balance (E = C+D)	**4.92**	**-13.70**
Other Income (F)	0.36	0.57
Balance (G = E + F)	**5.28**	**-13.13**

Source: Financial statements of the Corporation.

Audit observed that as compared to the disbursement of loan/subsidy of ₹ 29.73 crore during 2018-21, the administrative expenditure of the Corporation was ₹ 36.00 crore. The Corporation was not able to generate enough funds from its operations to meet even its administrative expenditure. For every rupee of disbursement, its administrative expenditure worked out to be ₹ 1.21 during 2018-21. The Corporation may like to make increased efforts to reach out to intending beneficiaries for disbursement of funds and needs to streamline its operations to reduce its costs.

6.4.5 Procedure for sanction and disbursement

Applications received from prospective beneficiaries are appraised in the first instance by district offices of the Corporation and then placed before the district level Screening Committee[5] (DSC) for recommendations. The recommendations of the committee are forwarded to head office for sanction of loan. After sanction of loan, agreement is entered into between the Corporation and the beneficiary.

6.4.6 Implementation of the Schemes

On the basis of budgetary allocation made by the State Government for different schemes, the Corporation fixed targets for disbursement of loans each year. A summary of financial and physical targets and achievements there against during 2018-21 is given in **Table 6.4** below:

Table 6.4: Financial and physical targets/achievements

(Financial: ₹ in crore and Physical: in numbers)

		Direct Lending		Bank Tie up		NSFDC schemes		NSKFDC Schemes		NHFDC Schemes	
		T	**A**	**T**	**A**	**T**	**A**	**T**	**A**	**T**	**A**
2018-19	**Financial**	10	3.88	5	3.27	7.50	0.43	2	0.22	3	0.42
	Physical	500	248	5000	3267	500	30	200	25	200	23
2019-20	**Financial**	10	7.13	5	1.40	7.50	0.01	2	1.09	3	0.88
	Physical	500	421	5000	1404	500	0	200	75	200	47
2020-21	**Financial**	10	5.73	5	1.65	7.50	0.02	2	1.49	3.0	1.10
	Physical	500	308	5000	1645	500	1	200	103	200	59
Total	**Financial**	**30**	**16.74 (55.80%)**	**15**	**6.32 (42.13%)**	**22.50**	**0.46 (2.04%)**	**6**	**2.80 (46.67%)**	**9**	**2.40 (26.67%)**
	Physical	**1500**	**977 (65.13%)**	**15000**	**6316 (42.10%)**	**1500**	**31 (2.07%)**	**600**	**203 (33.83%)**	**600**	**129 (21.5%)**

Source: Information supplied by the Corporation.
T: Target, A: Achievement, Figures in bracket indicate percentage achievement

Analysis of performance of the schemes brought out the following:

(A) Direct Lending Scheme

Under this scheme, loans upto ₹ 10 lakh (except land purchase where maximum limit is ₹ 30 lakh) are granted to SC beneficiaries having income of

[5] consists of District Social Justice and Empowerment officer, District Manager- PSCLDFC, Deputy Economic and Statistical Advisor, Assistant Project Officer-District Rural Development Agency, Lead Bank Manager, Manager- Department of Industries and Commerce, one representative of any Non-Government Organisation.

not more than ₹ one lakh *per annum* (increased to three lakhs from May 2020) for various income generating schemes.

There was shortfall in achievement of physical and financial targets due to non/ short release of funds by the State Government against budget provisions. Audit observed that during 2018-19, State Government did not release its share of ₹ 5.42 crore and share of GoI of ₹ 5.79 crore (received during 2016-18). Funds of ₹ 5.79 crore were released by State Government to Corporation in 2019-20. Due to non-release of funds by the State Government timely, GoI did not release[6] any funds in 2019-20 and released partial funds in 2020-21, resulting into non release of ₹ 2.35 crore[7]. As of 31 March 2021, there were 3,039 pending loan applications.

(B) Bank Tie-up scheme

Under this scheme, loan applications received from BPL[8] SC families are submitted to the District Manager. The District Manager in turn sponsors the application to the bank for joint verification. Successfully verified applicants are sanctioned loans and the Corporation releases subsidy to banks (equal to 50 *per cent* of the total project cost subject to a maximum of ₹ 10,000) for further disbursement to beneficiaries along with loan.

Subsidy under SCA was to be distributed in a manner admissible under the Swarna Jayanti Gram Swarojgar Yojana - the amount of subsidy released to the banks was to be kept in a separate capital subsidy reserve account and it was to be adjusted at the end of the recovery of loan as a backend subsidy. Utilisation Certificates (UCs) were to be provided by the bank within seven days of the payment of loan.

Audit observed:

- No time limit was fixed for sanction and disbursement of loans under Bank Tie-up Scheme (BTS) while time limits were in place under other loan schemes.

- In six selected districts, subsidy amounting to ₹ 1.32 crore was released (during 2018-21) to banks after delays ranging from one to 621 days[9] from the date of sanction of the cases by the District Screening Committee. Audit observed that these delays were on part of head office of the Corporation in releasing the subsidy to banks.

6 prior release of State's share is a pre-condition for release of central share by GoI.

7 ₹ 1.31 crore pertains to previous years prior to 2019-20 and ₹ 1.04 crore pertains to 2020-21.

8 income for rural areas ₹ 67,649 *per annum* and for urban areas ₹ 88,756 *per annum per family*.

9 after giving margin of 15 days.

- No monitoring system was available in the Corporation to ensure the timely disbursement of subsidy by banks to the beneficiaries and in case of non-disbursement, recovery of the undisbursed subsidy from the banks alongwith interest. The Corporation was not aware of the extent of subsidy recoverable from banks. In six selected districts, subsidy amounting to ₹ 0.27 crore was refunded (during 2018-21) to the Corporation after delays ranging between three and 1497 days[10]. No arrangements were made to recover the interest on the refunded amount.

- The Corporation was not obtaining utilisation certificates from beneficiaries and conducting physical verification post disbursement.

- Subsidy released to banks was to be kept in a separate subsidy reserve account which was not ensured.

- The percentage of cases sanctioned by the banks to the total sponsored cases was low, ranging from 18.23 *per cent* to 28.77 *per cent* during 2018-21.

- There was shortfall in achievement of physical and financial targets as only 42 *per cent* of targets were achieved during 2018-21.

- There was no requirement of proof of credit worthiness like CIBIL score of the beneficiary, while making application for disbursement of loan under the scheme.

Audit observed that in six selected districts, out of the subsidy of ₹ 1.80 crore released to the banks, ₹ 0.24 crore was received back due to non-disbursement of loans to 239 beneficiaries but these were included in the achievements. Thus, the actual physical and financial achievements were even less than 42 *per cent*.

The Corporation was having unutilised balance amount of Special Central Assistance (SCA) of ₹ 10.12 crore and ₹ 9.32 crore at the end of the year 2019-20 and 2020-21 respectively.

The Management stated (February 2022) that loanees do not come forward to complete the requisite formalities required by the banks and sometimes their CIBIL score is poor and that is why banks are reluctant in disbursing loans to the beneficiaries. The reply is not acceptable as the banks rejected the applications for availing loans under bank –tie-up schemes due to various reasons e.g. no experience in the field of business for which loan was applied for, non-availability of space/ shed for the cattle, adverse past records, low

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[10] after giving margin of 15 days.

CIBIL score etc. CIBIL considers inter alia among various other parameters, the payment history, credit exposure, credit type & duration etc. Further, more number of times, credit facility is availed and repaid, more would be the CIBIL score of the person. The CIBIL score is adversely affected if the person has not availed any loan from the financial institution.

Out of total 1476 rejected cases, 371 rejected cases (25 *per cent*) in six selected districts were selected for substantive audit. It was noticed that 48 (13 *per cent)* cases were rejected based on low CIBIL score/ poor credit worthiness. This is not acceptable in Audit as the Corporation extends assistance in the priority social sector schemes of the State Government and Government of India where insistence on a acceptable level of CIBIL score of the intending beneficiaries while granting assistance can not ensured. Moreover, the Reserve Bank of India guidelines for extending assistance in the priority sector of lending, at no stage prescribe the checking of CIBIL score of the applicants, in which this Corporation is operating.

It is worthwhile to mention here that the said scheme was for the downtrodden strata of the society. Rejection on the basis of low CIBIL score may force the loan applicants to resort to informal channels of credit. It not only defeated the very purpose of the scheme but also resulted in non-achievement of the targets which remained as low as 42 *per cent* during the period of audit.

The Corporation should take up the matter with the bank to not reject any cases solely on the basis of low CIBIL score. It is recommended that the Government may revisit its criteria of character, capacity, capital, collateral and conditions attached while extending loans under bank tie up scheme.

(C) Backend Subsidy Incentive Scheme

The Corporation introduced (March 2018) backend Subsidy incentive scheme for BPL families to encourage them (i) for self-employment; (ii) for proper utilisation of loan amount and (iii) for regular repayment by giving subsidy of 25 *per cent* of the loan amount subject to the maximum of ₹ 10,000 as incentive. In the six selected district offices, test check of 121 files produced to Audit revealed that:

- 79 beneficiaries were ineligible for backend Subsidy as ration cards pertaining to above poverty line were issued to them.
- In four cases, income of the family was higher than the limit for annual income fixed for BPL families as one of the family members was in government job[11].

[11] annual income of these families exceeds the maximum prescribed limit for a BPL family.

(D) National Scheduled Castes Finance and Development Corporation (NSFDC) Loan scheme

The Corporation with assistance of NSFDC provides loan for various trades to beneficiaries having income up to ₹ three lakhs *per annum* for both rural and urban areas by raising term loan upto 90 *per cent* from NSFDC and remaining 10 *per cent* is shared by the beneficiary as well as Corporation. BPL SC families are also eligible for backend subsidy up to ₹ 10,000.

NSFDC stopped financing the Corporation during 2018-19 and 2019-20 due to non repayment of its loan amount of ₹ 19.23 crore. During 2020-21, the Corporation received funds amounting to ₹ 0.81 crore only against budget of ₹ 6.75 crore. The Corporation could achieve only two *per cent* of its targets during 2018-21. As of 31 March 2021, 1784 applications were pending decision under the scheme.

(E) National Safai Karamcharis Finance and Development Corporation (NSKFDC) Loan schemes

The Corporation raises term loan from NSKFDC at the rate of three *per cent* for specific schemes for onwards disbursement to the Safai Karamcharis and their dependents at interest rate of six *per cent* per annum. Ninety *per cent* of the project cost is to be contributed by NSKFDC and remaining ten *per cent* is to be contributed by the Corporation and Loanee.

The Corporation achieved 74.5 *per cent* of its financial targets in 2020-21 which was an improvement from 11 *per cent* and 54.5 *per cent* achieved during 2018-19 and 2019-20 respectively. As of 31 March 2021, 637 applications were pending decision under the scheme.

(F) National Handicapped Finance and Development Corporation (NHFDC) Loan Schemes

The Corporation is providing loans to specially abled people with 40 *per cent* or more disability in the age group of 18 to 60 years for various income generating self-employment schemes. There is no income limit for availing loan, however, 90 *per cent* of loan cases would cover the specially abled persons with income up to ₹ five lakh *per annum*.

During 2018-21, 129 beneficiaries were covered and loans amounting to ₹ 2.41 crore were disbursed against the targeted 600 beneficiaries with total loan amount of ₹ nine crore. The Corporation had not maintained lists of unemployed specially abled in the State by coordinating with the departments[12] concerned to cover maximum cases under the scheme and targets have not been revised since long.

[12] Department of Social Security and Women & Child Development, Government of Punjab.

NHFDC pointed (June 2019) out that the operations of the Corporation were affected due to inadequate government guarantee and non-submission of sufficient proposals. To scale up the coverage of disabled population, NHFDC proposed the Corporation to (i) identify self-employment/service sector niches where persons afflicted with various disabilities can be sustainably deployed (ii) to support NHFDC in extending loans to extend/ develop the facilities of assessable toilets and safe drinking water for disabled population (iii) to establish skill training centers at appropriate places throughout the State for quality skill training of disabled persons. Audit observed that the Corporation had not made any efforts to implement the *ibid* proposals.

The Management accepted the observation and added (February 2022) that the Corporation has directed the District Managers to improve the progress under the scheme.

(G) Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)

To rehabilitate manual scavengers in alternative occupations, the Corporation arranges loan from banks and subsidy from NSKFDC. The identified manual scavengers, one from each family are also eligible for one time Cash assistance (OTCA) of ₹ 40,000 immediately after identification.

Under this scheme, 228 manual scavengers[13] were identified in the State by the GoI till date. OTCA of ₹ 40,000 was given directly by GoI to 211 beneficiaries and remaining 17 cases were referred to NSKFDC for OTCA. Out of 86 identified beneficiaries (before 2018), loan and subsidy was provided to only 38 beneficiaries. NSKFDC asked the Corporation to send the proposals of 142 manual scavengers (identified in 2019) to avail the financial assistance. However, no efforts were made by the Corporation to approach 190[14] identified beneficiaries so as to encourage them to avail financial assistance for setting up self-employment unit/ ventures. Thus, the Corporation had not ensured the rehabilitation of the manual scavengers which defeated the very purpose of the scheme.

The Management stated (February 2022) that out of manual scavengers who have not been provided subsidy or loan, some have started business with the OTCA and are not willing to take loan and some of them wanted jobs instead of loans. The reply of the Management is not acceptable as records pertaining to only 52 persons who were not willing to take loan was made available to Audit.

[13] 86 identified before 2018 and 142 identified in 2019.
[14] 142+48 (86-38).

6.4.7 Delay in disposal of cases

Punjab Right to Service Act, 2011 was made applicable on the Corporation by the State Government (March 2015) to facilitate delivery of services within the time limit. Accordingly, the Corporation fixed the time schedule for sanction and disbursement of loans at each stage. The Corporation fixed 45 days {including 20 days for Divisional Manager office (DM) for sending the case to Head Office (HO)} for sanctioning the case and 60 days for disbursement of loan.

Test check of 350 loan cases[15] showed that there were delays ranging from 15 days to 765 days in disbursement of loans against the prescribed time allowed. It was observed that delay in sanctioning the cases was mainly attributable to the delay in sending cases by District Manager's offices to HO. The year wise delay in processing the cases is as shown in **Table 6.5**.

Table 6.5: Delay in processing of cases

Year	Delay in sending to HO			Delay in Sanction			Delay in Disbursement		
	Number of cases			Number of Cases			Number of cases		
	15 to 100 days	101 to 200 days	Above 200 days	15 to 100 days	101 to 200 days	Above 200 days	15 to 100 days	101 to 200 days	Above 200 days
2018-19	52	17	6	43	30	8	33	42	22
2019-20	63	17	11	58	20	15	67	52	19
2020-21	45	9	2	27	27	6	17	38	33

Source: Compiled from Loan files

Audit observed that the Corporation was not analysing the reasons for delay in processing of loan cases. The Corporation had 5,651 loan applications pending under various schemes as of 31 March 2021 as shown in **Table 6.6**.

Table 6.6: Year wise pendency of applications

Year	Opening balance	Received	Rejected before sanction	Sanctioned	Pending
Since inception upto 2018-19	5666	514	62	509	5609
2019-20	5609	902	16	691	5804
2020-21	5804	537	70	620	5651

Audit observed that age wise pendency of applications since inception was not monitored. The Corporation was not reviewing the applications pending since long to weed out the ineligible applicants who do not require the loan anymore.

15 Out of 445 loan cases (excluding Bank Tie up Scheme) of six selected districts disbursed during 2018-21.

The Management stated (February 2022) that sometimes beneficiaries do not complete formalities in time which causes delay in sanction and disbursement of loan and that efforts are made to adhere to the time limit fixed for sanction and disbursal of loan. The reply of the Management is not acceptable as it is the responsibility of the District Manager to get all the formalities completed in time.

6.4.8 Non-obtaining of Utilisation Certificates

As per terms and conditions of the loan, loanee was required to submit utilisation certificate (UC) within two months of disbursement of loan and in case of non-furnishing of UC, loan was to be recovered in lump sum with interest.

Test check of 350 loan cases in six selected districts offices revealed that UCs were not received in as many as 322 cases (92 *per cent*). Therefore, proper utilisation of the loan amount could not be ensured. The Corporation was required to recover the loan amount in lump sum with interest, however, it had not initiated any action to recover the amount.

The Management accepted the audit observation and stated (February 2022) that instructions have been issued to the District Managers to obtain utilisation certificates within stipulated period.

6.4.9 Non-maintenance of centralised database of loanees/ beneficiaries

- Loan amount is disbursed to each beneficiary through Real Time Gross Settlement (RTGS) System in an Aadhaar linked bank account. Audit observed that the Corporation has not maintained centralised database indicating Aadhaar number and bank account number of the beneficiaries, in the absence of which duplication of beneficiaries in disbursement of loans could not be verified.
- The Corporation has not developed any software for disbursement of loans to streamline the process from beginning to end.

6.4.10 Impact assessment of Schemes

Post disbursement monitoring of beneficiary is necessary to ensure that the financial assistance was used for intended purpose. Our scrutiny of monitoring system of the Corporation showed that the Corporation attitude in implementation of its socially relevant credit/ assistance schemes was bordering on apathy and was indifferent to the plight of the most vulnerable sections of the Society, for the upliftment of which the Corporation is established. The criteria for assessment of the credit worthiness of the applicants appeared to be unusually harsh and in cases ultimately led to denial of assistance. For assessing the socio economic impact of its schemes, it is recommended that:

- the Corporation maintain database of the beneficiaries; and
- devise procedures for post disbursement monitoring of the beneficiaries and undertake impact assessment at timely intervals.

6.4.11 Recovery Position

The Corporation had not maintained any record to show scheme wise recovery, as such it had fixed consolidated targets for recovery of principal and interest. **Table 6.7** below shows the details of consolidated targets of recovery, total amount recoverable and recoveries effected during April 2018 to March 2021.

Table 6.7: Details pertaining to targets of recovery and recovery effected

(₹ in crore)

Sr. No.	Particulars	2018-19	2019-20	2020-21
1.	Amount overdue for recovery at the beginning of the year	99.26	76.65	79.84
2.	Recovery due during the year	14.28	12.84	13.74
3.	Total recoverable amount (1+2)	113.54	89.49	93.58
4.	Target of recovery	10.00	10.00	10.00
5.	Recovery effected during the year	36.89	9.65	10.33
6.	Closing balance of overdue amount (3-5)	76.65	79.84	83.25
7.	Percentage of recovery to recoverable amount	32.49	10.78	11.04

Source: Information supplied by the Corporation

Recovery during 2018-19 was more than the targets due to receipt of ₹ 27.74 crore under loan waiver scheme from the State Government.

As evident from above, during 2018-21, the overdue amount had increased from ₹ 76.65 crore to ₹ 83.25 crore whereas the targets fixed for recovery were on lower side *i.e.* 8.8 *per cent*, 11.17 *per cent* and 10.68 *per cent* of the total recoverable amount during 2018-19, 2019-20 and 2020-21 respectively. Audit observed that poor performance of recoveries was due to not ensuring the proper utilisation of loan amount and inadequate pursuance of recovery by the district offices.

In case of continued default, Sections 24 and 25 of the Punjab Scheduled Castes Land Development and Finance Corporation Act, 1970, empowers the Corporation to recover the entire outstanding amount from the defaulters as arrears of land revenue by issuing a recovery certificate to the Collector of district concerned. The Collectors were sent 23,321 cases involving ₹ 115.14 crore for effecting recoveries and the recoveries amounting to ₹ 50.62 crore in 15,913 cases only were made upto March 2021.

Management stated (February 2022) that efforts are being made to recover the outstanding loan amount from the loanees. Reply of the Management is not acceptable as the percentage of recovery of overdue amount was as low as 11 *per cent* during 2020-21, which shows that measures taken to improve its recovery position did not yield adequate results.

6.4.12 Loan Waiver Scheme

State Government introduced (March 2018) loan waiver scheme for waiving off the loan of poor SC beneficiaries who had availed loan up to ₹ 50,000 till 31 March 2017 from the Corporation. In this scheme, loans of 14,260 loanees amounting to ₹ 45.40 crore were waived off during 2017-19.

As per the Loan Waiver Scheme, benefit of waiving off the loan amount of maximum ₹ 50,000 was to be given to each loanee. Audit observed that loanees were included more than once in the list of this scheme. The names of 61 loanees' were repeated in the list which resulted in excess claim of ₹ 16.15 lakh from the State Government.

Management accepted and stated (February 2022) that inadvertently second account was created and the amount was claimed from the Government but the loanees were not given the benefit twice.

6.4.13 Deficiencies in internal control

The internal control in the Corporation was deficient to the extent that there was no system to ascertain as to whether the banks had actually disbursed the subsidy/loan to the beneficiaries within stipulated period and in case the subsidy remain undisbursed, the same was refunded immediately. It could not be ascertained whether the loanees had submitted UCs within the prescribed period. There was not any record regarding age wise pendency of loan applications and defaulting loanees.

6.5 Recommendations

The Corporation may:

- *take steps to improve its performance in achieving the set targets of disbursement of loans and subsidy;*
- *take steps to bring its administrative expenses to realistic level as the ratio of 'administrative expenditure to loan disbursed' was more than 1.*
- *fix responsibility of its officials for delay in approving loan applications violating the provisions of time frame under Punjab Right to Service Act, 2011.*

- *take up the matter with banks to not make CIBIL a main criteria for disbursement of loan;*
- *strengthen the recovery mechanism to ensure recycling of funds and consequently maximise coverage of beneficiaries; and*
- *devise procedures for post disbursement monitoring of the beneficiaries and undertake impact assessment due to its assistance at timely intervals.*

The matter was referred (November 2021) to the State Government; their replies were awaited (November 2022).

Chapter-VII

Compliance Audit Observations (Departments)

Chapter-VII

Compliance Audit Observations (Departments)

This chapter contains 19 observations[1] covering compliance issues under Social, General, Economic and Revenue Departments involving financial effect of ₹ 152.25 crore[2]. The Departments accepted audit observations involving ₹ 2.41 crore[3] and recovered ₹ 0.26 crore[4]. The replies provided by the authorities have been incorporated in the relevant observations. These are discussed in the following observations 7.1 to 7.19:

Social, General and Economic Departments

AGRICULTURE AND FARMERS' WELFARE DEPARTMENT

7.1 Idle expenditure

Failure of the Department to implement the project of cotton mechanisation without obtaining the results of trial project and proper feasibility study resulted into bad investment and idle expenditure of ₹ 2.05 crore on purchase of the machineries.

In order to address the problem of decrease in cotton sowing area[5] in the State, Apex level and other officers of the State Agriculture Department (Department) visited a trial project site[6] on 24 October 2013. The output of this trial project was stated only in the minutes of meeting (November 2013) by the Department that yield of cotton had increased by 50 *per cent* and labour problem of cotton picking was solved. Thus, it was decided to develop the mechanised farming of cotton with the help of private companies who had executed the trial project and Punjab Agriculture University (PAU). However, it was seen that there was no research/result-oriented report of the trial project that was discussed by the Department based on which the decision to execute the project was taken.

The Department further decided (March 2014) to implement the experience of mechanised cotton farming on a large scale in the State with adaptive trial in

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1 Excise and Taxation Department (7), Department of Revenue, Rehabilitation and Disaster Management (2), Transport Department (2), Department of Agriculture and Farmers' Welfare (1), Cooperation Department (1), Public Works Department (Building and Roads) (1), Department of Technical Education and Industrial Training (3), Water Resources and Finance Department (2).

2 Excise and Taxation Department (₹ 2.37 crore), Revenue, Rehabilitation and Disaster Management Department (₹ 2.48 crore), Transport Department (₹ 1.74 crore), Agriculture and Farmers Welfare Department (₹ 2.05 crore), Cooperation Department (₹ 0.71 crore), Public Works Department (Building and Roads) (₹ 73.89 crore), Technical Education and Industrial Training Department (₹ 2.99 crore), Water Resources and Finance Departments (₹ 66.02 crore).

3 Excise and Taxation Department (₹ 0.75 crore in 12 cases), Department of Revenue, Rehabilitation and Disaster Management (₹ 0.02 crore in 1 case), Transport Department (₹ 1.64 crore in 33 cases).

4 Excise and Taxation Department (₹ 0.26 crore in 1 case).

5 Decreased from 6.04 lakh hectares in 2007 to 4.81 lakh hectares in 2012.

6 A site where private companies implemented (October 2013) a project on trial basis in 50 acre land in Fazilka district in which high density cotton cultivation was initiated by using plant growth retardants to limit the height of cotton plant upto 4.5 feet.

1,500 acre land with targeted yield of 10 quintal per acre in three districts[7]. It was also decided that the PAU would conduct a research trial in 20 acres of land at its Regional Research Station (RRS), Faridkot on integrated cotton mechanisation. Accordingly, a Memorandum of Understanding (MoU) was signed for the period April 2014 to February 2016 between the Department and other parties for implementation of the project in four districts[8] on 5,000 acres land. As per MoU, the Agriculture Department was required to arrange machineries (three mechanical cotton pickers and one cotton pre-cleaner and dryer) from its own resources for which Government of India approved (February 2015) action plan under Crop Diversification Programme for providing assistance of ₹ 2.11[9] crore for purchase of the machinery.

Scrutiny of records (December 2020 and September 2021) of the Department and other offices[10] showed that the Department had purchased (September and November 2014) three cotton pickers at a cost of ₹ 0.92 crore and one cotton cleaner and dryer for ₹ 1.13 crore. Cotton pickers were transferred (September 2014) to the RRS, Faridkot for research purposes and the cotton cleaner and dryer was installed (December 2014) at Market Committee, Malout.

Further, it was observed that during 2014-17, area covered under mechanical picking was meager as compared to mechanical farming[11]. PAU concluded (2014-15) that the cost of mechanical and manual picking was almost the same (₹ 5 per kg). It was observed that the farmers were willing to plant cotton crop using the High Density Planting System (HDPS) but reluctant to take up machine picking due to very high leftover losses and trash content as the plant growth retardants were not very effective for checking the plant height. No further research activities were carried out by the RRS and three pickers remained idle since September 2014.

The cotton cleaner/dryer was also under-utilised during 2014-17[12] due to very low coverage by mechanised picker and non-receipt of required cotton variety for cleaning. Also, the cleaner was not in working condition thereafter for want of repair.

Cotton cleaner/dryer lying idle in Malout Market Committee (9 September 2021)

Cotton picker lying idle in RRS, Faridkot (29 September 2021)

7 (i) Bathinda; (ii) Sri Muktsar Sahib; and (iii) Fazilka.

8 (i) Bathinda; (ii) Sri Muktsar Sahib; (iii) Fazilka; and (iv) Faridkot.

9 Three mechanical pickers- ₹ 0.96 crore and one cotton cleaner and dryer- ₹ 1.15 crore.

10 (i) Punjab Mandi Board (PMB); (ii) Punjab Agro Industries Corporation (PAIC); and (iii) Punjab Agricultural University (PAU).

11 2014-15-Sown area by the planter-1452 acre, area picked by the cotton picker-14.50 acre.
2015-16-Sown area by the planter-2218 acre, area picked by the picker-103.50 acre.
2016-17-Sown area by the planter-1452 acre, area picked by the picker-41 acre.

12 2014-15-08 Quintals; 2015-16- 26 Quintals and 2016-17- 08 Quintals.

While reviewing the progress of cotton mechanisation (April 2017), the Department admitted that there was no variety/hybrid variety of cotton suitable for mechanical picking. The Department decided (April 2017) to keep focus only on HDPS to improve the plant population for Kharif season 2017. The decision of the Department to continue only with HDPS after lapse of three years since implementation of the cotton mechanisation project indicated that the project was implemented in haste without ensuring research results of trial project, proper feasibility study and its economic viability.

The Department attributed (October 2021) the reason of less picking by the machines to height of the plants that remained a limiting factor and due to which the cotton picking was done manually and also stated (December 2021) that the cotton cleaner/dryer was not utilised due to non-receipt of desired cotton variety. The reply of the Department confirmed that the project was implemented without due diligence and even without obtaining research results of the trial project. Further, the decision of the Department (April 2017) not to go with mechanical picking and pre-cleaning from Kharif Season 2017 justifies the same. Thus, the Department implemented the project of cotton mechanisation without proper feasibility study which resulted in bad investment as the expenditure of ₹ 2.05 crore on purchase of the machinery remained idle. Further, the purpose of the entire project to increase the area under cotton cultivation has still not been achieved as area under cotton cultivation in the State has decreased from 4.21 lakh hectare in 2014-15 to 2.52 lakh hectare in 2020-21.

Recommendation: The Department should evaluate the actual results of research projects, involving new technologies prior to incurring of expenditure on any project.

The matter was referred to Government in September 2021; reply was awaited (November 2022).

COOPERATION DEPARTMENT

7.2 Suspected misappropriation of Pay and General Provident Fund

Failure of the Drawing and Disbursing officer and the Treasury Officer to exercise prescribed checks on the bills presented to treasury as required under the Punjab Financial Rules and Punjab Treasury Rules coupled with sharing of login details with the bill clerk, resulted into suspected fraudulent drawal and disbursement of pay, allowances and General Provident Fund amounting to ₹ 71.35 lakh.

Rules 2.2(ii) and 2.31(a) of Punjab Financial Rules (PFR), Volume-I provide that a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any overcharge, frauds and misappropriations. Therefore, he should acquaint himself with various financial checks which are required to be exercised for prompt detection of any attempt at defalcation and all the transactions should be entered in the cash book. Rule 13.29 of Punjab Civil Services Rules Volume-II provides that a retiring employee can be granted 90 *per cent* of the amount in credit in his General Provident Fund[13] (GPF) account without any reasons during 12 months before the date of the retirement.

Further, Department of Finance (FD), Government of Punjab, issued instructions (July 2020) regarding automation of updation of bank account details of employees through Integrated Human Resources Management System (i-HRMS) and Integrated Financial Management System (IFMS).

Test check of records (August 2021) of office of the Assistant Registrar, Cooperative Societies (ARCS), Jalalabad (West), Fazilka revealed that an amount of ₹ 31.06 lakh was drawn (February 2021) from GPF account[14] of an employee 'A' against a sanction order issued (January 2021) by the authority[15] concerned but the withdrawn amount was credited to the bank account of the employee responsible for preparation of bills (bill clerk). Audit promptly pursued the case (10 August 2021) with RCS, Punjab, Chandigarh to ascertain the authenticity of the sanction of GPF withdrawal. The RCS intimated on 12 August 2021 that the said sanction had not been issued by his office and it might have been issued under forged signature of the RCS. Audit also cross verified the office order of February 2021 issued by ARCS, Jalalabad and was found fake[16], and no application of GPF subscriber (employee A) for the withdrawal of 90 *per cent* was available in the record.

Further, Audit observed that three bills[17] of pay and arrears of two employees (employee 'A' and employee 'B') were drawn from the treasury during November 2020 to April 2021 and were got credited in the bank accounts of the same bill clerk[18] instead of the bank accounts of employees concerned[19]. During scrutiny of the records (December 2021), it was found that an amount of ₹ 35.54 lakh[20] was drawn (February 2020) in the name of another employee (Employee C who was posted in Jalalabad during 2014 and dismissed from

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13 GPF is provident fund account of a Government employee who invest a part of his salary for a certain period of time and avail the amount on maturity.

14 GPF account No. PBCOOPMIN878.

15 Registrar, Cooperative Society (RCS), Punjab (GPF account maintaining authority).

16 Endorsement number under which sanction was issued was marked in the despatch register to the District Manager, Central Co-operative Bank, Fazilka.

17 Arrear Bill dated 25.11.2020 of employee B for ₹ 3,57,643, Pay bill dated 03.03.2021, Pay bill dated 19.04.2021 of employee A for ₹ 1,17,706.

18 Arrear of ₹ 3,57,643 of employee B credited in AXIS bank account No.041534001001033 and Pay of employee 'A' ₹ 1,17,706 credited in AXIS bank account no.041534037100145 of the Bill clerk.

19 Bank account No. of Employee A (SBI 30742250534), Bank Account No. of Employee B (Punjab and Sind Bank 01431000044944).

20 ₹ 28.04 lakh: GPF and ₹ 7.50 lakh: Leave encashment.

services from Ferozepur) on the basis of another fake sanction and the withdrawn amount was credited in the bank accounts being operated by the bill clerk's mother.[21] Accordingly, the bill clerk got the GPF withdrawal/pay and allowances of ₹ 71.35 lakh[22] credited in his/his mother's bank accounts. Cash book for the period February 2020 to August 2021 was not maintained and also reconciliation of withdrawals was not conducted with the treasury's records.

On being pointed out in audit (August 2021 and December 2021), ARCS, Jalalabad replied that though no request for change/updation of bank account details was received from the employees, the bill clerk responsible for the preparation of bills changed the bank account number of the employees with his own/mother's Savings bank account numbers[23] without the verification/authenticity of DDO because right to make change/updation in the bank account details in i-HRMS software was registered with the mobile number of bill clerk. Further, as per latest reply (September 2022), it was communicated that chargesheet had been issued and was being examined by ARCS, Abohar but the bill clerk had not attended any departmental hearing till date.

The Treasury Officer (TO) Jalalabad stated (December 2021) that due to workload, the authenticity of sanction could not be verified at the time of making payment. Furthermore, the RCS, Punjab, Chandigarh intimated (September 2022) that chargesheet had been issued (March 2022) against the ARCS concerned and the matter had been taken up with the Finance Department, Government of Punjab to take due action against the officer/official concerned of the TO Jalalabad. Reply of Finance Department, Punjab was awaited (November 2022).

This entire scenario depicts weak internal control and system failure within the Department, as no authority has been able to exercise necessary checks. Further, the sanction of 90 *per cent* GPF withdrawal had various shortcomings[24], final payment of GPF of employee C was not required to be paid as the said employee was already dismissed from another office, details of bank accounts of the employees were frequently updated without their knowledge which eventually led to suspected misappropriation of ₹ 71.35 lakh. This amount is yet to be recovered from the bill clerk and he has not attended any departmental hearing till date. It altogether deprived the employee A from getting his own GPF amount of ₹ 7.36 lakh which he might

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21 Amount of ₹ 35.54 lakh of Employee C credited in Account of Bill clerk's mother Account (SBI 30198383902).

22 ₹ 59.10 lakh: GPF, ₹ 4.75 lakh: pay and arrears and ₹ 7.50 lakh: Leave encashment.

23 041534037100145, 041534001001033 of Fazilka Central Cooperative Bank Ltd. (Account Nos. of bill clerk) and 30198383902 of SBI Jalalabad (Account number of bill clerk's mother).

24 (i) Difference in basic pay between sanction and GPF bill of 90 *per cent* withdrawal; (ii) Remaining services of the employee A shown in sanction as 15 years; and (iii) Purpose was shown as 90 *per cent* withdrawal within six months.

have required for any unforeseen circumstances/exigencies. Such insensitive and unsympathetic behavior of the department resulted into harassment and inconvenience to his own employees. This case came to notice during test check of records of auditee unit and possibility of such cases cannot be denied in other auditee units of this department as well as other departments.

Recommendation: The Government/Department may impress upon all the concerned to ensure application of access controls, segregation of duties and other validation checks in i-HRMS and IFMS so as to ensure strict compliance to the *ibid* codal provisions to have a strong and reliable internal control mechanism with a view to prevent recurrence of such cases of suspected misappropriation of Government money. Further, the responsibility of delinquent officers/officials may be fixed for suspected drawal and disbursement of pay/allowances and General Provident Funds in *ibid* cases.

The matter was referred to Government in November 2021; reply was awaited (November 2022).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

7.3 Creation of infrastructure out of Central Road and Infrastructure Fund

The Department did not prepare core network of roads. The Department did not take any initiative towards road safety under Central Road and Infrastructure Fund. Delayed/non-submission of UCs to the Government of India led to non-release of ₹ 428.78 crore of the State's allocation by the Central Government. The State Government delayed release of funds to PWD resulting in payment of interest of ₹ 1.84 crore to the contractors. Delay in completion of the works led to payment of price escalation of ₹ 8.65 crore. State Quality Monitors were not appointed to monitor the works.

7.3.1 Introduction

Central Road Fund (CRF) was created under CRF Act, 2000 (renamed as Central Road and Infrastructure Fund (CRIF) w.e.f. 01 April 2018) for development and up-gradation of road network and improvement of road safety works. The Chief Engineer, National Highways (NH), PWD (B&R), Punjab (CE) is the technical head of the Department to accord technical sanctions of the works and overall monitoring of the projects sanctioned under CRIF. The works are executed by Public Works Divisions each headed by an Executive Engineer (EE).

Records of ten[25] Divisions of PWD which executed CRIF works in respect of 17 road works were examined in Audit. Six[26] out of these 17 roads were physically visited along with Department's representatives.

Audit findings

7.3.2 Planning

7.3.2.1 Non-preparation of core network

(i) Rule 4 read with Rule 5(2) (a) of Central Road Fund (State Roads) Rules, 2014 (Rules) *inter alia* provides that priority shall be given to take up the projects from the core network[27] only. Rule 5(2) of the Rules further provides that priority under CRIF shall be given to the road identified in the core network and the State Highways/Major District Roads/Other District Roads (ODR).

It was seen that no core network had been prepared. Further it was seen that a road[28] having length of 11.66 kms was got approved (November 2018) for ₹ 10.16 crore under Other District Roads category by Provincial Division, Sangrur and ₹ 8.57 crore were incurred on this road out of CRIF. Out of the approved length, 9.935 kms (85.20 *per cent*) were various streets[29] of Municipal Committee (MC), Bhawanigarh (Sangrur) which were not eligible for coverage under CRIF. The EE, Provincial Division, Sangrur stated (October 2021) that status of the road was upgraded to ODR by the Government. The reply is not convincing as the bunch of MC streets could not be treated as ODR as this road was not connecting the rural area to any MDR as per definition[30] of ODR.

7.3.2.2 Road Safety infrastructure in the State

(i) Rule 3 of Central Road Fund (State Roads) Amendment Rules, 2016 provides that out of the funds allocated for CRIF works, ten *per cent* funds

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25 (i) Construction Division No. 1, Amritsar; (ii) Construction Division No. 2, Amritsar; (iii) Provincial Division Amritsar; (iv) Central Works Division No 2, Amritsar; (v) Construction Division Nabha; (vi) Construction Division, Mukerian; (vii) Provincial Division, SBS Nagar; (viii) Provincial Division, Bathinda; (ix) Construction Division, Rupnagar; and (x) Provincial Division, Sangrur.

26 (i) Widening/Strengthening Barnala-Bajakhana Road (ii) Strengthening of Rurki chanarthal road (iii) Strengthening of Machhiwara-Rahon-Nawanshahr Road (iv) Improvement of Nurpurbedi Jhajj (Section Bainsa Nurpurbedi Jhajj (v) Widening/strengthening of Cheema to Jakhepa Ugraha Chhajla to Sunam Lehra road; and (vi) Strengthening and Raising of Gandhi Nagar to Bhalwan via Bhawanigarh Kakra, Gehlon, Sakroudi Rasulpur Channa.

27 Core network means the network comprising of selected State Highways, Major District Roads in the State which have the potential to be upgraded as National Highways.

28 Gandhi Nagar to Bhjalwan via Bhawanigarh kakrasa Kroudi, Gehlan, Rasulpur, Channa and Kheri Chandwan.

29 Khundawali Street, Along Ganda Nallah Street, Tailor street, Chakki Wali Street, Gurudwara street etc.

30 ODR is a road which is constructed to connect the rural area town centers to the Major District Roads of higher importance.

would be earmarked for road safety works[31] to be executed on State roads other than rural roads. For preparation and furnishing of proposals for road safety, GoP constituted (May 2017) a State Level Executive Committee (SLEC) under the chairmanship of Chief Engineer, PWD (B&R). Further, 391[32] black spots were identified[33] (September 2019) in 14 districts of the State.

Audit observed that despite constitution of SLEC and 64 out of 391 black spots on the roads eligible (SH/MDR/ODR) for funding under CRIF for road safety works, no proposal for road safety works was prepared. It was further observed that the number of accidents in the State increased from 6,273 in 2017 to 6,348 in 2019[34].

The Chief Engineer (NH) stated (November 2021) that no specific work of rectification of black spots was proposed by the field divisions and circle offices under the CRIF proposals. The reply is not acceptable as it was the SLEC under the chairmanship of the Chief Engineer, PWD (B&R) which was mandated to prepare and furnish proposals for road safety works and not the divisions or the circle offices, and that all the State roads other than rural roads were eligible for funding for road safety works.

(ii) It was also observed that the Department neither earmarked ₹ 46.35 crore (ten *per cent* of GoI's allocation of ₹ 463.48 crore during 2018-21 for road safety works) nor did they utilise ₹ 33.88 crore allocated by GoI in 2016-17. The Chief Engineer stated (November 2021) that funds under CRIF were provided only to the works sanctioned under the scheme by GoI. The reply is not acceptable as the funding for road safety works was not restricted to the works sanctioned under CRIF but all the State roads other than rural roads were eligible for such funding.

(iii) Audit observed that in eight works under six divisions ***(Appendix 7.1)*** of PWD, though road infrastructure items were allotted to the contractors but the same were not executed, thereby compromising the road safety.

Five EEs stated (August-November 2021) that compliance would be made whereas, the EE, Provincial Division, Sangrur stated (November 2021) that the work was executed as per site condition. The reply of EE Sangrur was not convincing as the work had been completed in September 2020 without executing the allotted road infrastructure items.

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31 The works on State roads for rectification of identified road accident spots based on road accident or fatality data or the works based on the recommendations of specialised bodies or expert committees set up for this purpose.

32 NH: 264, SH/ODR/MDR: 64, MC/Authority roads: 54, other roads: nine.

33 Under part-I of "Accident Black Spot identification & Rectification Programme on various Highways/Roads of Punjab-2019", a joint initiative of Punjab Police, Punjab PWD, Transport Department and a private firm covering all 22 districts of Punjab.

34 Data for the year 2020 was not available.

7.3.3 Financial Management

7.3.3.1 Non-release of funds by Central Government due to non-submission of utilisation certificates by the State

One third of the annual allocation for each State is placed at the disposal of concerned executive agency for utilisation against the sanctioned works and subsequent installments are released on the basis of progress of works, actual expenditure and submission of utilisation certificates (UCs).

Audit observed that ₹ 323.62 crore[35] (March 2018) were lying un-released with GoI out of previous years' allocations due to delay in submission of UCs to GoI by GoP. These un-released funds increased to ₹ 428.78 crore[36] in March 2021.

7.3.3.2 Delay in release of funds by the State to PWD caused extra burden of interest

A per Para 3(ix) of the criteria for allocation of funds for development of State roads under CRIF circulated by the Ministry of Road Transport and Highways' O.M. dated 31 January 2020, the State Government would release CRIF funds received from GoI to the executive agency viz. PWD every quarter within seven days of such release of funds by GoI.

Audit observed that in seven out of ten selected divisions, ₹ 118.30 crore (***Appendix 7.2)*** was released by the State Government to the executive agency after a delay ranging between one month and 11 months. Due to delay, ₹ 1.84 crore was paid as interest on contractors' bills in respect of three works under three divisions[37] (***Appendix 7.3***).

The CE stated (July 2021) that funds were immediately released to the divisions on receipt from the Finance Department. The Finance Department did not furnish any reply. With regard to payment of interest, the EEs stated (September-October 2021) that interest was paid as per the agreements with the contractors. The replies were not acceptable as the delay in release of central funds inflicted extra burden of interest of ₹ 1.84 crore.

7.3.3.3 Delayed/non-submission of utilisation certificates

Rule 8 (1)(b) of Rule 2014 provides that the executive agency would submit the UCs, quarterly progress report along with monthly expenditure report in prescribed proforma to Ministry of Road Transport and Highways.

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35 Against the approved projects of ₹ 557.60 crore (2016-17), ₹ 233.98 crore were released during 2016-18.

36 ₹ 999.44 crore (balance as on 31.3.2018: ₹ 323.62 crore *plus* cost of approved project during 2018-21: ₹ 675.82 crore) *minus* ₹ 570.66 crore (amount released by GoI).

37 (i) Construction Division, Rupnagar; ii) Construction Division, Mukerian; and iii) Provincial Division, SBS Nagar.

Audit observed (August to November 2021) that the executive agency submitted only nine UCs to GoI against the required 12 quarterly UCs during 2018-21 that too with delay ranging between 17 and 125 days.

Further, seven out of ten selected divisions submitted UCs to the CE for ₹ 107.73 crore against receipt of ₹ 130.89 crore[38] and that too with delay ranging between four and 68 months (***Appendix 7.4***). Two divisions did not submit UCs for ₹ 61.78 crore[39], whereas Construction Division No. 2, Amritsar did not furnish information. The responses of EEs and CE for delayed /non/short submission of UCs were awaited (November 2022).

7.3.4 Execution

7.3.4.1 Expenditure on works not covered under CRIF Rules

Rule 7 (2) of CRIF Rules, 2014 provides that only those identified works would be taken up for execution for which GoI has accorded administrative approval (AA) on the basis of details forwarded by the executive agencies. Rule 7(8) provides that revised estimate shall not be considered by GoI.

Audit noticed that three[40] divisions allotted three roads by adding 10.85 kms of length (***Appendix 7.5***) which was not part of the AA accorded by GoI and incurred ₹ 18.74 crore on this additional length. The EE, Construction Division, Rupnagar stated (October 2021) that the work was executed after obtaining approval from competent authority, whereas, two[41] EEs did not furnish specific reply. The reply of the EE, Rupnagar is not acceptable as the additional length of the road was not covered in the AA. Thus, expenditure of ₹ 18.74 crore incurred on additional length was not covered under CRIF Rules.

7.3.4.2 Irregular enhancement of works after award of tender

Paragraph 6.11 (vi) of PWD Manual of Orders provides for most careful preliminary investigation prior to the framing of a project so as to ensure that the estimate, as complete as possible, is made to avoid excesses over the original and to dispense with the necessity of revising the estimate. The Government of Punjab, Public Works Department instructed (August 2011) all the Chief Engineers/Superintending Engineers/Executive Engineers to ensure that no change in scope of work or specifications involving major increase in cost of the work is allowed after award of the tender.

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38 Four divisions submitted UCs of short amount by ₹ 23.16 crore-(i) Construction Division No. 1, Amritsar (₹ 15.10 crore); (ii) Central Works Division No. 2, Amritsar (₹ 3.09 crore); (iii) Provincial Division, Sangrur (₹ 3.53 crore); and (iv) Provincial Division, Amritsar (₹ 1.44 crore).

39 (i) Provincial Division, Bathinda (₹ 32.75 crore) and (ii) Provincial Division, SBS Nagar (₹ 29.03 crore).

40 (i) Construction Division, Rupnagar; (ii) Central Works Division No. 2, Amritsar; and (iii) Provincial Division, Sangrur.

41 (i) Central Works Division No. 2, Amritsar; (ii) Provincial Division, Sangrur.

Audit observed that in five (29 *per cent*) out of 17 selected works in five divisions, scope of the works was significantly (28 to 40 *per cent*) enhanced[42] (***Appendix 7.6)*** after allotment in contravention of Paragraph 6.11 (vi) and instructions of August 2011 of GoP which increased the cost of works by ₹ 36.09 crore. In another work of Provincial Division, Sangrur, individual items were increased from 46 to 655 *per cent* after allotment.

Three EEs[43] did not furnish specific replies whereas, three EEs[44] stated that the change in scope of work was approved by the competent authority. The replies were not acceptable as change in scope of work after award of the tenders was violative of the provisions *ibid* and indicated that the estimates submitted to GoI on the basis of which the works were got approved were not prepared after careful preliminary investigation.

7.3.4.3 Delay in completion/approval of works beyond the time period fixed in CRIF Rules

Rule 7(10) of CRIF Rules, 2014 provides that the period of completion of project should not exceed 24 months unless permitted by GoI. Para 6(5)(x) of the Rules further provides that the proposal of projects to GoI shall include a certificate regarding availability of the entire unencumbered land. Para 7(4) of the Rules provides that the executive agency shall ensure that individual project is technically/financially sanctioned within a period of four months from the date of approval of the work failing which the work would be deemed to have been de-sanctioned.

(i) Seventy five works were completed/in progress during 2018-2021. Audit observed that there were delays ranging between eight and 54 months in 62 out of 75 works. Out of 62, only 37 works were completed that too with delays ranging between eight and 47 months beyond the stipulated date of completion. Out of these 37 works, 22 were delayed beyond 24 months in disregard to Rule 7(10) of CRIF Rules**,** 2014. Without approval of extension of time beyond 24 months by GoI, the expenditure of ₹ 434.51 crore incurred from CRIF was irregular (***Appendix 7.7****)*.

(ii) The delay was noticed in five selected works (***Appendix 7.8***) due to non-providing of encumbrance free site to the contractor. Resultantly, price adjustment of ₹ 8.65 crore was paid to the contractors.

(iii) Due to delay in execution of works, secured advance of ₹ 8.47 crore paid to the contractors by four divisions (***Appendix 7.9***) during

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42 Increase of carriageway width, increase in quantity of embankments, Granular Sub-base, Water Mix Macadam, Dense Grade Bituminous Macadam, Bituminous Concrete, etc.

43 (i) Construction Division No. 2, Amritsar; (ii) Central Works Division No. 2, Amritsar; and (iii) Provincial Division, Amritsar.

44 (i) Construction Division No. 1, Amritsar; (ii) Provincial Division, Sangrur; and (iii) Provincial Division, SBS Nagar.

December 2016 to September 2020, the Department could recover (November 2021) ₹ 3.84 crore only, leaving ₹ 4.63 crore unrecovered resulting in blocking of CRIF funds for periods ranging between 23 and 59 months.

(iv) The Department had incurred ₹ 321.29 crore (as of November 2021) on 45 works (***Appendix 7.10***) for which technical sanctions were not accorded by the competent authority within the stipulated period of four months. Six out of these 45 works had not been technically sanctioned as of November 2021 and the Department had incurred ₹ 25.50 crore on these works (***Appendix 7.10 (Sr. Nos. 40 to 45)***). As per CRIF Rules, all these 45 works stood de-sanctioned, thus, expenditure of ₹ 321.29 crore was irregular.

The EEs stated (August - November 2021) that the delay was due to shortage of funds and delay in providing hindrance free land to the contractors. The reply was not acceptable as the Department was required to ensure hindrance free site at the time of sending proposal to GoI. The CE stated (November 2021) that the works were delayed due to administrative reasons and COVID-19. The reply of the CE was not acceptable because 22 works pertaining to 2016-17 were also delayed which pertained to the period prior to COVID-19. With regard to payment of price adjustment, it was stated that price adjustment was paid as per the agreement with the contractors. The reply was not acceptable as the price escalation had to be paid due to delay in completion of the works which in turn was attributed to non-providing of hindrance free site.

7.3.4.4 Non-prioritisation of bridges

Rule 5(2) (a) of the Rules, 2014 provides that while identifying the schemes on the selected stretch, priority should be given to construction of bridges.

Audit noticed that four roads were widened from 3.05/7.00 to 10.00/5.50/5.00 metre after incurring ₹ 105.93 crore out of CRIF (***Appendix 7.11***). However, the Department did not propose widening of narrow bridges falling on these roads to ensure safety of commuters as required under the rule *ibid*.

Two EEs[45] admitted (September and October 2021) that the proposal for widening of bridges would be made in future. The replies were not acceptable as priority was not given to bridges in the selected roads as required. Response of other two EEs[46] was awaited.

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[45] (i) Construction Division, Mukerian; and (ii) Construction Division, Rupnagar.

[46] (i) Construction Division, Nabha; and (ii) Provincial Division, Sangrur.

7.3.4.5 Non/short obtaining of performance security

Performance security of ₹ 1.05 crore was not obtained from the contractor of the work of widening of Amritsar –Sohian –Fatehgarh Churian Road kms 7.00 to 26.68 as required under clause 34.1 of the agreement with the contractor. Whereas in two other cases[47], performance security of ₹ 1.52 crore was not re-validated (as of November 2021) after expiry thereof in June 2019 and June 2020. The EEs accepted the audit observation (August - November 2021) and stated that requisite action would be taken shortly.

Thus, the EEs had not safeguarded the interest of the State as purpose of the performance security is to ensure rectification of defects during the defect liability period.

7.3.5 Monitoring and Quality Control Mechanism

7.3.5.1 Physical visit of roads

Out of 17 selected roads, Audit physically visited six roads[48] falling in five divisions and noticed the following deficiencies:

(i) Up-gradation work of Gandhi Nagar to Bhalwan via Bhawanigarh Kakra Sakraudi, Gehlan Rasulpur, Channa and Kheri Chadwan in Sangrur was done in various streets of Bhawanigarh town with interlocking tiles and it runs through the local market and streets. At some reaches, stone metal was scattered and potholes were also visible in some stretches of the road.

(ii) A major road cut was seen (November 2021) at RD 1.500 km of the newly constructed Cheema to Jakhepal to Ugrahan, Chhajla to Sunam-Lehra road in Sangrur district. The road at RD 1.500 km was covered with earth, mud and stones which reduced the width of the road. The sewers in the center of the road had taken shape of potholes which could cause accidents.

(iii) The work upto Dense Graded Bituminous Macadam (DGBM) was completed (November 2019) on Baranala–Bajakhana Road in Bathinda on 27.77 Km[49] length of the road about two years ago but Bituminous Concrete (BC) was laid only on the length of 6.100 Km. Non-covering of 21.67 kms length of the road with BC caused potholes/undulation and hampering smooth riding.

(iv) At RD 40.00 of Machhiwara-Rahon–SBS Nagar road, a longitudinal cut in a length of about 1,400 metre was made (June 2020) by Punjab Water Supply and Sewerage Board (PWSSB) to construct a Sewerage Treatment Plant without prior permission of PWD which was hampering riding quality of the road. The EE, Provincial Division, SBS Nagar took up (July 2020) the

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47 (i) Widening and strengthening of Barnala-Bajakhana Road Widening - ₹ 0.96 crore; and (ii) Widening and strengthening of Mukerian-Talwara-Mubarakpur Road - ₹ 0.56 crore.

48 Selected on random basis.

49 From RD 29.29 km to 58.26 km except RD 32.60 to 33.80 km.

matter with PWSSB for payment for restoration of the damaged road and stated (October 2021) that repair of the road would be done shortly and had received partial funds of ₹ 20 lakh from PWSSB.

(v) From RD 6.000 to 6.400 kms of Rurki to Chanarthal, Nabha interlocking tiles of 80 mm thickness were laid over 150 mm thick layer 'water mix macadam' in full width though the work was allotted with the provision of laying of 'bituminous concrete' which was laid from RD 6.400. Since cement concrete and bituminous layer had no bonding, there was a vertical road line visible at this RD.

(vi) Longitudinal cracks at RD 28.840 kms were found on Nurpur Bedi Jhajj section Bainsa to Nurpur Bedi road in district Rupnagar. Further, between RD 19.930-19.975 kms, the road was constructed with interlocking tiles in width of three meters instead of constructing the road with 'bituminous concrete'. Further, at some reaches, the road was widened upto a width of seven meter and not 10 meter as allotted to the contractors.

7.3.5.2 Non-devising of Quality Assurance system

Para 7(13) of Rule 2014 provides for making a provision of one *per cent* in the estimate for meeting the cost of devising a mechanism of Quality Assurance System (QAS), monitoring of the works by a State Quality Monitor (SQM) and training of the State's officials in quality awareness by the executing agency.

Audit noticed (August-November 2021) that in all the selected works though the executive agency had made a provision of one *per cent* for said purpose but no SQM was appointed as required.

The EEs accepted the facts and assured to take necessary action in future. The Chief Engineer stated (August 2021) that the condition for monitoring of work by SQM was mentioned only in the "in-principal approval" accorded by the Ministry and that there was no such condition in the approval note. The reply of CE was not acceptable as CRIF Rules categorically provide for monitoring of the works by SQM.

7.3.5.3 Non-submission of completion certificates

Audit observed that though 37 works pertaining to 2016-17 and 2018-19 projects were completed during 2018-21 but completion certificates were not submitted to GoI as required under Rule 10(5) of the Rules.

The CE stated (November 2021) that completion of the works was submitted to GoI through progress reports. The reply was not acceptable as progress reports were different from completion certificates and both were required to be submitted separately.

7.3.6 Conclusion

The Department did not prepare core network of roads. The Department did not take any initiative towards road safety under CRIF. Delayed/ non-submission of UCs to the Government of India led to non-release of ₹ 428.78 crore of the State's allocation by the Central Government. The State Government delayed release of funds to PWD resulting in payment of interest of ₹ 1.84 crore to the contractors. Delay in completion of the works led to payment of price escalation of ₹ 8.65 crore. State Quality Monitors were not appointed to monitor the works.

7.3.7 Recommendations

The Government/Department may ensure:

- *preparation of the core network of roads and rectification of identified black spots;*
- *availability of encumbrance free sites at the time of submission of proposal under CRIF so as to avoid delay in completion of works and consequent payment of price escalation;*
- *to prepare a complete estimate after careful preliminary investigations to avoid post tender changes; and*
- *appointment of State Quality Monitors to monitor the quality of works as provided in the Rules.*

The matter was referred to Government in January 2022; reply was awaited (November 2022).

TECHNICAL EDUCATION AND INDUSTRIAL TRAINING DEPARTMENT

7.4 Idle expenditure on non-functional building of Industrial Training Institute

Improper planning on the part of the Department in constructing new building to run hospitality courses at Kharar without conducting any feasibility study in the region, resulted into non-utilisation of the newly constructed building for more than 10 years since its completion, rendering the expenditure of ₹ 1.57 crore incurred thereon as idle.

The Ministry of Tourism, Government of India (GoI) sanctioned (February 2009) grant-in-aid of ₹ 2.00 crore to the Tourism Department, Government of Punjab (GoP) for introducing hospitality courses[50] in the Government Industrial Training Institute, Kharar. Out of the sanctioned

[50] (i) Food and Beverages (Steward); (ii) Food Production; (iii) Front Office; and (iv) Housekeeping.

amount of ₹ 2.00 crore, ₹ 1.00 crore was to be incurred towards improvements, alterations and modifications of the existing physical infrastructure; and the balance ₹ 1.00 crore for purchase of heavy and small equipment, furniture and fixtures. The GoI released (2008-2015) ₹ 1.80 crore[51], which was transferred to the Department of Technical Education and Industrial Training, GoP (Department) between May 2009 and March 2015 for the purpose.

Test-check (March 2021) of records for the period September 2015-January 2021 in respect of the Government Industrial Training Institute (Women) (ITI-W), Kharar, revealed that the Department entrusted (March 2009) to the Punjab Urban Development Authority (PUDA) the work of construction of new ITI building at village Radiala, Kharar on the land donated by the village panchayat of Radiala (instead of improvements and alterations/modifications of the existing physical infrastructure). Accordingly, the work of construction of ITI building was awarded in January 2010, which was completed in May 2011 at a cost of ₹ 1.57 crore[52] and the Headmistress, ITI-W, Kharar took the possession of the building in March 2012. Further, due to delay in finalisation of tenders, the Department spent (February-November 2016) ₹ 0.70 crore on procurement of equipment, furniture and fixtures required for the hospitality courses and on other miscellaneous expenses[53]. However, considering the smaller scope and popularity of the hospitality courses in Kharar, the equipment, furniture and fixtures amounting to ₹ 0.41 crore were transferred (August 2016) to the Government ITI (Ranjit Avenue), Amritsar, where these courses were being conducted successfully.

Audit observed that in the meantime, the Department had decided (August 2013) to shift the existing ITI-W to the newly constructed building. But, despite having possession of the completed building, the existing ITI-W, Kharar was not shifted to the new location due to safety concerns of the girl students, as the building

Non-functional newly constructed building of Government ITI, Kharar (24 January 2022)

51 ₹ 0.05 crore in February 2009 and ₹ 0.95 crore in March 2010 for civil works; and ₹ 0.80 crore during 2014-15 for equipment, furniture and fixtures.

52 ₹ 1.00 crore from the funds provided by the Ministry of Tourism, GoI; ₹ 0.40 crore diverted from another GoI scheme for Upgradation of Government ITIs in the State into Centres of Excellence through Public Private Partnership; and remaining ₹ 0.17 crore from State budget.

53 Advertisement charges; transportation charges, head office expenses, etc.

had been constructed at an isolated place having negligible transport facilities, as per the Headmistress, ITI-W and the village panchayat of Radiala. Further, a private company approached (February 2018) the ITI-W/Department to utilise this building by running other technical/skill development courses[54] free of cost in collaboration with the Punjab Skill Development Mission. But the deal could not mature and the company ultimately expressed its inability to commence the skill centre in the said building (September 2021).

Thus, improper planning on the part of the Department in constructing new building to run hospitality courses at Kharar without conducting any feasibility study in the region, resulted into non-utilisation of the newly constructed building for more than 10 years of its completion (March 2022), rendering the expenditure of ₹ 1.57 crore incurred thereon as idle.

Giving the reasons for non-utilisation of the said building, the Department stated (March 2022) that the related records were shifted to the Punjab Skill Development Mission and the matter was under consideration with them. Further reply of the Department was awaited (November 2022).

Recommendation: The State Government may make strenuous efforts for optimal utilisation of the newly constructed building at Kharar; and ensure conducting proper feasibility study on relevance prior to commencing works of new constructions in future, with a view to prevent recurrence of such cases of non-utilisation of newly constructed buildings.

The matter was referred to Government in February 2022; reply was awaited (November 2022).

7.5 Unjustified expenditure on purchase of desks/chairs in excess of immediate requirement

Procurement of 2,268 two-seater desks/chairs in excess of immediate requirement, even before completion of civil work of the polytechnic buildings, in contravention of the Punjab Financial Rules, rendered the expenditure of ₹ 1.39 crore thereon unjustified.

Rule 15.2(b) of the Punjab Financial Rules (Volume-I) provides that purchases must be made in the most economical manner; in accordance with the definite requirements of the public service. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchases are likely to prove unprofitable to Government.

With a view to stimulate the growth of polytechnics in the country, Ministry of Human Resource Development (MHRD), Government of India (GoI)

[54] Tractor Mechanic; Tractor Assembly; Automobile Painting; Machine shop training; and Two-wheeler and Three-wheeler repair (3 months each).

launched (2009-10) a Scheme – 'Sub-mission on Polytechnics' under the coordinated action for skill development and decided to set up new polytechnics in unserved and underserved districts of India. Under the Scheme, one-time financial assistance was to be provided to the State Governments, limited to ₹ 12.30 crore per polytechnic, to meet the non-recurring costs (Civil Works: ₹ 8.00 crore and Machinery and Equipment (M&E): ₹ 4.30 crore). The State Government was to provide land required as per All India Council for Technical Education (AICTE) norms, free of cost; to meet any additional requirement of non-recurring expenditure; and also bear all the recurring expenditure of the polytechnics.

Test-check of records (January 2017) of the Director, Technical Education and Industrial Training, Punjab (Department) and subsequent information collected up to June 2021 revealed that seven districts[55] were identified (July and September 2009) in the State of Punjab for setting up of new polytechnics under the Scheme. Accordingly, GoI released Central assistance of ₹ 70 crore (₹ 56 crore for civil works and ₹ 14 crore for M&E) between July 2009 and June 2011[56], leaving a balance of ₹ 16.10 crore for the purpose.

The Chief Engineer (Buildings), Public Works Department, Punjab worked out (November-December 2009) the estimated cost of civil works for all seven polytechnics at ₹ 130.41 crore (₹ 18.63 crore per polytechnic) for construction of four storeys of main building and workshop, to meet AICTE norms. However, the Department commenced (January-February 2010) with the construction work of single-storey (with foundation for additional three storeys) and the workshop for seven polytechnics with the available funds of ₹ 56.00 crore (i.e. ₹ 8.00 crore per polytechnic), which was completed by the year 2013-14 at a cost of ₹ 59.43 crore[57].

In the meantime, the Department notified (November 2011) five courses with annual intake of 60 students per course per polytechnic. However, AICTE, taking into account the available infrastructure, approved (November 2012) only two courses with annual intake of 60 students per course per polytechnic with effect from session 2012-13, initially in mentor institutes (second shift) for two years, and thereafter, in newly constructed polytechnics. The requirement of funds for the civil works of remaining storeys escalated to ₹ 115.29 crore by October 2015 due to time overrun. However, the polytechnics remained incomplete (May 2022) for want of additional funds

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55 (i) Barnala; (ii) Faridkot; (iii) Fatehgarh Sahib; (iv) Kapurthala; (v) Mansa; (vi) Sri Muktsar Sahib; and (vii) Nawanshahr (SBS Nagar).

56 2009-10: ₹ 14 crore; 2010-11: ₹ 35 crore; and 2011-12: ₹ 21 crore.

57 GoI: ₹ 56.00 crore; State Government: ₹ 2.45 crore (₹ 1.00 crore in 2015-16 and ₹ 1.45 crore in 2019-20); and Punjab State Board of Technical Education and Industrial Training: ₹ 0.98 crore during 2015-16 for making pending payments in connection with construction of the polytechnics.

from GoP and the polytechnics continued to run two[58] courses with annual sanctioned intake of 15-60 students per course from the partially constructed buildings. Further, observing the construction not being done as per AICTE norms and not providing the undertaking by the State/Department regarding further construction of polytechnics, GoI did not release balance funds of ₹ 16.10. crore[59]; rather asked (November 2016) the Department to refund the already released Central assistance of ₹ 70.00 crore along with interest, if any. Subsequent action of the Department was awaited (November 2022).

Knowing the fact that without completion of civil works as per AICTE norms, the polytechnics cannot run to full capacity (five courses with annual intake of 60 students) and without obtaining even the assurance of the Finance Department to provide adequate funds for completion of civil works, the Department had placed (March 2014) supply order for supply of 3,780 two-seater desks/chairs at a cost of ₹ 2.31 crore against maximum requirement of 1,512 two-seater desks/chairs[60]. The ordered desks/chairs were received (March-April 2014) by each of seven polytechnics at the rate of 540 two-seaters. However, the excess number of 2,268 desks/chairs costing ₹ 1.39 crore were either lying idle or being used for unintended purposes in seven polytechnics for more than eight years (May 2022); condition of which would deteriorate with the passage of time.

The Deputy Director stated (March 2022) that the dual desks were being utilised for the intended purpose i.e. seating students for classes and examination hall. It was added that in Government Polytechnic College, Bareta (Mansa) where admissions were far less than the sanctioned intake, 200 desks were shifted to Government Polytechnic, Bathinda for optimum utilisation. The reply of the Department was not acceptable as Audit did not find any separate examination hall in seven polytechnics and the examination was being conducted in the classrooms itself. Further, the information on utilisation of desk/chairs provided (April 2022) by the polytechnics was vague and the Government Polytechnic College, Bathinda where 200 desks were shifted was not part of the Scheme *ibid*. It was further noticed that even the sanctioned desks/chairs capacity was not being utilised fully, as on an average, 6-56 students[61] were admitted in two courses in these polytechnics during the three years' period (2019-2022).

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[58] Though the Government Polytechnic Colleges (GPC) at Kotkapura (Faridkot) and Fatuhi Khera (Sri Muktsar Sahib) got approval for four and five courses respectively during 2013-14, only 0-7 students were admitted in four courses at GPC, Kotkapura; and in case of GPC, Fatuhi Khera, only two courses could be run due to lack of infrastructure.

[59] ₹ 86.10 crore (@ ₹ 12.30 crore per polytechnic) minus ₹ 70.00 crore released by GoI.

[60] Maximum intake of 144 students at the rate of 60+12 students per course (additional 20% admission of sanctioned seats was done under Lateral Entry Entrance Test Scheme) for three years =432 students per polytechnic. For seven polytechnic = (432 x 7)/2 = 1,512 two-seater desks/chairs.

[61] Badbar, Barnala: (33-56 students); (ii) Kotkapura, Faridkot (14-41 students); (iii) Ranwan, Fatehgarh Sahib (23-47 students); (iv) Begowal, Kapurthala (9-22 students); (v) Bareta, Mansa (6-21 students); (vi) Fatuhi Khera, Sri Muktsar Sahib (12-19 students); and (vii) Behram, SBS Nagar (15-21 students).

Thus, 2,268 two-seater desks/chairs were procured in excess of immediate requirement, even before completion of civil works of the polytechnic buildings, in contravention of the codal provisions *ibid,* thereby rendering the expenditure of ₹ 1.39 crore thereon unjustified.

Recommendation: The State Government may consider providing adequate funds to complete the remaining civil works of the polytechnic buildings to run requisite courses and to utilise the excess number of two-seater desks/chairs optimally, besides adhering to the codal provisions for not procuring stores much in advance of actual requirement.

The matter was referred to Government in June 2020; reply was awaited (November 2022).

7.6 Suspected misappropriation of Government money

Failure of Drawing and Disbursing Officer to observe codal provisions thereby compromising the internal control mechanism, facilitated suspected misappropriation of Government money amounting to ₹ 2.58 lakh. The amount was deposited in the Government account by the official concerned after being pointed out by Audit.

Rule 2.2 read with Rule 2.4 of Punjab Financial Rules (PFR), Volume-I provides that head of the office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book, and initial it as correct. At the close of the day while signing the cash book, the head of the office should see that the departmental receipts collected during the day, the utilisation of which towards expenditure is strictly prohibited under the Punjab Treasury Rules, are credited into the treasury on the same day or on the morning of the next day at the latest. When Government money in the custody of a Government officer are paid into the Treasury or the Bank, the head of the office making such payments should compare the Treasury Officer's or the Bank's Receipt on the challan or his pass book with the entry in the cash book before attesting it, and satisfy himself that the amounts have been actually credited into the Treasury or the Bank. By the 15th of every month, he should obtain from the Treasury a consolidated receipt for all remittances made during the previous month, which should be compared with the postings in the cash book.

Audit of records for the period July 2013 to July 2021 of the Principal, Government Polytechnic College for Girls, Jalandhar (College) revealed (August 2021) that the College deposited (July 2013-July 2021) receipts amounting to ₹ 8.16 crore on account of tuition fees, fines, rent, interest accrued in Savings Bank account[62], etc. into Government account. During examination of cash book, records relating to receipts, list of deposits/remittances of the College with the Consolidated Treasury Receipts (CTR) statement, it was noticed that an amount of ₹ 2,56,300/- on account of tuition fees collected (9 January 2018 - 22 January 2018) from the students, though shown in the cash book as deposited into Government account on 24 January 2018, was actually not found deposited in Government treasury, as per the CTR. Further, receipts on account of room rent amounting to ₹ 3,600/- collected on 01 August 2017 though was taken into the cash book, was actually accounted for ₹ 2,400/-, thereby resulting into short deposit of ₹ 1,200/- into Government account. The Principal of the College, holding the charge of Drawing and Disbursing Officer (DDO), while signing the cash book neither ensured credit of all Government receipts into Government account nor did he make proper reconciliation of the amounts entered in the cash book with records of the treasury.

On this being pointed out (16 August 2021) in audit, the Principal stated (September 2021) that the due amount (₹ 2,57,500/-) had been deposited (17 August 2021) into Government account by the then Cashier of his own and the matter had been brought to the notice of higher authority. Further action/reply of the Department was awaited (November 2022).

Thus, failure of the DDO to adhere to codal provisions, *ibid*, thereby compromising the internal control mechanism, facilitated suspected misappropriation of Government money amounting to ₹ 2.58 lakh, though the due amount had been recovered from the official concerned after being pointed out by Audit.

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

The matter was referred to Government in November 2021; reply was awaited (November 2022).

[62] Savings Bank (SB) Account No. 31493428240 in the State Bank of India, Jalandhar being operated in the name of the Principal, Government Polytechnic College for Girls, Jalandhar in respect of Government of India Scheme of Community Development through Polytechnics. The receipts were being realised in cash and deposited in the SB Account prior to their remittance into Government account.

WATER RESOURCES DEPARTMENT

7.7 Idle expenditure

Failure of the Department to settle inevitable liability of electricity dues and providing hindrance-free site resulted into denial of irrigation facilities to 2,183 hectares of land due to unutilised/remaining incomplete works of distributaries and distribution system. The expenditure of ₹ 29.07 crore incurred on the works remained idle as beneficiaries were deprived of the irrigation facilities.

Para 2.92 of the Public Works Department (PWD) Code provides that no work should be commenced on a land which has not been duly made over by the responsible civil officer. As per Clause 22 of agreements executed by the Water Resources Department (Department) with contractors, it is incumbent upon the Department to hand over possession of encumbrance free site to the contractors to enable them to execute the work. Further, para 2.10(b)(3) of Punjab Financial Rules states that all charges incurred are drawn and paid at once and are not held up for want of funds and allowed to stand over to be paid from the grant of another year. Money indisputably payable should not, as far as possible, be left unpaid and that all inevitable payments are ascertained and liquidated at the earliest possible date.

The Chief Engineer, Kandi Area Development, Water Resources Department, Punjab, technically sanctioned four estimates[63] of ₹ 28.33 crore between November 2010 and April 2016 for construction of two distributaries[64] on Naru Nangal[65] Lift Irrigation Scheme (LIS)[66] by laying underground pipelines (underground distributaries) and distribution systems[67] of these distributaries with an objective to provide irrigation facility to 2,183 hectares of land of 21 villages falling under Kandi area[68] of two districts[69]. For construction of distributaries, Asbestos Cement pressure pipes (AC pipes) were to be provided by the Department. These estimates were revised (between June 2012 and

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63 (i) Construction of Naru Nangal distributary off taking RD 1925 -₹ 8.96 crore in November 2010; (ii) Construction of Naru Nangal distributary off taking RD 3197 -₹ 12.56 crore in March 2011; (iii) Construction of distribution system at RD 1925-₹ 2.66 crore in April 2016; and (iv) Construction of distribution system at RD 3197 -₹ 4.15 crore in April 2015.

64 RD 1925 and 3197.

65 Naru Nangal is a distributary that takes off from RD 65693 Meter/Left side of Kandi Canal stage-II.

66 Lift irrigation is a method of irrigation in which water is not transported by natural flow (as in gravity-fed canal) but is lifted with pumps or surge pools, etc.

67 The systems were to be used for supplying the water of distributaries to the farmers.

68 The sub-mountainous or semi-hilly area near the Shivalik foothills is locally called as Kandi area.

69 Hoshiarpur and SBS Nagar.

November 2016) from ₹ 28.33 crore to ₹ 31.26 crore[70] due to higher tender rates, variation in quantity of AC pipes to be laid and site conditions.

Audit observed (March 2020) from the records maintained in the office of the Executive Engineer, Investigation Division (IB), Hoshiarpur (EE) that tenders were floated (July 2012) for the works of construction of underground distributaries and EE awarded (December 2012) the works to contractor 'A' at a cost of ₹ 2.31 crore[71] which were due to be completed in April 2013. The works of underground distributaries were completed (March 2016) at a cost of ₹ 21.98 crore[72] with a delay of three years due to delay in obtaining clearances from the Forest Department and the PWD and non-availability of land due to standing crops of farmer.

Further, EE also awarded the works of two distribution systems[73] of the above distributaries to another contractor 'B' (October 2015 and May 2016) at a cost of ₹ 8.40 crore[74] which were due to be completed in July and August 2016 respectively. The distribution system at RD 3197 was completed by the contractor 'B' (October 2016) and payment of ₹ 4.22 crore was made there against. However, the distribution system at RD 1925 was completed to the extent of 85 *per cent* only after incurring ₹ 2.87 crore (February 2017). The work was not completed due to standing crops in the field and therefore the scheduled date of completion was extended upto June 2017 without imposing any liquidity damages as the delay was attributed to the Department.

Meanwhile, a criminal proceeding was initiated, and FIR was lodged (August 2017) by Vigilance Bureau, Punjab against the contractor 'B' due to complaints regarding transparency in tender process, escalating prices, etc. The contractor surrendered (December 2017) before investigating agency and remained in judicial custody till May 2019. The Superintending Engineer, Kandi Canal Circle, Hoshiarpur (SE) terminated (April 2019) the contract of distribution system at RD 1925 as a fundamental breach of agreement[75]. Against the termination order, contractor 'B' filed appeal (December 2019) before the Disputes Resolution Mechanism (DRM)-cum-SE. The DRM set aside (February 2020) the termination order and advised the Department to

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[70] (i) Construction of Naru Nangal distributary off taking RD 1925-₹ 9.39 crore in June 2012; (ii) Construction of Naru Nangal distributary off taking RD 3197-₹ 13.01 crore in June 2012; (iii) Construction of distribution system at RD 1925-₹ 3.46 crore in November 2016; and (iv) Construction of distribution system at RD 3197-₹ 5.40 crore.

[71] RD 1925 M of stage-I of ₹ 1.13 crore and 3197 of stage-II of ₹ 1.18 crore.

[72] (A) Contractor payment-₹ 2.38 crore (B) Cost of AC pipes consumed-₹ 19.60 crore.

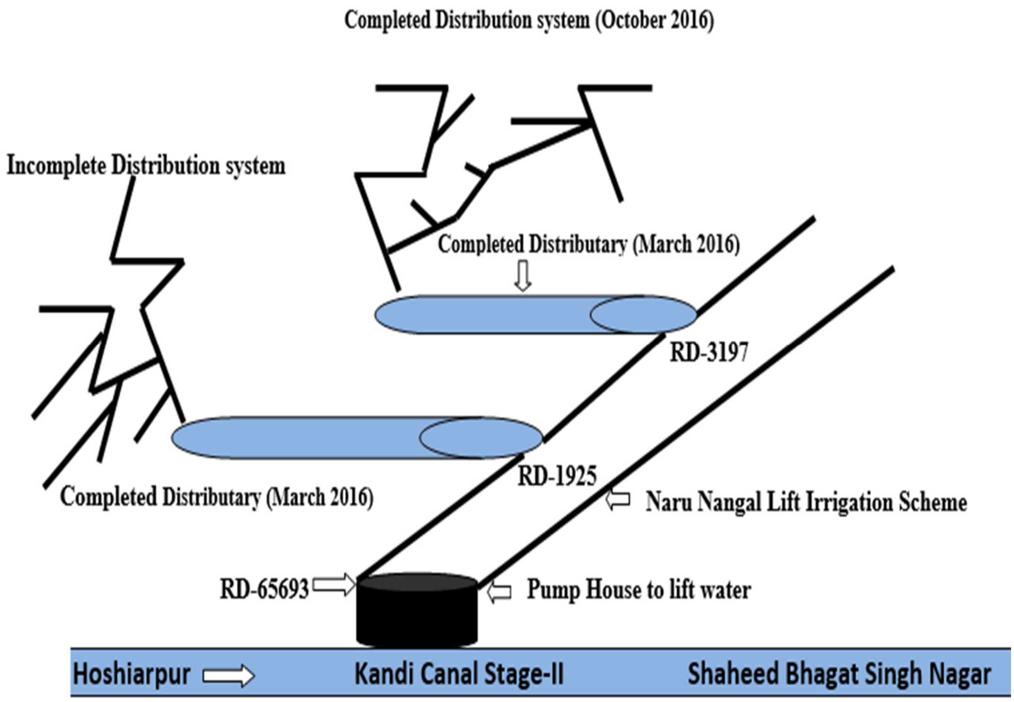
[73] (i) for Distributary of RD 1925; and (ii) for Distributary of RD 3197.

[74] RD 1925: ₹ 3.26 crore (May 2016) - to be completed within 90 days; and RD 3197: ₹ 5.14 crore (October 2015) - to be completed within 300 days.

[75] Clause 55 of the agreement.

approve time extension, make available the hindrance free land for the execution of the balance work, testing of system and rectifying defects and deficiencies. The Department again failed to provide hindrance free site even on revival of the contract and therefore time extension was allowed up to 28 February 2021. The work of distribution system at RD 1925 remained incomplete with physical progress of 85 *per cent* (September 2021) and the contract was not extended (November 2021) after February 2021.

It was further noticed that despite completion of three works[76] (up to October 2016) of Naru Nangal LIS, the Department failed to get the pipelines tested for releasing water till September 2021 due to non-availability of power supply as the Punjab State Power Corporation Limited (PSPCL) discontinued power supply (July 2017) due to pendency of electricity bills amounting to ₹ 0.83 crore (September 2021) and non-completion of distribution system at RD 1925. A diagrammatic representation of completed/not completed works is shown below:



The EE replied (September 2021) that testing of pipelines was not done as the electricity supply was stopped by PSPCL due to pending dues and the matter was taken up (between February 2019 and August 2020) with higher authority but no funds were provided to settle the liability of electricity dues and reply regarding non-completion of distribution system at RD 1925 was not provided. Further, it was also replied (May 2022) by EE that despite

[76] (i) Underground Distributary at RD 1925 (ii) Underground Distributary at RD 3197 and (iii) Distribution system of Distributary-RD 3197.

completion of Distributary and distribution system at RD 3197, the site was not handed over by the contractor and Department was not in a position to conduct testing of pipes. Reply of the Department was not acceptable as it failed to get the pipes tested for releasing water even after a lapse of five years from the date of completion of three works and also failed to get completed the remaining work of distribution system at RD 1925 due to non-providing of hindrance free site to the contractor.

Thus, failure of the Department to settle inevitable liability of electricity dues and providing hindrance free site resulted into denial of irrigation facility to the 2,183 hectares of land due to unutilised/remaining incomplete works of distributaries and distribution system (as depicted in diagram above). Therefore, the expenditure of ₹ 29.07 crore[77] incurred on the works remained idle as beneficiaries were deprived of irrigation facilities.

Recommendation: The Department should ensure the availability of hindrance free site before start of work and settle inevitable liability for smooth completion of project and to avail intended benefit.

The matter was referred to Government in March 2021; reply was awaited (November 2022).

WATER RESOURCES AND FINANCE DEPARTMENTS

7.8 Avoidable payment of interest and compensation

The Department allotted the work prior to settlement of interstate dispute and inflicted burden of ₹ 32.87 crore on the State exchequer on account of payment of compensation to the contractor for idle wages of men and idle charges of machinery during the period of stoppage of work. The delay in payment of contractor's bills beyond the stipulated dates and injudicious levy and recovery of liquidated damages and thereafter delayed refund thereof led to avoidable payment of interest of ₹ 4.08 crore which included excess payment of interest of ₹ 7.51 lakh made against the provision of agreement.

Para 2.92 of Public Works Department (PWD) Code provides that no work should be commenced on a land which has not been duly made over by the responsible civil officer. Rule 2.10 (b) (3) of Punjab Financial Rules (PFR) provides that money indisputably payable should not, as far as possible, be left unpaid; and that all inevitable payments are ascertained and liquidated at the

[77] (i) Distributaries at RD 3197 and RD 1925: ₹ 21.98 crore (works completed); (ii) Distribution system of RD 3197: ₹ 4.22 crore (work completed); and (iii) Distribution system of RD 1925: ₹ 2.87 crore (work not completed).

earliest possible date. As per clauses 42 and 43.1 of the agreement[78], the Engineer shall check the monthly statements of contractor within 14 days and decide the payable amount to the contractor for work done, the employer[79] shall pay the contractor amounts certified by the Engineer within 28 days of the date of each certificate. If the employer makes a late payment, the contractor shall be paid interest[80] on the late payment in the next payment. Further, clause 44.1 read with 44.2 of the agreement states that if compensation events[81] occur and it would cause additional cost or would prevent the work being completed before the intended completion date, the Engineer shall decide whether and by how much the contract price as well as intended completion date shall be increased/extended.

In order to enhance their irrigation and power potential, States of Punjab and Jammu & Kashmir (J&K) signed (January 1979) an agreement to build Shahpur Kandi Dam (SPKD) on Ravi River and the land was to be provided by both States. The SPKD project was not completed due to paucity of funds. Further, Government of India declared (February 2008) SPKD as a 'National Project'[82]. Meanwhile, J&K Government decided (May 2012) to construct its own canal system to feed water for Ravi canal due to prolonged delay in construction of SPKD and was not interested in leasing out land for SPKD.

Test check of records (July 2021) of the Financial Advisor & Chief Accounts Officer (FA&CAO), SPKD Project Shahpur Kandi showed that though the dispute regarding leasing out of land existed since May 2012, yet the Chief Engineer, SPKD Project (CE) entered (February 2013) into an agreement with a contractor for execution of the work "Construction of main dam comprising overflow section and non-overflow sections, Head Regulator of Shahpur Kandi Hydel Channel (Balance work) of Ravi Canal of SPKD" at a cost of ₹ 687.51 crore which was due to be completed in September 2016. The work was started in March 2013 but was stopped on 30 August 2014 after intervention of J&K and the project remained suspended for a period of 50 months from 31 August 2014 to 31 October 2018[83], however, the contractor continued the execution of work in Punjab territory during this period.

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78 The agreement executed between Department of Water Resources and the contractor in February 2013.

79 Chief Engineer, Shahpur Kandi Dam Project is the Employer as per Agreement.

80 Interest shall be calculated from the date by which the payment should have been made up to the date when the late payment is made at six *per cent* per annum if any payment is delayed after a period of 90 days.

81 (a) The Engineer does not give access to a part of the site by the site possession dates. (b) The Engineer orders a delay or does not issue/approve drawings, specifications or instructions required for execution of work on time.

82 Under which the Government of India provides 90 *per cent* of the cost of the irrigation component as Central grant.

83 The dispute of leasing out the land was resolved in September 2018 with J&K.

Due to prolongation of contract, some disputes occurred between the Department and the contractor and as a result the department had to pay an amount of ₹ 36.95 crore on account of compensation and interest on late payment as discussed below:

(i) The contractor raised claims on account of idle wages of men and idle charges of machinery. The CE constituted (December 2015) a Committee[84] for finalisation of rates of idle wages of men and idle charges of machinery. The CE, on the basis of interim report of the Committee, accorded (November 2020) approval for release of ₹ 41.74 crore[85] as compensation to the contractor on account of idle wages of men and idle charges of machinery for the stoppage period (from August 2014 to October 2018) of project. Of ₹ 41.74 crore, the FA&CAO paid (January 2021) ₹ 32.87 crore[86] and the balance amount of ₹ 8.87 crore was kept pending due to paucity of funds.

(ii) The contractor submitted payment claims (between July 2013 and November 2018) against the execution of work through 'Interim Payment Certificates' (IPCs). The payments against the contractor's IPCs were delayed for periods ranging between 08 and 1,466 days beyond the period of 42 days[87]. As a result of delay, the contractor further claimed ₹ 3.41 crore on account of six *per cent* interest on delayed payments against which ₹ 3.37 crore was paid in March 2020 under the provision of agreement. It was further observed that out of ₹ 3.37 crore an amount of ₹ 7.51 lakh against the IPCs one and two was paid in excess[88] within periods of 53 to 87 days beyond 42 days after becoming due whereas no interest was payable for delay up to 90 days.

(iii) It was noticed (January 2021) that the Department levied and recovered (between May and August 2014) Liquidated Damages (LD) of ₹ 4.58 crore from the contractor's due payments on account of non-achievement of first[89] milestone of the work under the clause 49.1 of the agreement. The aggrieved contractor approached (July 2016) the Dispute Review Board (DRB) against the Department. The DRB decided (28 August 2016) the case in favour of the contractor due to various reasons[90]

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84 Under chairmanship of the Superintending Engineer, SPK Dam Circle and having three other members of SPK Dam Project besides one representative of the contractor.

85 (i) Idle wages - ₹ 10.99 crore, (ii) Idle Charges of machineries - ₹ 27.66 crore and (iii) GST - ₹ 3.09 crore.

86 ₹ 17.87 crore vide voucher No. 56 dated 27 January 2021 and ₹ 15.00 crore vide voucher No. 38 dated 18 January 2021.

87 Fourteen days for certification of payment by the Engineer and 28 days thereafter for making payment as per clause 42 and 43.1 of the agreement.

88 As per clause 43.1 of the agreement, interest was not payable on these IPC as their payment was not delayed beyond 90 days.

89 Execution of seven *per cent* of the value of the work within 09 months from the date of start i.e. upto 27 December 2013.

90 The layout of divide walls in the stilling basin was finalised on 21 January 2014 (after lapse of the last date of achieving first milestone viz. 27 December 2013) and drawings were finally approved on 30 June 2014.

that the contractor was entitled to refund of LD as deducted within 30 days of the date of the decision without any interest and in case the payment is not made within 30 days, an interest of six *per cent* shall be paid thereafter. The Department delayed[91] the refund (23 January 2019) beyond 30 days and had to pay (June 2019) interest of ₹ 71.41 lakh[92] as per the orders of DRB.

The FA&CAO stated (July 2021) that the work was taken up in March 2013 after concurrence of J&K Government. In support of concurrence of J&K Government, the FA&CAO enclosed a copy of minutes of meeting dated 25 February 2010 of 'Committee of Secretaries' held at New Delhi. The reply is not acceptable as J&K Government categorically made it clear (May 2012) that J&K wanted to construct its own canal system to feed water for Ravi canal and was not interested in leasing out land for SPKD project and the CE allotted the work in March 2013 i.e. during pendency of the dispute.

In respect of non-making payment within time, the FA&CAO stated (July 2021) that due to non-availability of the funds during the suspended period[93] of 50 months, there was a delay in making payment to the agency. The reply is not acceptable as the work was suspended due to dispute with the J&K Government and was in the knowledge of the Department since May 2012 viz. prior to start of the work and once the Department entered into contract agreement with the contractor, it was their contractual obligation to make timely payments of contractor's dues. With regard to the excess payment of ₹ 7.51 lakh, the EE concerned stated (February 2022) that interest had been paid to the agency on account of delay in payment from the 43rd day after submission of bill by the contractor and no such payment had been made to the agency for a delay of less than 90 days. The reply is not acceptable as the payments of IPC one and two were made within 90 days of their becoming due but interest of ₹ 7.51 lakh was paid on account of delay in payment of these IPCs.

Thus, commencement of work prior to settlement of interstate dispute inflicted burden of ₹ 32.87 crore on the State exchequer on account of payment of compensation to the contractor for idle wages of men and idle charges of machinery during the period of stoppage of work. The delay in payment of contractor's bills beyond the stipulated dates and injudicious levy and recovery of LD and thereafter delayed refund thereof as per decision of the DRB led to payment of interest of ₹ 4.08 crore which was avoidable had the payments been made within the stipulated time which included excess payment of interest of ₹ 7.51 lakh that was made against the provision of agreement.

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91 Refunded on 23 January 2019 against the due date of 27 September 2016.

92 Interest paid on ₹ 4.58 crore for 847 days (from 28 September 2016 to 22 January 2019).

93 From 31 August 2014 to 31 October 2018.

Recommendation: The Department should ensure compliance of all the obligations of the agreement to avoid making extra payments and ensure economy.

The mater was referred to Government in January 2022; reply was awaited (November 2022).

Revenue Departments

EXCISE AND TAXATION DEPARTMENT

7.9 Irregular exemption/concession of tax

Assessing Authorities in Assistant Commissioners of State Tax Fatehgarh Sahib and Ludhiana-I allowed irregular exemption/ concession of central sales tax of ₹ 0.24 crore on the basis of two 'C' forms and two 'E-2' forms which were not obtained from the prescribed authority of the state concerned.

Scrutiny of records of two[94] Assistant Commissioners of State Tax (ACSTs) relating to VAT showed that the Assessing Authorities allowed exemption/concession from Central Sales Tax (CST) without ensuring genuineness of 'C' and 'E-2' forms as detailed in the paragraphs (a) and (b).

(a) Concession of Central Sales Tax

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

Scrutiny of the records in ACST Ludhiana-I revealed that the Assessing Authority while assessing (August 2019) the case of a dealer for the year 2015-16, allowed concessional rate of CST of two *per cent* on interstate sale of goods worth ₹ 6.71 crore on the basis of 10 'C' forms. Out of these 10 'C' forms, the correctness of details of five 'C' forms was verified by the audit through Tax Information Exchange System (TINXSYS[95]) and verification report in respect of two 'C' forms was awaited from Uttar Pradesh. Remaining three 'C' forms, stated to have been issued by Excise and Taxation Department, UT Chandigarh, were verified from the issuing authority and it was found that two 'C' forms covering goods worth ₹ 1.42 crore were not

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[94] Ludhiana-I and Fatehgarh Sahib.

[95] Tax Information Exchange System (TINXSYS) is online facility for tracking of inter-State transactions.

issued by the Taxation Department of UT Chandigarh, hence were not genuine. The Assessing Authority allowed the concession without ensuring that the forms were genuine. CST of ₹ 0.20 crore[96] was leviable on the goods at normal rate of tax, whereas CST of ₹ 0.03 crore was levied. This resulted in irregular allowance of concessional rate of tax of ₹ 0.17 crore ***(Appendix 7.12)***.

The matter was reported to the Department/Government between May and September 2021. The Government replied (September 2021) that a letter was sent to Excise and Taxation Department U.T. Chandigarh for verification of above statutory forms. In response, a letter stating that those forms were genuine, was received by them. Audit had received similar reply from the ACST Ludhiana-I. The ACST had also supplied copy of letter bearing No. 5881 dated 18 May 2021 stated to have been issued by Excise and Taxation Department, U.T. Chandigarh, wherein the 'C' Forms in question were told to be genuine. Audit took up re-verification process with the Excise and Taxation Department, U.T. Chandigarh, which reiterated that 'C' forms in question were not issued by them. Further, their office had not received any letter from the ACST Ludhiana-I for verification of 'C' Forms. Excise and Taxation Department U.T. Chandigarh also informed that letter No. 5881 dated 18 May 2021 supplied by Punjab Taxation Department was not issued by them and the said letter was forged, fraudulent and fabricated one.

(b) Exemption from Central Sales Tax

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

Scrutiny of records in Assistant Commissioner of State Tax (ACST) Fatehgarh Sahib, revealed that the Assessing Authority, while assessing (November 2019) the case of a dealer for the year 2012-13, allowed exemption from CST on transit sale of ₹ 3.58 crore on the basis of four[97] 'E-2' forms. The 'E-2' forms were supplied by a dealer under ACST Amritsar-I. Audit got these 'E-2' forms verified from issuing authority (ACST Amritsar-I) to ascertain the genuineness of the forms. On cross verification from the issuing authority, it was found that two[98] out of four 'E-2' forms, covering

[96] ₹ 1,41,87,239 x 14.30 *per cent* = ₹ 20,28,775.
[97] Form No. 255474, 80885, 80886 and 855476.
[98] Form No. 255474 and 855476.

goods worth ₹ 1.59 crore, were not issued to the dealer who supplied the forms to the assessee. Thus, the Assessing Authority allowed the exemption without ensuring the genuineness of the forms. This resulted in irregular exemption of tax of ₹ 0.06 crore[99] at the rate of four *per cent* ***(Appendix 7.13)***.

The matter was reported to the Department/Government between April and September 2021. The Government replied (September 2021) that the dealer had submitted two 'E-2' forms and both the forms were found genuine. The reply was not acceptable because the form numbers referred to by Government in its reply were not objected to by Audit and thus, reply of the Government did not cover the two 'E-2' forms that were not found genuine.

Government may direct the Department to investigate the matter of fraudulent letter to fix responsibility and recover ₹ 0.24 crore from the dealers in the two cases, referred to in this paragraph.

7.10 Non-levy of interest

Assessing Authorities in 11 cases of 11 dealers under three ACSTs did not levy interest, whereas interest of ₹ 0.49 crore at the rate of 0.5 *per cent* per month was leviable.

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

Scrutiny of assessment cases finalised during the year 2019-20 under three[100] Assistant Commissioners of State Tax (ACSTs) revealed that 11 dealers in 11 cases declared interstate sale/branch transfer/export of taxable goods in their annual returns for the period from 2012-13 to 2016-17. The dealers availed concession/exemption from central sales tax on such sale and declared reduced tax liability in their annual returns. However, at the time of assessment, the dealers failed to produce statutory declarations or export documents in respect of the transactions on which concession/exemption from central sales tax had been availed at the time of furnishing annual returns. Consequently, the Assessing Authorities raised additional tax demands of ₹ 1.38 crore on account of differential tax amount due to non-submission of statutory declarations or export documents. Since the dealers had failed to

[99] ₹ 1,59,04,554 x 4 *per cent* = ₹ 6,36,182.

[100] Ludhiana-I, Ludhiana-II and Ludhiana-III.

produce statutory declaration forms, they were liable to pay interest of ₹ 0.49 crore at the rate of 0.5 *per cent* per month on the differential tax amount. However, Assessing Authorities did not levy interest of ₹ 0.49 crore ***(Appendix 7.14)***.

The matter was reported to the Government/Department (July and September 2021). The Government in its reply (September 2021) accepted the applicability of 0.5 *per cent* of interest in the pointed-out cases and informed that assessment cases were being taken up for revision.

Government may direct the Department to recover the interest of ₹ 0.49 crore in 11 cases referred to in this para. As this is a persistent issue, this needs special attention of the Government.

7.11 Non-reversal of input tax credit on shortage of paddy

In one assessment case under Assistant Commissioner of State Tax, Ludhiana-I, the Assessing Authority did not reverse input tax credit of ₹ 0.67 crore availed on the paddy which was lost due to shortage/embezzlement.

Section 19(1) of Punjab Value Added Tax Act 2005 provides for levy of purchase tax on purchase of goods specified in Schedule-H[101] at the rate[102] of VAT applicable to such goods as per the Schedules. Section 19(4) of the Act provides that purchase tax paid under Section 19(1) shall not be available as input tax credit unless the goods are sold or are used in manufacturing of taxable goods for sale. Further, Rule 21(2) of Punjab Value Added Tax Rules 2005 provides that input tax credit availed on the goods, which are lost, destroyed or damaged beyond repair, shall be reversed immediately on occurrence of such event.

Scrutiny of an assessment case of a dealer (state procurement agency) for the year 2012-13, assessed in November 2019 under Assistant Commissioner of State Tax (ACST) Ludhiana-I revealed that the dealer had declared shortage of 1.16 lakh quintal of paddy in the year 2012-13. The shortage of paddy of 1.16 lakh[103] quintal pertained to the period from 2009-10 to 2012-13 and the shortage was on account of shortage/embezzlement of paddy given to rice millers for milling. The value of the lost paddy at the extant rate of minimum support price (MSP) was ₹ 13.41 crore. Input Tax credit of ₹ 0.67 crore on account of purchase tax was required to be reversed on the lost paddy. However, the dealer did not reverse input tax credit on this paddy. At the time of assessment, the Assessing Authority allowed reduction in stock of paddy by

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[101] Wheat, Paddy, Cotton, Milk and Sugarcane.

[102] Four *per cent* up to 10 April 2011 and five *per cent* with effect from 11 April 2011.

[103] 2009-10 (1,447.50 quintal), 2010-11 (1,943.53 quintal), 2011-12 (82,339.40 quintal), 2012-13 (30,632.51 quintal).

1.16 lakh quintal on account of shortage of paddy but did not reverse input tax credit of ₹ 0.67 crore under provisions, *ibid*. The non-reversal of input tax credit of purchase tax resulted in short levy of tax of ₹ 0.67 crore ***(Appendix 7.15)***.

The matter was reported to the Government/Department (May and September 2021). The Government replied (September 2021) that the shortage of 1.16 lakh quintal of paddy was actually a misappropriation of stock of paddy and the dealer had already filed FIR against the defaulters responsible for misappropriation of stock of paddy. There was no omission on the part of the Department because the Rule 21(2) of PVAT Rules 2005 was not applicable at this stage. Further, Rule 21(2) was amended[104] and the words "because of any theft, fire or natural calamity" were removed from it. This removal of words indicates the intention of legislature that reversal need not be done in cases of theft/misappropriation.

The above reply of the Government was not acceptable because of the following reasons:

1. The intention of the Rules 21(1) and 21(2) cannot be against the spirit of provisions contained in Section 19(4) of PVAT Act which provide that input tax credit of purchase tax is not admissible unless the goods are sold or used in manufacture of taxable goods. In these cases, the goods were neither sold nor used in manufacture of taxable goods. Hence, no input tax credit of purchase tax was admissible.
2. Rule 21(2) does not specify the circumstances under which loss/damage of goods is not to be considered for reversal of input tax credit. The coverage of words 'lost, destroyed and damaged' in the Rule 21(1) and 21(2) is comprehensive and not restrictive.
3. Initially, Rule 21(1) was restrictive to cases of theft, fire or natural calamity whereas coverage of Rule 21(2) was comprehensive. The amendment carried out in the Rule 21(1) in November 2008 was intended to remove the restrictive coverage of the rule by removing the words "because of any theft, fire or natural calamity". By removing these words, the coverage of Rule 21(1) became comprehensive and in harmony with Rule 21(2).

The Government may direct the Department to rectify the omission in the assessment order and recover purchase tax of ₹ 0.67 crore in the pointed-out case.

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[104] Notification No. GSR.58/P.A.8/2005/S.70/Amd.(16)/2008 dated 6 November 2008 as published in Punjab Government Gazette (Extra) dated 7 November 2008.

7.12 Short levy of tax on deficient statutory declaration forms

Assessing Authority in one case under Assistant Commissioner of State Tax SAS Nagar (Mohali) allowed excess benefit of concessional rate of tax of two *per cent* on interstate sale, which resulted in short levy of tax of ₹ 0.34 crore.

Sections 8(1) and 8(4) of Central Sales Tax (CST) Act 1956 read with Rule 12(1) of Central Sales Tax (Registration and Turnover) Rules, 1957 provides that concessional tax at the rate of two *per cent* in case of interstate sale shall not apply unless the selling dealer furnishes to the prescribed authority, a declaration in Form 'C', duly filled and signed by the registered dealer to whom the goods are sold. Section 9(2) of Central Sales Tax Act 1956 and Rule 2(cc) of Central Sales Tax (Registration and Turnover) Rules 1957 provide that the prescribed authority in this case is sales tax authority of the appropriate State.

Scrutiny of an assessment case for the year 2012-13, assessed in August 2019 under Assistant Commissioner of State Tax SAS Nagar (Mohali), revealed that the Assessing Authority allowed benefit of concessional rate of tax of two *per cent* on interstate sale of ₹ 14.63 crore against 47 'C' forms. However, the actual value of the goods covered under these forms was ₹ 11.75 crore ***(Appendix 7.16)***. The omission resulted in short levy of tax of ₹ 0.34 crore as given in **Table 7.1**.

Table 7.1: Short levy of tax due to excess benefit of concession

(₹ in crore)

Office of ACST	Number and Type of statutory declaration	Value of goods as per assessment orders	Actual value of goods covered under these declarations	Difference	Tax rate (*per cent*)	Short levy of tax
SAS Nagar	47 Form 'C'	14.63	11.75	2.88	11.75[105]	0.34
Total		**14.63**	**11.75**	**2.88**		**0.34**

The matter was brought to the notice of the Government and the Department (May and October 2021). The Department in its reply (November 2021) accepted the audit observation and informed that case was taken up for revision. An additional demand of ₹ 0.26 crore was created and recovered from the dealer. However, the details of revised assessment orders were awaited (November 2022).

Government may direct the Department to examine similar cases and instruct assessing authorities to be vigilant while allowing exemptions and concessions in taxes.

[105] 13.75 *per cent* applicable rate of tax *minus* 2 *per cent* already paid.

7.13 Short reversal of input tax credit on tax-free sale

In two assessment cases under Assistant Commissioners of State Tax Patiala and Ludhiana-II, the Assessing Authorities reversed input tax credit of ₹ 0.17 crore on account of tax-free sale, whereas input tax credit of ₹ 0.44 crore was required to be reversed. The short reversal of input tax credit resulted in short levy of tax of ₹ 0.27 crore.

Section 13(1) of Punjab Value Added Tax Act 2005 states that a taxable person shall be entitled to input tax credit in respect of input tax on taxable goods purchased by him from a taxable person within the State provided that the input tax credit shall not be available unless such goods are sold or are used in manufacture, processing or packing of taxable goods for sale. Further, Section 13(5)(h) of the Act provides that a taxable person shall not qualify for input tax credit on goods used in manufacture, processing or packing of tax-free goods.

Scrutiny[106] of two assessment cases for the years 2011-12[107] and 2012-13, assessed in March 2018 and November 2019 under ACST Ludhiana-II and Patiala respectively, revealed that the gross sale of the dealers was ₹ 58.29 crore, out of which taxable sale was ₹ 2.45 crore only and remaining ₹ 55.84 crore was sale of tax-free goods (95.80 *per cent*). Gross purchase was ₹ 52.42 crore which included purchase of ₹ 12.29 crore on which input tax credit of ₹ 0.65 crore was allowed. Audit calculated value of taxable goods used in manufacture of tax-free goods and noticed that taxable goods worth ₹ 8.38 crore were consumed towards tax-free sale for which input tax credit of ₹ 0.44 crore[108] was required to be reversed, whereas input tax credit of only ₹ 0.17 crore was reversed in one assessment order. The short-reversal of input tax credit resulted in short levy of tax of ₹ 0.27 crore ***(Appendix 7.17)***.

On being pointed out (January 2021), ACST Ludhiana replied (December 2021) that Audit had not considered tax-free goods and yarn purchased by the dealer during the year 2012-13. After considering these figures, no reversal of input tax credit becomes due on tax free goods. The reply of the ACST was not acceptable as the reply was based on the figures of the year 2012-13 only, whereas there was a need to consider the facts and figures of 2011-12 and 2012-13 simultaneously to compute the input tax credit to be reversed. Audit had worked out reversal of input tax credit by tracking the consumption of taxable purchases during the years 2011-12 and 2012-13, which was ignored by ACST.

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106 Case of 2011-12 (Ludhiana-II) scrutinized in January 2021 and case of 2012-13 (Patiala) scrutinized in October 2020.

107 Facts and figures of 2012-13 considered along with 2011-12 to view the case wholistically.

108 5.5 *per cent* of ₹ 3.76 crore + 5 *per cent* of ₹ 4.62 crore = ₹ 0.44 crore.

The matter was reported to the Government and Department (August 2021 and December 2021); their replies were awaited (November 2022).

Government may re-verify the case and direct the Department to take appropriate action in the cases referred to in this para.

7.14 Non-payment of Goods and Services Tax on passenger transport service

Punjab Bus Metro Society provided taxable supply of transport of passenger services in air-conditioned stage carriages under Bus Rapid Transit System in the State of Punjab and collected ₹ 7.59 crore on account of fare from passengers. However, the Society did not get registration under GST regime and did not pay GST of ₹ 0.36 crore on the taxable supply.

Goods and Services Tax (GST) was implemented with effect from 1 July 2017. Supply of transportation of passenger Services *inter-alia* by air-conditioned stage carriages[109] was made taxable at the rate of five *per cent* and credit of input tax on inward supply of goods and services used in supplying the taxable service was not available.

Scrutiny (January 2021) of records of Punjab Bus Metro Society[110] (PBMS), Chandigarh revealed that the Society was providing transportation of passenger services in air-conditioned buses in the State of Punjab under Bus Rapid Transit System. The Society collected fare amounting to ₹ 7.59 crore between July 2017 and December 2020. GST of ₹ 0.36 crore[111] was payable on this receipt on account of taxable supply of transportation of passenger services in air-conditioned stage carriages. The Society was required to get registration under GST as it was providing taxable supply. However, the Society had not taken registration under GST and did not pay GST of ₹ 0.36 crore.

The matter was reported to the Government/Department (May 2021). Secretary, Local Government, Punjab replied (July 2021) that the Society is registered as a charitable trust under Section 10(23C) of Income Tax Act, 1961 and carrying on charitable activities. The services of the society are exempt from GST as per Government notification[112] because the services are

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109 'Stage Carriage' means a motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey (Section 2(40) of Motor Vehicle Act 1988).

110 Registered under Society Registration Act 1860 for administration and implementation of Bus Rapid Transit System/Urban Transport in the cities of Punjab. The Department of Local Government, Punjab is the Administrative Department for PBMS.

111 ₹ 7,59,30,885 x 5/105 = ₹ 36,15,756 (Total receipt was inclusive of GST).

112 CGST - Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017, SGST - Punjab State Notification No. 37/PA-5/2017/S.11/2017 dated 30 June 2017.

by way of activity in relation to function entrusted to the municipality under Article 243-W of the Constitution. Moreover, the Society has not claimed any input tax credit in respect of inputs and input services. Even if the GST is applicable on the Society, the liability on this account will be nil as it will be offset by input tax credit.

It was further stated in the reply that services of the Society are exempt under the notification (Sr. No. 17(d)) of the notification ibid, which provides for exemption from GST on transportation of passenger by public transport other than predominantly for tourism purpose, in a vessel between places located in India.

The reply of the Department is not acceptable on the following grounds:

a) There is a specific provision on taxability of passenger transport services. As per Serial No. 6 (item at c) read with Serial No. 8 and 15 of the notification ibid, transport of passengers by air-conditioned buses is not exempt from GST even if this service is provided by Central Government, State Government, Union territory or local authority.

b) As per Serial No. 1 of the notification ibid, exemption from GST was available to charitable society registered under Section 12AA only and not for the charitable society registered under Section 10(23c) of the Income Tax Act for charitable activities. Moreover, the transportation of passengers by bus does not fall under charitable activities as defined under Section 2(r) of the notification ibid.

c) The exemption available under Serial No. 17(d) of the notification ibid, is in respect of public transport by vessel and is not applicable to public transport by stage carriage. As defined at Serial No. 2(zzo) of the notification, vessel has the same meaning as assigned to it in Section 2(z) of Major Port Trust Act 1963. As per the definition, vessel is used for transportation of human or goods mainly by water.

d) GST at the rate of five *per cent* is applicable on transport of passenger services with the condition that credit of input tax on inward supply of goods and services used in supplying the taxable service is not available.

As such, the Society was not eligible for exemption from GST on supply of passenger transportation services and was required to get registered under GST. The omission resulted in non-payment of GST of ₹ 0.36 crore[113] on supply of passenger transport services by air-conditioned buses.

[113] CGST: ₹ 18.08 lakh and SGST: ₹ 18.08 lakh.

The Society may get registered under GST and make payment of GST of ₹ 0.36 crore in the government account.

7.15 Irregular grant-in-aid from State Excise receipts

The State excise revenue to the tune of ₹ 125.52 crore was diverted to Excise and Taxation Technical Services Agency during the years 2018-19 to 2020-21 in the name of financial assistance and grant-in-aid in contravention of constitutional provisions.

Article 266 of the Constitution of India provides that all revenues received by the Government of a State shall form part of Consolidated Fund of the State. Rule 8 of Punjab Treasury Rules states that all moneys received by or tendered to any Government employee on account of the revenue of the Government or Public moneys raised or received by the Government shall, without undue delay be deposited in full into the treasury or into the Bank as the case may be and shall be included in the "Consolidated Fund of the State". Money received as aforesaid shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Consolidated Fund of the State. No department of the Government may require that any moneys received by it on account of the revenues of the State be kept out of the Consolidated Fund of the State.

Audit noticed two instances, where government revenue was kept and appropriated outside Consolidated Fund of State of Punjab without the approval of State Legislature in contravention of the above provisions, as detailed below:

(A) Every year, the State Government formulates Excise Policy to decide the quantity of liquor to be allowed for manufacture/sale in the State of Punjab during next financial year, rate and manner of levy and collection of duty and fee on the liquor. The liquor vends are allotted to applicants through a system of draw for the next financial year. The process of allotment of liquor vends is completed in the month of March i.e., before start of the next financial year. During the liquor vends allotment process, state excise revenue is realized in the shape of application money and security deposits[114].

Audit noticed from the Punjab Excise Policies for the years 2019-20 and 2020-21 that a provision was included in the excise policies to transfer 50 *per cent* of the receipts collected on account of application money for allotment of liquor vends or ₹ 50 crore, whichever is less, to Excise and Taxation Technical Services Agency (ETTSA[115]) as grant-in-aid to provide finances for computer systems infrastructure and development of various

[114] Though termed 'security deposit', it is non-refundable and is adjusted towards liability of license fee for the last three months i.e., January to March of the applicable financial year.

[115] ETTSA is a society created by the Government of Punjab for implementation of technical projects in the Excise and Taxation Department, Punjab.

modules. Similar provision of grant-in-aid in the Excise Policy for the year 2021-22 was made to transfer 50 *per cent* of the renewal fee/application money. The provision of transferring money out of government revenue without the approval of Government of Punjab (State Legislature) was in contravention of Article 266 of the Constitution and Rule 8 of Punjab Treasury Rules. Audit further noticed that while giving concurrence on Excise Policies, the Finance Department had objected[116] to retention of application money/renewal fee proceeds with ETTSA and directed to deposit all application money/renewal fee proceeds under the relevant head of the State treasury. Finance Department also mentioned[117] that expenditure on infrastructure related work should be met through budgetary provisions. However, audit scrutiny of records of ETTSA revealed that Excise and Taxation Commissioner Punjab transferred an amount of ₹ 50 crore out of ₹ 215 crore received on account of application money for allotment of liquor vends for 2019-20 in the bank account of ETTSA on 28 March 2019. Further, an amount of ₹ 71.19 crore[118] out of allotment fee/renewal fee proceeds for the allotment/renewal of liquor vends for 2020-21 and 2021-22 was transferred in the bank account of ETTSA between May 2020 and March 2021. The transfer of money out of Government revenue to ETTSA was not only in contravention of constitutional provisions and against the directions of Finance Department but also resulted in understatement of receipt of Consolidated Fund of State to the extent of ₹ 50 crore and ₹ 71.19 crore in the respective financial years.

(B) A provision was included in the Excise Policy for the year 2018-19 for levy of IT Fee at the rate of ₹ 0.50 per proof litre on Punjab Medium Liquor (PML), Indian Made Foreign Liquor (IMFL) and ₹ 0.50 per bulk litre on Beer. The objective of the IT Fee was to provide money to ETTSA for upgrading the existing state excise computer module which was being maintained by the ETTSA. The policy further provided that IT Fee so collected was to be kept in a separate bank account maintained by Excise and Taxation Service Agency (ETTSA). Accordingly, the Department issued notification for amendment in Rule 25(41) of the Punjab Liquor License Rules 1956 on 22 March 2018[119] which *inter-alia* provided for levy of IT Fee.

However, Audit noticed that the notification to levy IT Fee was issued by the Department under the powers conferred by Section 59 of the Punjab Excise Act 1914. Any duty or fee levied and collected under the powers conferred by Punjab Excise Act 1914 is excise revenue as per Section 3(9) of the Punjab Excise Act 1914. Hence, the provisions of Article 266 of the Constitution and Rule 8 of Punjab Treasury Rules became applicable to the IT Fee. Hence, IT Fee was required to be deposited by the Department in the Consolidated Fund

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116 February 2019 (Policy 2019-20), January 2020 (Policy 2020-21), January 2021 (Policy 2021-22).

117 January 2021 (Policy 2021-22).

118 Allotment Fee: ₹ 4.62 crore (May 2020), Renewal Fee: ₹ 66.57 crore (February and March 2021).

119 Notification No. G.S.R.14/P.A.1/1914/S.59/Amd.(136)/2018 dated 22 March 2018.

of State whereas the Department issued instructions on 24 May 2018 to distilleries and breweries for deposit of IT Fee directly in the bank account maintained by ETTSA. Scrutiny of records of ETTSA for the years 2018-19 to 2020-21 revealed that ₹ 4.33 crore[120] on account of IT Fee were deposited by distilleries/breweries in the bank account of ETTSA.

The above provisions of excise policies to keep and appropriate government revenue (application fee and IT fee) out of Consolidated Fund of State instead of following budgetary channels were in contravention of the constitutional provisions.

The matter was reported to the Government (September 2021). The Department replied (April and June 2021) that motto of ETTSA is to provide 24-hour online services to the Department and taxpayers including maintenance and development of the software. These services have an impact on functioning of the department which directly affects the revenue of the State because submission of VAT returns, generation of excise passes, etc. are dependent on efficient functioning of the IT system managed by ETTSA. Any fund crunch for the society is likely to affect its efficacious functioning which has wide ramifications. Keeping in view the specific mandate of ETTSA, a provision was made in the Excise Policy 2018-19 to collect IT Fee and further provision was made in Excise Policy 2019-20 to provide grant-in-aid to ETTSA by transferring 50 *per cent* or ₹ 50 crore, whichever is less, out of receipts collected on account of application money for allotment of liquor vends. The Excise Policy had approval of Council of Ministers.

The reply of the Department was not acceptable because transferring money out of Government revenue to ETTSA in the name of grant-in-aid or assistance was against the directions of Finance Department and had no approval of State Legislature. The Department was required to deposit the excise revenue in the Consolidated Fund of State and make budgetary provision, through State Legislature, for providing grants/assistance to ETTSA. The omission resulted in irregular retention and appropriation of government money outside Consolidated Fund of the State of Punjab.

Government may ensure that proceeds of Government revenue are deposited into the State treasury. In case, grant-in-aid or assistance has to be provided to any institution or body, it may follow the budgetary channels.

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[120] ₹ 3,49,48,992 (2018-19) + ₹ 83,75,806 (2019-20) + ₹ 10,365 (2020-21).

REVENUE, REHABILITATION AND DISASTER MANAGEMENT DEPARTMENT

7.16 Short levy of Stamp Duty, Registration Fee and Infrastructure Development Fee due to misclassification of properties

Seventeen Sub-Registrars/Joint Sub-Registrars short-levied stamp duty, registration fee and infrastructure development fee of ₹ 2.36 crore in 51 cases due to misclassification of properties and incorrect application of collector's rates.

Rule 3-A of the Punjab Stamp (Dealing of under-valued instruments) Rules, 1983 empowers the Collector of a district to fix the minimum market value of land/properties located in the district, locality-wise and category-wise and convey the same to the Registering Officer(s) for the purpose of levying of stamp duty and registration fee on instruments of transfer of property.

Scrutiny of the records (August 2020 to February 2021) of 17[121] Sub-Registrars/Joint Sub-Registrars revealed that 51 instruments of transfer of properties were valued at ₹ 12.91 crore, out of which 43 instruments were registered by applying rates for agricultural properties and eight were registered by applying rate of industrial/residential/commercial properties on which stamp duty, registration fee and infrastructure development fee of ₹ 0.98 crore was levied. However, the category of these properties at the time of registration as per revenue records (*girdawari/jamabandi/patwari* report), was residential/commercial or the properties fell in such locations for which higher rate was prescribed in the rate list. Therefore, the properties were required to be valued at ₹ 45.26 crore and stamp duty, registration fee and infrastructure development fee of ₹ 3.33 crore was required to be levied. The misclassification of properties resulted in short levy of stamp duty, registration fee and infrastructure development fee of ₹ 2.36 crore[122] ***(Appendix 7.18)***.

The matter was brought to the notice of the Department and the Government (between June and December 2021). The Department replied (January 2022) that recovery of ₹ 2.00 lakh in one case of Machhiwara was under process. The cases of Ludhiana (East), Mandi Gobindgarh, Morinda, Sahnewal and Samrala were in proceedings under Section 47-A of Indian Stamp Act, 1899.

The Government may direct the Department to levy and recover stamp duty, registration fee and infrastructure development fee of ₹ 2.36 crore in the 51 cases referred to in this para. As this is a persistent issue, the Government may pay special attention in such cases.

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121 Balachaur (1), Chamkaur Sahib (4), Derabassi (2), Kharar (2), Ludhiana East (3), Ludhiana South-Central (9), Ludhiana West (8), Machhiwara (1), Majri (1), Mandi Gobingarh (1), Morinda (1), Patiala (3), Payal (1), Phillaur (2), Sahnewal (7), Samrala (2) and Zirakpur (3).

122 Stamp Duty (₹ 1.75 crore), Registration Fee (₹ 0.28 crore), Infrastructure Development Fee (₹ 0.33 crore).

7.17 Short levy of Stamp Duty and Registration Fee on lease deeds

In two lease deeds, Sub-Registrars Patiala and Rupnagar short-levied stamp duty and registration fee of ₹ 0.12 crore due to application of incorrect rate of stamp duty and multiplicative factor.

Entry 35 of Schedule I-A of the Indian Stamp Act, 1899 provides for levy of stamp duty, at the rates prescribed from time to time, on instruments of lease on the basis of period of lease, money advanced and amount of average annual rent reserved. Government of Punjab increased (30 January 2019) rate[123] of stamp duty on lease deeds from four *per cent* to eight *per cent* of average annual rent where lease is for a period up to five years.

Audit scrutiny of records (September 2020 and January 2021) of Sub-Registrars, Patiala and Rupnagar for the year 2019-20 revealed that two instruments of lease were registered by levying stamp duty and registration fee of ₹ 0.07 crore, whereas stamp duty and registration fee of ₹ 0.19 crore was leviable in these cases. In case of Sub-Registrar Rupnagar, the reason for short levy was application of pre-revised rate of four *per cent* instead of revised rate of eight *per cent* on the lease instrument executed for a period of three years. In case of Sub-Registrar Patiala, short levy was due to less calculation of average annual rent and ignoring the multiplicative factor of four to be multiplied with average annual rent in case of lease executed for a period more than 30 years. The omissions resulted in short levy of stamp duty and registration fee of ₹ 0.12 crore ***(Appendix 7.19)***.

The matter was reported to the Government/Department (between June and December 2021). The Sub-Registrar, Patiala intimated (October 2021) that the case had been sent to Additional Deputy Commissioner for decision under Section 47-A of Indian Stamp Act 1899. Reply in respect of case pertaining to Sub-Registrar, Rupnagar was awaited (November 2022).

Government may direct the Department to recover stamp duty and registration fee of ₹ 0.12 crore in respect of two instruments of lease referred to in this para.

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[123] Rate of stamp duty on lease deeds during 2019-20:

Period of Lease	**Rate of Stamp Duty on rent**	
	Rate	**Amount on which payable**
Less than one year	Four *per cent* (up to 29.01.2019)	Whole amount payable under the lease
	Eight *per cent* of whole amount (from 30.01.2019)	Whole amount payable under the lease
One year to five years	Four *per cent* (up to 29.01.2019)	Average annual rent
	Eight *per cent* (from 30.01.2019)	Average annual rent
Five years to ten years	Three *per cent*	Average annual rent
Ten years to 20 years	Three *per cent*	Twice the average annual rent
20 years to 30 years	Three *per cent*	Thrice the average annual rent
30 years to 100 years	Three *per cent*	Four times the average annual rent

TRANSPORT DEPARTMENT

7.18 Non-collection of Social Security Surcharge on motor vehicle tax

Three Regional Transport Authorities did not collect Social Security Surcharge of ₹ 0.97 crore on motor vehicle tax paid by Punjab Roadways and PUNBUS on stage carriage buses.

Department of Finance, Government of Punjab, in pursuance to Section 3(iii) of the Punjab Social Security Act, 2018 levied[124] (22 October 2018) Social Security Surcharge at the rate of ten *per cent* of tax on transportation vehicles and decided to implement the levy of surcharge with effect from 16 November 2018.

Audit scrutiny of the records[125] (between November 2019 and March 2021) of three[126] Regional Transport Authorities revealed that Social Security Surcharge of ₹ 0.97 crore[127] at the rate of ten *per cent* was not collected on motor vehicle tax of ₹ 9.67 crore paid by Punjab Roadways and Punjab State Bus Stand Management Company (PUNBUS) on stage carriage buses for the period from 16 November 2018 to 22 March 2020[128] ***(Appendix 7.20)***.

The matter was brought to the notice of Government and Department (November and December 2021). The Department replied (August 2022) that matter had been taken up with the concerned RTAs and recoveries were under process.

Government may direct the Department to recover the Social Security Surcharge of ₹ 0.97 crore in the pointed-out cases and examine the similar cases in all the RTAs for corrective action.

7.19 Short/non-realisation of motor vehicle tax and surcharge from tourist permit vehicles

The State Transport Department did not collect motor vehicle tax and surcharge of ₹ 0.77 crore in respect of 36 tourist permit vehicles of seven transporters.

Section 3 of the Punjab Motor Vehicle Taxation Act, 1924, empowers the State Government to fix the rates of motor vehicle tax. The rate of motor vehicle tax for the tourist permit vehicles registered in the State is ₹ 7,000 per seat per annum and shall be paid monthly, quarterly, or annually in advance by the 15th of the month or by the 15th of first month of the quarter or 15th April of

124 Notification No. 150/PA.8/2018/S-3/2018 dated 22 October 2018.
125 Records of Stage Carriage Buses are maintained manually by the Department.
126 RTA Amritsar, Mohali (2018-19); RTA Ludhiana (2018-19 to 2019-20).
127 (i) Amritsar-₹ 20.94 lakh (ii) Ludhiana-₹ 64.29 lakh and (iii) Mohali-₹ 11.47 lakh.
128 Due to Covid-19 pandemic, the Government of Punjab exempted stage carriage buses from payment of MVT from 23 March 2020 to 31 December 2020.

the year as the case may be. Further, the Department of Finance, Government of Punjab, in pursuance to Section 3(iii) of the Punjab Social Security Act 2018 levied (22 October 2018) Social Security Surcharge at the rate of ten *per cent* of tax on transportation vehicles and decided to collect it with effect from 16 November 2018. The total number of tourist permits in the Punjab up to 31 March 2020 was 18,762.

Further Section 11-A of the Punjab Motor Vehicle Taxation Act 1924 provides that if an owner fails to pay the tax due from him, he shall in addition to the amount of tax be liable to pay simple interest on the amount of tax due from him at the rate of one and half *per cent* per month. Moreover, under Section 14-B of the act, the vehicle may be detained where any tax due in respect of any vehicle has not been paid.

Test check of records (July and August 2020) in the office of the State Transport Commissioner, Punjab for the year 2019-20 revealed that motor vehicle tax and surcharge of ₹ 0.32 crore only was realized in respect of 36 tourist permit vehicles of seven transporters against the recoverable amount of ₹ 1.09 crore for the period from 01 April 2019 to 22 March 2020[129]. This resulted in short/non-realization of motor vehicle tax and surcharge of ₹ 0.77 crore ***(Appendix 7.21)***.

On this being pointed out (July and August 2020), the Department accepted (September 2020) the facts in respect of 30 vehicles of two transporters and blacklisted 12 vehicles of one transporter. In respect of the remaining six vehicles of five transporters, the Department stated that the reply would be submitted shortly.

The matter was reported to Department and Government (December 2021); their replies were awaited (November 2022).

Government may take appropriate action for recovery of the motor vehicle tax and surcharge in respect of defaulting transporters.

[129] Government of Punjab exempted tourist permit vehicles from payment of motor vehicle tax from 23 March 2020 to 19 May 2020 due to Covid-19 pandemic situation.

Chapter-VIII

Compliance Audit Observations (State Public Sector Enterprises)

Chapter-VIII

Compliance Audit Observations
(State Public Sector Enterprises)

Important audit findings emerging from test-check of transactions of State Government companies and statutory corporations have been included in this chapter. This chapter contains seven audit observations having a financial implication of ₹ 110.02 crore.

POWER DEPARTMENT

Punjab State Transmission Corporation Limited

8.1 Loss of interest

Delay of more than four years in signing of agreement for recovery of operation and maintenance charges resulted in avoidable interest cost of ₹ 1.26 crore.

Punjab State Transmission Corporation Limited (Company) carries out operation and maintenance (O&M) of line bays[1] which are owned by Power Grid Corporation of India Limited[2] (PGCIL) and located in sub-stations of the Company. The Company recovers O&M charges for the activity from PGCIL, as determined and notified by Central Electricity Regulatory Commission (CERC) for each year in CERC (Terms and Conditions of Tariff) Regulations, applicable for given period, on quarterly basis. A Memorandum of Understanding (MOU) is required to be executed with PGCIL for recovery of the O&M charges.

Audit noticed (July 2021) that the Company was carrying out O&M of two[3] 400 KV line bays of PGCIL located at its 400 KV sub-station at Rajpura since their commissioning in June 2016. However, MOU for recovery of due O&M charges on quarterly basis from PGCIL, was finally signed by Company in December 2020, a delay of more than four years. The reasons for delay in execution of MOU were not on record.

Due to this delay in signing of MOU, O&M charges of ₹ 4.58 crore from June 2016 to December 2020, which were otherwise recoverable on a quarterly basis, could be claimed from PGCIL only in March 2021, *i.e.* after a

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1 A bay is a power line within an electrical substation which connects a circuit (such as a power line or transformer) to a Bus Bar (central connection in a substation which links all circuits of the same voltage together).

2 A Central Public Sector Enterprise which provides transmission system for evacuation of central sector power and is also responsible for the establishment and operation of regional and national power grids to facilitate the transfer of power within and across the Regions/States.

3 400 KV Dehar - Rajpura and 400 KV Rajpura – Bhiwani line bays.

lapse of three months to four and half years. The due payment was received by the Company in April/May 2021.

The delay in signing of MOU and consequent delayed recovery of O&M charges resulted in avoidable interest cost of ₹ 1.26 crore[4] on the Company, which is reliant on working capital loans from banks to finance its day-to-day affairs.

The Management replied (March 2022) that the 400 KV system being a new system, focus of the Company remained on its commissioning and maintenance to meet power requirements of State. The process for execution of MoU was initiated with PGCIL during April 2018 but got delayed due to need for incorporation of O&M charges notified by CERC for 2019-24 and account for cost of maintenance works carried out by PGCIL from date of commissioning of bays in the MoU.

The reply of the Management is not acceptable as similar MoU for O&M of two[5] 400 KV line bays commissioned (November/ December 2015) at 400 KV Nakodar sub-station had been executed (June 2016) for the period 2015-19 and as also renewed (November 2019) for the period 2019-24 before execution (December 2020) of even first MoU for 400 KV line bays at 400 KV Rajpura. This goes to show that the Company had not pursued the MoU execution process for O&M of PGCIL's 400 KV Rajpura earnestly leading to delay in recovery of O&M charges and consequent interest loss of ₹ 1.26 crore.

The matter was referred (October 2021) to the Government; their reply was awaited (November 2022).

It is recommended that the Company should ensure timely execution of all commercial agreements for recovery of its due charges to protect its financial interests.

Punjab State Power Corporation Limited

8.2 Delay in commissioning of Micro Hydel Projects

The Company suffered generation loss of 18.93 MUs due to delay in commissioning of three Micro Hydel Projects after renovation which caused net loss of revenue of ₹ 5.58 crore and an avoidable expenditure of ₹ 3.41 crore towards fulfilling the renewable purchase obligation.

Punjab State Power Corporation Limited (Company) decided (January 2016) to float tenders for Renovation, Operation and Transfer (ROT) of maintenance

4 calculated at rate of interest on working capital allowed by Punjab State Electricity Regulatory Commission in the tariff orders for the years 2016-17 to 2020-21.

5 400 KV Jalandhar – Nakodar and 400KV Nakodar – Kurukshetra line bays.

of its micro hydel projects (MHPs) and signed (December 2016) ROT agreements for three (Thuhi, Nidampur and Daudhar) MHPs. All three MHPs were scheduled to be commissioned by December 2017.

Audit observed (October 2020) that the projects were actually commissioned after delay ranging between 221 and 594 days. The delay was caused due to issues related to dismantling, design and engineering, refurbishment, new procurement and shop fitment of turbine parts. Further, as per Request for proposal (RFP) documents, these activities were to be considered by the bidder while making the bid. Therefore, these factors were well within the knowledge of the bidder/contractor. This delay in commissioning of these three MHPs after renovation by the contractor resulted in loss of generation 18.93 MUs of electricity equivalent to revenue[6] of ₹ 5.58 crore as follows:

Table 8.1: Net loss of revenue due to loss of generation in Micro Hydel Projects

Name of the project	Date of issue work order	Due date of Commissioning	Actual date of commissioning the project	Delay (in days)	Estimated loss of generation	Net revenue loss[7]
					(in MUs)	(₹ in crore)
1	2	3	4	5	6	7
Daudhar	23-12-16	22-12-17	31-07-18	221	6.330	2.31
Nidampur	22-12-16	21-12-17	10-10-18	293	4.206	1.08
Thuhi	21-12-16	20-12-17	06-08-19	594	8.398	2.19
Total					**18.934**	**5.58**

Source: Data provided by the Company

Audit further observed that the Company did not insert any penalty clause in the ROT agreement for delay in completion of the works; resultantly, it could not impose any penalty on the contractor to cover its loss.

Audit also observed that because of this delay the Company could not fulfill its renewable energy commitments also. Consequently, the Company had to purchase Renewable Energy Certificates (RECs) of ₹ 3.41 crore to meet its commitment towards Renewal Purchase Obligation (RPO).

The Management stated (September 2022) that delays occurred due to technical issues like problems in dismantling, turbine design and engineering, repair, renovation, shop fitment, laying of new transmission line etc. The reply of the Company is not tenable as scheduled completion period mentioned in the bid document was arrived at after considering all the related factors which were controllable.

The matter was referred (January 2022) to the State Government; their reply was awaited (November 2022).

6 Average Realisable Rate for year as per tariff order *minus* the cost of power of micro hydel projects.

7 Difference between annual realisable value for the year as per Tariff order of respective year and the cost of energy from the project.

It is recommended that the Company should monitor the implementation of its projects for their timely completion.

8.3 Accumulation of penal interest

The Company continued to delay payments to Micro and Small Enterprises resulting into accumulation of penal interest liability of ₹ 90.41 crore between April 2018 and December 2021.

Punjab State Power Corporation Limited (Company) purchases various types of material for its operational requirements from several supplier firms including those defined as Micro and Small Enterprises (MSEs) under 'Micro, Small and Medium Enterprises Development Act, 2006' (Act).[8]

The Act provides[9] for the buyer to make payment to MSEs on or before the agreed date which should not exceed 45 days from the date of acceptance of material failing which the buyer is liable to pay compound interest with monthly rests at three times of the bank rate notified by Reserve Bank of India (RBI), notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force. The Act further provides[10] that any party to a dispute with regard to any amount due under this Act, may make a reference to the Micro and Small Enterprises Facilitation Council (MSEFC) and that application for setting aside any decree, award or other order made by MSEFC shall be entertained by Court only after the appellant has deposited 75 *per cent* of the amount decreed, awarded or ordered.

Audit observed (July 2019) that the Company delayed payments to MSEs and also contested the claims of MSEs for interest on delayed payments and awards given there against by judicial authorities in superior Courts. During May/ June 2015, High Court of Punjab and Haryana had dismissed 37 appeals of the Company finding no illegality or infirmity in the awards given by MSEFCs. Further, Supreme Court of India had dismissed (December 2015) one such case and subsequent review petition also (April 2016).

The Report of Comptroller and Auditor General of India on Public Sector Undertakings (Social, General and Economic Sectors) of Government of Punjab for the year ended 31 March 2014 pointed out (Para 3.3) the failure of the Company in making timely payments of materials to small scale industrial units resulting in extra interest burden of ₹ 47.81 crore. After discussion on the

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8 Replaced the earlier 'Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993'.

9 Section 15 (Liability of buyer to make payment) and Section 16 (Date from which and rate at which interest is payable) of MSMED Act 2006.

10 Section 18 (Reference to micro and small enterprises facilitation council) and Section 19 (Application for setting aside decree, award or order) of MSMED Act 2006.

Para, Committee on Public Undertakings (COPU) recommended (March 2018) that despite being aware of strict provisions requiring payment of penal interest for delayed payments to MSEs, the Company had challenged such claims of MSEs in Courts instead of accepting their claims. COPU had also asked for quantum of interest liability arising due to non-acceptance of claims of MSEs.

Audit observed that the Company, despite being aware of statutory provisions and adverse orders from Supreme Court/ High Court and observations of COPU on the matter, was still continuing with challenging the claims of MSEs for interest on delayed payments in various Courts. Test check showed that ten separate cases relating to interest on delayed payments claimed by M/s Sangrur Industrial Corporation Limited, Sangrur are pending at High Court/ Supreme Court level. In five cases pending at Supreme Court level, against original disputed claims of ₹ 2.28 crore, an amount of ₹ 5.75 crore was awarded by MSEFCs during 2010, against which an amount of ₹ 4.31 crore (75 *per cent*) was deposited at the time of filing appeals and balance liability of ₹ 1.44 crore (25 *per cent*) had increased to ₹ 7.18 crore before the same was deposited based on orders of Hon'ble Supreme Court during 2016. In the remaining five cases pending at High Court level against original disputed claims of ₹ 14.57 crore, an amount of ₹ 16.91 crore was awarded by MSEFCs during 2014 to 2015, against which an amount of ₹ 12.69 crore (75 *per cent*) was deposited at the time of filing appeals and balance liability of ₹ 4.22 crore (25 *per cent*) has increased to ₹ 25.16 crore as on 31 December 2021.

Similarly, six separate cases relating to interest on delayed payments claimed by M/s Punjab Transformers and Electronics Limited, Sangrur are pending at High Court/ Supreme Court level. In three cases pending at Supreme Court level, against original disputed claims of ₹ 0.89 crore, an amount of ₹ 1.75 crore was awarded by MSEFCs during 2010, against which an amount of ₹ 1.31 crore (75 *per cent*) was deposited at the time of filing appeals and balance liability of ₹ 0.44 crore (25 *per cent*) had increased to ₹ 2.56 crore before the same was deposited based on orders of Hon'ble Supreme Court during 2016. In the remaining three cases pending at High Court level against original disputed claims of ₹ 3.42 crore, an amount of ₹ 5.07 crore was awarded by MSEFCs during 2014 to 2015, against which an amount of ₹ 3.80 crore (75 *per cent*) was deposited at the time of filing appeals and balance liability of ₹ 1.27 crore (25 *per cent*) has increased to ₹ 7.23 crore as on 31 December 2021.

Further, scrutiny of 38 ongoing cases for interest on delayed payments to MSEs pending at MSEFC/ District Court/ High Court level in Material Management (MM) organisation of the Company showed that:

- In 21 cases pending at MSEFC level, an amount of ₹ 46.31 crore claimed by MSEs during 2004 to 2020 has increased to ₹ 127.30 crore as on 31 December 2021. The increase in penal interest liability from April 2018 onwards alone was ₹ 51.29 crore.

- In six cases pending at District Court level, ₹ 20.84 crore (75 *per cent*) stands deposited against ₹ 27.79 crore awarded by MSEFCs to MSEs during 2014 to 2016 at the time of filing appeal and the balance liability of ₹ 6.95 crore (25 *per cent*) had increased to ₹ 37.71 crore as on 31 December 2021. The increase in penal interest liability from April 2018 onwards alone was ₹ 20.32 crore.

- In eleven cases pending at High Court level, ₹ 17.70 crore (75 *per cent*) stands deposited against ₹ 23.81 crore awarded by MSEFCs to MSEs during 2011 to 2015 at the time of filing appeal and the balance liability of ₹ 6.10 crore (25 *per cent*) had increased to ₹ 35.79 crore as on 31 December 2021. The increase in penal interest liability from April 2018 onwards alone was ₹ 18.80 crore.

However, no action to arrest the continued accumulation of penal interest liability accruing at thrice[11] the bank rate notified by RBI had been taken by the Company. Resultantly, penal interest liability had accumulated to ₹ 90.41 crore[12] between April 2018 and December 2021.

The Government replied (July 2022) that it has started depositing full award amount in High Court while challenging MSEFC awards and a proposal is being submitted before Board of Directors (BoD) of the Company for allowing deposit of balance 25 *per cent* of award amount in cases pending before District/ High Court to avoid future interest liability. The proposal, however, was yet (September 2022) to be approved by the BoD.

The fact remains that action to restrict the continued accumulation of penal interest liability in these ongoing cases before District/ High Court was yet to be completed by the Company.

The Company needs to examine the reasons for delay in payments to MSMEs as interest and penal interest as well as legal expenses to contest the court cases are adding to the liabilities of the Company. It is recommended that the Company may examine cases of willful non payment of liabilities in a fixed time frame and fix accountability of officials concerned to check this trend.

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11 Bank Rate of RBI ranged from 4.25 *per cent* to 6.75 *per cent* and effective penal interest on delayed payments to MSEs ranged from 12.75 *per cent* to 20.25 *per cent* during April 2018 to December 2021.

12 in Material Management organisation alone.

AGRICULTURE AND FARMERS' WELFARE DEPARTMENT

Punjab State Warehousing Corporation

8.4 Loss of interest

The Corporation was deprived of the interest earnings amounting to ₹ 64.11 lakh due to investment of surplus funds in different banks on the same day without ensuring maximum returns.

Punjab State Warehousing Corporation (Corporation) is engaged mainly in activities of warehousing, containerisation and procurement of foodgrains. The Corporation has its own as well as hired godowns for storage of foodgrains procured for Food Corporation of India and other agencies for which it receives charges. The surplus of the storage charges income is invested in fixed deposits in different banks by the Corporation.

As per Department of Finance, Government of Punjab guidelines (April 2008), the Corporation must place their deposits at least to the extent of 60 *per cent* with public sector banks and the remaining 40 *per cent* with any scheduled commercial banks and while doing so, it may ensure to place deposits with the bank which gives the maximum return by following a transparent procedure.

The Corporation had (March 2021) fixed deposits of ₹ 1,118.52 crore in different banks. These funds were invested by the Corporation for a period of above one year to less than two years on the basis of quotations received from the banks on its panel. Audit observed (June 2021) that the Corporation had parked funds of ₹ 100 crore in fixed deposits with Axis Bank at the rate of 6.40 *per cent per annum* and ₹ 100 crore in fixed deposits with Punjab National Bank at the rate of 5.80 *per cent per annum* on the same day *i.e.,* on 3 April 2020. As both the banks were on its panel, non-deposit of entire ₹ 200 crore in Axis Bank which was offering higher rate of interest resulted in loss of interest amounting to ₹ 64.11 lakh to the Corporation.

Thus, the Corporation was deprived of the interest earnings amounting to ₹ 64.11 lakh due to investment of surplus funds in different banks on the same day without ensuring maximum returns.

The Management stated (February 2022) that as per quotation, Axis bank was able to book only ₹ 100 crore on 3 April 2020 for one year and the investment was diversified to take advantage of hedging of funds. The reply is not acceptable as to save the financial interest of the Corporation, it could have invested ₹ 100 crore in Axis bank on the next day as the rate of interest was same upto 18 April 2020. Moreover, the Corporation was not having any fixed deposits in Axis Bank on 31 March 2020 and if it had deposited entire

₹ 200 crore in Axis Bank which was offering higher rate of interest, even then it would not have crossed the prescribed limit of 40 *per cent* fixed deposits in scheduled commercial banks and 60 *per cent* in public sector banks.

The matter was referred (December 2021) to the State Government; their reply was awaited (November 2022).

The Corporation should avail the opportunity of parking the surplus funds at higher rates offered by the banks and safeguard its financial interest.

INDUSTRIES AND COMMERCE DEPARTMENT

Punjab Small Industries and Export Corporation Limited

8.5 Delayed/Short-claiming of extension fee

Failure of the Company to raise its claim of extension fee from an allottee in time and accurately as per the terms of allotment resulted in non-recovery of ₹ 6.04 crore and associated loss of interest of ₹ 1.16 crore.

Punjab Small Industries and Export Corporation Limited (Company) allots plots for setting up industries as per the Allotment Policy of the Government of Punjab. The plots are allotted at tentative prices and letter of intent (LOI) issued. The plot allotment price is subject to variation with reference to actual measurement of the plot and cost of acquisition of land. In case of any enhancement of compensation amount on account of acquisition of land by the Courts, the allottees are to pay the additional price of the plot. Further, the allottees are to commence commercial production on the industrial plot within a period of three years from the date of issue of LOI which is extendable by two more years. The Company is entitled to recover extension fee at the rate of 7.5 *per cent* and 10 *per cent* of the allotment price of plot for fourth and fifth year respectively for giving extension in commencement of production.

Audit observed (September 2020 and December 2020) that the Company allotted (August 2015) a plot (no. A-1) measuring 1,70,029 square yards to an allottee[13] at an allotment price of ₹ 18.36 crore at Phase-II, Industrial Complex, Goindwal Sahib for manufacturing paints. The allottee was to commence production by August 2018 which actually started in October 2019. The Company demanded (April 2019) enhancement compensation of ₹ 16.12 crore which was paid (July 2019) by the allottee. However, Company

[13] M/s. Kansai Nerolac Paints Limited.

did not claim extension fee for delay in commencement of commercial production as per the terms of the allotment.

The Company raised (July 2021) its claim of extension fee of ₹ 3.21 crore for the period August 2018 to August 2020 on the original price of ₹ 18.36 crore after being pointed out in Audit. However, it was observed that the claim was raised without taking into account the enhancement compensation of ₹ 16.12 crore which resulted into short claiming of extension fee by ₹ 2.83 crore. The Company has not received any amount from the allottee towards the extension fee till date (December 2021).

Thus, delayed and short claiming of extension fee as per the terms of allotment resulted in non-recovery of extension fee of ₹ 6.04 crore and consequential loss of interest of ₹ 1.16 crore[14] to the Company.

The matter was referred (January 2022) to the State Government and the Company; their replies were awaited (November 2022).

The Company may ensure timely and accurate raising of its claims from the allottees as per terms of the allotment by strengthening its monitoring mechanism.

FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

Punjab State Grains Procurement Corporation Limited

8.6 Shortages and damage of de-centralised procurement (DCP) wheat

Poor preservation and non-adherence of FIFO during distribution of decentralised procurement wheat under National Food Security Act, 2013 resulted in shortages and damage of wheat and consequent loss of ₹ 1.52 crore to the Company.

Government of India (GoI) enacted National Food Security Act (NFSA), 2013 to provide food and nutritional security to the identified households by ensuring access to adequate quantity of quality food at affordable prices. Under the NFSA, every beneficiary is entitled to receive foodgrains at subsidised rates from the State Government through the Public Distribution System. The Department of Food, Civil Supplies and Consumer Affairs, Government of Punjab (GoP) implemented (December 2013) the NFSA under which wheat was to be distributed to beneficiaries at the rate of

[14] Calculated at a simple interest rate of 7.00 *per cent* per annum on recoverable extension fee of ₹ 6.04 crore for the period from August 2018 to December 2021.

₹ 2 per kg by the Punjab State Grains Procurement Corporation Limited (Company) being the nodal agency for implementation of NFSA in Punjab.

A Memorandum of Understanding (MoU) was signed between GoI and GoP for execution of de-centralised procurement (DCP) for NFSA in which the Company procures and stores wheat till its distribution to the beneficiaries. The GoI directed (March 2014) that Distribution/movement/issue of foodgrain stocks have to be made on the principle of 'First in First Out' (FIFO) *i.e.* stocks of older crop year shall be moved/issued first. The State Government verifies the quantities distributed under NFSA and the Company claims the subsidy on quarterly basis from the Department of Food and Public Distribution, GoI at the rates notified by the GoI after adjusting the sale realisation from the beneficiaries *i.e.* ₹ 2,000 per MT. The onus of safe custody of wheat stored in godowns till its delivery remains with the Company.

Audit noticed (September 2020) that 1440.169 MT wheat (Of Crop Year 2014-15: 317.200 MT, 2015-16: 75.53 MT and 2016-17: 1047.439 MT) was damaged (November 2016 to August 2019) and disposed off (December 2019) through tenders. The reasons marked in the Stock Categorisation reports for damage of wheat were poor preservation of stocks and prolonged storage of wheat.

Audit observed that the Company had not followed FIFO[15] method while issuing DCP wheat for distribution under the NFSA, 2013. During 2015-16, 4.03 lakh MT wheat of crop year 2015-16 was distributed whereas 1.03 lakh MT wheat of crop year 2014-15 was available for distribution. Similarly, 6.98 lakh MT wheat of crop year 2016-17 was distributed during 2016-17 whereas 0.62 lakh MT wheat of crop year 2014-15 to 2015-16 was available for distribution and 7.51 lakh MT wheat of crop year 2017-18 was distributed during 2017-18 whereas 0.61 lakh MT wheat of crop year 2014-15 to 2016-17 was available for distribution. To avoid damage to wheat due to prolonged storage, the left over wheat of earlier crop years was to be distributed on priority. The non-observance of FIFO resulted into damage of 1440.169 MT wheat which was put to sale through tenders during December, 2019. However, at the time of actual lifting of wheat stock, further shortages of 440.559 MT wheat which resulted into loss of ₹ 0.84 crore[16].The balance damaged wheat (999.610 MT) was sold at rates ranging between ₹ 2500 and ₹ 15555 per MT which resulted into loss of ₹ 0.68 crore.

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[15] required to be followed as per directions of GoI.

[16] calculated at sale price to be realised from GoI in case of distribution of DCP wheat to the beneficiaries.

Thus, poor preservation and non-adherence of FIFO not only resulted in loss of ₹ 1.52 crore to the Company but also deprived the beneficiaries of DCP wheat under NFSA, 2013.

The matter was referred (November 2020) to the Government and the Corporation; their replies were awaited (November 2022).

The Company may employ scientific preservation techniques, ensure strict monitoring over storage conditions and observe the principle of First In First Out while issuing wheat.

TRANSPORT DEPARTMENT

Punjab State Bus Stand Management Company Limited

8.7 Passenger amenities and upkeep of bus stands

Passenger amenities such as safe drinking water, toilets and urinals, CCTV surveillance, safety measures, provision of waiting rooms etc. were inadequate at the bus stands. Monitoring was grossly inadequate resulting in non-maintenance of public amenities at bus stands and poor redressal of passenger grievances.

8.7.1 Introduction

Punjab State Bus Stand Management Company Limited (Company) was incorporated (March 1995) under the Companies Act, 1956 with the main objective to manage, control and supervise the bus stands in the State. The Company had 19[17] bus stands and handled an average footfall ranging from 1,500 to 1,00,000 per day during 2020-21 in them. The Company has overall responsibility of the operation and maintenance of the bus stands and to ensure adequate amenities for the passengers. The Company carried out the operation and maintenance of the bus stands through contractors by entering into Management Contracts for a period of five years. The controlling Depot Manager is responsible for checking the operation and maintenance activities at bus stands. The finalisation of annual financial statements of the Company was in arrears and had been finalised only upto the year 2015-16 (September 2022). As per provisional accounts, the Company earned profits of ₹ 3.51 crore and ₹ 2.12 crore during 2018-19 and 2019-20 respectively, provisional accounts for the year 2020-21 were yet to be prepared (August 2022).

[17] Amritsar, Dera Baba Nanak, Fazilka, Ferozepur, Hoshiarpur, Jagraon, Jalandhar, Ludhiana, Majitha, Moga, Mukerian, Muktsar, Nangal, Pathankot, Rupnagar, Shaheed Bhagat Singh (SBS) Nagar, Shri Anandpur Sahib, Taran Taran and Zira. Sri Anandpur Sahib bus stand was functioning under Rupnagar Depot.

With the objective of assessing the adequacy and maintenance of passenger amenities at the bus stands, upkeep of bus stands and efficacy of monitoring mechanism, an audit was taken up. Audit selected six[18] bus stands (31 *per cent*) using random stratified sampling[19] and reviewed the provision and maintenance of basic passenger amenities and upkeep of bus stands during the period from 2018-19 to 2020-21. Towards achieving the audit objective, a test check of records at Head office and selected depots as also joint inspections with officials of selected bus stands were conducted. As part of audit exercise, joint passenger surveys to record passengers' perception regarding availability of passenger amenities by randomly selecting 25 passengers at each of the sampled bus stands was undertaken.

8.7.2 Audit Findings

8.7.2.1 Norms for passenger amenities

As per Management Contract, the operator was required to provide adequate passenger amenities at bus stands which include safe drinking water at par with WHO standards, clean and functional water chambers, 100 *per cent* CCTV surveillance along with security system for passengers and their belongings, proper seating arrangements at platforms, 24 hours operational waiting rooms, descaled/scum free toilets/ urinals including special toilets for specially abled passengers, legible display boards regarding user charges etc., functional complaint registers, 24 hours operational parking facility and effective waste management along with covered dustbins. These norms were applicable on the Company as well as contractors for operation and maintenance of bus stands.

The Bureau of Indian Standards (BIS) provides norms (Code IS-1172:1993) for the minimum sanitary conveniences at residential, commercial and industrial buildings in urban areas including bus terminals. Audit noticed that the Company had neither prescribed any norms nor prepared a manual regarding quantum of infrastructure to be provided at the bus stands *i.e.* number of drinking water taps, toilets, urinals, CCTV cameras, security guards etc. Deficiencies in provision of sanitary conveniences with respect to BIS norms have been discussed in paragraph 8.7.3.1 *infra.*

8.7.2.2 Creation of infrastructure for passenger amenities

The Company decided (January 2015) that any excess revenue from bus stands shall be utilised on bus stands for construction/rent/repair and maintenance of buildings of workshops, roads etc. Though revenue of

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[18] Moga, Roopnagar, Ludhiana, Amritsar, Nangal and SBS Nagar.

[19] Strata were based on passenger footfall, management of bus stand by Company/contractor and geographical location.

₹ 22.28 crore and ₹ 26.6 crore was earned from the bus stands, yet during 2018-19 and 2019-20 respectively, neither budget was allocated nor capital expenditure was incurred for making required additions to the bus stands' infrastructure. For example, the bus stand at Rupnagar was being operated in a temporary shed with uncovered platform and waiting area for more than 20 years, causing inconvenience to passengers.

8.7.3 Passenger amenities at bus stands

8.7.3.1 General Passenger amenities

During joint inspection, passenger amenities at bus stands such as potable water, toilets/ urinals including toilets for specially abled passengers, security systems, waiting rooms, cloak rooms, parking facility, seating arrangements, user charges, cleanliness at bus stands, complaint redressal mechanism and effective waste management etc. were checked and following deficiencies were noticed (as detailed in ***Appendix 8.1***):

- For availability of clean and cooled drinking water at bus stands, availability of RO water filters or equivalent and water coolers was to be ensured. At three[20] of the six selected bus stands it was observed that RO purified water was not available. At two[21] of six selected bus stands water coolers were not available. At other two[22] selected bus stands only one water cooler was available. At five[23] of six selected bus stands, storage chambers of water coolers were not clean. Water testing for checking quality was not being done at any of the selected bus stands.

- Adequate number of clean and hygienically maintained toilet facilities are essential to maintain a clean environment. At all the selected bus stands, number of toilets were inadequate to cater to the needs of the public as per *ibid* BIS norms. The shortage in number of toilets ranged from four to 83 for male and one to 38 toilets for female passengers for a daily footfall ranging from 5,000 to 90,000. There was also shortage in number of urinals at four[24] bus stands, waiting rooms at three[25] bus stands and cloak rooms at two[26] bus stands.

- At five[27] out of six (83 *per cent)* selected bus stands, the toilets and urinals were unhygienic needing increased periodicity and quality of cleaning. They also needed urgent repairs of toilet seats and doors at

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20 Amritsar, Nangal and Rupnagar.
21 Amritsar and Nangal.
22 Rupnagar and SBS Nagar.
23 Amritsar, Ludhiana, Nangal, Rupnagar and SBS Nagar.
24 Amritsar, Ludhiana, Nangal and Rupnagar.
25 Moga, Nangal and Rupnagar.
26 Nangal and Rupnagar.
27 Amritsar, Ludhiana, Nangal , Rupnagar and SBS Nagar.

five[28] and two[29] of the selected bus stands respectively. The toilets for specially abled passengers were not maintained at Amritsar and Nangal bus stands.

- At all the selected bus stands, no segregation of waste was being done by the Company/contractor. In five[30] of six (83 *per cent*) sampled bus stands, the dustbins were either without lids or handles. Piles of garbage were observed at Nangal and SBS Nagar bus stands. In the joint passenger survey, 31 *per cent* passengers responded that arrangement of dustbins was insufficient.
- At Rupnagar bus stand there was no waiting room for passengers and the seating arrangement at platform was uncomfortable and broken. At Nangal and Moga bus stands, there were no waiting rooms for male passengers while at Amritsar bus stand, waiting rooms were not available for use and sheds provided at the platform for seating of the passengers were broken exposing them to harsh weather conditions. The waiting rooms for female passengers at Nangal, were found locked. The waiting rooms were unhygienic and rundown wherever available.
- At two[31] of six selected bus stands, cloak rooms were not available. At Ludhiana and Moga Bus Stands, cloak room was not properly maintained and the racks were found unlocked and used for stocking material. There was also over-charging of the facility.
- The user charges mentioned in parking fee slips were not as per the Management Contract. The passengers were short[32]/overcharged[33] at five of six selected bus stands. At three[34] of six selected bus stands, vehicle parking fee was not displayed, making the facility prone to manipulation.
- During joint inspection of shops (test checked) at Amritsar bus stand, Audit observed that three shopkeepers were charging rates more than the Maximum Retail Price.

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28 Amritsar, Ludhiana, Nangal , Rupnagar and SBS Nagar.
29 Ludhiana and SBS Nagar.
30 Amritsar, Ludhiana, Moga, Nangal and SBS Nagar.
31 Nangal and Rupnagar.
32 Amritsar.
33 Amritsar, Moga, Nangal, Rupnagar and SBS Nagar.
34 Nangal, Rupnagar and SBS Nagar.

Picture No. 1: Non-operational RO and unhygienic surroundings of Water Cooler at Rupnagar Bus Stand (27 July 2021).

Picture No. 2: Filthy water chamber at Nangal Bus Stand (29 July 2021)

Picture No. 3: Broken toilet at Amritsar Bus Stand (23 August 2021)

Picture No. 4: Broken cemented seats/ seating arrangement at Rupnagar Bus Stand (27 July 2021)

- at Rupnagar and Amritsar bus stands internal roads were broken and full of potholes causing inconvenience to the passengers.

- The floor of platform at Rupnagar bus stand had cracks and iron strips were protruding from floor causing risk of injury to passengers.

Picture No. 5: Broken internal road at Rupnagar Bus Stand (27 July 2021)

Picture No. 6: Damaged internal road at Amritsar Bus Stand (23 August 2021)

8.7.3.2 Amenities related to safety of Passengers

Joint inspection of the selected bus stands was conducted and deficiencies as detailed in ***Appendix 8.2*** were noticed:

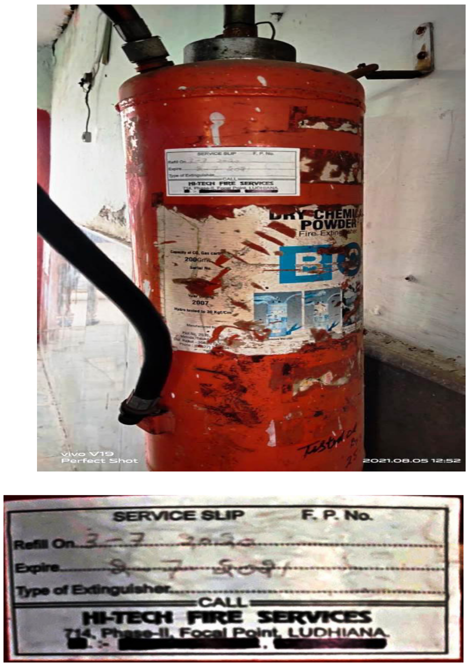
- At Rupnagar bus stand, no daytime security staff was deployed and only one security guard was deployed for night time and CCTV cameras were not installed at mini bus stand platform. There were only six and four security guards at Amritsar and Ludhiana bus stands to cater to the minimum footfall of 90,000 and 80,000 passengers per day, respectively. It was observed that only 14 CCTV cameras out of 38 and 18 CCTV cameras out of 25 were operational at Amritsar and Ludhiana bus stands respectively compromising the safety and security of passengers.

- At SBS Nagar and Nangal Bus Stand, there were only two security guards posted on rotational basis and one security guard on day duty and two at night duty respectively to serve the minimum footfall of 10,000 persons per day at each Bus Stand. Further, out of six CCTV cameras installed at SBS Nagar bus stand, only four were found operational during inspection.

- At four[35] of six bus stands, CCTV backup available was not enough. The backup of CCTV recording ranged from three to 13 days against the required 20 days as per Management Contract, resulting in non-availability of critical information required by the passengers or other authorities in case of any theft/ mis-happening. Control room was without operator at four[36] out of six of selected bus stands.

- The Company/contractor was required to obtain/ renew fire safety clearance from the authority concerned, yearly. Joint inspection showed that the Company/contractor did not take fire safety clearance from the appropriate authorities at any of the selected bus stands and fire extinguishers had expired their validity at four[37] of six sampled bus stands.

[35] Amritsar, Ludhiana , Moga and SBS Nagar.
[36] Amritsar, Moga, Nangal and SBS Nagar.
[37] Amritsar, Ludhiana, Nangal and Rupnagar.



Picture-7: Expired fire extinguisher at Amritsar Bus Stand (23 August 2021)	**Picture-8**: Expired fire extinguisher at Ludhiana Bus Stand (05 August 2021)

8.7.3.3 Complaint Redressal Mechanism

The Company/ contractor was required to maintain a complaint register for recording of complaints by passengers. The availability and access to complaint register is to be prominently displayed at the passenger entry and exit of each Bus stand so as to bring it to the attention of all passengers. After inspection of complaint register, the action so taken was to be briefly noted in the complaint register by contractor.

At four[38] of six selected bus stands complaint registers were not available. Examination of complaint register at Rupnagar bus stand revealed that 15 complaints pertaining to broken internal roads, filthy bathrooms, unsafe drinking water remained unaddressed since 2018[39]. At Moga bus stand, the passengers complained about non-availability of cold water during summer seasons. Though the complaint has been shown as disposed off in the complaint register yet its repeated lodging by passengers show that the problem still persists.

Availability of complaint register was not displayed at any of the selected bus stands. In the joint passenger survey, 44 *per cent* passengers responded that they were not aware of facility of complaint register at bus stands.

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38 Amritsar, Ludhiana, Nangal and SBS Nagar.

39 2018-19: 03, 2019-20: 07 and 2020-21: 05.

8.7.4 Monitoring and Control

- Every Depot Manager of the Company was required to conduct a quarterly meeting of the Maintenance Board[40] to review the compliance of Management Contract, effective operation and maintenance of bus stands and action taken on matters arising out of the complaints. Audit noticed that during the period 2018-2021, against the requirement of 12 meetings[41] per bus stand, meetings conducted ranged from zero to three, reflecting grossly inadequate monitoring at all the selected bus stands.

- The Depot Manager was required to inspect/ physically at site all the facilities and facts of contractors' returns and submit a monthly inspection report to Managing Director of the Company. Audit observed that regular monthly inspections were not carried out by depot managers.

- In five[42] of six (83 *per cent*) sampled bus stands, the contractors' returns *i.e.* Asset Register, Action Taken Progress Report, Complaint Register, Handing Over Report, Maintenance Register, Maintenance Undertaken, Preventive Maintenance Register of Inspection of Building and Maintenance Undertaken and Traffic Report were not submitted periodically reflecting that compliance to provisions of Management Contract remained unmonitored.

- In four[43] of six (67 *per cent)* selected bus stands, neither Company nor contractor had executed tri-party agreements with the shopkeepers, putting the property at the risk of non-vacation/encroachment. Joint inspection revealed that shopkeepers encroached upon the platform space at Moga and Ludhiana bus stands, creating inconvenience to the passengers.

- Joint inspection of SBS Nagar bus stand showed that parking area for four wheelers was occupied by taxi operators making the parking facility unavailable for use of passengers.

- An amount of ₹ 1.56 lakh and missing accessories at the time of handover of Nangal bus stand remained unrecovered due to expired performance bank guarantee (PBG). There was a short receipt of PBG of ₹ 0.38 crore from the contractor managing Ludhiana bus stand.

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[40] Deputy Commissioner of concerned district, General Manager (P&D) of the Company, Senior Superintendent of Police, Depot Manager and authorised representative of contractor.
[41] four meetings per year.
[42] Amritsar, Ludhiana, Moga, Nangal and SBS Nagar.
[43] Amritsar, Ludhiana, Moga and Rupnagar.

- Thirteen clearances from various local authorities to provide uninterrupted amenities to the passengers were not taken at all the selected bus stands.

Recommendations

The Company may:

- *devise norms for creation of adequate infrastructure for passenger amenities and make financial provisions accordingly; and*
- *provide adequate passenger amenities commensurate with the passenger footfall.*

The matter was referred (October 2021) to the State Government and the Company; their replies were awaited (November 2022).

Chandigarh **(NAZLI J. SHAYIN)**
The 27 January 2023 **Principal Accountant General (Audit), Punjab**

Countersigned

New Delhi **(GIRISH CHANDRA MURMU)**
The 30 January 2023 **Comptroller and Auditor General of India**

Appendices

Appendix 1.1

(Referred to in Table 1.2, Footnote 5)

Receipts under Heads of non-tax revenue included in 'Others' at Sr. No. 1 under sub-heading Non-Tax Revenue of Table 1.2

Sr. No.	Head of Revenue	Receipt (₹ in crore)		Percent increase (+) or decrease (-) over 2019-20
		2019-20	2020-21	
1.	0050-Dividend and Profits	4.24	1.26	*(-) 70.28*
2.	0051-Public Service Commission	5.39	46.53	*(+) 763.27*
3.	0056-Jails	2.26	2.08	*(-) 7.96*
4.	0057-Supplies and Disposals	0.09	0.18	*(+) 100.00*
5.	0058-Stationery and Printing	12.33	6.29	*(-) 48.99*
6.	0071-Contributions and Recoveries towards Pension and Other Retirement Benefits	121.88	209.90	*(+) 72.22*
7.	0211-Family Welfare	0.03	0.03	*0.00*
8.	0215-Water Supply and Sanitation	53.83	8.76	*(-) 83.73*
9.	0216-Housing	6.45	6.36	*(-) 1.40*
10.	0217-Urban Development	44.53	49.78	*(+) 11.79*
11.	0220-Information and Publicity	0.04	0.07	*(+) 75.00*
12.	0230-Labour and Employment	29.22	27.44	*(-) 6.09*
13.	0235-Social Security and Welfare	95.47	44.00	*(-) 53.91*
14.	0250-Other Social Services	54.95	45.35	*(-) 17.47*
15.	0401-Crop Husbandry	18.92	7.62	*(-) 59.73*
16.	0403-Animal Husbandry	10.65	6.19	*(-) 41.88*
17.	0404-Dairy Development	0.02	0.08	*(+) 300.00*
18.	0405-Fisheries	0.93	0.17	*(-) 81.72*
19.	0435-Other Agricultural Programmes	4.45	2.77	*(-) 37.75*
20.	0515-Other Rural Development Programmes	43.96	3.44	*(-) 92.17*
21.	0801-Power	0.02	0.0021	*(-) 89.50*
22.	0851-Village and Small Industries	0.53	0.41	*(-) 22.64*
23.	0852-Industries	0.03	0.01	*(-) 66.67*
24.	1053-Civil Aviation	0.01	0.06	*(+) 500.00*
25.	1054-Roads and Bridges	7.65	0.01	*(-) 99.87*
26.	1055-Road Transport	176.35	110.17	*(-) 37.53*
27.	1275-Other Communication Services	0.0002	0.0001	*(-) 50.00*
28.	1452-Tourism	0.21	0.50	*(+) 138.10*
29.	1456-Civil Supplies	175.12	178.45	*(+) 1.90*
30.	1475-Other General Economic Services	48.66	24.92	*(-) 48.79*
Total		**918.22**	**782.83**	***(-) 14.74***

Appendix 2.1

(Referred to in Paragraph 2.1)

Details of districts where schemes for installation of RO plants were implemented

Sr. No.	Name of Scheme and Districts			Districts where actually schemes were implemented
	NABARD-XIX	NABARD-XXII	NITI Aayog	
1.	Amritsar	Amritsar	Amritsar	Amritsar
2.	Barnala	Barnala	Barnala	Barnala
3.	Bathinda	Bathinda	Bathinda	Bathinda
4.	Fatehgarh Sahib	Fatehgarh Sahib	Fatehgarh Sahib	Fatehgarh Sahib
5.	Fazilka	Fazilka	Ferozepur	Ferozepur
6.	Ferozepur	Ferozepur	Gurdaspur	Gurdaspur
7.	Gurdaspur	Gurdaspur	Hoshiarpur	Hoshiarpur
8.	Hoshiarpur	Hoshiarpur	Jalandhar	Jalandhar
9.	Jalandhar	Ludhiana	Mansa	Kapurthala
10.	Kapurthala	Pathankot	Patiala	Ludhiana
11.	Ludhiana	Rup Nagar	Sangrur	Moga
12.	Moga	SBS Nagar	SAS Nagar	Patiala
13.	Patiala	Moga	--	Rup Nagar
14.	Rup Nagar	Jalandhar	--	Sangrur
15.	Sangrur	Patiala	--	SBS Nagar
16.	SBS Nagar	Sangrur	--	Tarn Taran
17.	Tarn Taran	Tarn Taran	--	--

Source: Departmental data

Appendix 2.2

(Referred to in Paragraph 2.4.5)

Details of non-arrangement of disposal of rejected water of RO Plants by contractors

Sr. No.	Name of Division	No. of ROs	Arrangement of disposal	Arrangement of disposal
			No (No. of cases)	Yes (No. of cases)
1.	Water Supply & Sanitation Division No. 1 Moga	11	0	11
2.	Water Supply & Sanitation Division Khanna	20	20	0
3.	Water Supply & Sanitation Division No. 2 Ludhiana	58	58	0
4.	Water Supply & Sanitation Division Barnala	56	56	0
5.	Water Supply & Sanitation Division No. 1 Amritsar	38	38	0
6.	Water Supply & Sanitation Division No. 1 Jalandhar	1	01	0
7.	Water Supply & Sanitation Division Sangrur	33	15	18
8.	Water Supply & Sanitation Division Talwara	11	11	0
9.	Water Supply & Sanitation Division No. 3 Ludhiana	42	42	0
10.	Water Supply & Sanitation Division No. 1 Ludhiana	15	15	0
11.	Water Supply & Sanitation Division No. 1 Hoshiarpur	2	0	2
12.	Water Supply & Sanitation Division No. 2 Hoshiarpur	5	0	5
	Total	**292**	**256**	**36**

Source: Departmental data

Appendix 3.1

(Referred to in Note below Table 3.1, Paragraph 3.8)

Category-wise details of cases included in Audit Paragraphs

(₹ in crore)

Sr. No.	Para No.	Excess* (E)		Less* (L)		Matching* (M)		Non-filers* (N)		Total# taken in Table 2.6 (L+M)		Total	
		Case	Amt	Case	Amt	Case	Amt	Case	Amt	Case	Amt	Case	Amt
1	3.10.1	65	3.02	0	0	0	0	0	0	0	0	65	3.02
2	3.10.2	2	1.84	0	0	4	0.11	0	0	4	0.11	6	1.95
3	3.10.3 (A)	0	0	2	0.43	6	12.71	2	6.08	8	13.14	10	19.22
4	3.10.3 (B)	0	0	0	0	1	0.14	0	0	1	0.14	1	0.14
5	*3.10.4A(i)*	*1*	*0.07*	*1*	*0.33*	*0*	*0*	*0*	*0*	*1*	*0.33*	*2*	*0.4*
	3.10.4A(ii)	*0*	*0*	*0*	*0*	*1*	*0.15*	*0*	*0*	*1*	*0.15*	*1*	*0.15*
	3.10.4B(i)	*0*	*0*	*1*	*1.1*	*0*	*0*	*0*	*0*	*1*	*1.1*	*1*	*1.1*
	3.10.4B(ii)	*0*	*0*	*1*	*0.24*	*0*	*0*	*0*	*0*	*1*	*0.24*	*1*	*0.24*
	3.10.4B(iii)	*0*	*0*	*0*	*0*	*1*	*0.1*	*0*	*0*	*1*	*0.1*	*1*	*0.1*
	3.10.4	**1**	**0.07**	**3**	**1.67**	**2**	**0.25**	**0**	**0**	**5**	**1.92**	**6**	**1.99**
6	3.10.5	2	0.53	1	0.03	0	0	0	0	1	0.03	3	0.56
7	3.10.6	0	0	0	0	1	0.62	0	0	1	0.62	1	0.62
8	*3.10.7(i)*	*0*	*0*	*4*	*14.37*	*1*	*0.73*	*0*	*0*	*5*	*15.1*	*5*	*15.1*
	3.10.7(ii)	*1*	*0.03*	*3*	*0.05*	*2*	*1.28*	*0*	*0*	*5*	*1.33*	*6*	*1.36*
	3.10.7(iii)	*1*	*0.31*	*9*	*2.17*	*4*	*0.24*	*0*	*0*	*13*	*2.41*	*14*	*2.72*
	3.10.7(iv)	*2*	*0.11*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*2*	*0.11*
	3.10.7	**4**	**0.45**	**16**	**16.59**	**7**	**2.25**	**0**	**0**	**23**	**18.84**	**27**	**19.29**
9	*3.10.8(i)*	*0*	*0*	*0*	*0*	*1*	*0.1*	*0*	*0*	*1*	*0.1*	*1*	*0.1*
	3.10.8(ii)	*0*	*0*	*0*	*0*	*1*	*0.22*	*0*	*0*	*1*	*0.22*	*1*	*0.22*
	3.10.8(iii)	*1*	*0.01*	*1*	*0.51*	*0*	*0*	*0*	*0*	*1*	*0.51*	*2*	*0.52*
	3.10.8(iv)	*0*	*0*	*0*	*0*	*2*	*0.03*	*0*	*0*	*2*	*0.03*	*2*	*0.03*
	3.10.8	**1**	**0.01**	**1**	**0.51**	**4**	**0.35**	**0**	**0**	**5**	**0.86**	**6**	**0.87**
10	3.10.9	2	0	0	0	0	0	0	0	0	0	2	0
Total		**77**	**5.92**	**23**	**19.23**	**25**	**16.43**	**2**	**6.08**	**48**	**35.66**	**127**	**47.66**

* ***Excess in the above table defines those cases, where transitional credit claimed in Tran-1 was in excess of input tax credit balances available in pre-GST returns.***

Less in the above table defines those cases, where transitional credit claimed in Tran-1 was lesser than input tax credit balances available in pre-GST returns.

Matching in the above table defines those cases, where transitional credit claimed in Tran-1 matched with input tax credit balances available in pre-GST returns within limits of ± ₹ 10,000.

Non-filers in the above table defines those cases, where transitional credit was claimed without filing pre-GST returns for the last six months.

 # Total includes number of cases and money value of only those cases, which belong to 'Less' and 'Matching' category. The values shown under this column have been included in the Table 3.1 of the report. The number and money value of cases belonging to category 'Excess' and 'Non-Filer' is already comprehensively covered under Para 3.10 A(i) and 3.10 B respectively.

Appendix 3.2

(Referred to in Paragraph 3.9.1)

Inadmissible transitional credit due to non-validation of data

(Amount in ₹)

Sr. No.	ACST	ARN	Total Turnover for which 'C'-Form, 'F' Form Pending	Total tax to be reversed for pending forms
1	Fatehgarh Sahib	AA031017014847G	78,42,262	1,56,846
2		AA031017024753N	69,03,081	2,13,236
3		AA031017025165T	11,37,341	21,041
4		AA031017015909D	59,07,230	1,09,284
5		AA0308170848940	10,99,16,801	20,33,461
6	Hoshiarpur	AA030817077558P	1,11,94,24,648	2,28,96,645
7	Jalandhar-I	AA0311172661420	5,10,000	6,500
8	Ludhiana-I	AA030817083322A	2,07,38,262	3,83,658
9	Patiala	AA0308170813446	33,50,897	1,35,712
10		AA031117243952E	11,80,385	47,806
11	Sangrur	AA031117249326F	6,91,56,677	29,38,433
12		AA031217014305U	14,74,000	74,737
13	SAS Nagar	AA031217004884G	31,51,34,995	66,64,923
14		AA031217008005Y	4,68,59,844	18,97,824
15		AA030917036943Z	2,37,14,955	9,60,456
16		AA030817089931T	3,45,64,646	8,39,914
Total			**1,76,78,16,024**	**3,93,80,476**

Appendix 3.3

(Referred to in Paragraph 3.10(A))

Details showing excess claim of transitional credit

(Amount in ₹)

Sr. No.	ACST	ARN	Amount brought to ECL through claim in Tran-1	Credit available	Input Tax Credit as per VAT return	Difference between ECL and VAT returns
1.	Amritsar-I	AA0309170052969	18,90,543	4,90,934	VAT-20	13,99,609
2.		AA030917018221L	10,14,621	6,97,596	VAT-20	3,17,025
3.		AA031117255507D	29,02,272	21,53,348	VAT-20	7,48,924
4.		AA0311172667927	57,42,155	29,25,843	VAT-20	28,16,312
5.		AA0311172637376	10,58,146	3,659	VAT-20	10,54,487
6.		AA031017020568K	6,91,978	6,76,172	VAT-20	15,806
7.		AA030817073370B	9,53,849	8,88,028	VAT-20	65,821
8.		AA031117265284F	10,00,174	79,390	VAT-20	9,20,784
9.		AA0309170267170	11,79,047	11,19,303	VAT-20	59,744
10.		AA030817076500B	8,52,918	7,46,628	VAT-20	1,06,290
11.	Amritsar-II	AA031117247713G	8,84,981	7,92,250	VAT-20	92,731
12.		AA0308170741639	7,95,500	0	VAT-20	7,95,500
13.		AA030817074322B	5,27,843	0	VAT-20	5,27,843
14.		AA030817087822W	13,85,879	0	VAT-20	13,85,879
15.		AA0311170658374	23,72,319	19,00,364	VAT-15	4,71,955
16.		AA0309170291773	20,80,865	16,59,663	VAT-15	4,21,202
17.		AA030817083895N	5,49,700	1,02,536	VAT-15	4,47,164
18.	Barnala	AA030318513274K	24,09,500	23,34,102	VAT-20	75,398
19.		AA031117260843E	11,90,734	11,78,102	VAT-20	12,632
20.		AA030817080312E	6,77,715	6,64,108	VAT-20	13,607
21.		AA030917046954U	5,79,107	4,05,588	VAT-20	1,73,519
22.	Bathinda	AA031217016355N	11,75,064	2,31,473	VAT-20	9,43,591
23.		AA031017025648F	8,45,417	4,36,343	VAT-20	4,09,074
24.		AA031017016926G	5,17,579	4,29,579	VAT-20	88,000
25.		AA031117018782I	3,86,316	8,484	VAT-20	3,77,832
26.		AA031217015671O	2,17,32,956	45,43,413	VAT-20	1,71,89,543
27.		AA0311172598726	7,70,743	1,81,808	VAT-20	5,88,935
28.		AA031117245971C	6,71,471	5,15,690	VAT-20	1,55,781
29.		AA031217000507S	5,40,555	0	VAT-15	5,40,555
30.		AA030817069039Z	9,74,708	0	VAT-15	9,74,708
31.		AA0308170675309	7,27,803	4,74,855	VAT-15	2,52,948
32.		AA0310170170308	31,86,159	30,89,561	VAT-15	96,598
33.		AA031117264466A	17,60,029	7,73,920	VAT-15	9,86,109
34.		AA0308170774234	20,46,876	0	VAT-15	20,46,876
35.		AA0311172568860	16,00,000	4,495	VAT-15	15,95,505
36.	Faridkot	AA031117036923G	10,59,613	7,15,798	VAT-20	3,43,815
37.		AA031117123488E	28,58,745	26,44,194	VAT-20	2,14,551
38.		AA0311172598560	9,77,315	5,91,947	VAT-15	3,85,368
39.	Fatehgarh Sahib	AA031217016413T	6,65,029	0	VAT-20	6,65,029
40.		AA031017014537N	8,43,308	21,981	VAT-20	8,21,327
41.		AA031117240523Q	6,50,601	2,25,531	VAT-20	4,25,070
42.		AA031217016801Q	5,98,963	5,88,812	VAT-20	10,151
43.		AA031117248117J	25,79,828	23,44,344	VAT-20	2,35,484
44.		AA031117076868W	5,91,845	5,78,980	VAT-20	12,865
45.		AA030817084906R	5,27,004	27,004	VAT-20	5,00,000
46.		AA031117243821L	45,83,443	45,17,650	VAT-20	65,793
47.		AA031117262316J	7,07,700	5,04,232	VAT-20	2,03,468
48.		AA031217000127Y	33,18,028	27,15,137	VAT-20	6,02,891
49.		AA031117004880Q	14,94,944	14,83,238	VAT-20	11,706

Sr. No.	ACST	ARN	Amount brought to ECL through claim in Tran-1	Credit available	Input Tax Credit as per VAT return	Difference between ECL and VAT returns
50.		AA030917036310K	19,09,499	15,39,728	VAT-20	3,69,771
51.		AA0310170171710	6,59,803	5,13,164	VAT-15	1,46,639
52.		AA0312170005030	44,78,815	31,08,994	VAT-15	13,69,821
53.		AA0311172555859	22,31,508	21,90,999	VAT-20	40,509
54.		AA031117256125M	5,11,097	4,77,935	VAT-20	33,162
55.		AA031117259927Z	15,50,980	15,40,785	VAT-20	10,195
56.	Ferozepur	AA031117256051T	30,74,077	27,63,059	VAT-20	3,11,018
57.		AA031117260752H	14,65,026	13,90,027	VAT-20	74,999
58.		AA0310170240060	7,82,361	32,651	VAT-20	7,49,710
59.		AA031117256802G	10,20,733	4,43,527	VAT-20	5,77,206
60.		AA031117251404P	25,01,926	10,31,224	VAT-20	14,70,702
61.		AA031117255454G	33,77,892	5,18,595	VAT-20	28,59,297
62.		AA031117262282M	34,96,943	34,78,158	VAT-20	18,785
63.		AA031117254824C	13,46,35,049	2,30,90,548	VAT-20	11,15,44,501
64.		AA031117255952A	21,09,291	5,43,385	VAT-20	15,65,906
65.		AA031117010961Q	33,64,245	33,47,301	VAT-20	16,944
66.		AA031117256084K	23,15,110	22,24,909	VAT-20	90,201
67.		AA031117256070T	29,40,640	1,09,120	VAT-15	28,31,520
68.		AA031117246288A	20,16,942	0	VAT-15	20,16,942
69.		AA031117246155L	68,27,076	0	VAT-15	68,27,076
70.		AA0310170207830	24,75,930	0	VAT-15	24,75,930
71.		AA031217016009Q	25,80,238	6,95,118	VAT-15	18,85,120
72.		AA031117246315L	10,70,111	0	VAT-15	10,70,111
73.		AA031117259306F	32,84,224	29,34,768	VAT-15	3,49,456
74.		AA0311172578546	6,69,951	6,40,261	VAT-15	29,690
75.		AA031117256171P	12,95,380	10,64,617	VAT-15	2,30,763
76.	Gurdaspur	AA0311172667167	1,64,60,906	24,75,702	VAT-20	1,39,85,204
77.		AA0309170424465	1,29,85,455	1,09,49,177	VAT-20	20,36,278
78.		AA030817076960X	4,27,388	0	VAT-20	4,27,388
79.		AA031217014952J	8,73,966	8,52,062	VAT-20	21,904
80.		AA0311172666284	10,70,737	9,25,783	VAT-20	1,44,954
81.		AA030817073609U	57,00,147	55,96,787	VAT-20	1,03,360
82.		AA031117010673R	12,98,776	68,485	VAT-20	12,30,291
83.		AA0311170106650	7,24,783	28,722	VAT-20	6,96,061
84.		AA031117263551K	49,98,052	10,00,002	VAT-20	39,98,050
85.		AA031117262454H	12,92,853	4,26,884	VAT-20	8,65,969
86.		AA031117266879T	54,66,562	44,09,683	VAT-15	10,56,879
87.	Hoshiarpur	AA030817061938R	7,85,540	70,540	VAT-20	7,15,000
88.		AA031117246530P	10,17,766	5,44,887	VAT-20	4,72,879
89.		AA030817087598J	11,14,682	10,50,886	VAT-20	63,796
90.		AA031017014542W	13,76,258	9,03,649	VAT-20	4,72,609
91.		AA031117263416G	19,38,362	16,69,158	VAT-20	2,69,204
92.	Jalandhar-I	AA031117259027H	11,35,797	58,971	VAT-20	10,76,826
93.		AA0311172656558	9,03,237	0	VAT-20	9,03,237
94.		AA031217000386Q	17,98,637	17,63,809	VAT-20	34,828
95.		AA031117007086R	6,64,538	6,23,302	VAT-20	41,236
96.		AA0309170541582	57,14,042	56,18,245	VAT-20	95,797
97.		AA031117079203L	5,31,809	0	VAT-20	5,31,809
98.		AA031117246701M	5,27,579	5,00,120	VAT-20	27,459
99.		AA031017021721X	9,98,202	9,69,142	VAT-15	29,060
100.		AA0310170144121	5,02,380	158	VAT-15	5,02,222
101.		AA0309170017666	13,78,906	6,23,158	VAT-15	7,55,748
102.	Jalandhar-II	AA031017014842Q	2,63,53,704	2,59,73,572	VAT-20	3,80,132
103.		AA031117260174N	5,24,398	3,92,883	VAT-20	1,31,515
104.		AA031217017525L	1,74,06,488	1,19,77,350	VAT-20	54,29,138

Sr. No.	ACST	ARN	Amount brought to ECL through claim in Tran-1	Credit available	Input Tax Credit as per VAT return	Difference between ECL and VAT returns
105.	Jalandhar-II	AA0309170204974	6,86,321	68,632	VAT-20	6,17,689
106.		AA031117009610W	7,93,680	7,82,741	VAT-20	10,939
107.		AA031117260447E	29,02,808	28,03,996	VAT-20	98,812
108.		AA031117244717B	13,25,435	3,30,969	VAT-20	9,94,466
109.		AA030817074529T	8,52,363	8,40,806	VAT-20	11,557
110.		AA030917013164I	11,16,872	10,79,948	VAT-20	36,924
111.		AA031217000393V	13,21,405	21,022	VAT-20	13,00,383
112.		AA031117266302O	11,53,417	2,67,576	VAT-20	8,85,841
113.		AA031117266128E	10,40,385	2,17,137	VAT-20	8,23,248
114.		AA0309170335456	6,72,261	7,602	VAT-20	6,64,659
115.		AA0311172534978	29,741	51	VAT-20	29,690
116.		AA031217017019O	1,86,57,096	1,08,86,636	VAT-20	77,70,460
117.		AA0309170305491	50,86,664	34,46,699	VAT-20	16,39,965
118.		AA031217007659A	1,19,65,930	62,32,633	VAT-20	57,33,297
119.		AA031117252680K	1,53,07,914	19,27,607	VAT-20	1,33,80,307
120.		AA0311172589444	23,20,034	6,351	VAT-20	23,13,683
121.		AA031217009327L	23,21,126	7,61,651	VAT-20	15,59,475
122.		AA031117005037W	14,75,123	2,19,350	VAT-20	12,55,773
123.		AA0311172449664	17,54,510	11,09,274	VAT-20	6,45,236
124.		AA031217002257R	51,76,245	8,77,315	VAT-20	42,98,930
125.		AA0311170049797	52,84,680	10,92,578	VAT-20	41,92,102
126.		AA031117264782A	11,88,279	3,18,292	VAT-20	8,69,987
127.		AA031217014586G	24,02,115	8,02,115	VAT-20	16,00,000
128.		AA031117264798X	7,25,329	6,67,535	VAT-20	57,794
129.		AA0311172587935	7,40,874	0	VAT-20	7,40,874
130.		AA031117256072P	13,10,368	9,63,241	VAT-15	3,47,127
131.		AA031217016946A	11,10,220	2,27,613	VAT-15	8,82,607
132.		AA031117252318H	44,91,745	10,227	VAT-15	44,81,518
133.		AA030917026893Y	19,84,405	19,35,946	VAT-15	48,459
134.	Kapurthala	AA0309170197517	6,49,788	3,57,707	VAT-20	2,92,081
135.		AA0311172477946	5,40,527	22,523	VAT-20	5,18,004
136.	Ludhiana-I	AA0311170854881	15,77,495	14,53,477	VAT-20	1,24,018
137.		AA031117264571H	13,66,817	64,237	VAT-20	13,02,580
138.		AA031217000087U	17,31,410	16,44,135	VAT-20	87,275
139.		AA030917022561F	5,55,300	0	VAT-20	5,55,300
140.		AA031217000459L	21,66,270	16,58,303	VAT-20	5,07,967
141.		AA0308170804932	5,58,111	4,40,375	VAT-20	1,17,736
142.		AA031117255103T	11,91,530	7,63,657	VAT-20	4,27,873
143.		AA0311172653596	7,56,269	80,510	VAT-20	6,75,759
144.		AA031117264153N	7,04,613	18,095	VAT-20	6,86,518
145.		AA031117266633D	10,05,500	7,11,247	VAT-20	2,94,253
146.		AA0311170089488	5,54,795	4,93,999	VAT-20	60,796
147.		AA031017029357I	8,57,273	8,21,956	VAT-20	35,317
148.		AA031117243561N	25,10,616	4,37,080	VAT-20	20,73,536
149.		AA031217015274Q	29,22,745	90,196	VAT-20	28,32,549
150.		AA031117260502Q	10,59,042	8,83,840	VAT-20	1,75,202
151.		AA0312170001509	5,86,611	3,87,223	VAT-20	1,99,388
152.		AA030917047954T	7,50,357	6,79,936	VAT-20	70,421
153.		AA031217016351V	5,61,962	5,08,615	VAT-20	53,347
154.		AA031117261424L	4,22,856	1,14,646	VAT-20	3,08,210
155.		AA031117265526B	5,20,000	13,405	VAT-20	5,06,595
156.		AA031117254288A	7,15,117	4,05,099	VAT-20	3,10,018
157.		AA031217012630X	10,55,537	9,35,382	VAT-20	1,20,155
158.		AA0311172656839	10,86,627	9,62,944	VAT-20	1,23,683
159.		AA0311172603997	21,61,595	16,20,474	VAT-20	5,41,121

Sr. No.	ACST	ARN	Amount brought to ECL through claim in Tran-1	Credit available	Input Tax Credit as per VAT return	Difference between ECL and VAT returns
160.	Ludhiana-I	AA031117014345S	7,21,291	7,06,614	VAT-20	14,677
161.		AA031217000569I	11,25,952	3,39,021	VAT-20	7,86,931
162.		AA031217018286I	35,97,59,328	5,52,80,301	VAT-20	30,44,79,027
163.		AA031117018275N	5,63,993	5,19,856	VAT-20	44,137
164.		AA031017027871K	10,64,222	9,35,254	VAT-20	1,28,968
165.		AA031217010268O	52,55,907	34,72,923	VAT-20	17,82,984
166.		AA0308170791064	13,39,353	6,66,477	VAT-20	6,72,876
167.		AA0312170102331	53,82,522	18,21,651	VAT-20	35,60,871
168.		AA031117183858X	5,23,317	1,06,849	VAT-20	4,16,468
169.		AA0309170293381	5,02,603	4,62,474	VAT-20	40,129
170.		AA0308170676133	6,89,634	2,33,286	VAT-20	4,56,348
171.		AA031117158732E	55,82,156	55,16,600	VAT-20	65,556
172.		AA031017025281X	5,90,683	5,26,574	VAT-20	64,109
173.		AA0309170258715	6,08,429	5,80,451	VAT-20	27,978
174.		AA031117067080R	43,51,677	43,31,651	VAT-20	20,026
175.		AA0312170170312	48,44,906	0	VAT-20	48,44,906
176.		AA030917024831A	12,74,199	2,91,693	VAT-20	9,82,506
177.		AA0311170898061	18,89,558	18,72,359	VAT-20	17,199
178.		AA031017013473U	81,99,470	0	VAT-20	81,99,470
179.		AA031117002688G	29,18,518	16,58,576	VAT-20	12,59,942
180.		AA031217017075Q	68,13,158	61,37,389	VAT-20	6,75,769
181.		AA0308170616923	22,93,417	0	VAT-20	22,93,417
182.		AA031117260432P	8,10,312	7,66,592	VAT-15	43,720
183.		AA031017017351Y	9,47,155	0	VAT-15	9,47,155
184.		AA0309170388041	6,52,517	2,60,513	VAT-15	3,92,004
185.		AA031217015885B	36,70,415	0	VAT-15	36,70,415
186.		AA031117251416K	7,01,160	6,44,491	VAT-15	56,669
187.		AA031117265286B	14,57,823	2,34,020	VAT-15	12,23,803
188.		AA0312170003810	1,32,19,608	51,05,064	VAT-15	81,14,544
189.		AA031117262481K	51,90,214	28,584	VAT-15	51,61,630
190.		AA031117014146U	11,53,349	10,77,133	VAT-15	76,216
191.		AA0308170727126	20,47,250	5,48,902	VAT-15	14,98,348
192.		AA030917057787M	24,97,620	7,721	VAT-15	24,89,899
193.	Ludhiana-II	AA031117010810Z	9,05,416	8,94,762	VAT-20	10,654
194.		AA031017019622R	11,82,815	0	VAT-20	11,82,815
195.		AA031117261940H	19,57,115	16,67,830	VAT-20	2,89,285
196.		AA031117252950H	5,02,073	4,56,339	VAT-20	45,734
197.		AA031117266024O	11,84,336	5,53,219	VAT-20	6,31,117
198.		AA030817093757N	9,09,277	4,25,337	VAT-20	4,83,940
199.		AA031017020766K	11,38,316	10,31,805	VAT-20	1,06,511
200.		AA0311172644199	20,55,917	20,36,422	VAT-20	19,495
201.		AA031017024337P	12,88,974	11,77,547	VAT-20	1,11,427
202.		AA031117255653E	9,00,382	8,33,682	VAT-20	66,700
203.		AA031117258275D	12,48,541	9,65,136	VAT-20	2,83,405
204.		AA031117259305H	25,21,912	25,10,647	VAT-20	11,265
205.		AA030917032010U	22,29,313	16,18,233	VAT-20	6,11,080
206.		AA030917037502C	6,84,232	3,00,966	VAT-20	3,83,266
207.		AA031217013428L	34,51,056	0	VAT-20	34,51,056
208.		AA030917031039B	23,38,002	2,68,781	VAT-20	20,69,221
209.		AA030917038896O	25,07,723	21,75,361	VAT-20	3,32,362
210.	Ludhiana-III	AA031117260634H	46,90,967	45,31,337	VAT-20	1,59,630
211.		AA031117036567C	13,69,620	15,496	VAT-20	13,54,124
212.		AA0308170690266	7,91,577	7,64,476	VAT-20	27,101
213.		AA031117036625I	5,18,551	61,950	VAT-20	4,56,601
214.		AA0308170775406	19,26,538	17,98,807	VAT-20	1,27,731

Sr. No.	ACST	ARN	Amount brought to ECL through claim in Tran-1	Credit available	Input Tax Credit as per VAT return	Difference between ECL and VAT returns
215.	Ludhiana-III	AA030917042423D	5,41,375	5,11,799	VAT-20	29,576
216.		AA031017016478H	66,39,400	66,19,242	VAT-20	20,158
217.		AA0310170261610	8,64,338	1,55,717	VAT-20	7,08,621
218.		AA031117265182L	9,08,559	1,14,407	VAT-20	7,94,152
219.		AA0311172657762	49,34,346	49,01,863	VAT-20	32,483
220.		AA0309170268813	5,22,684	3,64,504	VAT-20	1,58,180
221.		AA031117257779W	12,40,835	6,48,900	VAT-20	5,91,935
222.		AA031117243304R	38,61,263	26,18,916	VAT-20	12,42,347
223.		AA031117249702H	14,01,088	53,891	VAT-20	13,47,197
224.		AA0311172617477	10,74,000	10,49,375	VAT-15	24,625
225.		AA031217014363S	7,84,166	0	VAT-15	7,84,166
226.		AA031217004347O	40,05,607	38,62,255	VAT-15	1,43,352
227.	Mansa	AA031117255407F	7,50,66,384	2,30,90,548	VAT-20	5,19,75,836
228.		AA031117255517C	1,45,45,093	0	VAT-20	1,45,45,093
229.		AA031117261694A	13,89,002	11,78,748	VAT-20	2,10,254
230.		AA031117244610R	9,62,389	8,66,897	VAT-20	95,492
231.		AA0312170035003	26,91,833	5,07,040	VAT-20	21,84,793
232.	Moga	AA031117266644A	44,35,198	40,26,811	VAT-20	4,08,387
233.		AA0311172558358	19,10,074	18,38,653	VAT-20	71,421
234.		AA031117262110Z	2,35,61,649	2,30,90,548	VAT-20	4,71,101
235.		AA031117004651V	79,48,298	78,22,349	VAT-20	1,25,949
236.		AA0311170179768	65,06,463	7,50,302	VAT-20	57,56,161
237.		AA031117004759D	6,65,058	1,00,011	VAT-20	5,65,047
238.		AA030917007218B	24,82,619	22,79,145	VAT-20	2,03,474
239.	Mukatsar Sahib	AA031117265219C	73,34,956	0	VAT-20	73,34,956
240.		AA031117263067H	26,12,382	10,23,339	VAT-20	15,89,043
241.		AA031117198359Y	6,52,418	5	VAT-20	6,52,413
242.		AA031217016640S	5,71,471	3,49,250	VAT-20	2,22,221
243.		AA0311172410601	18,22,843	981	VAT-20	18,21,862
244.		AA031217016475J	37,96,506	26,28,602	VAT-20	11,67,904
245.		AA031117254806A	24,74,762	24,34,478	VAT-20	40,284
246.		AA0311172497647	5,52,054	4,15,972	VAT-20	1,36,082
247.		AA031117260288C	9,31,180	9,13,783	VAT-20	17,397
248.		AA031117207383P	5,96,279	5,58,828	VAT-20	37,451
249.	Pathankot	AA031117259157C	83,19,999	74,71,440	VAT-20	8,48,559
250.		AA030817074395Y	16,46,961	15,70,091	VAT-20	76,870
251.		AA031117259623D	8,87,221	7,94,995	VAT-20	92,226
252.		AA031117219763F	7,24,847	6,75,417	VAT-20	49,430
253.		AA031217017660P	8,71,227	5,84,554	VAT-20	2,86,673
254.		AA030917042893Y	22,88,562	17,26,804	VAT-20	5,61,758
255.		AA031217015616K	6,63,246	6,25,657	VAT-20	37,589
256.		AA0308170761934	39,00,299	20,03,538	VAT-20	18,96,761
257.		AA030917035362C	13,69,431	13,45,560	VAT-20	23,871
258.		AA030817070065B	10,76,170	10,63,850	VAT-20	12,320
259.	Patiala	AA0311172556766	6,82,874	3,27,230	VAT-20	3,55,644
260.		AA031117262852D	5,07,583	25,548	VAT-20	4,82,035
261.		AA031217000687I	26,76,752	16,47,132	VAT-20	10,29,620
262.		AA031117018057P	7,33,015	2,199	VAT-20	7,30,816
263.		AA0309170574450	7,63,133	7,30,556	VAT-20	32,577
264.		AA0308170614159	29,89,246	27,35,976	VAT-20	2,53,270
265.		AA031117264510P	5,91,616	5,73,063	VAT-20	18,553
266.		AA031117265998S	13,56,104	4,03,561	VAT-20	9,52,543
267.		AA030917016162J	6,64,328	5,70,007	VAT-20	94,321
268.		AA0309170480764	11,52,136	1,26,422	VAT-20	10,25,714
269.		AA031117251026R	51,72,914	50,38,185	VAT-20	1,34,729

Sr. No.	ACST	ARN	Amount brought to ECL through claim in Tran-1	Credit available	Input Tax Credit as per VAT return	Difference between ECL and VAT returns
270.	Patiala	AA030817083687O	6,61,177	0	VAT-20	6,61,177
271.		AA031117265959U	10,45,903	10,26,551	VAT-20	19,352
272.		AA0311172668751	5,79,843	0	VAT-20	5,79,843
273.		AA030817072280D	36,22,189	36,03,631	VAT-20	18,558
274.		AA031117266187A	32,65,171	29,33,089	VAT-15	3,32,082
275.	Ropar	AA031217017213W	5,95,776	0	VAT-20	5,95,776
276.		AA031217008902M	13,91,356	13,13,030	VAT-20	78,326
277.	Sangrur	AA031117039542L	9,54,867	9,12,935	VAT-20	41,932
278.		AA031017017953I	6,15,947	4,58,314	VAT-20	1,57,633
279.		AA031117233479A	11,87,065	9,59,565	VAT-20	2,27,500
280.		AA0311172485486	31,12,783	30,46,714	VAT-20	66,069
281.		AA0311172567375	11,97,340	10,59,207	VAT-20	1,38,133
282.		AA031117013138S	27,68,423	26,61,196	VAT-20	1,07,227
283.	SAS Nagar	AA031117265861B	19,21,193	16,80,467	VAT-20	2,40,726
284.		AA0309170067091	1,30,55,721	86,76,715	VAT-20	43,79,006
285.		AA031217015571Q	10,06,323	8,26,595	VAT-20	1,79,728
286.		AA031017012853P	6,26,783	5,12,783	VAT-20	1,14,000
287.		AA030817072774W	16,56,427	16,45,445	VAT-20	10,982
288.		AA030817076743X	8,23,073	6,90,530	VAT-20	1,32,543
289.		AA031217015672M	13,06,123	11,30,572	VAT-20	1,75,551
290.		AA0312170082301	3,10,649	1,10,940	VAT-20	1,99,709
291.		AA030917031185C	7,06,571	6,71,857	VAT-20	34,714
292.		AA031217004884G	2,64,80,197	2,62,76,885	VAT-20	2,03,312
293.		AA030917032731C	35,43,478	37,838	VAT-20	35,05,640
294.		AA031117265304L	50,07,853	49,96,617	VAT-20	11,236
295.		AA030917046859M	48,18,336	47,59,873	VAT-20	58,463
296.		AA030817089554T	15,54,689	15,31,220	VAT-20	23,469
297.		AA031217017373O	24,82,345	24,64,421	VAT-20	17,924
298.		AA031017030887C	39,46,702	27,08,177	VAT-20	12,38,525
299.		AA031217014407O	5,58,93,565	5,09,35,786	VAT-20	49,57,779
300.		AA031117260205Q	3,07,81,716	20,16,041	VAT-20	2,87,65,675
301.		AA031217000465S	1,99,70,287	61,75,101	VAT-20	1,37,95,186
302.		AA030917025818X	32,43,291	31,40,837	VAT-20	1,02,454
303.		AA031117155475D	25,75,242	69,611	VAT-20	25,05,631
304.		AA031117022177P	15,48,013	12,03,935	VAT-20	3,44,078
305.		AA0309170446617	33,53,659	32,97,606	VAT-20	56,053
306.		AA030917003188A	44,07,585	41,98,273	VAT-20	2,09,312
307.		AA031117249059C	20,18,810	18,47,707	VAT-20	1,71,103
308.		AA031117266059B	77,34,621	68,57,162	VAT-20	8,77,459
309.		AA031117252711N	3,42,223	3,13,624	VAT-20	28,599
310.		AA0310170232314	74,58,850	16,330	VAT-20	74,42,520
311.		AA0309170296343	20,42,449	1,30,799	VAT-20	19,11,650
312.		AA031217000547O	56,13,803	0	VAT-20	56,13,803
313.		AA031117266380K	9,79,132	4	VAT-15	9,79,128
314.		AA0311172539093	49,54,499	49,28,946	VAT-15	25,553
315.		AA030917051949O	6,07,135	1,06,490	VAT-15	5,00,645
316.		AA0311172538772	26,13,017	23,45,642	VAT-15	2,67,375
317.		03ABBFM1521G1ZZ	8,06,698	7,16,616	VAT-15	90,082
318.		AA031117262971B	10,40,733	55,802	VAT-15	9,84,931
319.		AA031117008647G	71,36,905	43,64,359	VAT-15	27,72,546
320.		AA031217014581Q	1,11,87,370	72,99,766	VAT-15	38,87,604
321.		AA0311172149785	6,21,554	6,00,657	VAT-15	20,897
322.	Tarn Taran	AA031217018014X	20,06,996	16,47,672	VAT-15	3,59,324
Total			**1,50,49,65,854**	**65,50,96,706**		**84,98,69,148**

Appendix 3.4

(Referred to in Paragraph 3.10(B))

Transitional credit claimed without filing legacy returns

(Amount in ₹)

Sr. No.	ACST	ARN	Tran-1 Filing Date	Amount claimed in Tran-1
1.	Bathinda	AA031117030650V	09-12-2017	10,16,435
2.		AA0311172565783	27-12-2017	20,42,254
3.	Fatehgarh Sahib	AA031017015652S	18-10-2017	20,47,906
4.	Fazilka	AA031117250512R	25-12-2017	8,82,232
5.		AA0311172502260	25-12-2017	5,93,399
6.	Ferozepur	AA031117265167D	27-12-2017	7,55,244
7.		AA031117265308D	27-12-2017	13,45,886
8.		AA0311170113025	21-11-2017	11,13,915
9.		AA031117014692N	25-11-2017	1,59,82,500
10.		AA031117255977Y	26-12-2017	13,04,950
11.		AA031017018261Y	21-10-2017	42,91,562
12.		AA0311172586391	27-12-2017	28,22,813
13.	Jalandhar-I	AA0311172661420	27-12-2017	10,00,000
14.		AA030917015936Z	12-09-2017	8,17,929
15.		AA031117014749C	25-11-2017	14,60,697
16.	Jalandhar-II	AA031117129129I	19-12-2017	24,18,980
17.	Ludhiana-I	AA0311172657564	27-12-2017	7,99,342
18.		AA030917004075I	02-09-2017	3,68,24,698
19.		AA0311172508379	26-12-2017	8,49,515
20.		AA031017012479J	14-10-2017	2,40,12,223
21.		AA031117031355Q	09-12-2017	23,25,871
22.		AA031017016796D	20-10-2017	5,39,207
23.		AA030917016443D	13-09-2017	33,45,895
24.		AA030917057829M	11-10-2017	24,79,930
25.		AA0311170161230	28-11-2017	24,88,411
26.		AA0309170322297	24-09-2017	6,29,710
27.		AA0309170256371	19-09-2017	22,60,316
28.	Ludhiana-II	AA031117266039D	27-12-2017	11,29,183
29.		AA031117266181M	27-12-2017	6,02,891
30.	Ludhiana-III	AA031117014206W	25-11-2017	28,72,859
31.		AA030817080809R	28-08-2017	22,87,233
32.		AA031217015620V	26-12-2017	28,652
33.		AA031117260277F	27-12-2017	10,87,487
34.	Sangrur	AA031117248802G	25-12-2017	12,01,060
35.	SAS Nagar	AA030917032799Q	25-09-2017	36,47,564
36.		AA030817093628Q	31-08-2017	33,07,438
37.		AA030917015543C	12-09-2017	24,38,036
38.		AA031117260017P	27-12-2017	20,65,749
39.		AA031117017583L	30-11-2017	21,99,913
Total				**13,93,19,885**

Appendix 3.5

(Referred to Paragraph 3.10.1)

Non-reversal of excess transitional credit after finalizing annual VAT-20 returns

(Amount in ₹)

Sr. No.	ACST	ARN	VAT-20 2017-18 C/F	VAT-15 2017-18 C/F	Tran-I Claim	Excess claim
1.	Amritsar-I	AA031017020568K	6,76,172	6,91,977	6,91,978	15,806
2.		AA030817073370B	8,88,028	9,53,849	9,53,849	65,821
3.		AA031117265284F	79,390	10,00,174	10,00,174	9,20,784
4.		AA0309170267170	11,19,303	11,79,047	11,79,047	59,744
5.		AA030817076500B	7,46,628	8,52,919	8,52,918	1,06,290
6.	Amritsar-II	AA031117247713G	7,92,250	8,84,980	8,84,981	92,731
7.		AA030817087822W	0	13,85,879	13,85,879	13,85,879
8.	Barnala	AA030318513274K	23,34,102	24,09,500	24,09,500	75,398
9.		AA030917046954U	4,05,588	5,79,107	5,79,107	1,73,519
10.	Bathinda	AA031017025648F	4,36,343	8,45,425	8,45,417	4,09,074
11.	Faridkot	AA031117036923G	7,15,798	10,59,613	10,59,613	3,43,815
12.	Fatehgarh Sahib	AA031117248117J	23,44,344	25,79,829	25,79,829	2,35,485
13.		AA031117076868W	5,78,980	5,91,845	5,91,845	12,865
14.		AA031117262316J	5,04,232	7,07,700	7,07,700	2,03,468
15.	Ferozepur	AA031117010961Q	33,47,301	33,64,246	33,64,245	16,944
16.	Gurdaspur	AA030817076960X	0	4,27,388	4,27,388	4,27,388
17.		AA030817073609U	55,96,787	57,00,147	57,00,147	1,03,360
18.	Hoshiarpur	AA030817087598J	10,50,886	11,14,682	11,14,682	63,796
19.		AA031017014542W	9,03,649	13,76,258	13,76,258	4,72,609
20.	Jalandhar-II	AA031117264798X	6,67,535	7,25,329	7,25,329	57,794
21.	Kapurthala	AA0309170197517	3,57,707	6,49,788	6,49,788	2,92,081
22.	Ludhiana-I	AA0311170854881	14,53,477	15,77,495	15,77,495	1,24,018
23.		AA031017029357I	8,21,956	8,57,274	8,57,273	35,317
24.		AA0312170001509	3,87,223	5,86,711	5,86,611	1,99,388
25.		AA030917047954T	6,79,936	7,50,359	7,50,357	70,421
26.		AA031217016351V	5,08,615	5,62,347	5,61,962	53,347
27.		AA0309170293381	4,62,474	5,02,603	5,02,603	40,129
28.		AA0308170676133	2,33,286	6,89,634	6,89,634	4,56,348
29.		AA031117158732E	55,16,600	55,82,163	55,82,156	65,556
30.	Ludhiana-II	AA031117261940H	16,67,830	19,79,133	19,57,115	2,89,285
31.		AA0311172660240	5,53,219	11,85,951	11,84,336	6,31,117
32.		AA031017020766K	10,31,805	11,38,317	11,38,316	1,06,511
33.		AA031017024337P	11,77,547	12,88,974	12,88,974	1,11,427
34.		AA031117258275D	9,65,136	12,48,540	12,48,541	2,83,405
35.		AA031117259305H	25,10,647	25,21,912	25,21,912	11,265
36.		AA031217013428L	0	34,51,052	34,51,056	34,51,056
37.	Ludhiana-III	AA0308170775406	17,98,807	19,26,538	19,26,538	1,27,731
38.		AA031117257779W	6,48,900	12,47,456	12,40,835	5,91,935
39.		AA031117249702H	53,891	14,01,088	14,01,088	13,47,197
40.	Mansa	AA031117244610R	8,66,897	9,62,389	9,62,389	95,492
41.	Moga	AA031117004651V	78,22,349	79,48,298	79,48,298	1,25,949
42.	Sri Muktsar Sahib	AA031117198359Y	5	6,52,413	6,52,418	6,52,413
43.		AA0311172410601	981	18,22,846	18,22,843	18,21,862
44.	Pathankot	AA031217017660P	5,84,554	8,71,212	8,71,227	2,86,673
45.		AA0308170761934	20,03,538	39,00,299	39,00,299	18,96,761
46.		AA030917035362C	13,45,560	13,69,431	13,69,431	23,871
47.		AA030817070065B	10,63,850	10,76,170	10,76,170	12,320
48.	Patiala	AA031217000687I	16,47,132	26,76,752	26,76,752	10,29,620
49.		AA0309170574450	7,30,556	7,63,133	7,63,133	32,577
50.		AA031117264510P	5,73,063	5,91,616	5,91,616	18,553
51.		AA031117265998S	4,03,561	13,56,095	13,56,104	9,52,543
52.		AA0309170480764	1,26,422	11,52,138	11,52,136	10,25,714
53.		AA030817083687O	0	6,61,177	6,61,177	6,61,177

Sr. No.	ACST	ARN	VAT-20 2017-18 C/F	VAT-15 2017-18 C/F	Tran-I Claim	Excess claim
54.	Sangrur	AA031017017953I	4,58,314	6,15,942	6,15,947	1,57,633
55.		AA031117233479A	9,59,565	11,87,064	11,87,065	2,27,500
56.	SAS Nagar	AA031117265861B	16,80,467	19,21,193	19,21,193	2,40,726
57.		AA031017012853P	5,12,783	6,26,783	6,26,783	1,14,000
58.		AA031117265304L	49,96,617	50,07,853	50,07,853	11,236
59.		AA030917046859M	47,59,873	48,18,336	48,18,336	58,463
60.		AA030817089554T	15,31,220	15,54,689	15,54,689	23,469
61.		AA031017030887C	27,08,177	39,46,702	39,46,702	12,38,525
62.		AA030917025818X	31,40,837	32,43,291	32,43,291	1,02,454
63.		AA0309170446617	32,97,606	33,53,658	33,53,659	56,053
64.		AA030917003188A	41,98,273	44,07,585	44,07,585	2,09,312
65.		AA031217000547O	0	56,13,803	56,13,803	56,13,803
Total			**8,94,28,572**	**11,96,78,097**	**11,96,47,375**	**3,02,18,803**

Appendix 3.6

(Referred to in Paragraph 3.10.2)

Allowance of transitional credit twice against same input tax credit

(Amount in ₹)

Sr. No.	ACST	ARN	VAT-20 2017-18 C/F	Tran-I Claim		Tran-1 objected
				Table 5C Col 10	Table 7C Col 8	
1.	Amritsar-I	AA031117265284F	79,390	10,00,174	10,00,174	10,00,174
2.	Gurdaspur	AA030817079822W	4,98,299	4,98,299	4,98,299	4,98,299
3.	Jalandhar-II	AA031217017525L	1,19,77,350	1,74,06,488	1,74,06,037	1,74,06,037
4.	Ludhiana-I	AA031117257742D	1,29,212	1,29,212	1,29,212	1,29,212
5.		AA0309170254680	1,49,819	1,49,819	1,49,819	1,49,819
6.		AA0308170824427	2,91,003	2,94,892	2,94,895	2,94,895
Total			**1,31,25,073**	**1,94,78,884**	**1,94,78,436**	**1,94,78,436**

Appendix 3.7

(Referred to in Paragraph 3.10.3(A))

Input tax credits on suspected sales/purchases

(Amount in ₹)

Sr. No.	ACST	ARN	Year	Suspected Purchase	ITC involved	Tran-1 claimed	Tran-1 objected
1.	Bathinda	AA0312170003521	2016-17	3,55,47,263	12,90,365	21,23,484	12,90,365
2.	Ludhiana-I	AA031017012479J	2016-17	54,48,35,691	3,38,78,990	2,40,12,223	2,40,12,223
3.		AA030917006054K	2017-18	78,78,34,875	8,89,32,939	7,84,91,739	7,84,91,739
4.		AA030917004075I	2017-18	36,39,76,122	4,03,41,819	3,68,24,698	3,68,24,698
5.		AA0308170827132	2017-18	2,50,76,63,557	26,28,99,468	3,52,56,576	3,52,56,576
6.	Ludhiana-II	AA031117236711N	2016-17	1,85,44,950	11,21,970	12,32,200	12,32,200
			2017-18	1,26,93,755	7,00,273		
7.		AA031117255911G	2017-18	6,50,44,125	73,60,522	30,66,309	30,66,309
8.	Ludhiana-III	AA030817084725V	2017-18	45,00,87,370	2,72,30,285	14,89,229	14,89,229
9.		AA031217007261X	2014-15	14,96,43,489	90,53,431	89,75,846	89,75,846
10.		AA0309170016593	2016-17	8,85,09,150	32,12,882	15,70,784	15,70,784
Total				**5,02,43,80,347**	**47,60,22,944**	**19,30,43,088**	**19,22,09,969**

Appendix 3.8-A

(Referred to in Paragraph 3.10.3 (A)(ii), Footnote 28)

Detail of red flagged 'C' forms

(Amount in ₹)

Sr. No.	ACST	ARN	Year	C Form No.	Value of goods involved	Issuing State
1	Ludhiana-I	AA030917006054K	2017-18	6333922	2,46,070	Maharashtra
				TN-2012CTC-OH/2555443	3,39,915	Tamilnadu
				TN-2012CTC-OH/2555441	29,813	Tamilnadu
				3526667	4,52,53,381	Maharashtra
				8554772	4,51,83,162	Maharashtra
				7445851	2,20,565	Maharashtra
Total					**9,12,72,906**	

Appendix 3.8-B

(Referred to in Paragraph 3.10.3 (B), Footnote 33)

Detail of red flagged 'C' forms

(Amount in ₹)

Sr. No.	ACST	ARN	Year	C Form No.	Value of goods involved	Issuing State
1	Amritsar-II	AA0309170095175	2016-17	TN-2012-CTC-OH 5236369	16,35,187	Tamil Nadu
2	Fatehgarh Sahib	AA030817091389Q	2017-18	HR13C12200013	91,47,368	Haryana
				HR13C22017773	10,66,948	Haryana
3	Ferozepur	AA030917033192F	2016-17	08V 2221411	19,40,000	J & K
4	Ludhiana-III	AA0309170016593	2017-18	1518537	1,13,35,840	Uttar Pradesh
Total					**2,51,25,343**	

Appendix 3.9

(Referred to in Paragraph 3.10.4A(i))

Accumulation of ineligible input tax credit

(Amount in ₹)

<table>
<tr><th>Sr. No.</th><th>ACST</th><th>ARN</th><th>Tran-1 allowed</th><th>Tax free sale</th><th>Non/short reversal of ITC on tax-free sale</th><th>Tran-1 objected</th></tr>
<tr><td rowspan="2">1.</td><td rowspan="2">Ludhiana-II</td><td rowspan="2">AA030917037502C</td><td rowspan="2">6,84,232</td><td>10,30,38,600</td><td>3,83,267</td><td rowspan="2">6,84,232</td></tr>
<tr><td>3,05,66,518</td><td>3,00,966</td></tr>
<tr><td>2.</td><td>SAS Nagar</td><td>AA0312170001442</td><td>58,50,000</td><td>10,65,03,098</td><td>33,36,895</td><td>33,36,895</td></tr>
<tr><td colspan="3">Total</td><td>65,34,232</td><td>24,01,08,216</td><td>40,21,128</td><td>40,21,127</td></tr>
</table>

Appendix 3.10

(Referred to in Paragraph 3.10.5)

Transitional credit against refunded input tax credit

(Amount in ₹)

Sr. No.	ACST	ARN	Tran-1 allowed	Refund out of ITC balance allowed	Input tax credit rejected during refund	Tran-1 objected
1.	Ludhiana-I	AA031117002688G	29,18,518	14,46,402	2,12,042	16,58,444
2.		AA031217015885B	36,70,413	30,44,474	6,25,939	36,70,413
3.	Ludhiana-II	AA0312170177695	13,56,908	2,89,147	14,046	3,03,193
Total			**79,45,839**	**47,80,023**	**8,52,027**	**56,32,050**

Appendix 3.11

(Referred to in Paragraph 3.10.7(i))

VAT demands not adjusted/recovered from transitional credit

(Amount in ₹)

Sr. No.	ACST	ARN	Year of return assessed	Total Demand	Tran-1 allowed	Tran-1 objected
1.	Ferozepur	AA031117246304O	2017-18	45,870	6,79,988	22,214
2.	Gurdaspur	AA031217015477G	2016-17	1,08,36,909	73,32,920	73,32,920
3.	Ludhiana-III	AA031217008380U	2010-11	6,97,86,914	11,01,38,076	11,01,38,076
			2011-12	61,64,131		
			2012-13	2,94,08,360		
			2013-14	9,04,98,358		
4.	Sangrur	AA031217012590T	2015-16	2,34,00,269	3,20,96,162	3,20,96,162
			2016-17	2,35,10,211		
			2017-18	78,006		
5.	SAS Nagar	AA030817067123C	2015-16	1,73,805	2,94,60,933	14,41,332
			2016-17	70,064		
			2017-18	11,97,463		
Total				**25,51,70,360**	**17,97,08,079**	**15,10,30,704**

Appendix 3.12

(Referred to in Paragraph 3.10.7(ii))

Excess allowance of transitional credit in cases assessed by Department

(Amount in ₹)

Sr. No.	ACST	ARN	Tran-I Claimed	Transitional credit eligible as per Verification report/assessment order	Excess claim in Tran-I
1.	Barnala	AA0311172493893	5,26,612	5,12,312	14,300
2.	Moga	AA031117010964K	1,27,93,978	0	1,27,93,978
3.		AA031017010463Y	16,32,718	14,02,435	2,30,283
4.		AA031217016847A	37,98,797	35,69,732	2,29,065
5.	Pathankot	AA0308170761934	39,00,299	35,75,299	3,25,000
6.	Sangrur	AA031217013683L	27,60,682	26,88,130	72,552
Total			**2,54,13,086**	**1,17,47,908**	**1,36,65,178**

Appendix 3.13

(Referred to in Paragraph 3.10.7(iii))

Excess transitional credit despite issue of refunds and reduced ITC in assessments

(Amount in ₹)

Sr. No.	ACST	ARN	VAT Assessed C/F 2016-17	Refund issued in 2016-17	B/F VAT 2017-18	Balance ITC in VAT-20 2017-18	Tran-1 claimed	Excess claim in Tran-1
1.	Ferozepur	AA031117259306F	30,90,753	30,90,753	27,95,262	29,34,768	32,84,224	31,44,718
2.		AA031117256008K	40,12,126	29,00,902	92,65,422	96,08,496	47,63,721	33,09,423
3.		AA0311172557863	9,91,678	13,58,845	13,01,306	22,13,050	17,85,614	12,41,037
4.		AA031117258415F	16,21,869	15,78,637	39,68,556	38,68,369	34,79,371	34,79,371
5.		AA031117255979U	21,88,292	--	23,17,117	29,18,764	28,56,860	66,921
6.		AA0308170905235	14,06,676	--	30,54,654	38,09,645	33,09,397	11,47,730
7.		AA0311172569652	41,17,505	--	1,63,89,373	1,64,72,280	44,79,793	2,79,381
8.		AA030917033192F	10,35,418	--	99,25,332	1,04,24,317	97,00,362	81,65,959
9.		AA031117246176H	2,89,447	--	35,52,028	38,27,335	18,27,331	12,62,577
10.		AA031117249362J	9,728	--	8,72,170	8,70,559	8,70,560	8,62,443
11.		AA031117249506D	-2,231	--	5,41,229	5,46,197	5,46,197	5,43,460
12.		AA031117261790G	4,35,242	--	42,70,430	38,25,447	27,04,451	27,04,451
13.	Jalandhar-II	AA031017025371W	43,31,947	--	53,09,616	70,10,019	70,10,019	9,77,669
14.	Kapurthala	AA031117263663D	9,53,577		9,73,262	9,73,413	9,73,413	19,685
Total			**2,44,82,027**	**89,29,137**	**6,45,35,757**	**6,93,02,659**	**4,75,91,313**	**2,72,04,825**

Appendix 4.1

(Referred to in Paragraph 4.5)

Category-wise audit universe and sample selection

Sl. No.	Category	Audit Universe	Sample Selection
1	Export of Services - With payment of tax (EXWP)	63	7
2	Export of goods/services-Without payment of Tax i.e. ITC accumulated (EXWOP)	1,469	207
3	Deemed Export (Recipient) (EXPRDE)	43	6
4	Deemed Export (Supplier) (EXPSDE)	16	9
5	Excess balance in Electronic Cash ledger (EXBCL)	1,182	66
6	ITC accumulated due to inverted tax structure (INVITC)	7,053	1,364
7	Tax paid on intra-State supply which is subsequently held to be inter-State supply and vice versa (INTRVC)	13	4
8	On account of supplies made to SEZ units/SEZ Developers (with payment of tax) (SEZWP)	7	7
9	On account of supplies made to SEZ unit/SEZ developer (Without payment of tax) (SEZWOP)	7	5
10	On account of assessment/provisional assessment/ appeal/any other order (ASSORD)	6	6
11	Excess payment of tax (XSPAY)	31	6
12	Any other (ANYOTH)	112	19
Total		**10,002**	**1,706**

Appendix 7.1

(Referred to in Paragraph 7.3.2.2(iii))

Non-execution of approved/allotted road infrastructure items

Sr. No	Name of Division	Name of work	Road safety/ infrastructure items allotted/approved	Works not executed
1.	Construction Division Mukerian	Widening/strengthening of Mukerian - Talwara-Mubarakpur road upto Himachal Pradesh boundary from km 0.00 to 45.700	Cautionary Boards, Identification Sign Boards, Village Sign Board, Project Sign Board, Overhead Sign Boards	Various Road infrastructure work
2.	Provincial Division, Sangrur	Up gradation of Sant Harchand Singh Ji Longowal Marg (Gurudwara kambwal to Gidriani via Shahpur Kalan, Jharon, Cheema,Tolewal,Dharamgarh & Fatehgarh Road)	Identification Board , Direction Board, Overhead cantilever Sign Board, Cautionary Sign Boards, installation of various delineators, reflective pavements markers and RCC Building pillars	The allotted road infrastructure works
3.	Provincial Division, Bathinda	Widening/ strengthening of Barnala-Bajakhana Road in Bathinda – MDR 43 (from RD 29.29 Km to 58.26 Km)	Overhead Sign Board of 9000x1500mm, overhead board of 6000x1500mm, cantilever type double sideboard, direction board, identification sign board of 900x600mm, mandatory/ informatory sign boards	Various informatory or sign boards
4.	Construction Division No 1, Amritsar	Up gradation of Patti Tarn Taran (MDR-62)	Cautionary Sign Boards, informatory/display Sign Boards and Mandatory Sign Board of various sizes	Various informatory or sign boards
5.	Provincial Division, SBS Nagar	Strengthening Of Machhiwara- Rahon – Nawan Shahar Road (Mdr-53) Km. 33.600 To 55.100	Informatory board/direction board (1800x1200), cautionary board (900x900), construction of drainage, chute on embankment, slopes of approaches of bridges.	Various informatory or sign boards
6.	Provincial Division, Sangrur	Upgradation of Gandhi Nagar to Bhalwan via Bhawanigarh Kakra Sakraudi Sehlan Rasulpur, Channa and kheri Chadwan	Cautionary Boards, Identification Sign Boards, Village Sign Board, Project Sign Board, Overhead Sign Boards, reflective pavement markers, Horizontal mark sign boards, mandatory sign boards, road marking with hot thermoplastic, providing/fixing RCC Kilometer stones	Various Road infrastructure work
7.	Provincial Division, Sangrur	Cheema to Jakhepal to Ugrahan, Chhajla to Sunam-lehra road	Cautionary Boards, Identification Sign Boards, Village Sign Board, Project Sign Board, Overhead Sign Boards, reflective pavement markers, Horizontal mark sign boards, mandatory sign boards, road marking with hot thermoplastic, providing/fixing RCC Kilometer stones	Various Road infrastructure work
8.	Construction Division, Nabha	Strengthening of Rurki to Chanarthal Road	Cautionary Boards, Identification Sign Boards, Village Sign Board, Project Sign Board, Overhead Sign Boards	Various informatory or sign boards

Source: Departmental data

Appendix 7.2

(Referred to in Paragraph 7.3.3.2)

Details of divisions where funds were received with delay

Sr No.	Name of Division	Name of Work	Date of Demand	Release of Funds	Amount (₹ in lakh)	Delay (in Months)
1.	Central Works Division No. 2, Amritsar	Widening of Amritsar –Sohian –Fateh Garh Churian Road Km 7.00 to 26.68	12.07.2019	27.09.2019	102.11	3
			09.09.2020	21.10.2020	252.54	1
				Total	**354.65**	--
				Say	**3.55 crore**	--
		Strengthening of Attari – Chogawan- Ajanala Road from Km 6.00 to 31.00	23.02.2017	09.10.2017	280.00	8
			17.03.2017	16.2.2018	312.00	11
			09.10.2017	02.05.2018	300.00	7
				Total	**892**	--
				Say	**8.92 crore**	--
2.	Provincial Division, Sangrur	Up-gradation of Sangrur Bhalwan road to Dhuri Via ganga Singhwala, Zulam, mann wala	24.12.2018	09.04.2019	262.94	4
			12.07.2019	26.09.2019	507.98	2
			15.05.2020	18.07.2020	129.09	2
			28.05.2020	18.07.2020	138.14	2
				Total	1038.17	--
				Say	**10.38 crore**	--
		Strengthening and raising of Gandhi Nagar to Bhalwan via Bhawanigarh Kakra, Gehlan , sakroudi , Rasulpur Channa (existing carriageway 5.50 Mtr.)	13.06.2019	26.09.2019	120.35	3
			12.07.2019	26.09.2019	62.85	2
				Total	183.20	--
				Say	**1.83 crore**	--
		Up-gradation of NH07 to SH 12 A (BSBK Road)via Rampura, Reitgarh to Kapial Akbarpur	24.12.2018	9.4.2019	137.79	4
			16.06.2020	11.09.2020	58.69	3
			15.12.2020	25.01.2021	49.22	1
				Total	245.70	--
				Say	**2.46 crore**	--

Sr No.	Name of Division	Name of Work	Date of Demand	Release of Funds	Amount (₹ in lakh)	Delay (in Months)
	Provincial Division, Sangrur	Widening and strengthening of Lehragagga to Duggal Road via Khandebad, Kalbanjara, Jaloor,Raidharana, Shahdihari, Nihalgarh	12.07.2019	26.09.2019	326.97	3
				Say	**3.27 crore**	--
		Strengthening and Raising of sant Harchand singh Ji Longowal Marg (Gurudwara Kambowal to Gidriani via Shahpur Kaalan, Jharon, Cheema, Tolewal, Dharamgarh & Fatehgarh (3.75 Mtr. Carriageway)	12.07.2019	26.09.2019	50.66	3
				Say	**0.51 crore**	--
		Up- gradation of 4 Nos of Roads in CRF – Scheme 2018-19	12.07.2019	26.9.2019	264.54	3
		Sunam-Lehra-Khadial- Taranjikhera upto Sullar (NH-71) Road	21.04.2020	19.06.2020	208.19	2
		Sunam-Lehra road to Samadh, SUS College Veterinary Hospital, Sitasar Mandir to BSBK road to Mata modi Chowk to Aggarsain Chowk upto SUS Chowk Sunam road	15.05.2020	19.06.2020	172.08	1
		Sunam to Bareta via Bakshiwala, Ugrahan, Fatehgarh Cheema to Jakhepal to Ugrahan , Chhajla to Sunam – Lehra Road	7.09.2020	21.10.2020	100.00	2
			7.09.2020	26.10.2020	49.63	2
				Total	**794.45**	--
				Say	**7.94 crore**	--
3.	Construction Division, Nabha	Strengthening of Rurki Chanarthal Km 0.00-12.40	28.03.2019	26.09.2019	289.57	6
			17.06.2020	10.09.2020	260.89	3
			07.01.2021	17.05.2021	31.17	4
			16.04.2021	26.05.2021	14.87	1
				Total	**596.50**	--
				Say	**5.96 crore**	--

Sr No.	Name of Division	Name of Work	Date of Demand	Release of Funds	Amount (₹ in lakh)	Delay (in Months)
4.	Construction Division, Mukerian	Mukerian Talwara Mubarikpur road upto H.P Boundary	06.12.2016	14.02.2017	610.02	2
			09.02.2017	10.05.2017	236.14	3
			16.06.2017	20.12.2017	699.77	6
			29.12.2017	22.03.2018	200.00	3
			19.02.2018	23.05.2018	599.99	3
			13.04.2018	11.09.2018	555.00	5
			01.10.2018	15.11.2018	300.46	2
			15.03.2019	22.04.2019	360.60	1
			12.07.2019	10.01.2020	341.80	6
			17.03.2020	30.10.2020	190.34	7
			15.10.2020	10.02.2021	324.68	4
				Total	**4418.80**	--
				Say	**44.19 crore**	--
5.	Provincial Division Bathinda	Widening and strengthening of Barnala - Bajakhana Road	18.07.2019	28.09.2019	**209.18**	2
			09.12.2020	30.03.2021	**105.00**	4
			09.12.2020	27.05.2021	**19.31**	6
				Total	**333.49**	--
				Say	**3.33 crore**	--
		Widening and strengthening of Baghapurana Nathana Bhagta Bhucho Road	18.07.2019	28.09.2019	20.81	2
				Total	**20.81**	--
				Say	**0.21 crore**	--
6.	Construction Division Rupnagar	Improvement of Rupnagar Nurpur Bedi Jhajj Road (See Bainsa Nurpur Bedi –Jhajj) Km 12.50-32.62	14.03.2016	17.05.2016	204.12	2
			16.08.2016	28.11.2016	115.09	3
			15.11.2016	13.02.2017	180.69	4
			28.11.2016	13.02.2017	38.44	4
			21.03.2017	10.05.2017	62.78	2
			13.06.2017	20.12.2017	74.96	6
			16.08.2017	20.12.2017	125.04	4
			12.02.2018	23.03.2018	101.74	1
			28.09.2018	19.11.2018	247.16	2
				Total	**1150.02**	
				Say	**11.50 crore**	

Sr No.	Name of Division	Name of Work	Date of Demand	Release of Funds	Amount (₹ in lakh)	Delay (in Months)
			26.06.2019	22.11.2019	169.94	5
			26.06.2019	10.01.2020	36.22	6
			14.10.2019	11.03.2020	80.51	5
			21.05.2020	17.07.2020	129.66	2
			01.06.2020	13.10.2020	166.54	4
			16.06.2020	13.10.2020	78.18	4
			07.09.2020	10.02.2020	113.58	5
				Total	**774.63**	--
				Say	**7.75 crore**	--
7	Provincial Division SBS Nagar	Strengthening of Machhiwara-Rahon-Nawanshehr Road (MDR-53)Km 33.600 to 55.100	29.08.2017	09.10.2017	350.00	1
			22.02.2018	01.05.2018	300.00	2
				Total	**650.00**	**--**
				Say	**6.50 Crore**	**--**
		Grand total			**118.30 crore***	--

Source: Departmental data

***3.55+8.92+10.38+1.83+2.46+3.27+0.51+7.94+5.96+44.19+3.33+0.21+11.5+7.75+6.5 = ₹ 118.30 crore.**

Appendix 7.3

(Referred to in Paragraph 7.3.3.2)

Payment of interest due to late payment of contractors' bills

Sr. No.	Name of Division	Name of Work	Date of Allotment	Allotment Amount (₹ in crore)	Delay (in Days)	Interest Paid (₹ in lakh)
1.	Construction Division, Rupnagar	Improvement of Ropar Nurpur Bedi Jhajj Road (See Bainsa Nurpur Bedi –Jhajj) Km 12.50-32.62	31.12.2015	30.09	3 to 169	34.92 9.90
2.	Construction Division, Mukerian	Widening/Strengthening of Mukerian Talwara Mubarikpur road upto H.P Boundary	28.11.2016	53.79	1to 224	59.02
3.	Provincial Division, SBS Nagar	Strengthening of Machhiwara-Rahon-Nawanshehar Road (MDR-53) Km 33.600 to 55.100	06.12.2016	14.33	38 to 400	80.40
Total						**184.24 say ₹ 1.84 crore**

Source: Departmental data

Appendix 7.4

(Referred to in Paragraph 7.3.3.3)

Delay in submission of Utilisation Certificates

(₹ in lakh)

Sr. No.	Name of Division	Name of Work	Funds received		UCs submitted		Short submission of UC	Delay in months (upto November 2021)
			Date	Amount	Date	Amount		
1.	Construction Division No. 1, Amritsar	Up-gradation of Patti Tarn Taran road (MDR-62)	18.08.19	712.25	30.09.19	482.18	230.07	No delay
			27.09.19	647.63	25.01.21	173.76	473.87	16 months
			01.10.19	191.05	0	0	191.05	25 months
			11.03.2020	366.10	0	0	366.10	19 months
			22.10.2020	248.85	0	0	248.85	13 months
			Total	**2165.8**		**655.94**	**1509.86**	
2.	Central Works Division No. 2, Amritsar	i) Amritsar Sohian Fatehgarh Churian Road km 7.00 to 26.68 & ii) Strengthening of Ajnala Chogawan Road km 6.00 to 31.00	17.01.20	303.72	09.09.20	303.72	**--**	8 months
			03.11.20	417.63	08.06.21	417.63	**--**	7 months
			30.06.21	192.12	**0**	**0**	**192.12**	5 months
			Total	**913.47**		**721.35**	**192.12**	
		II) Improvement four laning of Chogawan – Rania 0 to 12.15	02.05.18 29.10.18	747.49 313.03	27.10.18 28.03.19	742.97 200.54	**4.52** **112.48**	6 months 5 months
			15.04.2019	228.29	22.09.19	228.29		5 months
				1288.80		**1171.80**	**117.00**	
3.	Construction Division, Nabha	Strengthening of Rurki Chanarthal Road km 0.00 to 12.40 ODR 58	26-09-2019 10-09-2020	289.57 260.89	17-06-2020 7-1-2020	289.57 260.89	--	8 months 4 months
				550.46		**550.46**	**--**	
4.	Construction Division, Mukerian	Widening/Strengthening of Mukerian-Mubarakpur road upto HP Boundary 0.00 to 43.700 under CRF	14.02.17	610.02	16.06.17	610.02		4 months
			15.11.18	300.46	15.03.19	300.46		4 months
			30.10.20	190.34	24.03.21	190.34		5 months
				1100.82		**1100.82**		
	Provincial Division	Widening and strengthening of	4.05.2019	266.00			266.00	UC

Sr. No.	Name of Division	Name of Work	Funds received		UCs submitted		Short submission of UC	Delay in months (upto November 2021)
			Date	Amount	Date	Amount		
5.	Bathinda	Bagha Purana , NATHANA Bhagta Bhai road	27.09.2019	140.00			140.00	not submitted
			27.09.2019	186.00			186.00	
			28.09.2019.	95.27			95.27	
			30.09.2019	453.00			453.00	
			16.01.2020	305.00			305.00	
			17.010.2020	109.00			109.00	
			18.06.2020	250.00			250.00	
			09.09.2020	114.00			114.00	
			09.09.2020	101.00			101.00	
		BARNALA BAJAKHANA Road MDR -43 Rd 29.29 to 58.26	21.11.2017	75.43			75.43	
			23.02.2018	33.77			33.77	
			23.02.2018	8.00			8.00	
			23.02.2018	49.00			49.00	
			05.03.2018	151.00			151.00	
			05.11.2018	180.00			180.00	
			31.072018	145.00			145.00	
			29.11.2018	048.00			048.00	
			29.11.2018	057.00			057.00	
			29.11.2018	063.00			063.00	
			04.05.2019	097.00			097.00	
			28.09.2019	209.00			209.00	
			30.09.2019	035.00			035.00	
			30.03.2021	105.00			105.00	
				3275.47			**3275.47**	

Sr. No.	Name of Division	Name of Work	Funds received		UCs submitted		Short submission of UC	Delay in months (upto November 2021)
			Date	Amount	Date	Amount		
6.	Provincial Division SBS Nagar	Machhiwara Rahon , Nawan Shahar Raod Km 33.600 to 55.10	20.07.2017	150.00			150.00	UC not submitted
			09.10.2017	350.00			350.00	
			01.05.2018	300.00			300.00	
			26.07.2018	533.93			533.93	
			28.12.2018	218.99			218.99	
			02-05-2018	95.99			95.99	
			05.04.2019	280.21			280.21	
			26.09.2019	361.15			361.15	
			15.01.2020	215.92			215.92	
			09.09.2020	97.59			97.59	
			16.10.2020	159.27			159.27	
			06.11.2020	80.40			80.40	
			31.03.2021	59.35			59.35	
				2902.80			**2902.80**	
7.	Construction Division Rupnagar	Improvement of Ropar Nurpur Bedi Jhajj Road (See Bainsa Nurpur Bedi –Jhajj) Km 12.50-32.62	10.2.16	3.27				68 months
			17.5.16	403.88	UCs of Rs. **3857.52 lakh was** Submitted 31.08.2021			62 months
			28.11.16	115.1				57 months
			13.2.17	508.56				55 months
			10.5.17	120.52				51 months
			20.12.17	200				44 months
			23.3.18	185				41 months
			27.3.18	38.18				41 months
			23.5.18	535.64				39 months
			31.7.18	576.83				37 months
			16.11.18	101.16				33 months
			19.11.18	247.16				33 months

Sr. No.	Name of Division	Name of Work	Funds received		UCs submitted		Short submission of UC	Delay in months (upto November 2021)
			Date	Amount	Date	Amount		
			22.11.19	169.94				33 months
			10.1.20	36.22				19 months
			13.12.19	91.27				9 months
			18.01.19	134.57				31 months
			10.02.21	137.61				6 months
			11.3.20	122.95				17 months
			17.7.20	129.66				13 months
				3857.52				
8.	Provincial Division Sangrur	Up-gradation of Sangrur Bhalwan Road to Dhuri Via ganga Singhwala, Zulam, mann wala	04.2019	262.95	28.08.2019	262.95		05 months
		Strengthening and raising of Gandhi Nagar to Bhalwan via Bhawanigarh Kakra, Gehlan, sakroudi , Rasulpur Channa (existing carriageway 5.50 Mtr.)	07.2021	131.39		Nil	131.39	04 months
		Up-gradation of NH07 to SH 12 A (BSBK Road) via Rampura, Reitgarh to Kapial Akbarpur	04.2019	137.80	28.08.2019	137.80	--	05 months
		Widening and strengthening of Cheema to Jakhepal Ugraha Chhajala to Sunam Lehra Road	19.06.2020	172.09	15.12.2020	172.09	---	06 months
			19.06.2020	162.36			162.36	18 months
			25.01.2021	60.12			60.12	10 months
				926.71		**572.84**		

Sr. No.	Name of Division	Name of Work	Funds received		UCs submitted		Short submission of UC	Delay in months (upto November 2021)
			Date	Amount	Date	Amount		
9.	Provincial Division, Amritsar	Work of improvement of Amritsar to Pathankot road (NH) to Amritsar Mehta road NH via sirhali tahli sahib Mahmood pura to udhke	12.5.17 21.12.17 21.12.17 23.3.18 23.5.18 11.9.18 27.9.19 3.11.20	65.00 65.00 400.00 673.00 599.03 221.85 117.25 143.62	5.10.20 5.10.20 5.10.20 5.10.20 5.10.20 5.10.20 5.10.20	2141.13	143.61	40 months 33 33 30 28 15 24 UC not submitted
				2284.75		**2141.13**		
				19266.68		**10773.21**	**2316.46**	

Source: Departmental data

UC required to be submitted - ₹ 192.67 crore.

UC submitted - ₹ 107.73 crore.

UC not submitted - ₹ 3275.47 + ₹ 2902.80 = ₹ 6178.27 lakh say ₹ 61.78 crore (Total of figures mentioned at Sr. No. 5 and 6).

UC short submitted - ₹ 23.16 crore.

Appendix 7.5

(Referred to in Paragraph 7.3.4.1)

Irregular expenditure due to execution of work beyond approved length

(₹ in crore)

Sr. No.	Name of Work/Road	Approved Length (in Kms)	RD of Road allotted (In Kms)	Length of Road allotted (In Km)	Additional Length executed (in Kms)	Allotment cost	Expenditure incurred	Extra expenditure
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9) =(8)/(5)*(6)**
1.	Improvemnt of Ropar to Nurpur Bedi Jhajj section Bainsa to Nurpur Bedi RD 20.100 to 32.620 Kms	12.52	12.500 to 26.148	13.648	7.600	27.29	26.76	14.90
2.	Improvement/Four laning of Amritsar Chogwan Rania Road Km 0.00 to 12.15 Kms	12.15	0.00 to 14.00	14.00	1.85	47.09	26.64	3.52
3.	Sunam to Bareta via Bakshiwala, Ugrahan, Fatehgarh road from 0.00 to 20.600 Kms	20.60	0.00 to 22.00	22.00	1.400	5.26	5.01	0.32
Total		**45.27**		**49.648**	**10.85**	**79.64**	**58.41**	**18.74**

Source: Departmental data

Appendix 7.6

(Referred to in Paragraph 7.3.4.2)

Irregular expenditure due to change of scope of work

(₹ in crore)

Sr. No.	Name of Division	Name of Work	Original Allotted Work/Items	Revised/ Change in the Work/Items	Reasons specified by the Department	Percentage Change in the Allotted Works (in *per cent*)	Original cost	Revised cost	Enhancement
1.	Construction Division no 2, Amritsar	Widening/strengthening of Patti Khem Karan Road MDR 62	Widening of exisiting Road from 0.00 to 27.06 Kms from 6.70 Mtrs to 10.00 Mtrs	Road from RD 0.00 to 4.160 Km was to be four laned with 7 Metres width on each side, provision of Interlocking Tiles in full Land width, widening of Drainange Main Sewer Hole.	Due to increase in Traffic from RD 0.00 to 4.160 Km falling in Town on the road	39	27.72	38.59	10.87
2.	Construction Division no 1, Amritsar	Up-gradation of Patti Tarn Taran MDR 62	Widening of Road from 7 Meters to 10 Meters	Road from RD 16.400 to 18.870 falling in Patti Town was to be Four laned with 7 Meters width on each side, provision of Interlocking Tiles in full Land width, widening of Drainange Main Sewer Hole.	Due to increase in Traffic in Patti Town	28	22.83	29.26	6.43
3.	Central Works Division no 2, Amritsar	Widening of Amritsar - Sohian -Fateh Garh Churian road Km 7.00 to 26.68 Km	Widening the road from 5.50 Meters to 7 Meters	Widening of road of RD 7.00 Kms to 16.68 Kms from 5.50 to 10.00 Meters.	Due to celebration of 550th Birth Anniversary of Sh. Guru Nanak Dev Ji in November 2019	40 (Curtailing the approved Length by 10 Kms)	21.03	29.47	8.44
4.	Provincial Division, SBS Nagar	Strengthening of Machhiwara Rahon-Nawan Shaher Road Km 33.600 to 55.100 Kms	Earthwork excavation providing and laying of GSB, WMM, Primer Coat, Tack Coat, BM, DBM, Bituminous Concrete on various reaches of the road.	Increased all the allotted items up to 29 Percent	Reasons were not specified	29	14.33	18.50	4.17

Sr. No.	Name of Division	Name of Work	Original Allotted Work/Items	Revised/ Change in the Work/Items	Reasons specified by the Department	Percentage Change in the Allotted Works (in *per cent*)	Original cost	Revised cost	Enhancement
5.	Provincial Division, Amritsar	Amritsar Pathankot Road -Mehta via Sirhali Tahli Sahib Mehmoodpura udhoke	Orginially work was alootted for ₹ 19.46 Crore	Work was enchanced upto 25.64 Crore.	No reasons were specified.	32	19.46	25.64	6.18
		Total							**36.09**
6.	Provincial Division, Sangrur	Up- gradation of Gandhi Nagar to Bhalwan Via BhawaniGarh kakra Sakraudi Gehla Rasulpur Channa and Kehri Chadwan	Earthwork excavation providing and laying of GSB, Brick edging, WBM, First Coat Dressing, Tack Coat, DBM, Bituminous Concrete on various reaches of the road.	Increased all the allotted item between 46 Percent to 655 Percent.	No reasons were specified.	Work was in progress on date of audit			

Source: Departmental data

Appendix 7.7

(Referred to in Paragraph 7.3.4.3(i))

List of works delayed beyond 24 months

(₹ in crore)

Sr. No.	Name of work	Length	Date of A/A	A/A amount	Date of allotment	Stipulated date of completion	Date of completion	Expendi-ture	Delay in months
1.	Improvement of Ropar Nurpur Bedi Jhajj Road (Sec Bainsa -Nurpur Bedi-Jhajj) km 12.50-32.62	20.120	27.8.15	42.51	31.12.15	30.9.17	31.10.20	41.50	38
2	Widening/Strengthening of Malout Fazilka road Km. 0.00-10.00 MDR 40	10.00	14.10.16	29.88	30.12.16	29.6.17	22.5.19	11.23	7
3	Widening/Strengthening of Malout Fazilka road Km. 10.00-21.00 MDR 40	11.00	14.10.16		26.12.16	25.6.17	22.4.19	11.29	6
4.	Widening of Malout-Fazilka Road (Km. 21.00 to 34.00)	13.00	14.10.16	30.44	26.5.17	25.2.18	22.4.19	13.57	6
5.	Widening of Malout-Fazilka Road (Km.34.00 to 48.86)	14.86	14.10.16		30.12.16	29.9.17	22.4.19	15.38	6
6.	Widening of Morinda Chunni road	16.35	14.10.16	40.81	2.12.16	1.3.18	30.6.19	28.02	8
7.	Strengthening of Machhiwara Rahon- Nawanshahar road. (MDR-53) Km 33.600 to 55.100	21.500	14.10.16	16.91	6.12.16	5.9.17	31.7.20	16.70	21
8.	Widening & Improvement of Amritsar Pathankot Road (NH-15) to Amritsar Mehta road (NH) via Sirhala Tahli Sahib Mehmoodpur. udhoke	24.700	14.10.16	25.64	26.12.16	25.3.17	31.12.19	22.60	14
9.	Widening & Improvement of Amritsar Sohian Road to Amritsar Mehta Road via Majitha. Kathunangal. Tahli Sahib. Boparai	31.700	14.10.16	21.73	23.12.16	22.3.18	31.5.19	19.72	7
10.	Widening/Stg. Kapurthala to Subhanpur road	11.400	14.10.16	15.59	9.12.16	8.12.17	31.10.20	14.95	24
11.	Mukerian Talwara Mubarikpur road upto H.P. Boundary	45.700	14.10.16	77.12	28.12.16	27.5.18	28.4.21	51.87	30
12.	Widening & strengthening Section Jalandhar -Jandiala-Nurmehal-Taiwan Road Km. 5.21 to 34.S7	29.36	14.10.16	29.75	1.5.18	31.10.20	30.6.21	14.94	32

Sr. No.	Name of work	Length	Date of A/A	A/A amount	Date of allotment	Stipulated date of completion	Date of completion	Expendi-ture	Delay in months
13.	Widening & Strengthening of Bhadargarh Seel Ghanour Shambhu Road Km 0.00-15.10	15.10	14.10.16	48.97	30.12.16	29.9.17	20.3.21	26.41	29
14.	Widening & Strengthening of Bhadargarh Seel Ghanour Shambhu Road Km 15.10.- 28.00	12.90	14.10.16		30.12.16	29.9.17	15.8.21	17.07	34
15.	Widening & Strengthning of Lehragaga to Duggal Road via Khandebad, Kalbanjara, Jaloor, Raidharana, Shadihari, Nihalgarh	25.40	19.11.18	16.83	25.1.19	24.10.19	31.3.21	16.83	4
16.	Widening & Strengthning of Badbar to Sunam via Longowal	18.23	19.11.18	12.56	7.2.19	6.12.19	31.1.21	12.54	2
17.	Strengthning & Raising of Sant Harchand Singh Ji Longowal Marg (Gurudwara Kambowal to Gidriani via Shahpur Kalan, Jharon, Cheema, Tolewal, Dharmgarh & Fatehgarh (3.75 mtr. carriageway) Widening & Strengthning of Sant Attar Singh ji Marg	37.42 22.00	19.11.18	11.21 5.73	7.2.19	6.12.19	11.6.21	16.54	7
18.	Strengthening of Rurki to Chanarthal km 0.00-12..40	12.40	19.11.18	8.55	28.1.19	27.9.19	31.7.21	5.82	8
19.	Widening & strengthening of Faridkot-Sadak-Deepsinghwala-Guruharsahai-Goluka road from Km 1.80 to 31.20 including improvement of Sadak chowk towards Ferozepur side	29.40	19.11.18	40.18	18.2.19	17.12.19	15.7.21	17.94	8
20.	Strengthning & Raising of Elwal Chowk to Sunam via Sangrur Upli Chathe Lakhminwala including Mata Gujri School road (existing carriagway 5.50 mtr.)	30.55	19.11.18	17.57	11.2.19	10.11.19	31.7.21	19.48	8
21.	Widening & Strengthning of Sunam Lehra road to Kohrian via Chhajli Sangtiwala Bhaike Pishour. Widening & Strengthning of Chhahar to Lehra Bus Stand via Bhaike Pishore, Shekuwas & Ramgarh Sandhuan Widening & Strengthning of Chhajli to Dirba via Chathe Nanhere, Janal road	12.30 17.70 17.50	19.11.18	20.19	25.1.19	24.12.19	31.7.21	19.66	8

Sr. No.	Name of work	Length	Date of A/A	A/A amount	Date of allotment	Stipulated date of completion	Date of completion	Expendi-ture	Delay in months
22.	Widening & Strengthning of Sunam Jagatpura Khadial Tarranjikhera upto Sullar (NH-71)	20.75	19.11.18	21.63	25.1.19	24.12.19	31.7.21	20.44	8
	Widening & Strengthning of Sunam to Bareta via Bakhsiwala Ugrahan Fatehagarh (Section Bakhshiwala to Nellowal road)	20.60							
	Widening & Strengthning of Sunam Lehra Road to Samadh, SUS College Veternary Hospital, Sitasar Mandir to BSBK Road to Mata Modi Chowk to Aggarsain Chowk upto SUS Chowk Sunam	8.65							
	Widening & Strengthning of Cheema to Jakhepal Ugraha Chhajla to Sunam Lehra Road	16.00							
Total								**434.51**	

Source: Departmental data

Appendix 7.8

(Referred to in Paragraph 7.3.4.3(ii))

Details of works where escalation was paid beyond stipulated date of completion

Sr. No.	Name of Division	Name of Work	Date of Allotment	Allotment Amount (In crore)	Stipulated Date of completion	Work status	Price escalation paid (₹ in lakh)
1.	Provincial Division Amritsar	Widening and Improvement of Amritsar Pathankot Road (NH-15) to Amritsar Mehta Road (NH) via Sirhali Tahali Sahib Mehmoodpur, Udhoke	26.12.2016	19.47	25.03.2017	Completed on 31.12.2019	48.32
2.	Central works Division No -2 Amritsar	4-laning of Amritsar Chogawan Rania Road section Amritsar to Ram Tirath Km .0.00 to12.15/14	20.12.2016	47.09	19.03.2018	In Progress	69.75
3.	Construction Division No -1	Up-gradation of Patti Tarn Taran	23.12.2016	22.83	22.03.2018	In Progress	187.03
4.	Construction Division Rup Nagar	Improvement of Ropar Nurpur Bedi Jhajj Road (See Bainsa Nurpur Bedi –Jhajj) Km 12.50-32.62	31.01.2016	30.09	30.09.2017	Completed on 31.10.2020	254.60
5.	Construction Division, Mukerian	Mukerian Talwara Mubarikpur road upto H.P Boundary	28.11.16	53.79	27.05.2018	In progress	305.00
Total							**864.70**
Say							**8.65 crore**

Source: Departmental data

Appendix 7.9

(Referred to in Paragraph 7.3.4.3(iii))

Details of divisions where secured advance was not recovered

(₹ in crore)

Sr. No.		Work	Secured Advance Paid		Recovery	Balance (Delay in Recovery as on November 2021)
			Date	Amount		
1.	Central Works Division No. 2, Amritsar	Widening of Amritsar –Sohian –Fateh Garh Churian Road KM 7.00 to 26.68 Km	09/2020	1.22	-	1.22 (14 Months)
	-Do-	4-laning of Amritsar Chogawan Rania Road section Amritsar to Ram Tirath Km .0.00 to12.15/14	12/2016	4.23	2.34	1.89 (59 Months)
2.	Provincial Division, Bathinda	Widening and strengthening of Barnala - Bajakhana Road	05/2018	0.10	-	0.10 (42 Months)
3.	Construction Division No.1, Amritsar	Up-gradation of Patti Tarn Taran	02/19	2.48	1.16	1.32 (33 Months)
4.	Construction Division, Nabha	Strengthening of Rurki Chanarthal Km 0.00-12.40	20-12-19	0.44	0.34	0.10 (23Months)
				8.47	**3.84**	**4.63**

Source: Departmental data

Appendix 7.10

(Referred to in Paragraph 7.3.4.3(iv))

Details of works where sanction was given beyond permissible limit

Sr. No.	Name of Circle	Name of Work/Road	Date of Approval	Technical sanction		Expenditure (₹ in lakh)	Delay in months
				Date	Amount		
1.	Pathankot	Strengthening of Gurdaspur- Kahnuwan-Harchowal-Shri Hargobindpur road	01-09-2020	20-08-21	1912.87	620.89	8
2.	Jalandhar-2	Up-gradation of Phagwara-Jandiala road Km 0.00 to 8.60 (ODR-05)	01-09-2020	08-02-21	1565.74	0	1
3.	Amritsar	Strengthening of Attari-Chogawan-Ajnala road from Km 6.00 to 31.00	19-11-2018	27-11-20	1277.02	514.71	21
4.	Amritsar	Widening from 5.50 to 7.00 mtr. of Amritsar Sohian Fatehgarh Churian Road from Km 7.00 to 26.68	19-11-2018	04-12-20	1639.28	496.39	21
5.	Amritsar	Widening and Strengthening of Patti to Sirhali road	19.11.2018	04-12-20	611.31	453	24
6.	Faridkot	Up-gradation of Bhaghapurana to Bhagata Bhai to Nathana km 0.00 to 18.60 in Moga district.	01-09-2020	05-02-21	1124.96	222.34	1
7.	Sangrur	Strengthening & Raising of Gandhi Nagar to Bhalwan via Bhawanigarh Kakra, Gehlan, Sakroudi, Rasulpur Channa (existing carriagway 5.50 mtr.)	19-11-2018	28-02-20	1113.43	857	1
8.	Sangrur	Widening & Strengthening of Kishangarh To Dehlan Via Ladal, Kotra, Rampura Jawahrwala, Gobindpura Jawahwala, Lehal Kalan	19-11-2018	28-02-20	1053.62	2088	12
9.	Sangrur	Widening & Strengthening of Lehra to Mandvi Road via Khai, Lehal Khurd, Bhutal Kalan, Bhutal khurd, Bhatuan, Hamirgarh	19-11-2018	28-02-20	742.36	0	12
10.	Sangrur	Widening & Strengthening of Lehragaga to Chottian via Rampura Jawahrwala, Gobindpura Jawahrwala, Bakhora Kalan	19-11-2018	19-06-19	585.88	0	3
11.	Sangrur	Widening & Strengthening of Malerkotla-Raikot Road to Km-48 Barnala-Raikot Road	19-11-2018	13-03-20	837.48	511.11	12
12.	Ferozepur	Constn. Of High Level Bridge over Sutlej River between Ferozepur & Taran Taran District at Kot Budha Pattan. Balance work of Constn. Of Protection Work of Approaches (Apron and Stone Pitching)	31-03-2011	26-12-11	5776.9	808.8	5
13.	Bathinda	Widening & Strengthening of Bhikhi-Budhlada-Ratia Road up to Haryana Border.	19-11-2018	21-06-19	2143.12	1572.95	3
14.	Bathinda	Construction of H/L bridge Single span 12M (N) 14.833 (S) eff. Over Boha Distributory X-ing Bhikhi Budhlada Ratia (MDR) at RD 25.400 km in District Mansa	19-11-2018	25-02-20	69.26	54.64	11
15.	Ferozepur	Widening & Strengthening of Muktsar-Guruharsahai road Km 14.00 to 27.65=13.65 Km (ODR-FZR-16)	19-11-2018	28-02-20	1063.28	736.21	12

Sr. No.	Name of Circle	Name of Work/Road	Date of Approval	Technical sanction		Expenditure (₹ in lakh)	Delay in months
				Date	Amount		
16.	Ferozepur	Reconstruction of 2 span 5 mtr each slab type Culvert/Bridge at RD 24100 on x-ing Muktsar-Guruharsahai road (ODR-16) under CRF 2018-19 in District Ferozepur.		-		47.71	
17.	Ferozepur	Construction of H.L Bridge 3 span 7.50 M (N) 7.981 (S) eff. over Barkatwah drain x-ing Muktsar - Guruharsahai road (ODR-16) at RD 20500 in District Ferozepur (under CRF scheme)				120.02	
18.	Ferozepur	Widening & strengthening of Faridkot-Sadak-Deepsinghwala-Guruharsahai-Goluka road from Km 31.20 to 43.96 including improvement of Sadak chowk towards Ferozepur side	19-11-2018	05-03-20	1740.28	1125	
19.	Ferozepur	Construction of RCC Entry Gate on Faridkot-Sadiq-Deep Singh Wala-Guruharsahai-Goluka road (MDR-46) under CRF 2018-19 in District Ferozepur under Head 5054.	-	-	0	15.08	12
20.	Ferozepur	Reconstruction of 3 span 10 mtr each bridge at RD 40600 over Jiwan Arian Drain x-ing Faridkot - Sadiq - Deep Singh Wala -Guruharsahai - Goluka road (MDR-46) under CRF 2018-19 in District Ferozepur.	-	-	0	182.96	
21.	Ferozepur	Up-gradation of Malout Chowk to Hanumangarh Bypass Chowk in Abohar town	01-09-2020	25-10-21	2000.43 (Revised)	774.84	10
22.	Ferozepur	Up-gradation of Malout Chowk to Sitoguno in Abohar town.	01-09-2020	23-08-21	668.91 685.51 (Revised)	398.03	8
23.	CWC Chandigarh	4- laning of Chandigarh-Landran-Chuni-Sirhind road from km 38.000 To 46.970	19-11-2018	13-01-21	1533.8	1153	22
24.	CWC Chandigarh	Job-04 (c). 4-L/widening of Patiala-Sangrur-Barnala Road RD 106.990 to 116.240	01-09-2020	26-07-21	2232.38/-	1240.45	7
25.	Bhatinda	Widening and Strengthening of Baghapurana Nathana Bhagta Bhucho Road	19-11-2018	31-05-19	2624	2279.98	2
26.	Chandigarh	Strengthening of Guru Gobind Singh Marg (Sec: Singh to Chamkaur Sahib)	19-11-2018	18-06-19	370.22 372.73 (Rev.)	364.89	3
27.	Chandigarh	Widening and Strengthening of road from Balachor to Nurpur Bedi.Km 0.00-11.43 (sec. Nurpur Bedi-Distt.boundary Roop nagar)	19-11-2018	19-06-19	1275.01 1112.7 (Rev.)	1112.75	3
28.	Jalandhar 2	Widening and Strengthening of road from Balachor to Nurpur Bedi.Km 0.00-14.50	19-11-2018	19-07-19	1213.62	1139	4
29.	**Sangrur**	Widening & Strengthening of Lehragaga to Duggal Road via Khandebad, Kalbanjara, Jaloor, Raidharana, Shadihari, Nihalgarh	19-11-2018	01-07-20	1697.32	1683	16
30.	Sangrur	Widening & Strengthening of Badbar to Sunam via Longowal	19-11-2018	08-07-19	1304	1254	4

Sr. No.	Name of Circle	Name of Work/Road	Date of Approval	Technical sanction		Expenditure (₹ in lakh)	Delay in months
				Date	Amount		
31.	Faridkot	Faridkot sadiq deep singh wala Guru Harsahay Goluka Road	19-11-2018	25-06-19	2391.68	1793.78	3
32.	Sangrur	Elwal Chowk to Sunam Via Sangrur upli chatthey Lakhmin wala	19-11-2018	28-02-20	1924.3	1948	12
33.	Sangrur	Sunam Lehra Road to Khorian via Chhajli Sanqtiwal Bhaikey Pishore	19-11-2018	13-06-19	565.62	1966	3
34.	Sangrur	Chhar to Lehra Bis stand via Bhaikey Pishore Ramgarh Sandhua	19-11-2018	19-06-19	550.72		3
35.	Sangrur	Chhajli to Dirba via Chhathe Nanherey Knal Road	19-11-2018	21-06-19	977.82		3
36.	Sangrur	Sunam Jagatpura Khadial TarnjiKhera upto Sullar	19-11-2018	28-02-20	691.94	2044	12
37.	Sangrur	Sunam to Bareta via Bakshiwala Ugrahan Fatehgarh	19-11-2018	13-06-19	524.37		3
38.	Sangrur	Sunam Lehra Road to Samadh	19-11-2018	10-06-19	360.94		3
39.	Sangrur	Cheema to Jakhepal Ugrahan Chhajala to Sunam Road	19-11-2018	30-06-19	688.51		3
40.	Pathankot	Construction of high level bridge over Hydel Channel at Barth Sahib (length=75 m)	01-09-2020		0	56	0
41.	Roopnagar	Construction of Narrow and Low Bridge on SYL Canal	01-09-2020	-	0	0	0
42.	Amritsar	Amritsar Chogawn Rania Road 14 to 37.74	01-09-2020	-	0	988.18	0
43.	Faridkot	Construction of Twin Bridges on Rajastahan Feeder	19-11-2018	-	0	1206.07	0
44.	CC Patiala -1	Construction of approaches of ROB at Km 218/27-29 & LHS at Km 218/39-41	01-09-2020	-	0		0
45.	CHD	Up gradation of saabha raikot Road from 0.00 to 17.25.net length equal to 13.05	01-09-2020	-	0	300	0
Total					**44105**	**32128.78**	
						Say ₹ 321.29 crore	

Source: Departmental data

Appendix 7.11

(Referred to in Paragraph 7.3.4.4)

Details of divisions and roads where bridges were not widened

(₹ in crore)

Sr. No.	Name of Division	Name of Road	Existing Road/bride	Road widening upto	No. of Bridges	Width of Bridges	Expenditure on Road
1.	Construction Division, Rupnagar	Improvement of Ropar Nurpur Bedi Jhajj Road (See Bainsa Nurpur Bedi –Jhajj) Km 12.50-32.62	7.00/5.50	10.00	9	7.50	41.50
2.	Construction Division, Mukerian	Mukerian Talwara Mubarikpur road upto H.P Boundary	5.50	10.00	27	5.50	51.86
3.	Construction Division, Nabha	Strengthenig of Rurki Chanarthal Km 0.00-12.40	5.50	5.50	1	4.00	5.83
4.	Provincial Division, Sangrur	Widening and strengthening of Cheema to Jakhepal Ugraha Chhajala to Sunam Lehra Road	3.05	5.50	1	4.00	6.74
Total					**38**		**105.93**

Source: Departmental data

Appendix 7.12

(Referred to in Paragraph 7.9(a))

Details of irregular exemption/concession of tax on ingenuine 'C' Forms

(Amount in ₹)

Sr. No.	ACST	Assessment Year/Disposal No. / Date	Amount[1]	Tax Rate to be charged (% age)	Tax to be Charged	Tax/CST Charged @ 2%	Tax Short levied
1.	Ludhiana-I	2015-16 24/21.08.19	78,36,343	14.30	11,20,597	1,56,727	9,63,870
			63,50,896	14.30	9,08,178	1,27,018	7,81,160
Total			**1,41,87,239**		**20,28,775**	**2,83,745**	**17,45,030**

1 'C' Form Nos. 01CC7936525 and 01CC7963521.

Appendix 7.13

(Referred to in Paragraph 7.9(b))

Details of irregular exemption/concession of tax on ingenuine 'E-2' Forms

(Amount in ₹)

Sr. No.	ACST	Assessment Year/Disposal No. / Date	Amount[2]	Tax Rate to be charged (% age)	Tax to be Charged	Tax Charged	Tax Short levied
1.	Fatehgarh Sahib	2012-13 75/05.11.19	73,76,868	4	2,95,075	0	2,95,075
			85,27,686	4	3,41,107	0	3,41,107
Total			**1,59,04,554**		**6,36,182**	**0**	**6,36,182**

2 'E-2' Form Nos. PB/E1/855476 and PB/E1/255474.

Appendix 7.14

(Referred to in Paragraph 7.10)

Non-levy of interest

(Amount in ₹)

Sr. No	ACST	Assessment Year Disposal No./Date of Assessment	VAT Demand	CST Demand	Total	No. of Months	Interest not levied (@ 0.5% per month)
1	Ludhiana I	2012-13 94/19.11.19	0	42,87,011	42,87,011	80	17,14,804
2		2012-13 39/19.11.19	0	20,31,446	20,31,446	80	8,12,578
3		2012-13 41/19.11.19	0	7,50,026	7,50,026	80	3,00,010
4		2012-13 54/19.11.19	0	5,62,722	5,62,722	80	2,25,089
5		2012-13 439/14.11.19	0	5,00,477	5,00,477	80	2,00,191
6		2012-13 43/19.11.19	0	3,92,257	3,92,257	80	1,56,903
7		2013-14 21/09.09.19	0	4,08,237	4,08,237	66	1,34,718
8	Ludhiana II	2012-13 32/02.08.19	2,78,766	6,36,266	9,15,032	76	3,47,712
9		2016-17 109/13.11.19	0	22,21,139	22,21,139	31	3,44,277
10		2012-13 201/20.11.19	0	3,46,363	3,46,363	80	1,38,545
11	Ludhiana III	2012-13 29/18.11.19	0	14,24,444	14,24,444	80	5,69,778
Total			**2,78,766**	**1,35,60,388**	**1,38,39,154**		**49,44,605**

Appendix 7.15

(Referred to in Paragraph 7.11)

Details of purchase tax to be reversed

(Amount in ₹)

Sr. No.	Assessment Year/D.No. Date of Assessment	Shortage of Paddy (Year wise Break up)		MSP Rate Per Qtl	Purchase Cost	Rate of tax	Purchase tax involved
		Year	Qty (Qtl)				
1.	2012-13 69/20.11.2019	2009-10	1,447.50	1,030	14,90,925	4%	59,637
		2010-11	1,943.53	1,030	20,01,836	4%	80,073
		2011-12	82,339.40	1,110	9,13,96,734	5%	45,69,837
		2012-13	30,632.51	1,280	3,92,09,613	5%	19,60,481
Total			**1,16,362.94**		**13,40,99,108**		**66,70,028**

Appendix 7.16

(Referred to in Paragraph 7.12)

Details showing short levy of tax due to deficient 'C' forms

(Amount in ₹)

Sr. No.	ACST	Assessment Year/ Disposal no. and Date	No. of 'C' forms	Value of 'C' forms assessed	Actual value of 'C' forms	Difference in value on which concession allowed	Short levy of output tax (13.75%-2%)
1.	SAS Nagar	2012-13 30/02.08.19	47	14,63,05,040	11,74,61,286	2,88,43,754	33,89,141

Appendix 7.17

(Referred to in Paragraph 7.13)

Detail of short-reversal of input tax credit on tax-free sale

(₹ in crore)

Sr. No.	ACST	Assessment Year Disposal No. / Date	Gross Sale	Tax-free Sale	ITC on purchase	ITC required to be reversed	ITC reversed	Non/ short reversal of ITC
1	Ludhiana-II	2011-12 161/19.03.18	23.97	21.71	0.38	0.21	0	0.21
2	Patiala	2012-13 74/18.11.19	34.32	34.13	0.27	0.23	0.17	0.06
Total			**58.29**	**55.84**	**0.65**	**0.44**	**0.17**	**0.27**

Calculation of reversal of input tax credit on tax-free sale

(by tracking consumption of taxable purchase)

Disposal No. 161 dated 19 March 2018 (Ludhiana-II)

(Amount in ₹)

Local taxable purchase during 2011-12		₹ 6,81,24,680
Less:		
1. Local Taxable Sale	₹ 2,00,05,951	
2. ISS against C Forms	₹ 7,50,000	
3. ISS taxable	₹ 18,91,697	
Value of total taxable sale	₹ 2,26,47,648	(-) ₹ 2,26,47,648
Balance Taxable goods that should have been available in the closing stock of 2011-12 and consequently in the opening stock of 2012-13		₹ 4,54,77,032
Value of goods in opening stock of 2012-13 as per trading account of the dealer	₹ 2,96,46,945	
Less: Value of tax-free goods in opening stock of 2012-13 (Out of ₹ 2,96,46,945) as declared by the dealer	₹ 2,17,97,044	
Balance value of taxable goods in opening stock of 2012-13 (2,96,46,945 - 2,17,97,044)	₹ 78,49,901	(-) ₹ 78,49,901
Difference (value of taxable goods consumed in manufacture of tax-free goods)		₹ 3,76,27,131
Tax implication at the rate of 5.5 *per cent*		₹ 20,69,492
ITC reversed		0
Non reversal of ITC		**20,69,492**

Disposal No. 74 dated 18 November 2019 (Patiala)

Local purchase of wheat during 2012-13 ₹ 3,46,61,019 (u/s 19/1) + ₹ 1,78,93,360 (Wheat as per Trading Account)		₹ 5,25,54,379
Less:		
1. Local Taxable Sale	₹ 11,92,473	
2. ISS taxable	₹ 7,14,700	
Value of total taxable sale	₹ 19,07,173	(-) ₹ 19,07,173
Balance value of wheat that should have been available in the Closing Stock of 2012-13		₹ 5,06,47,206
Actual value of wheat in Closing Stock		₹ 44,36,247
Difference (value of wheat consumed in manufacture of tax-free goods i.e. atta, maida)		₹ 4,62,10,959
Tax implication at the rate of 5 *per cent*		₹ 23,10,548
ITC reversed in Assessment Order		₹ 17,03,477
Short reversal of ITC		**₹ 6,07,071**

Appendix 7.18

(Referred to in Paragraph 7.16)

Details of deeds in which Stamp Duty, Registration Fee and Infrastructure Development Fee short levied due to misclassification of properties

(Amount in ₹)

Sr. No	Name of Unit SR/JSR	Deed No./Date	##	Area of Property in Deed	Value as per Collector Rate	Value as per deed	Short levied *(SD, SIC, RF, IDF)*
1	Balachaur	211/20.08.18	C	7K 13M	1,84,59,450	50,00,000	**9,39,813**
2	Chamkaur Sahib	147/27.04.18	R	11K 7M 4.5S	45,38,625	20,00,000	**2,03,090**
3		148/27.04.18	R	7K 12M	30,32,400	13,50,000	**1,34,592**
4		150/27.04.18	R	2K	7,98,000	3,50,000	**35,840**
5		620/19.07.18	R	7K 3M	28,52,850	12,10,000	**1,31,229**
6	Derabassi	5743/13.02.20	C	2B 15B 0B	1,82,87,500	49,50,000	**10,67,000**
7		4430/10.12.19	I	3B 0B 3B	82,70,625	29,50,000	**4,25,650**
8	Kharar	6911/28.08.19	R	3K 18.5M	93,60,540	39,00,000	**4,36,842**
9		6094/08.08.19	R	4K 15.50M	1,74,92,138	48,00,000	**7,61,528**
10	Ludhiana (East)	20773/16.12.19	R	10K 5.5M	72,73,159	26,00,000	**3,01,122**
11		11940/14.08.19	R	5K	1,81,04,625	15,62,500	**13,23,120**
12		22311/03.01.20	I	230 SY	49,38,100	18,25,000	**2,48,748**
13	Ludhiana (South-Central)	8016/07.10.19	R	3K 15.5M	38,82,588	9,90,000	**2,31,307**
14		4046/28.06.19	R	4K 2.5M	42,07,500	9,90,000	**2,57,300**
15		6514/27.08.19	R	14K 9.25M	1,95,28,110	70,00,000	**7,51,686**
16		5565/01.08.19	R	4K 17.50M	68,13,056	17,50,000	**4,05,045**
17		5566/01.08.19	R	2K 1.33M	28,88,036	7,40,000	**1,71,842**
18		6328/22.08.19	R	5K 15.70M	86,44,815	15,57,000	**5,66,945**
19		9908/22.11.19	R	2K 11.5M	58,73,189	9,10,000	**3,97,055**
20		7688/27.09.19	R	62.69 SY	2,36,341	1,21,000	**6,950**
21		11073/19.12.19	R	0B 10B 11B	21,15,275	11,66,000	**56,897**
22	Ludhiana (West)	146/02.04.19	R	12K	72,60,000	4,00,000	**4,11,600**
23		602/08.04.19	R	5K 9M	1,38,48,450	34,65,000	**8,30,577**
24		5371/04.07.19	R	4K 8.75M	75,17,124	23,76,000	**4,11,249**
25		8550/13.09.19	R	1B 13B 7.5B	58,40,625	28,00,000	**2,28,250**
26		14609/27.01.20	R	5K 10M	1,39,75,500	17,70,000	**7,32,330**
27		13075/20.12.19	A + R	6K 6M	1,06,72,743	40,10,000	**3,99,864**
28		293/04.04.19	A + R	12K 7.5M	1,23,63,378	49,50,000	**5,93,071**
29		4541/21.06.19	A + R	11K 5M	1,25,65,850	58,28,000	**5,38,709**
30	Machhiwara	37/11.04.18	R	4K 4M	44,52,000	8,33,000	**2,00,460**
31	Majri	1833/03.09.19	A + R	2K 2M	28,61,445	12,00,000	**1,32,915**
32	Mandi Gobindgarh	42/03.04.19	R+10%	4B 3B 10B	3,05,40,125	49,00,000	**14,33,006**
33	Morinda	568/06.07.18	C	25K 7M	1,62,24,000	25,00,000	**10,97,820**
34	Patiala	5358/09.07.19	C	2/3 Biswa	9,15,075	1,00,000	**65,207**
35		15966/27.02.20	C	107 SY	15,12,017	10,48,600	**27,745**
36		14893/10.02.20	C	107 SY	15,12,017	10,48,600	**42,854**
37	Payal	1104/28.01.19	G	1B 5B 0B	6,15,330	2,90,000	**19,519**
38	Phillaur	159/24.04.19	I	6K	32,40,000	14,60,000	**1,42,300**
39		1363/24.01.20	I	2K	10,80,000	4,90,000	**35,400**
40	Sahnewal	3509/07.11.19	R	1A 6K 2M	1,86,39,143	49,32,000	**10,96,291**

Sr. No	Name of Unit SR/JSR	Deed No./Date	##	Area of Property in Deed	Value as per Collector Rate	Value as per deed	Short levied *(SD, SIC, RF, IDF)*
41		4769/16.01.20	R	7K 13.5M	1,01,45,774	27,30,000	**5,92,562**
42		5157/03.02.20	R	8K 0M	96,55,800	22,61,000	**5,91,444**
43		3511/07.11.19	R	6K 2M	80,63,743	21,63,000	**4,71,839**
44		4665/09.01.20	R	6K 0M	79,31,550	20,75,000	**4,68,425**
45		4553/06.01.20	R	4K 0M	52,87,700	14,00,000	**3,10,816**
46		337/15.04.19	A + R	8K	90,61,707	30,00,000	**4,84,936**
47	Samrala	241/02.05.19	A	5K 0.25M	25,93,969	10,82,000	**1,20,958**
48		2233/13.03.20	R	3K 2.17M	34,50,435	7,30,000	**2,17,634**
49	Zirakpur	1328/03.05.19	R + C	9B 1B 0B	5,26,16,700	1,52,50,000	**26,63,069**
50		4306/16.07.19	R	1B 12B 0B	93,02,400	61,00,000	**2,56,192**
51		5672/26.08.19	R	3K 10M	12,15,445	2,10,000	**80,435**
Total					**45,25,56,967**	**12,91,23,700**	**2,35,51,078**

Actual classification of property as per Revenue Record (C-Commercial, R-Residential, I-Industrial, G-On GT Road, A-Agricultural)

Appendix 7.19

(Referred to in Paragraph 7.17)

Details of lease deeds in which stamp duty and registration fee short levied due to application of incorrect rate of stamp duty and multiplicative factor

(Amount in ₹)

Sr. No.	Name of Unit	Deed No. & Date	Period of Lease (in Years)	Average Annual Rent	Multiplicative factor	Consideration Value	SD Rate (%)	Leviable SD/RF	Levied SD/RF	Short levy
1	Patiala	733 18.04.19	33	50,69,759	4	2,02,79,036	3	6,08,371	97,500	6,78,395
								2,00,000	32,476	
2	Roopnagar	724 12.06.19	3	1,20,00,000	1	1,20,00,000	8	9,60,000	4,80,000	4,80,000
								1,20,000	1,20,000	
Total								**18,88,371**	**7,29,976**	**11,58,395**

Appendix 7.20

(Referred to in Paragraph 7.18)

Details showing non-collection of Social Security Surcharge on MVT

(Amount in ₹)

RTA	Depot	Period	Type of Buses	MVT Paid	Surcharge not collected
Amritsar	Amritsar-I	16.11.2018 to 31.03.2019	Punjab Roadways (Ordinary)	29,99,646	2,99,965
			PUNBUS (Ordinary)	43,76,313	4,37,630
			PUNBUS (HVAC)	2,89,179	28,917
			PUNBUS (VOLVO)	6,55,047	65,506
	Amritsar-II	16.11.2018 to 31.03.2019	Punjab Roadways (Ordinary)	16,00,344	1,60,034
			PUNBUS (Ordinary)	49,42,490	4,94,249
			PUNBUS (HVAC)	5,48,006	54,801
			PUNBUS (VOLVO)	4,67,321	46,733
	Patti-I	16.11.2018 to 31.03.2019	Punjab Roadways (Ordinary)	3,67,404	36,742
			PUNBUS (Ordinary)	46,91,349	4,69,133
Total				**2,09,37,099**	**20,93,710**
Ludhiana	Ludhiana	16.11.2018 to 31.03.2020	Punjab Roadways (Ordinary)	95,37,578	9,53,757
			PUNBUS (Ordinary)	2,24,27,858	22,42,786
			PUNBUS (HVAC)	43,59,542	4,35,954
			PUNBUS (VOLVO)	30,88,261	3,08,823
	Jagraon	16.11.2018 to 31.03.2020	Punjab Roadways (Ordinary)	66,51,218	6,65,124
			PUNBUS (Ordinary)	1,82,21,377	18,22,141
Total				**6,42,85,834**	**64,28,585**
Mohali	Ropar	16.11.2018 to 31.03.2019	Punjab Roadways (Ordinary)	11,86,796	1,18,681
			PUNBUS (Ordinary)	48,01,488	4,80,149
			PUNBUS (VOLVO)	11,73,170	1,17,318
	Nangal	16.11.2018 to 31.03.2019	Punjab Roadways (Ordinary)	11,65,981	1,16,598
			PUNBUS (Ordinary)	31,44,748	3,14,475
Total				**1,14,72,183**	**11,47,221**
Gross Total				**₹ 9,66,95,116**	**₹ 96,69,516**

Appendix 7.21

(Referred to in Paragraph 7.19)

Details showing non/short payment of motor vehicle tax by tourist permit vehicles

(Amount in ₹)

Sr. No.	Vehicle Regn. No.	Permit valid up to	Period of MVT	MVT Rate per seat per annum	Seating capacity	MVT and surcharge[3] Due	MVT and surcharge Paid	Short/Not paid
1	PB01A7851	29-Sep-2020	2019-20	7,000	40	2,85,385	73,158	2,12,227
2	PB01A7987	08-Nov-2020	2019-20	7,000	40	2,85,385	0	2,85,385
3	PB015432	04-Oct-2020	2019-20	7,000	40	2,85,385	73,161	2,12,224
4	PB01A2203	21-Dec-2020	2019-20	7,000	51	3,67,996	0	3,67,996
5	PB01A2222	31-Mar-2021	2019-20	7,000	40	2,85,385	73,161	2,12,224
6	PB01A2525	13-Sep-2022	2019-20	7,000	25	1,72,733	0	1,72,733
7	PB01A8184	14-Dec-2020	2019-20	7,000	40	2,85,385	0	2,85,385
8	PB01A8702	18-Feb-2021	2019-20	7,000	40	2,85,385	0	2,85,385
9	PB01C0066	11-Apr-2024	2019-20	7,000	42	3,00,406	25,668	2,74,738
10	PB01C1492	20-Dec-2023	2019-20	7,000	41	2,92,895	2,50,250	42,645
11	PB01C1530	02-Jan-2024	2019-20	7,000	39	2,77,875	1,92,506	85,369
12	PB01C1531	02-Jan-2024	2019-20	7,000	39	2,77,875	1,98,918	78,957
13	PB01C1722	24-Jan-2024	2019-20	7,000	43	3,07,915	75,075	2,32,840
14	PB01C1742	30-Jan-2024	2019-20	7,000	42	3,00,406	75,075	2,25,331
15	PB01A1301	04-Oct-2020	2019-20	7,000	51	3,67,996	94,332	2,73,664
16	PB01A1302	04-Oct-2020	2019-20	7,000	51	3,67,996	31,444	3,36,552
17	PB01A2211	05-Mar-2021	2019-20	7,000	40	2,85,385	73,161	2,12,224
18	PB01A2212	04-Mar-2021	2019-20	7,000	40	2,85,385	73,161	2,12,224
19	PB01A2221	31-Mar-2020	2019-20	7,000	25	1,72,733	90,486	82,247
20	PB01B5515	12-Sep-2022	2019-20	7,000	51	3,67,996	94,332	2,73,664
21	PB01B5516	12-Sep-2022	2019-20	7,000	51	3,67,996	0	3,67,996
22	PB01B5517	12-Sep-2022	2019-20	7,000	51	3,67,996	0	3,67,996
23	PB01B7039	27-Feb-2023	2019-20	7,000	47	3,37,956	2,86,369	51,587
24	PB01B7041	27-Feb-2023	2019-20	7,000	47	3,37,956	86,625	2,51,331
25	PB01C0141	07-Aug-2023	2019-20	7,000	30	2,10,284	1,99,678	10,606
26	PB01C1307	25-Nov-2023	2019-20	7,000	42	3,00,406	78,928	2,21,478
27	PB01C0666	02-May-2024	2019-20	7,000	42	3,00,406	2,56,680	43,726
28	PB01C2032	11-Mar-2024	2019-20	7,000	49	3,52,977	0	3,52,977
29	PB01C2035	11-Mar-2024	2019-20	7,000	49	3,52,977	0	3,52,977
30	PB01C2060	11-Mar-2024	2019-20	7,000	49	3,52,977	0	3,52,977
31	PB01A2004	07-Apr-2022	2019-20	7,000	42	3,00,406	26,310	2,74,096
32	PB01A2202	21-Dec-2020	2019-20	7,000	51	3,67,996	0	3,67,996
33	PB01B3594	14-Jul-2021	2019-20	7,000	41	2,92,895	2,84,433	8,462
34	PB01B3595	14-Jul-2021	2019-20	7,000	41	2,92,895	2,84,433	8,462
35	PB01B0301	13-Jun-2021	2019-20	7,000	41	2,92,895	1,43,327	1,49,568
36	PB01B9095	08-May-2023	2019-20	7,000	29	2,02,774	38,515	1,64,259
Total						**1,08,89,694**	**31,79,186**	**77,10,508**

[3] Surcharge is ten *per cent* on the amount of motor vehicle tax.

Appendix 8.1

(Referred to in Paragraph 8.7.3.1)

Statement showing details of Joint inspection of passenger amenities at the selected bus stands

Name of the Amenity	Amritsar	Ludhiana	Moga	Nangal	Roopnagar	SBS Nagar
Drinking water	RO water and water coolers were not available. Water testing and water chamber cleaning were not done.	Water testing and water chamber cleaning were not done.	Water testing was not done	RO water and water coolers were not available. Water testing and water chamber cleaning were not done.	RO water was not available. Only one water cooler was operational. Water testing and water chamber cleaning were not done.	Only one water cooler was available. Water testing and water chamber cleaning were not done
Toilet and Urinals	Toilets and urinals were not clean. Toilet seats were broken and specially abled toilets were un maintained.	Toilets and urinals were not clean. Toilet seats were broken and door of specially abled toilet was broken.	--	Toilets and urinals were not clean. Toilet seats were broken.	Toilets and urinals were not clean. Toilet seats were broken	Toilets and urinals were not clean. Toilet seats and door were broken
Waiting rooms	Male and Female waiting rooms were found locked. Condition was filthy and unhygienic	Waiting rooms were filthy and unhygienic.	No male waiting room existed. Condition of female waiting room was filthy and unhygienic	No male waiting room existed. Female waiting room was locked. Condition was filthy and unhygienic	No Male and Female waiting rooms existed.	Waiting rooms were filthy and unhygienic.
Seating arrangements at platform	Concrete benches and steel chairs along with Broken sheds	Concrete benches and steel chairs	Concrete benches and steel chairs	Concrete benches and steel chairs	Broken and uncomfortable concrete benches	Concrete benches and steel chairs
Cloak Rooms	Available and maintained	Available but not maintained properly. Overcharging of facility	Available and not maintained	not available	not available	available

Name of the Amenity	Amritsar	Ludhiana	Moga	Nangal	Roopnagar	SBS Nagar
Complaint Register	Not available, Facility not displayed.	Not available, Facility not displayed	Available, Facility not displayed	Not available, Facility not displayed	Available, Facility not displayed	Not available, Facility not displayed
User Charges	Over and under charging of parking fees for different categories of vehicles. Shopkeepers were charging more than MRP	--	Over-charging of parking fees	Over-charging of parking fees. Rates not displayed	Over charging of parking fees. Rates not displayed	Over charging of parking fees. Rates not displayed
Dustbins and segregation of waste	Uncovered dustbins. No segregation of waste was being done.	Uncovered dustbins. No segregation of waste was being done.	Uncovered dustbins. No segregation of waste was being done.	Uncovered dustbins. No segregation of waste was being done. Piles of garbage inside bus stand premises.	No segregation of waste was being done.	Uncovered dustbins. No segregation of waste was being done. Piles of garbage inside bus stand premises.
Floor cleaning machines	Not used	Partially used	Not used	Not used	Not used	Not used

Appendix 8.2

(Referred to in Paragraph 8.7.3.2)

Statement showing details of Joint inspection of facilities for safety of passengers at the selected bus stands

Depot	Amritsar	Ludhiana	Moga	Nangal	Roopnagar	SBS Nagar
Security Guards	Six guards for a footfall of 90000	Four guards for a footfall of 80000	Four Day and Night guards	One day-time and two night guards for a footfall of 10000	No day-time guard. One guard for night	Two guards for a footfall of 10000
CCTV Vigilance	Full Footfall not covered. 14 CCTV out of 38 were operational. short backup. Unmanned control room	Full Footfall not covered. 18 CCTV cameras out of 25 were operational. Short backup. Manned control room	Full footfall covered, all cameras working, short backup unmanned control room	Full footfall covered, all cameras working, full backup, unmanned control room	Full footfall not covered, all cameras working, full backup, manned control room	Full footfall not covered. 04 CCTV cameras out of 06 were operational. Short backup. Unmanned control room
Women Helpline Number	Not displayed	Displayed	Displayed	Displayed	Not displayed	Not displayed
Fire Safety						
Fire Extinguishers	expired	expired	Not expired	expired	Expired	Not expired
First Aid Box						
First Aid Box	Not available	Not available	Not available	Not available	Not available	Not available

GLOSSARY OF ABBREVIATIONS

ACST	Assistant Commissioner of State Tax
ATN	Action Taken Note
CBIC	Central Board of Indirect Taxes and Customs
CGST	Central Goods and Services Tax
CLU	Change of Land Use
CST	Central Sales Tax
DC	Deputy Commissioner
DCST	Deputy Commissioner of State Tax
DO	Designated Officer
ECL	Electronic Credit Ledger
ETTSA	Excise and Taxation Technical Services Agency
GST	Goods and Services Tax
GSTN	Goods and Services Tax Network
IAO	Internal Audit Organisation
IDF	Infrastructure Development Fee
IGST	Integrated Goods and Services Tax
IMFL	Indian Made Foreign Liquor
IR	Inspection Report
ITC	Input Tax Credit
JCST	Joint Commissioner of State Tax
JSR	Joint Sub Registrar
MVT	Motor Vehicle Tax
NRSE	New and Renewable Sources of Energy
PAC	Public Accounts Committee
PAG	Principal Accountant General
PBMS	Punjab Bus Metro Society
PEDA	Punjab Energy Development Authority
PML	Punjab Medium Liquor
PUNBUS	Punjab State Bus Stand Management Company Limited
PVAT	Punjab Value Added Tax
RF	Registration Fee
RTA	Regional Transport Authority

Glossary of Abbreviations

SD	Stamp Duty
SGST	State Goods and Services Tax
SIC	Social Infrastructure Cess
SR	Sub Registrar
SSF	Social Security Fund
STC	State Transport Commissioner
STO	State Tax Officer
VAT	Value Added Tax