

**Abridged version of
Report of the Comptroller and
Auditor General of India
on
Economic Sector
for the year ended March 2012**



**Government of Odisha
Report No. 3 of the year 2013**

Vital issues included in the Report

NABARD assisted Irrigation and Flood Control projects of Department of Water Resources (DoWR)

- Only 15 *per cent* of the projects sanctioned were completed, 19 *per cent* of the envisaged irrigation potential was created and only 33 *per cent* of the sanctioned loan amount spent.
- No streamlined procedure for identification, prioritisation and selection of projects under Rural Infrastructure Development Fund (RIDF) and no Master Plan for flood control and management.

Chief Controlling Officer based audit of Forest Wing

- The State is yet to prepare its Forest Policy.
- 14 corridors for elephants were identified, not executed due to non-finalisation of Elephant Corridor Management Plan.
- Out of 19 Sanctuaries and two National parks only one sanctuary (Gahirmatha Marine) and one National park (Bhitarkanika) were finally notified.
- No evaluation of the plantation programmes was undertaken by the PCCF, Odisha as well as DFOs during 2006-11.
- Vacancy in posts of forester and forest guards was 39 and 36 *per cent* of the sanctioned strength, the coverage of forest area by a forest guard varied from below one hectare (Cuttack and Bhubaneswar) to 11993 hectares (Keonjhar).
- Injudicious decision of Government led to loss of Forest Development Tax of ₹ 197.66 crore which was to be deducted from sale value of Kendu Leaves (2006-07 to 2010-11).

Compliance Audit

- Payment of 15 *per cent* towards collection of Toll charges led to undue favour of ₹ 22.72 crore to the Orissa Bridge and Construction Corporation.
- Advance compensation money was parked outside Government Account (Special Land Acquisition & Rehabilitation Resettlement Officer, Telengiri Medium Irrigation Project).

The CAG Report on Economic Sector for the year ended March 2012 on Government of Odisha contains three chapters.

Chapter 1 provides the audited entity's profile, the planning and extent of audit and a synopsis of the significant audit observations.

Chapter 2 deals with the findings of Performance Audit and CCO based Audit; and

Chapter 3 deals with Compliance Audit of various departments.

Performance Audit of NABARD assisted Irrigation and Flood Control Projects was conducted with the broad objective of assessing the robustness of the planning process of identification/prioritisation of projects, economy, efficiency and effectiveness on implementation of the projects and achievement of the benefits targeted. It was noticed that:

- The DoWR does not have any streamlined procedure for identification, prioritisation and selection of projects for loan assistance under RIDF. There was no Master Plan for flood control and management.

- Selection of projects without comprehensive study of technical, economic, financial, organisational aspects and preparedness for their implementation led to only 15 per cent of projects being completed (41 out of 265 projects) by March 2012.
- 83 projects were dropped midway or had not-commenced as of March 2012.
- 141 projects were still in progress with expenditure of ₹ 241.32 crore.
- Out of 55 cases put to tender for ₹ 66.43 crore, 14 bids for ₹ 4.47 crore were finalised within the validity period of 90 days and the remaining 41 bids for ₹ 61.96 crore were finalised with delays ranging between 31 and 353 days.



- The Chief Engineers surrendered ₹ 142.76 crore and could spend only 33 *per cent* of the sanctioned loan amount due to delay in acquisition of land and finalisation of the ayacut planning.
- Only 19 *per cent* of the envisaged irrigation potential was created, utilisation thereof and collection of compulsory basic water rate were not assured due to lack of joint verification, and certification of the ayacut.

There has been no system for independent assessment of the quality/quantity of work by third party.

The Chief Controlling Officer Based Audit of the Forest Wing was conducted with the objective of assessing that the planning process, programme management, financial administration, human resources management were efficient and effective for sustainable management of forest. It was noticed that:



- The State is yet to prepare its Forest Policy even after five years of recommendation (March 2006) by the National Forest Commission.
- No evaluation of the plantation programmes was undertaken by the PCCF, Odisha as well as DFOs during 2006-11. Also there was no inspection by higher authorities starting from PCCF (Odisha) to DFOs during 2006-11.
- Six working plans relating to seven Divisions were approved after a delay of more than five years.
- Out of 19 Sanctuaries and two National parks only one sanctuary (Gahirmatha Marine) and one National park (Bhitarkanika) were finally notified.
- 14 corridors for elephants identified covering length of 420.80 km and an area of 870.61 sq km have not been executed due to non finalisation of Elephant Corridor Management Plan.



- Vacancy in forester and forest guards was 39 and 36 *per cent* of the sanctioned strength.
- The coverage of forest area by a forest guard varied from below one hectare (Cuttack and Bhubaneswar) to 11993 hectares (Keonjhar).
- No evaluation of the plantation programmes was undertaken by the PCCF, Odisha as well as DFOs during 2006-11.
- NPV of ₹ 32.49 crore from six User Agencies relating to three Divisions was either not levied or short levied, ₹ 13.61 crore received towards Compensatory Afforestation from user agencies could not be utilised (31 March 2011).
- Injudicious decision of Government, led to loss of Forest Development Tax of ₹ 197.66 crore deducted from sale value of Kendu Leaves (2006-07 to 2010-11).
- Sales were finalised below the cost in respect of 1046 Lots during the KL crop year 2006 to 2010 resulting in short realisation of sale value of ₹ 7.82 crore.

Significant Audit observations of Compliance Audits

Parking of compensation money outside Government Account

The Special Land Acquisition & Rehabilitation Resettlement Officer, Telengiri Medium Irrigation Project parked advance compensation money of ₹ 19.79 crore outside Government Account.

Undue favour to Odisha Bridge and Construction Corporation (OBCC)

Government authorised OBCC to collect toll with retention of 15 *per cent* of the total collection towards agency charges, although the expenditure towards this was only ₹ 1.61 crore .This led to undue favour of ₹ 22.72 crore to OBCC. There was also unauthorised retention of revenue of ₹ 2.90 crore.

Extra cost due to departmental lapse

Tender for Rehabilitation, Extension and Modernisation of Taladanda Branch and distributary Canals could not be finalised within the validity period resulting in extra cost of ₹ 4.63 crore on re-tendering of the work.



Undue benefit to contractors

Execution of supplementary agreement for excavation of laterite sheet rock treating it as an extra item by the Executive Engineer, Jambhira Canal Division No.II with payment at higher rate with no change in methodology of excavation led to extension of undue benefit of ₹ 8.50 crore to contractors.

Extra cost due to adoption of a non- schedule item

The Executive Engineer of Betanati Canal Division included Hessian cloth in cement concrete lining work, a non-scheduled item with higher cost in the estimate/agreement instead of polythene film as per the SoR. This led to extra cost of ₹ 1.01 crore.

Avoidable extra cost

The Executive Engineer, Bhubaneswar (R&B) Division No.II included an unwarranted item (epoxy coating) in steel bars in the estimate/agreement violating the stipulation of SoR as well as provisions of Bureau of Indian Standards. This led to avoidable extra cost of ₹ 3.06 crore.

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