

Preface

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

OVERVIEW

This Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Orissa for the year 2005-06 and three others comprising six reviews and 31 paragraphs dealing with the result of performance audit of selected programmes, internal control system as well as audit of the financial transactions of the Government.

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

A summary of the financial position of the State and the audit comments on the performance of the Government in implementation of certain programmes and schemes as well as internal control mechanism in Cooperation department is given below:

Financial position of the State Government

The revenue expenditure as percentage of total expenditure was 92 *per cent* in 2005-06. Despite achieving revenue surplus (Rs 481 crore) during 2005-06, the decline in plan, capital and developmental expenditure continued to persist during 2001-06. Plan expenditure declined from 24 *per cent* of total expenditure in 2001-02 to 21 *per cent* in 2005-06. Similarly, capital expenditure declined from 8 *per cent* in 2001-02 to 7 *per cent* in 2005-06. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, decreased from Rs 3968 crore in 2001-02 to Rs 276 crore in 2005-06. This was, however, achieved with compression of capital and developmental expenditure.

Interest payments increased by 30 *per cent* from Rs 2835 crore in 2001-02 to Rs 3697 crore in 2005-06 primarily due to adjustment of interest payable for the previous years on State Provident Fund.

Fiscal liabilities as ratio to GSDP though decreased from 66 *per cent* in 2001-02 to 61 *per cent* in 2005-06, yet it was 2.73 times of revenue receipts and 5.9 times of its own resources comprising own tax and non tax revenue.

Against the total budget provision of Rs.21032.99 crore including supplementary provision, expenditure of Rs.16053.20 crore was incurred during 2005-06. The overall savings of Rs.4979.79 crore was the net result of savings of Rs.4979.84 crore in 38 grants and four appropriations offset by excess of Rs.0.05 crore in 2 grants. The excess relating to two grants require regularisation under Article 205 of the Constitution of India.

Persistent savings ranging from 11 to 100 *per cent* occurred in 22 grants/appropriation over a period of three years.

Sampoorna Grameen Rozgar Yojana

Sampoorna Grameen Rozgar Yojana (SGRY) intended to provide wage employment as well as food security to BPL households failed to deliver the desired result mainly due to weak financial and food grains management. Misutilisation of scheme funds (Rs 4.47 crore), doubtful utilisation, shortage and pilferage of food grains (Rs 5.99 crore) and issue of rice (Subsidies: Rs 29.21 crore) to contractors long after completion of work were some of the major deficiencies noticed in audit. Though the scheme prohibited engagement of contractors for execution of works, 4318 works worth Rs 40.08 crore were executed through contractors in the guise of Village Labour Leaders. There was irregular expenditure of Rs 10.77 crore on inadmissible items of work under individual beneficiary oriented programme meant for SCs and STs living below the poverty line. Man days generation was hypothetically arrived at without linking to the actual generation as per the Muster rolls. Muster rolls, as basic records hardly provided any assurance on transparency and reliability. Due to execution of a large number of material intensive works instead of labour intensive ones, generation of additional wage employment in rural areas was severely affected. There was no dedicated monitoring mechanism at the State level to review and evaluate the extent of successful implementation of the scheme.

Integrated Child Development Services (ICDS) Scheme

The Integrated Child Development Services (ICDS) scheme being implemented in the State failed to achieve the objectives of providing basic services in critical areas like nutrition, health check up and education to pre school children and expectant and lactating mothers. The planning for implementation of the programme was grossly inadequate. Low spending by the Department led to curtailment of central assistance of Rs 35.48 crore. Number of Anganwadi centres, the focal point of delivery of services under the scheme fell short of norm and the centres, which were in operation did not have the basic facilities of safe drinking water, toilets etc. Large scale vacancies among field functionaries seriously affected the services. Supply of supplementary nutrition was not up to the prescribed standard. Severe malnourishment among children persisted at around five *per cent* throughout the period during 2001-06. Health check up and referral services were ineffective due to absence of coordination between the Woman and Child Development and Health and Family Welfare Departments.

Sarva Shiksha Abhiyan

The objective of the SSA to bring back all the children in schools remained largely unachieved as even after four years of the implementation of the scheme, 6.03 lakh children in the 6-14 years age group remained out of school. There were under utilisation of funds due to non-release as well as delay in release of funds to the State Implementing Society. The expenditure incurred was only 34 *per cent* of the approved annual work plans budgets during 2001-05. The required community participation at cluster, block and district level planning was absent. The SIS failed to maintain the norm of 40:1 pupil teacher ratio, which was 43:1 due to vacancy in the posts of 7648 teachers. The norm

of one UP school for every two primary schools was not maintained, as there was shortfall of 640 UP schools in the State. As many as 12829 habitations remained unserved i.e. without primary schools or Education Guarantee Scheme centres within one kilometre. The strategy taken for coverage of special focus groups (girls and SC/ST/urban deprived children) was not adequate. A good number of children with special needs were left without aids and appliances support. Though fund was not a constraint, the implementation of the civil works programme was very slow, resulting in majority of the schools running without basic infrastructure. Core committees for monitoring the implementation of the scheme at the school and village level were not constituted.

Rural Water Supply Schemes

The objective of the Rural Water Supply Schemes to provide potable water to all rural habitations of the State remained unfulfilled. Out of 74021 wells targeted during the period 2001-06, 65680 wells were constructed. Of these, 27316 tube wells were found to be discharging water with high iron/fluoride/chloride contents. Several Piped Water Supply Schemes remained incomplete for one to 14 years due to failure of water sources, deviations during execution, constraints of funds etc. There was a general disregard to the Government's instructions regarding testing the quality of water through trial bores before installation of tube wells. Periodical testing and monitoring of water quality was non-existent. As a result, water quality of about 40 thousand sources in 28016 habitations was unsafe for drinking. While the people in 15 *per cent* of the rural habitations did not have access to minimum needed quantity of water, water provided in 87 *per cent* of the habitations was either unsafe or untested even once. Due to non-supply of safe drinking water, 5.80 lakh people in the State were affected by water borne diseases during 2002-05.

Oil seeds production programme

Implementation of Oilseeds Production Programme (OPP)/Integrated Scheme of Oil Seeds, Pulses, Oil Palm and Maize (ISOPOM) had deficiencies in the State due to short release of funds by the State Government. The supply of certified seeds to the farmers was a meager 10 *per cent* of the target and procurement and sale of old varieties of subsidised TL seeds was found to be extensive in operation. Out of the total expenditure of Rs 19.79 crore during 2001-06 under the programme, subsidy of Rs 10.65 crore was paid on procurement and sale of old varieties of TL seeds. The seed replacement with quality seeds in the State was far below the norms prescribed by the GOI. The planned infrastructure development was grossly neglected at the implementation stage. The oil seed production was much less than the targets fixed for sale by the State Government due to low achievement in seed multiplication ratio and negligible coverage of area under SVS for production of certified oil seeds. The scheme had little impact on the overall production of oil seeds in the State.

Project Tiger

The annual plan of operations for the Project Tiger was prepared on ad-hoc basis. Low budgetary provision and low spending of GOI assistance led to curtailment of GOI assistance. Relocation of families from core areas was way behind the target. Illegal trades and offences had gone unabated. The method of tiger estimation was not reliable. The guidelines issued by the Government for regulating the tourism activities were not followed up. Thus, the main objective of the Project Tiger to protect the wild life and mitigate deleterious human impact was not achieved.

Internal Control system in Cooperation Department

Internal control mechanism in Cooperation Department suffered from several deficiencies. Budgetary and expenditure controls were not effective as evidenced by persistent savings against budget provisions and non-observance of financial discipline in cash management. Operational controls too were ineffective as there were shortfalls in carrying out statutory audits and inspections of co-operative institutions and slow follow up on realisation of dues relating to surcharge cases. Administrative controls were slack, which resulted in dislocations in functioning of the Cooperative Tribunal due to vacancy in the posts of member judge and tardy finalisation of vigilance cases. The internal audit of the department meant for appraising the level of compliance to the departmental rules and procedures and statutory provisions was ineffective.

Transaction Audit findings

Audit of financial transactions, subjected to test-check in various departments of the Government and their field functionaries showed instances of losses, excess payment, unfruitful expenditure of about Rs 111 crore as mentioned below:

Misappropriation of Rs 1.68 crore was noticed in Water Resources Department and infructuous and wasteful expenditure amounted to Rs 0.46 crore in Forest and Environment Department.

Avoidable extra cost, unfruitful expenditure and undue benefit to contractors amounted to Rs 90.11 crore in Rural Development (Rs 28.99 crore), Works (Rs 6.41 crore), Water Resources (Rs 48.08 crore), School and Mass Education (Rs 1.54 crore), Higher Education (Rs 1.30 crore), Housing and Urban Development (Rs 1.14 crore), Cooperation (Rs 2.22 crore) and Panchayati Raj (Rs 43 lakh) Departments.

There were instances of blockage of funds and idle investments of Rs 13.84 crore in Women and Child Development (Rs 4.68 crore), Cooperation (Rs 2.86 crore), Industries (Rs 1.79 crore), Tourism (Rs 1.26 crore), Rural Development (Rs 1.07 crore), Culture (Rs 1.35 crore) and Information and Public Relations (Rs 83 lakh) Departments. Besides, there was irregular expenditure of Rs 4.64 crore in Water Resources

(Rs 2.69 crore), Revenue (Rs 0.99 crore) and Higher Education (Rs 0.96 crore) Departments. Some of the above audit observations are listed below.

Subsidised rice for 1345 MT valuing Rs 1.68 crore received under Food for Work Programme was misappropriated by an Assistant Engineer of Minor Irrigation Division, Sambalpur.

(Paragraph 4.1.1)

Failure to penalise a defaulting contractor by the Executive Engineer (EE), OECF Division No. I, Badajhara and non-initiation of suitable action to recover the outstanding dues led to loss and non-recovery of Rs 34.44 crore.

(Paragraph 4.3.6)

Construction of a cold storage taken up by the Orissa State Cooperative Marketing Federation (Markfed) remained incomplete after incurring expenditure of Rs 2.22 crore in the tribal district of Rayagada and the objective of facilitating the income growth for the tribal people through marketing of tamarind remained unfulfilled for over five years.

(Paragraph 4.4.1)

Item rate of Water Bound Macadam (WBM) under the Pradhan Mantri Gram Sadak Yojana (PMGSY) in the Rural Development Department was computed incorrectly resulting in an undue benefit of Rs 16.07 crore to contractors. Besides, there was excess payment of Rs 11.27 crore to the contractors due to wrong computation of item rate of Granular Sub Base (GSB).

(Paragraphs 4.3.1 and 4.3.2)

Undue financial benefit of Rs 4.39 crore was extended to M/s Orissa Bridge and Construction Corporation by overloading the cement concrete rates with inadmissible items.

(Paragraph 4.3.4)

Commencement of work by the Executive Engineer (EE) Mahanadi-Chitrotpala Island Irrigation (MCII) Division No. II, Cuttack in Water Resources Department without acquiring the required land resulted in an unfruitful expenditure of Rs 7.89 crore.

(Paragraph 4.4.2)

Procurement and installation of Paddy Cleaners and Weighing and bagging machines in the RMCs by the Orissa State Agriculture Marketing Board without ascertaining farmers requirement was not put to use and led to idle expenditure of Rs 1.86 crore. Besides, there was irregular investment of Rupees one crore by the Board in a bank.

(Paragraph 4.5.2)

CHAPTER-I

Finances of the State Government

SUMMARY

Revenue deficit witnessed a continuous decline since 2001-02 and registered a surplus in 2005-06. The ratio of revenue deficit to fiscal deficit also decreased from 71 per cent in 2001-02 to a negative per cent in 2005-06. The trend would, however, need to be maintained if the State is to continue its journey in financial recovery path in tune with Twelfth Finance Commission's recommendations. The revenue expenditure as percentage of total expenditure however increased marginally from 91 per cent in 2004-05 to 92 per cent in 2005-06. Overall revenue receipts increased from Rs 7048 crore in 2001-02 to Rs 14085 crore in 2005-06 at an average rate of 16 per cent per annum. The growth rates did not maintain similar pattern over the years. During the current year, revenue receipts grew by 19 per cent as against 26 per cent during 2004-05. The State's own tax revenue increased by 20 per cent from Rs 4177 crore in 2004-05 to Rs 5002 crore in 2005-06 and the non-tax revenue grew by 14 per cent from Rs 1345 crore in 2004-05 to Rs 1532 crore in 2005-06.

On an average 46 per cent of revenue had come from State's own resources. The Central Tax transfers and grants-in-aids together contributed nearly 54 per cent of the total revenue during 2001-2006.

Overall expenditure of the State increased from Rs 11148 crore in 2001-02 to Rs 14709 crore in 2005-2006 at an average rate of 7.51 per cent per annum while the proportion of developmental expenditure in total expenditure remained static around 52 per cent during 2001-06.

Revenue expenditure, which constituted 92 per cent of total expenditure, grew at a trend rate of 9 per cent over the five year period while the capital expenditure hovered around seven to ten per cent during the same period. Interest payment increased by 30 per cent from Rs 2835 crore in 2001-02 to Rs 3697 crore in 2005-06 primarily due to continued reliance on borrowings for financing fiscal deficit. The interest payment constituted 27 per cent of revenue expenditure during the year and consumed 26 per cent of the revenue receipts.

Fiscal liabilities as ratio to GSDP decreased from 66.27 per cent in 2001-02 to 60.69 per cent in 2005-06 and stood at 2.73 times of its revenue receipts and 5.9 times of its own resources comprising its own tax and non tax revenue.

1.1 Introduction

The Finance Accounts of the Government of Orissa are laid out in 19 statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State Government. The lay out of the Finance Accounts is depicted in Box 1.

Box 1

Layout of Finance Accounts

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

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

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

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

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

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

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

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

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

Statement No.10: indicates the distribution between the charged and voted expenditure incurred during the year.

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

Statement No.12: provides accounts of revenue expenditure by minor heads under Non-Plan, State Plan, Central Plan and Centrally Sponsored Plan schemes separately and capital expenditure major head-wise.

Statement No.13: depicts the detailed capital expenditure incurred during and up to the end of 2005-06 and blockade of capital in incomplete projects as on 31st March 2006.

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

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

Statement No.16: gives the detailed account of receipts, disbursements and balances under heads of account relating to debt, contingency fund and public account.

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

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

Statement No.19: gives the details of earmarked balances of reserved funds.

1.2 Trend of Finances with reference to previous year at a glance

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

(Rupees in crore)

2004-05	Sl. No.	Major Aggregates	2005-06
11850	1.	Revenue Receipts (2+3+4)	14085
4177	2.	Tax Revenue	5002
1345	3.	Non-Tax Revenue	1532
6328	4.	Other Receipts	7551
417	5.	Non-Debt Capital Receipts	348
417	6.	Of which Recovery of Loans	348
12267	7.	Total Receipts (1+5)	14433
10626	8.	Non-Plan Expenditure (9+11)	11615
10416	9.	On Revenue Account	11491
3332	10.	Of which, Interest Payments	3697
210	11.	On Capital Account	124
156	12.	Of which, Loans disbursed	49
3007	13.	Plan Expenditure (14+15)	3094
1956	14.	On Revenue Account	2113
1051	15.	On Capital Account	981
49	16.	Of which, Loans disbursed	18
13633	17.	Total Expenditure (8+13)	14709
(-) 1366	18.	Fiscal Deficit (17-1-5)	(-) 276
(-) 522	19.	Revenue Deficit (-)/Surplus (+) (9+14-1)	(+) 481
(+) 1966	20.	Primary Surplus (18+10)	(+) 3421

1.3 Summary of Receipts and Disbursements for the year

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

Table 1: SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2005-06

(Rupees in crore)

Receipts			Disbursements				
2004-05		2005-06	2004-05		2005-06		
SECTION-A: Revenue							
11850.19	I. Revenue receipts	14084.72	12372.49	I. Revenue expenditure	11490.77	2112.75	13603.52
4176.60	Tax revenue	5002.28	6480.49	General services	6818.78	6.88	6825.66
1345.52	Non-tax revenue	1531.90	3980.40	Social Services	3341.77	1335.95	4677.72
3977.66	Share of Union Taxes/Duties	4876.75	1753.12	Economic Services	1183.36	769.92	1953.28
2350.41	Grants from Government of India	2673.79	158.48	Grants-in-aid / Contributions	146.86	Nil	146.86

Receipts			Disbursements				
2004-05		2005-06	2004-05		2005-06		
SECTION-B: Capital							
Nil	II. Misc. Capital Receipts	Nil	1055.55	II. Capital Outlay	74.94	963.12	1038.06
416.95	III. Recoveries of Loans and Advances	347.60	205.09	III. Loans and Advances disbursed	49.44	17.76	67.20
4111.80	IV. Public debt receipts	2094.96	2252.67	IV. Repayment of Public Debt*			# 1037.58
7372.89	V. Public account receipts	8506.47	6206.57	V. Public account disbursements			# 6003.01
54.44	Receipts to Contingency Fund	80.80	73.94	VI. Expenditure from contingency Fund			Nil
41.86	Opening Balance	1681.82	1681.82	Closing Balance			5047.00
23848.13	Total	26796.37	23848.13	Total			26796.37

Note: * Includes net ways and means advances and over draft also
Bifurcation of plan and non- plan not available

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2005-06 and present them through time series data and periodic comparisons using statements on major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure. Internal debt and loans and advances etc. have been presented as percentages to the Gross State Domestic Product (GSDP) at current market prices. The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

In addition, the section also contains a paragraph on indicators of financial performance of the Government. Some of the terms used here are explained in *Appendix-1.1*. The other statements of Liabilities and Assets, Receipts and Payments, Sources and Application of funds and Time Series Data are given in *Appendix-1.2 to 1.5*.

State Finances by key Indicators

1.5 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/commercial banks etc. and loans and advances from Government of India (GOI) as well as accruals from Public Accounts.

Table 2 shows that the total receipts of the State Government for the year 2005-06 was Rs 25034 crore of which, the revenue receipts was Rs 14085 crore, constituting 56 per cent of the total receipts. The balance of receipts came from borrowings, recovery of Loans and Advances and Public Account receipts.

Table 2 – Resources of Orissa

		(Rupees in crore)
I. Revenue Receipts		14085
II. Capital Receipts		2443
a	Miscellaneous Receipts	Nil
b	Recovery of Loans and Advances	348
c	Public Debt Receipts	2095
III Public Account Receipts		8506
a	Small Savings, Provident Fund, etc.	2742
b	Reserve Fund	1105
c	Deposits and Advances	2397
d	Suspense and Miscellaneous	(-) 74
e	Remittances	2336
Total Receipts		25034

1.5.1 Revenue receipts

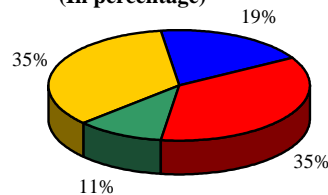
Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancy is indicated in Table 3.

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

	2001-02	2002-03	2003-04	2004-05	2005-06
(Rupees in crore)					
Revenue Receipts	7048	8439	9440	11850	14085
Own taxes	2467	2872	3302	4177	5002
Non-Tax Revenue	692	961	1094	1345	1532
Central Tax Transfers	2649	2806	3328	3978	4877
Grants-in-aid	1240	1800	1716	2350	2674
(in per cent)					
Rate of Growth of Revenue Receipt	2.12	19.74	11.86	25.53	18.86
Rate of growth of own taxes	12.96	16.42	14.97	26.50	19.75
Revenue Receipts/GSDP	16.77	19.24	17.36	19.97	22.22
GSDP Growth	8.27	4.36	23.98	9.10	6.84
Revenue Buoyancy	0.26	4.53	0.50	2.81	2.76
Own tax buoyancy	1.56	3.77	0.62	2.91	2.89

REVENUE RECEIPTS FOR 2005-06

(In percentage)



■ Own Taxes ■ Non-Tax Revenue ■ Central Tax Transfer ■ Grants-in-aid

Revenue receipts of the State increased from Rs 7048 crore in 2001-2002 to Rs 14085 crore in 2005-06 at an average rate of 16.14 per cent per annum. There were, however, significant inter-year variations in the growth rates with

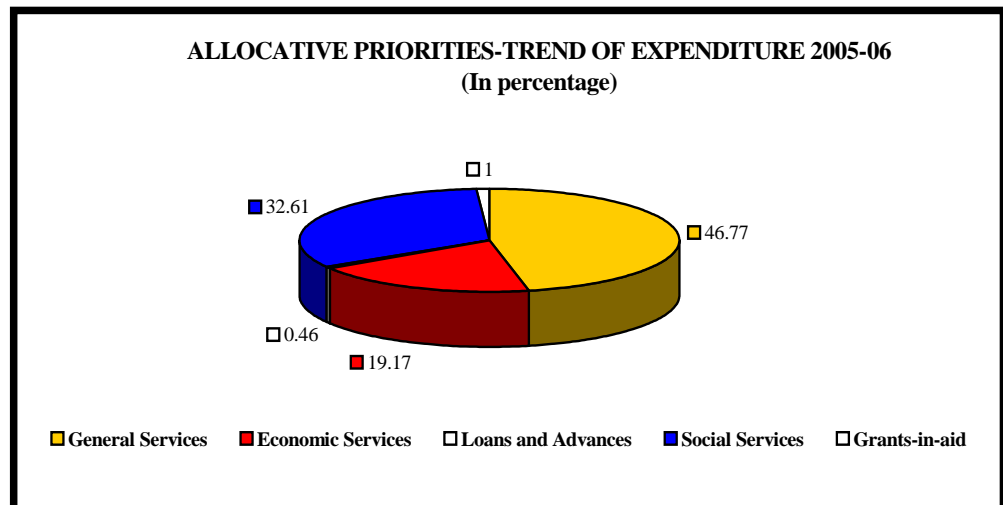
There was upward trend in the ratio of revenue receipts to total expenditure from 63.22 *per cent* in 2001-02 to 95.76 *per cent* in 2005-06, indicating that approximately 96 *per cent* of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings. Average buoyancy of the total expenditure with GSDP during 2001-06 was 0.673 indicating that for every one-percentage point increase in GSDP, expenditure increased by 0.673 *per cent*. Higher growth in revenue receipts in 2005-06 kept the overall buoyancy of expenditure with revenue receipt at 0.465 only.

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

Table 6: Components of expenditure – Relative Share (in *per cent*)

	2001-02	2002-03	2003-04	2004-05	2005-06
General Services including interest payment	44.92	42.21	39.12	47.75	46.77
Social Services	30.56	31.67	28.88	29.75	32.61
Economic Services	19.77	21.83	18.51	19.84	19.16
Grants-in-aid	1.35	1.29	1.66	1.16	1.00
Loans and advances	3.40	3.00	11.83	1.50	0.46
Total	100	100	100	100	100

The movement of relative share of these components of expenditure indicated that while the share of economic services in total expenditure declined from 19.77 *per cent* in 2001-02 to 19.16 *per cent* in 2005-06, the relative share of general services increased from 44.92 *per cent* in 2001-02 to 46.77 *per cent* in 2005-06. Despite the increase in interest payments during 2005-06 over the previous years, the share of general services declined during 2005-06 due to less expenditure under Appropriation for reduction or avoidance of debt and miscellaneous general services. It is only in case of social services, the relative share increased from 29.75 *per cent* in 2004-05 to 32.61 *per cent* in 2005-06 mainly due to an increase in expenditure on general education during the year 2005-06 over the previous year. The disbursement of loans and advances declined steadily during 2001-06 except in 2003-04 when loans to power sector reached the peak of Rs 1465 crore.

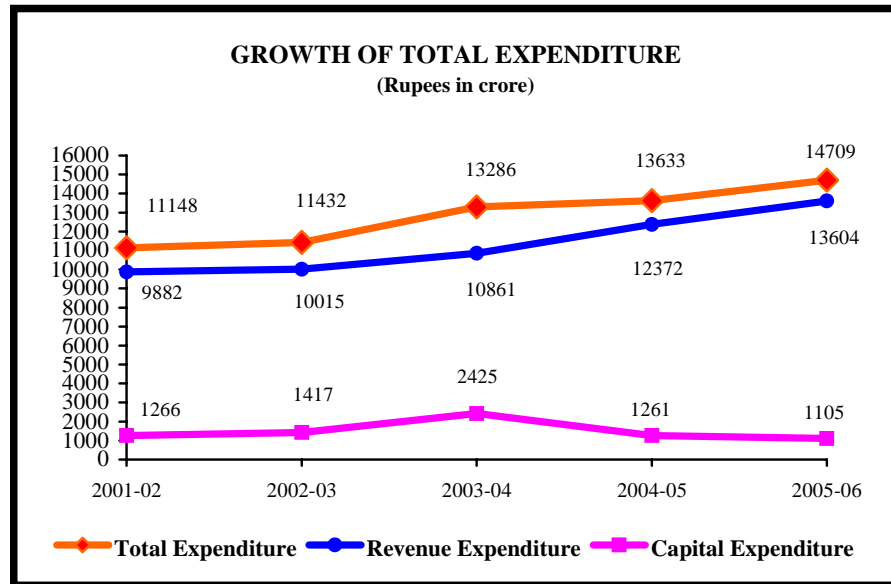


1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in Table 7 below:

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

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Expenditure (RE)	9882	10015	10861	12372	13604
Rate of Growth	11.86	1.35	8.45	13.91	9.96
RE/ GSDP	23.51	22.83	19.97	20.85	21.46
RE as per cent of TE	88.64	87.60	81.75	90.75	92.49
RE as per cent to Revenue Receipts	140.21	118.68	115.05	104.41	96.59
Buoyancy of Revenue Expenditure with					
GSDP	1.432	0.309	0.352	1.529	1.457
Revenue Receipts	5.608	0.068	0.712	0.545	0.528



Revenue expenditure of the State increased from Rs 9882 crore in 2001-02 to Rs 13604 crore in 2005-06 at an average rate of 8.68 per cent per annum excepting for the year 2002-03 when it fell sharply to 1.35 per cent over the previous year. The increase in the revenue expenditure during the year was mainly due to more expenditure on Interest Payment (Rs 365 crore increase occasioned due to interest on State Provident Fund), General Education (Rs 307 crore), Nutrition (Rs 120 crore) and Welfare of Scheduled Caste and Scheduled Tribes (Rs 118 crore).

Revenue expenditure accounted for 92 per cent of the total expenditure during 2005-06. Though the ratio of revenue expenditure to revenue receipts declined from 140.21 per cent in 2001-02 to 96.59 per cent in 2005-06, yet dependence of the State on borrowings, for meeting its fiscal deficit continued primarily due to the fact that salaries (Rs 4002 crore), interest payments (Rs 3697 crore) and Pensions (Rs 1339 crore) alone consumed 64 per cent of total revenue receipts of the State during the year.

Average buoyancy of revenue expenditure to GSDP during 2001-06 was 0.778 indicating that for each one percentage increase in GSDP, revenue expenditure increased by 0.778 *per cent*. Similarly, for each one percentage increase in the State's receipts, the revenue expenditure increased by 0.538 *per cent*.

High salary expenditure

Salaries alone accounted for nearly 28 *per cent* of the revenue receipts of the State during 2005-06. The expenditure on salaries increased from Rs 3736 crore in 2001-02 to Rs 4002 crore in 2005-06 as indicated in Table 8 below:

Table 8

(Rupees in crore)

Heads	2001-02	2002-03	2003-04	2004-05	2005-06
Salary expenditure	3736	3929	4002	4074	4002
As percentage of GSDP	9	9	7	7	6
As percentage of Revenue Receipts	53	46	42	36	28

Huge expenditure on pension and other retirement benefits

Pension payments have increased by 33 *per cent* from Rs 1003 crore in 2001-02 to Rs 1339 crore in 2005-06. Year-wise break up of expenditure incurred on pension payments during the years 2001-02 to 2005-06 was as under:

Table 9:

Year	Expenditure	Percentage to total revenue
	(Rupees in crore)	
2001-02	1003	14
2002-03	1030	12
2003-04	1143	12
2004-05	1260	11
2005-06	1339	10

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. However, the Government of Orissa introduced a contributory pension scheme in line with Union Government effective from 1 January 2005 by which the employees joining in Government service became liable to contribute 10 *per cent* of their salary towards the pension scheme. There is, however, no impact of the new pension scheme on the pension liabilities of the State in the short to medium run.

The Medium Term Fiscal Policy of the State projected the ratio of salary costs, net interest payments and pension to revenue expenditure as 50.8 *per cent* although these payments during 2005-06 constituted 64 *per cent* of revenue expenditure.

Subsidy

The State Government paid subsidy of Rs 82.70 crore during 2005-06 which is inclusive of Rs 45.03 crore paid towards food subsidy.

Interest payments

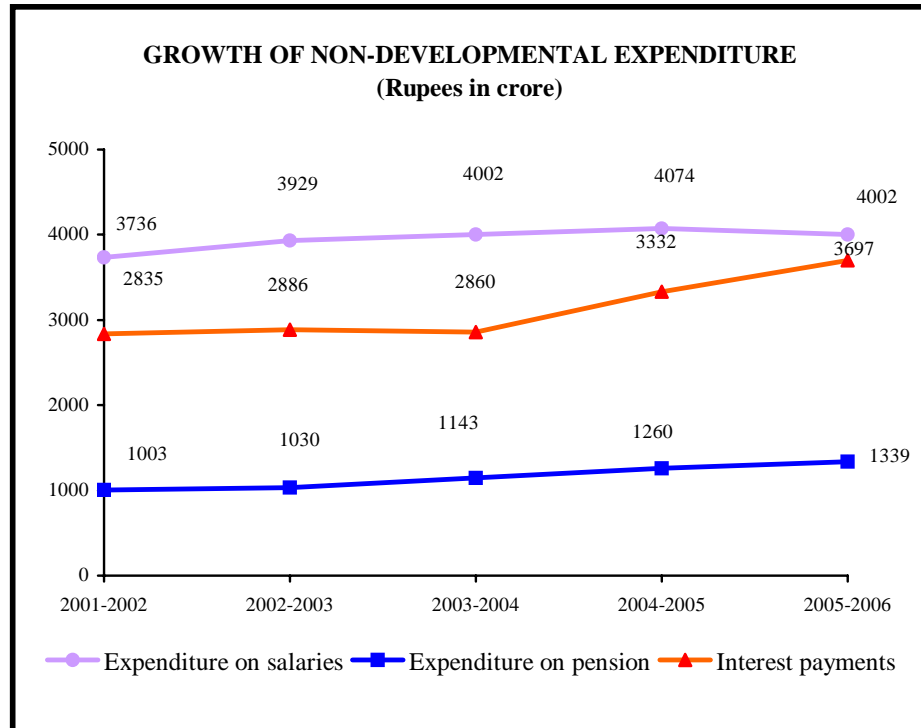
The Eleventh Finance Commission recommended (August 2000) that as a medium term objective, States should endeavour to keep interest payment as a ratio to revenue receipts at 18 *per cent*.

The Twelfth Finance Commission has also recommended to maintain the ratio of interest payments to revenue receipts at 15 *per cent* for all the states taken together. As per the Orissa Fiscal Responsibility and Budget Management Act, 2005, the ratio of interest payments to revenue receipt is to be restricted within 18 to 25 *per cent*. It was however observed that Interest payments as percentage of revenue receipts in case of Orissa ranged between 26 and 40 during the last five years as below:

Table 10

Year	Interest Payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
2001-02	2835	40	29
2002-03	2886	34	29
2003-04	2860	30	26
2004-05	3332	28	27
2005-06	3697	26	27

In absolute terms, Interest payments increased by 30 *per cent* from Rs 2835 crore in 2001-02 to Rs 3697 crore in 2005-06 primarily due to continued reliance on borrowings for financing the fiscal deficit. The increase in interest payments during 2005-06 was mainly due to abnormal increase in interest on State Provident Fund Rs 646 crore (Rs 1359 crore during 2005-06 against Rs 713 crore during 2004-05). The interest liability on other accounts, however, declined due to debt consolidation.



1.7 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflect the allocative priorities of the State. Higher the ratio

of these components to total expenditure better is deemed to be the quality of expenditure. Table 11 below gives the percentage share of these components of expenditure in State's total expenditure.

Table 11: Quality of expenditure (per cent to total expenditure *)

	2001-02	2002-03	2003-04	2004-05	2005-06	Average
Plan Expenditure	24.41	23.12	20.97	22.03	21.01	22.31
Capital Expenditure	8.24	9.69	7.28	7.86	7.09	8.03
Developmental Expenditure	52.10	55.16	53.75	50.34	52.01	52.67

*Total expenditure exclude expenditure on loans and advances.

All the three components of expenditure showed a relative decline during 2001-06. Plan expenditure declined from 24.41 *per cent* of total expenditure in 2001-02 to 21.01 *per cent* in 2005-06. Similarly capital expenditure declined from 8.24 *per cent* in 2001-2002 to 7.09 *per cent* in 2005-06. The decline was mainly under economic services. There was also a marginal decline in the share of development expenditure. The average share of expenditure on plan and capital expenditure was significantly below the level achieved in 2001-02.

Out of the developmental expenditure (Rs 7616 crore), social services (Rs 4797 crore) accounted for 63 *per cent* during the year. General Education, Medical and Public Health and Water Supply and Sanitation consumed 63 *per cent* of the expenditure on social sector as detailed below:

Table 12

Social Sector Expenditure		(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06	
General Education	1717	1857	1852	1957	2264	
Medical and Public Health	387	425	429	540	393	
Water Supply and Sanitation	251	249	258	276	383	
Total	2355	2531	2539	2773	3040	

Similarly, the expenditure on Economic Services (Rs 2819 crore) accounted for 37 *per cent* of the developmental expenditure of which, Agriculture and Allied activities (Rs 615 crore), Irrigation and Flood Control (Rs 719 crore) and Rural Development (Rs 514 crore) accounted for 66 *per cent* of the expenditure on Economic sector as detailed below:

Table 13

Economic Sector Expenditure		(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06	
Agriculture and Allied activities	506	559	699	590	615	
Irrigation and flood control	645	698	579	694	719	
Rural Development	448	469	459	468	514	
Total	1599	1726	1737	1752	1848	

1.8 Financial assistance to local bodies and other institutions

During 2005-06, Government provided financial assistance of Rs 1782.98 crore by way of grants and loans to various non-government bodies/Institutions. Category-wise details are given below:

Table 14

Sl. No.	Category of bodies/Institutions	Amount of assistance paid (Rupees in crore)				
		2001-02	2002-03	2003-04	2004-05	2005-06
1.	Educational Institutions (aided schools, private colleges, universities)	251.06	300.59	278.41	384.26	537.98
2.	District Rural Development Agency (DRDA)	302.67	309.45	154.16	247.28	255.19
3.	Municipalities, Corporations, District Council, Development Authorities etc.	40.96	46.44	65.72	44.47	94.61
4.	Panchayati Raj Institutions viz., Panchayat Samitis, Zilla Parishads and Gram Panchayats	119.80	130.11	142.95	134.21	230.79
5.	Co-operative Societies and Institutions	2.78	4.03	1.47	0.15	0.24
6.	Integrated Tribal Development Agencies (ITDAs)	106.21	87.35	62.43	51.77	149.65
7.	Non-Government Organisations	19.72	2.85	3.80	6.22	3.75
8.	Other Institutions	101.25	91.31	203.15	141.60	456.30
9.	Western Orissa Development Council (WODC)	50.00	50.00	50.00	50.00	50.00
10.	Command Area Development Authority (CADA)			2.73	3.58	4.47
	Total	994.45	1022.13	964.82	1063.54	1782.98
1.	Percentage increase(+)/ decrease(-) over previous year	(-)19	(+)3	(-)6	(+)10	(+)68
2.	Assistance as a percentage of revenue receipts	14	12	10	9	13
3.	Percentage of assistance to revenue expenditure	10	10	9	9	13

The financial assistance of Rs 1782.98 crore provided during the year 2005-06 formed 13.10 *per cent* of total revenue expenditure (Rs 13604 crore) of Government. The increase of Rs 719.44 crore during 2005-06 was mainly under grants to educational institutions, panchayati raj and other institutions.

1.8.1 Outstanding Utilisation Certificates (UCs)

Audit of 103 institutions/autonomous bodies conducted during the year 2005-06 revealed that Utilisation Certificates (UCs) for an amount of Rs 681 crore relating to 80 units of Panchayat Samitis (Rs 301.63 crore), 9 DRDAs (Rs 143.22 crore), 2 ITDAs (Rs14.05 crore) and 12 others (Rs 222.10 crore) were outstanding as detailed in **Appendix-1.6**. This included Rs 569.30 crore for which year-wise details were not available. It was also seen that the pendency of the UCs was mainly due to release of grants as a matter of routine without insisting on furnishing of UCs for the grants given earlier as stipulated in the sanction orders.

1.8.2 Audit of Autonomous Bodies

During the year ended 31 March 2006, Audit of accounts of 103 autonomous bodies (Departments of Panchayati Raj: 89, School and Mass Education: 4, Scheduled Tribe and Scheduled Caste Development: 2, Co-operation: 1, Planning and Coordination:1, Science and Technology: 1, Labour and Employment: 1, Agriculture: 1, Health & Family Welfare: 2 and Higher Education: 1) were conducted under Section-14 of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971. During the period covered by audit, the bodies received financial

assistance of Rs 1926.39 crore. Important points noticed during audit are brought out in the following paragraphs.

1.8.3 Unspent balance of grants

The financial rules of Government required that the grants should be utilised within the financial year during which they were sanctioned or within one year from the date of sanction. The unspent balances were to be refunded to Government immediately thereafter unless permitted by Government for utilisation in subsequent years. These provisions were not followed by the bodies or the authorities and the unspent balances were being carried over to subsequent years as a matter of routine. There was unspent balance of Rs 419.48 crore at the end of the year in respect of 103 bodies for which audit was conducted as detailed in **Appendix-1.7**. However, the position of unspent balance was not available in respect of eight bodies for want of analysis in the cash book. It was also noticed that the above institutions were not maintaining the prescribed register of Grants-in-aid to record the expenditure incurred sanction-wise and scheme-wise for each year against funds received. As a result, the periods to which the unspent balances related and reasons for non-utilisation were not available.

1.8.4 Outstanding Advances

According to Orissa Zilla Parishad and Panchayat Samiti Accounting Procedure Rules, 1961, payment of advances was generally prohibited except in case of works expenditure and amount so advanced were to be regularly and promptly adjusted. However, advances aggregating to Rs 62.85 crore were outstanding in the accounts audited (80 Panchayat Samities: Rs 25.87 crore and 23 other bodies/ authorities: Rs 36.98 crore). The position of outstanding advances in respect of 10 bodies could not be ascertained for want of relevant records. Stringent measures were called for either to adjust or recover these amounts in order to avert possible loss with lapse of time.

1.9 Misappropriations, defalcations etc.

Cases of misappropriation, losses etc. of Government money reported to audit up to the end of March 2006 and on which final action was pending at the end of June 2006 were as follows

		(Rupees in lakh)	
		Number of cases	Amount
i)	Cases reported up to the end of March 2005 but outstanding at the end of June 2005	2099	1604.30*
ii)	Cases reported during April 2005 to March 2006	23	45.42
iii)	Cases disposed of till June 2006	8	1.01
iv)	Cases reported up to March 2006 but outstanding as of June 2006	2114	1648.71

* The outstanding balance at the end of June 2005 was 1596.07 lakh. However, this was enhanced to 1604.30 lakh after revaluation of 18 cases of 8 Departments.

Department-wise analysis of the outstanding cases is given in the

Appendix-1.8. The period for which these were pending are given below:

		(Rupees in lakh)	
		Number of Cases	Amount
i)	Over five years (1948-49 to 2000-2001)	2014	1335.66
ii)	Exceeding three years but within five years (2001-2002 to 2002-2003)	46	131.73
iii)	Upto three years (2003-04 to 2005-06)	54	181.32
Total		2114	1648.71

The reasons for which the cases were outstanding are as follows:

		(Rupees in lakh)	
		Number of Cases	Amount
i)	Awaiting departmental and criminal investigation	547	464.95
ii)	Departmental action initiated but not finalised	831	756.85
iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	39	22.60
iv)	Awaiting orders for recovery or write off	548	142.50
v)	Pending in the courts of law	149	261.81
Total		2114	1648.71

1.10 Assets and Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., of the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. **Appendix-1.2** presents an abstract of such liabilities and the assets as on 31 March 2006, compared with the corresponding position on 31 March 2005. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the GOI, receipts from the Public Account and Miscellaneous Capital Receipts, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. The liabilities of Government of Orissa depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving/retired State employees, guarantees/ letters of comforts issued by the State Government.

1.10.1 Financial results of irrigation works

The financial results of 11 major and 41 medium irrigation projects with a capital expenditure of Rs 2496.49 crore at the end of March 2006 showed that no revenue was realised from these projects during 2005-06 against the direct working expenses of Rs 65.17 crore. After meeting the working and maintenance expenditure (Rs 65.48 crore) and interest charges (Rs 169.78 crore), the schemes suffered a net loss of Rs 235.27 crore.

1.10.2 Incomplete projects

As of 31 March 2006, there were 31 incomplete projects (major: 14 and medium: 17) in which Rs 5458 crore was blocked. These projects were incomplete for periods ranging from five to 10 years (5 projects: Rs 418.28 crore), 10 to 15 years (7 projects: Rs 496.32 crore), 15 to 20 years (4 projects: Rs 304.32 crore) and more than 20 years (15 projects: Rs 4238.87 crore). This showed that the Government was spreading its resources thinly, which failed to yield any return. Reasons for incomplete projects were paucity of funds, works left incomplete by contractors, change in site/design of the project(s), defective planning etc.

1.10.3 Investments and returns

As on 31 March 2006, Government had invested Rs 1637.09 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives. The return on these investments was between less than one to 10 per cent during 2001-06 as indicated in Table 15 below.

Table 15: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Weighted rate of interest on Government borrowing (per cent)
2001-02	1473.20	8.77	0.60	10.95
2002-03	1519.39	152.22	10.02	9.85
2003-04	1556.63	138.06	8.87	8.83
2004-05	1610.41	69.15	4.29	9.51
2005-06	1637.09	120.59	7.39	9.92

The sharp increase in return for the year 2005-06 over the previous year was due to receipt of dividends of Rs 60 crore each from Orissa Mining Corporation and Orissa State Power Generation Corporation.

1.10.4 Loans and advances by State Government

In addition to its investment, Government had also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs 3339 crore as on 31 March 2006 (Table 16). Overall, interest received against these advances stood at 4.80 per cent during 2005-06. The difference between interest paid and received was negative during last five years.

Table 16: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Opening Balance	2119	2366	2532	3831	3619
Amount advanced during the year	379	343	1572	205	67
Amount repaid during the year	132	177	273	417	347
Closing Balance	2366	2532	3831	3619	3339
Net Addition (+) / Reduction (-)	247	166	1299	(-)212	(-) 280
Interest Received (Rupees in crore)	18	68	161	298	167
Interest received as per cent to outstanding Loans and advances	0.80	2.78	5.06	5.13	4.80
Average weighted rate of interest paid by the State	10.95	9.85	8.83	9.51	9.92
Difference between rate of interest paid and received	(-) 10.15	(-) 7.08	(-) 3.77	(-)4.38	(-) 5.12

1.10.5 Failure to prepare accounts and lack of accountability in the use of public funds by departments/commercial undertakings

Activities of quasi commercial nature are performed by certain Government departments through undertakings/schemes which are to prepare Proforma Accounts in the prescribed format annually showing the results of financial operations so that the Heads of Departments in Government can assess the results of their working. The Heads of Departments in Government are to ensure that these undertakings/schemes, which are funded by budgetary release, prepare the accounts on timely basis and submit the same to the Accountant General for audit.

As of March 2006, out of 15 undertakings/schemes, four were inoperative/closed. The Department-wise positions of arrears in preparation of proforma accounts and investment as per last accounts of the remaining undertakings/schemes are given in **Appendix-1.9**.

In respect of the four undertakings/schemes, which remained inoperative or were closed, the assets and liabilities were not fully disposed of or liquidated by Government. The details as well as reasons for non-operation or closure were not available.

In respect of two schemes for which Government had not prescribed the preparation of Proforma Accounts, only Personal Ledger accounts were opened and maintained by the concerned departments of Government. The position of these Personal Ledger accounts at the end of 2005-06 was as follows:

(Rupees in Lakh)

Name of the Undertaking/ Unit/Scheme	Year in which the Personal Ledger accounts were opened	Accounts for 2005-06			
		Opening Balance	Credit	Debit	Closing Balance
Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue accounts)	734.62	710.85	314.03	1131.44
Poultry Development	1979-80 (Revenue accounts)	3.02	--	--	3.02

The Comptroller and Auditor General had commented in the Audit Reports of the State about the failure of the Heads of Departments and the management of the undertakings/schemes to prepare their proforma accounts in time. The Public Accounts Committee in their Fourteenth Report (Tenth Assembly) had expressed (November 1992) concern at the state of affairs in preparation of Proforma Accounts and had desired that responsibility be fixed for failure to prepare the accounts. Despite that, the Government neither initiated action against the defaulting management for their failure to prepare the accounts nor took any effective initiative to set right the position.

1.10.6 Management of Cash Balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Orissa had the WMA limit of Rs 215 crore from 3 March 2003 and Rs 250 crore from 1 April 2004. During the year, the State did not use this mechanism as against availing Rs 1450 crore for 99 days in the previous year.

Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State did not use the overdraft facilities during last two years, which appears to be a good sign and needs to sustain on a continuous basis.

Table 17: Ways and Means and Overdrafts of the State and Interest paid thereon

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Ways and Means Advance					
Taken in the Year	1355	2000	3204	1450	Nil
Outstanding	179	239	Nil	Nil	Nil
Interest Paid	11.59	10.88	12.19	1.85	Nil
Overdraft					
Taken in the Year	5393	4723	3809	Nil	Nil
Outstanding	1064	210	Nil	Nil	Nil
Interest Paid	8.32	8.75	8.42	Nil	Nil
Number of Days State was in Overdraft	252	188	171	Nil	Nil

1.10.7 Undischarged Liabilities

Fiscal liabilities – public debt and guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed in the State to lay down any such limit. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the over all fiscal liabilities of the State increased from Rs 27853 crore in 2001-02 to Rs 38468 crore in 2005-06 at an average growth rate of 9.75 per cent. These liabilities as ratio to GSDP decreased from 66.27 per cent in 2001-02 to 60.69 per cent in 2005-06 and stood at 2.73 times of its revenue receipts and 5.89 times of its own resources comprising its own tax and non-tax revenue. Table 18 below gives the fiscal liabilities of the State, its rate of growth and ratio of these liabilities to GSDP, revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 18: Fiscal Imbalances–Basic Parameters (Rupees in crore and Ratios in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Fiscal Liabilities	27853	30735	34014	36093	38468
Rate of growth	16.49*	10.35	10.67	6.11	6.58
Ratio of fiscal liabilities to					
GSDP	66.27	70.07	62.55	60.84	60.69
Revenue Receipts	395.19	364.20	360.32	304.58	273.11
Own Resources	881.70	801.85	773.75	653.62	588.74
Buoyancy of fiscal liabilities to					
GSDP	1.990	2.374	0.445	0.672	0.963
Revenue Receipts	7.794	0.524	0.899	0.239	0.349
Own Resources	1.631	0.485	0.726	0.239	0.359

* Rate of growth is arrived with reference to 2000-01

In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2005-06 stood at Rs 9251.75 crore out of which Rs 3496.19 crore were outstanding. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments.

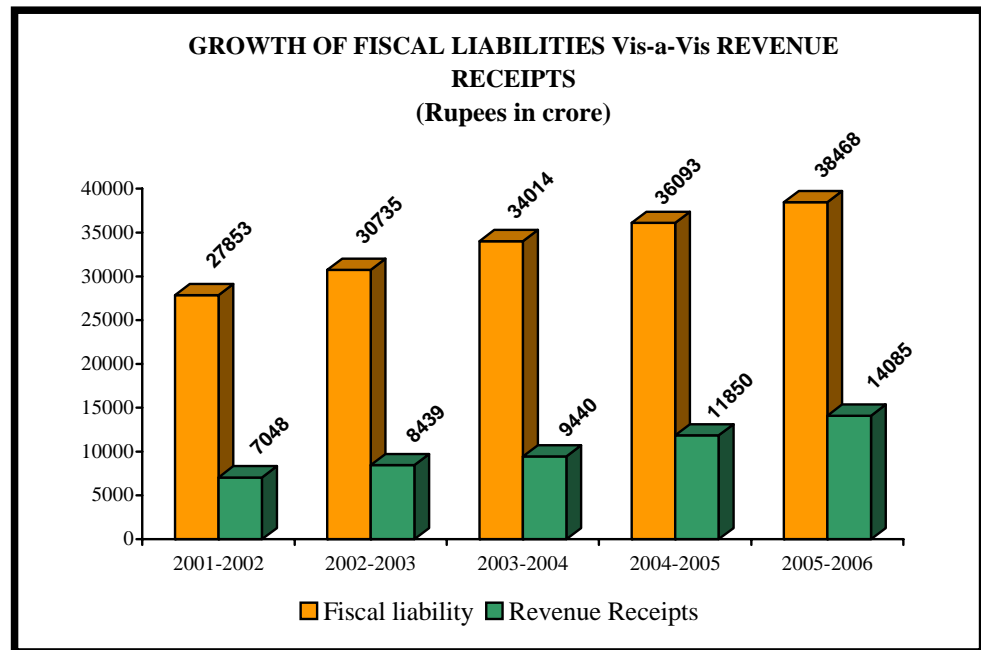
On test check it was revealed that an amount of Rs 138.09 crore was due to be realised towards guarantee commission of which Rs 85.50 crore had been realised leaving a balance of Rs 52.59 crore as on 31 March 2006.

Increasing liabilities had raised the issue of sustainability of State Government. Fiscal liabilities are considered sustainable if the rate in growth of interest payment kept below the rate of growth of GSDP.

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 19.

Table 19: Debt Sustainability – Interest Rate and GSDP Growth (in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Weighted Interest Rate	10.95	9.85	8.83	9.51	9.92
GSDP Growth	8.29	4.36	23.98	9.10	6.83
Interest spread	(-) 2.66	(-) 5.49	15.15	(-) 0.41	(-) 3.09



Another important indication of debt sustainability is net availability of the funds after repayment of the principal of earlier loans and payment of interest. Table-20 below gives the position of the receipts and repayments of internal debt over the last five years. The augmentation of State finances on account of net funds available from the Government of India through internal loans and advances declined from 20.73 per cent to a figure of (-) 58.62 per cent in the year 2005-06 over the last five year cycle. This indicates the State Government's ability towards discharge of accumulated liabilities without

resorting to further help from GOI.

Table 20: Net Availability of Borrowed Funds (Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Internal Debt					
Receipts*	1687	2296	4338	2689	2105
Repayments (Principal+ Interest)	987	1298	1834	2344	2043
Net Funds Available	700	998	2504	345	62
Net Funds Available (<i>per cent</i>)	41.49	43.47	57.72	12.83	2.95
Loans and Advances from Government of India					
Receipts*	973	1769	1141	1423	** (-) 10
Repayments (Principal+ Interest)	1632	2062	2509	2426	1280
Net Funds Available	(-) 659	(-) 293	(-) 1368	(-) 1003	(-) 1290
Net Funds Available (<i>per cent</i>)	(-) 67.73	(-) 16.56	(-) 119.89	(-) 70.48	12900
Total Public Debt					
Receipts*	2660	4065	5479	4112	2095
Repayments (Principal+ Interest)	2619	3360	4343	4770	3323
Net Funds Available	41	705	1136	(-) 658	(-) 1228
Net Funds Available (<i>per cent</i>)	1.54	17.34	20.73	(-) 16.00	(-) 58.62

* Internal debt excluding ways and means advances and overdraft

** Minus receipt is due to recovery of Additional Central Assistance for External Aided Projects.

The repayment of loans and advances from Government of India reduced substantially during 2005-06 over the previous years due to debt consolidation. As a part of fiscal strategy to bring down debt GSDP ratio in accordance with the Mid-Term Fiscal Plan of the State, incurring loan from GOI had been reduced during 2001-06. Further, although there was decline in receipt of public debt, the liability on other components had gone up affecting the fiscal liability of the State. However, the ratio of fiscal liability to GSDP, Revenue Receipts and own resources declined after 2003-04.

1.11 Huge Cash balances with the Drawing and Disbursing Officers (DDOs)

Scrutiny of Cash Books of 100 DDOs in 14 Departments revealed that an amount of Rs 35.35 crore has been kept as cash balances at the end of March 2006. Holding of large cash was fraught with risk of misappropriation and misuse of Government cash. Had the unspent balances been refunded to Government accounts, Government could have reduced its borrowing to the extent of idle holding of cash.

1.12 Management of deficits

1.12.1 Fiscal imbalances

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

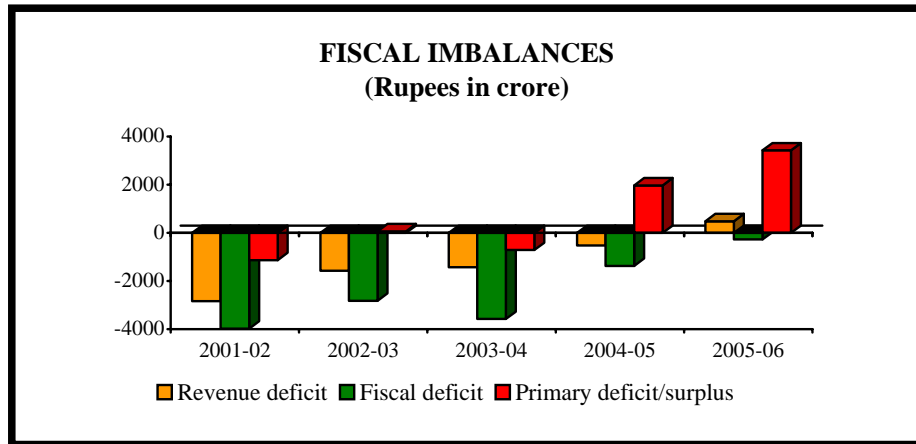
The revenue deficit (Statement 1 of Finance Accounts) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from

Rs 2834 crore in 2001-02 to Revenue surplus of Rs 481 crore in 2005-06. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, decreased from Rs 3968 crore in 2001-02 to Rs 276 crore in 2005-06. The State also had a primary deficit decreasing from Rs 1133 crore in 2001-02 to primary surplus Rs 3421 crore in 2005-06 as indicated in Table 21.

Table 21: Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue deficit/Surplus	(-) 2834	(-) 1576	(-) 1421	(-) 522	(+) 481
Fiscal deficit	(-) 3968	(-) 2816	(-) 3573	(-) 1366	(-) 276
Deficit (-)/ Surplus (+)	(-) 1133	(+) 70	(-) 713	1966	3421
RD/GSDP	(-)7	(-)4	(-)3	(-)1	(+) 1
FD/GSDP	(-)9	(-)6	(-)7	(-)2	(-) 0.44
PD/GSDP	(-) 2.70	0.16	(-)1.31	3.31	5.40
RD/FD	71	56	40	38	(-)*

Note: * The surplus in revenue account enabled to reduce the fiscal deficit to some extent.



Revenue deficit witnessed a continuous decline since 2001-02 from Rs 2834 crore to surplus Rs 481 crore in 2005-06. The ratio of revenue deficit to fiscal deficit declined from 71 per cent in 2001-02 to 38 per cent in 2004-05 and in 2005-06, revenue account reflected the surplus position which to some extent enabled to reduce fiscal deficit during the year. As proportion of GSDP, fiscal deficit decreased to 0.44 per cent and the ratio of revenue deficit to GSDP decreased continuously and the ratio became positive during 2005-06 as revenue account reflected the surplus position during the year. This trend would, however, need to be maintained as envisaged by the Twelfth Finance Commission.

1.13 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 22 below presents a summarised position of Government Finances over 2001-2006, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilisation. The ratio of revenue expenditure to total expenditure increased from 89 per cent in 2001-2002 to 92 per cent in 2005-06. But its capital expenditure and developmental expenditure as percentage to total expenditure had declined during 2001-2006. Its revenue expenditure when compared to its revenue receipts had shown comparatively lower buoyancy. All these indicated State's increasing dependence on borrowings for meeting its fiscal deficit and inadequate expansion of its developmental activities.

Table 22: Ratios of Fiscal Efficiency (in per cent)

Fiscal Ratios	2001-02	2002-03	2003-04	2004-05	2005-06	Average
Revenue Receipts/GSDP	16.77	19.24	17.36	19.97	22.22	19.34
Revenue Buoyancy	0.26	4.53	0.50	2.81	2.76	1.45
Own Tax/GSDP	5.87	6.55	6.07	7.04	7.89	6.78
Total Expenditure/GSDP	26.52	26.06	24.43	22.98	23.21	24.42
Revenue Receipts/ Total Expenditure	63.22	73.82	71.05	86.92	95.76	78.15
Revenue Expenditure/Total Expenditure	88.64	87.60	81.75	90.75	92.49	88.36
Capital Expenditure/Total expenditure.	8.24	9.69	7.28	7.86	7.09	8.03
Development Expenditure/ Total Expenditure (RE+CE)	52.10	55.16	53.75	50.34	52.01	52.67
Buoyancy of TE with RR	3.872	0.129	1.367	0.102	0.418	0.465
Buoyancy of RE with RR	5.608	0.068	0.712	0.545	0.528	0.538
Deficits/Surplus (Rupees in crore)						
Revenue Deficit(-)/ Revenue Surplus (+)	(-) 2834	(-) 1576	(-) 1421	(-) 522	(+) 481	(-) 1174
Fiscal Deficit	(-) 3968	(-) 2816	(-) 3573	(-) 1366	(-) 276	(-) 2400
Primary Deficit(-)/ Surplus (+)	(-) 1133	70	(-) 713	1966	3421	722
Revenue Deficit/Fiscal Deficit	0.71	0.56	0.40	0.38	(-) 1.74	(-) 0.49
Management of Fiscal Liabilities						
Fiscal Liabilities (FL)/GSDP	66.27	70.07	62.55	60.84	60.69	63.57
Fiscal Liabilities/Revenue Receipts	395.19	364.20	360.32	304.58	273.11	333.42
Buoyancy of FL with Revenue Receipt.	7.794	0.524	0.899	0.239	0.349	0.604
Buoyancy of FL with Own Resources	1.631	0.485	0.726	0.239	0.359	0.923
Interest Spread	(-) 2.66	(-) 5.49	15.15	(-) 0.41	(-) 3.09	1.34
Net Fund Available	10.30	1.54	17.34	20.73	(-) 16.00	6.78
Other Fiscal Health Indicators						
Return on Investment	0.60	10.02	8.87	4.29	7.39	6.23
BCR (Rupees in crore)	(-) 1945	(-) 1410	(-) 1228	(-) 1517	(-) 5342	(-) 2288
Financial Assets/Liabilities	0.52	0.52	0.52	0.55	0.59	0.54

1.14 Conclusion

The State experienced a surplus in its revenue account for the first time in 2005-06 during the last five years, mainly on account of the fact that revenue receipts augmented by Rs 2235 crore as compared to an increase of Rs 1232 crore in revenue expenditure during 2005-06 over the previous year. However,

little more than half of incremental revenue receipts during 2005-06 were contributed by transfer of resources from the Centre in the form of augmented central tax transfers and grants-in-aid in pursuance to recommendation of Twelfth Finance Commission. The surplus in revenue account also compressed the fiscal deficit to the level of Rs 276 crore which in fact was the lowest during the last five years. The State although improved the indicators of fiscal health but expenditure pattern depicted the lopsided position as revenue expenditure still accounted for 92 *per cent* of total expenditure. The more disturbing trend was that not only the share of capital expenditure in total expenditure had consistently declined from 8.2 *per cent* in 2001-02 to seven *per cent* in 2005-06 but the capital expenditure in 2005-06 was even less than the level already attained in 2001-02. The committed expenditure in the form of salary, pensions and interest payments continued to share 64 *per cent* of revenue expenditure, thus squeezing the availability of fund for meeting further obligations. As the revenue expenditure exceeded the revenue receipts during 2001-06 except in 2005-06 when revenue account showed a surplus, the State's dependence on borrowed funds continuously increased during the last five years resulting in ever increasing fiscal liabilities which were increased at an average rate of 9.75 *per cent* during 2001-06. The huge surplus balances in primary account during 2004-05 and 2005-06 accompanied with interest rate relief and restructuring of State's debt under Debt Consolidation and Relief Facility had to some extent in firm the debt sustainability of the State especially during the last two years.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act by the State Legislature for that year and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the act, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2005-06 against grants/appropriations was as follows:

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Savings(-)/ Excess(+)
		(R u p e e s i n c r o r e)				
Voted	I. Revenue	10078.66	1119.12	11197.78	9403.58	(-) 1794.20
	II. Capital	970.33	493.74	1464.07	1073.89	(-)390.18
	III. Loans and Advances	107.71	0.69	108.40	68.40	(-)40.00
Total Voted		11156.70	1613.55	12770.25	10545.87	(-) 2224.38
Charged	IV. Revenue	4094.59	400.79	4495.38	4464.84	(-) 30.54
	V. Capital	2.07	5.94	8.01	4.90	(-) 3.11
	VI. Public Debt	3759.35	Nil	3759.35	1037.59	(-) 2721.76
Total Charged		7856.01	406.73	8262.74	5507.33	(-) 2755.41
Grand Total		19012.71	2020.28	21032.99	16053.20	(-) 4979.79

These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue heads (Rs 264.90 crore) and Capital heads (Rs 41.94 crore). However, all the 42 Grants and Appropriation showed savings indicating lack of accuracy in budget preparation.

2.2.1 During 2005-06 the total expenditure under Consolidated Fund stands inflated to the following extent for the reasons mentioned there against

- (i) Rs 80.80 crore drawn from Orissa Contingency Fund during previous years but recouped during 2005-06.
- (ii) Rs 43.36 crore was transferred to 8443-Civil Deposits, 106-Personal Deposits drawn through NIL payment vouchers during the year.

2.2.2 During 2005-06 total expenditure was understated to the following extent

- (i) The balance in 8443 Civil Deposits-800-Other Deposits was decreased by Rs 93.62 crore. (Disbursements Rs 147.71 crore less Deposits Rs 54.09 crore)
- (ii) Rs 8.30 crore was not accounted for as expenditure for want of voucher from Treasuries.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Out of the total savings of Rs 4979.79 crore during the year, major savings of Rs 3969.59 crore (80 per cent) occurred in five grants (Rs 1247.82 crore) and two appropriations (Rs 2721.77 crore) as mentioned below:

(Rupees in crore)

Grant/Appropriation	Original Provision	Supplementary Provision	Total grant	Actual Expenditure	Saving
Grant No. 3 – Revenue (Voted)	978.73	8.68	987.41	858.04	129.37
Grant No. 5 – Finance Revenue (Voted)	1878.68	-	1878.68	1405.63	473.05
Grant No. 12 – Health and Family Welfare Revenue (Voted)	688.72	17.12	705.84	428.47	277.37
Grant No.23 – Agriculture Revenue (Voted)	349.10	7.03	356.13	254.56	101.57
Grant No. 36 – Women and Child Development Revenue (Voted)	493.85	331.86	825.71	559.25	266.46
Appropriation-6003 Internal Debt of the State Government Capital (Charged)	2469.30	-	2469.30	505.03	1964.27
Appropriation-6004 Loans and Advances from Central Government Capital (Charged)	1290.05	-	1290.05	532.55	757.50
Total	8148.43	364.69	8513.12	4543.53	3969.59

The areas in which major savings occurred in these grants and appropriations are given in *Appendix-2.1*.

2.3.2 Persistent savings

Savings of more than 10 *per cent* were noticed in 30 out of 42 grants/appropriations. Such savings persisted during the period 2003-2006 in 22 out of the above 42 grants/appropriations (*Appendix-2.2 and 2.3*).

2.3.3 Excess over provision requiring regularisation

2.3.3 (i) Excess over provisions relating to previous years

Excess over provisions relating to previous years

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. The excess expenditure amounting to Rs 8721.68 crore for the years 1997 -98 to 2004 -2005 was yet to be regularised as detailed below:

Year	No. of grants/appropriations	Grant/Appropriation Number	Amount of excess	Amount for which explanations not furnished to PAC
			(Rupees in crore)	
1997-98	8	3 Revenue, 5 Finance, 7 Works, 13 Housing and Urban Development, 15 Sports and Youth Services, 22 Forest and Environment, 6003 Internal debt of the State Government and 6004 Loans etc.	989.97	989.97
1998-99	9	5 Finance, 6 Commerce, 7 Works, 8 Legislative Assembly, 12 Health and Family Welfare, 13 Housing and Urban Development, 24 Steel and Mines, 32 Tourism and Culture, 35 Public Enterprises	126.26	126.26
1999-2000	12	1 Home, 5 Finance, 6 Commerce, 7 Works, 8 Orissa Legislative Assembly, 10 School and Mass Education, 17 Panchayati Raj, 20 Water Resources, 26 Excise, 28 Rural Development, 29 Parliamentary Affairs and 6003 Internal debt of the State Government	2658.52	2658.52
2000-2001	8	6 Commerce, 7 Works, 8 Orissa Legislative Assembly, 10 School and Mass Education, 20 Water Resources, 22 Forest and Environment, 6003 Internal Debt of the State Government, 6004 Loans and Advances from Central Government	2474.48	2474.48
2001-2002	4	15 Sports and Youth services, 20 Water Resources, 28 Rural Development and 6004 Loans and Advances from Central Government	393.58	393.58
2002-2003	5	8-Orissa Legislative Assembly, 15-Sports and Youth Services, 20-Water Resources, 6003-Internal Debt of State Government and 6004-Loans and Advances from Central Government	2068.93	2068.93
2004-2005	3	7-Works, 34 Co-operation and 38 Higher Education	9.94	9.94
Total			8721.68	8721.68

2.3.3 (ii) Excess over provisions relating to 2005-06

Further, the excess expenditure of Rs 5.55 lakh in two Grants (Works and Textile and Handloom) during the year also required regularisation under Article 205 of the Constitution of India (*Appendix-2.4*).

2.3.4 Supplementary provision

Supplementary provision of Rs 2020.28 crore made during the year constituted 11 *per cent* of the original provision same as in the previous year.

2.3.5 Unnecessary/Excessive/Inadequate Supplementary Provision

(i) Unnecessary supplementary provision

Supplementary provision of Rs 207.07 crore in 22 cases under 18 grants was wholly unnecessary as the expenditure in each case was even less than the original provision, the saving being more than Rs 50 lakh in each case (*Appendix-2.5*).

(ii) Excessive supplementary provision

Against the additional requirement of Rs 646.70 crore in 26 cases under 22 grants/Appropriations, supplementary provision of Rs 1411.77 crore was obtained resulting in savings of Rs 25 lakh or more in each case and Rs 765.07 crore in aggregate out of which in one grant (36-Women and Child Development) the saving was Rs 266.46 crore which was 35 *per cent* of the savings of Rs 765.07 crore during the year (*Appendix-2.6*).

2.3.6 Significant cases of savings in plan expenditure

Significant savings exceeding Rs 1 crore in each case aggregating to Rs 102.85 crore (21 *per cent*) against the provision of Rs 499.31 crore either due to non-implementation or slow implementation of Plan schemes were noticed in 34 cases in 11 grants. In 6 cases (Sl.No.1, 2, 3, 22, 23 and 29 of *Appendix-2.7*) the entire provision of Rs 16.18 crore remained unutilised.

2.3.7 Significant cases of excess expenditure

Significant excess expenditure amounting to Rs 71.29 crore exceeding Rs 1 crore in each case was noticed in 19 cases involving 10 Grants/Appropriations (*Appendix-2.8*).

2.3.8(i) Delayed surrender of saving

According to rules, all anticipated savings in a grant/appropriation should be surrendered as soon as the possibility of savings is foreseen from the trend of expenditure without waiting till the end of the year when it cannot be purposefully utilised. During 2005-06, although actual savings of Rs 4979.79 crore were available, only Rs 4411.51 crore was surrendered mainly in March 2006.

(ii) Injudicious surrender

In 15 Grants, amounts surrendered were less than the savings available. The amount not surrendered were more than Rs 2 crore in each case (*Appendix-2.9*).

(iii) Excessive surrender

In four cases, the amount surrendered were in excess of actual savings indicating lack of proper budgetary control. Against the actual savings of

Rs 497.19 crore, amount surrendered was Rs 515.94 crore resulting in excess surrender of Rs 18.75 crore (*Appendix-2.10*).

(iv) Surrender of entire provision

In 90 cases relating to 18 Grants and 1 Appropriation, the entire provision of Rs 571.47 crore (exceeding Rs 10 lakh in each case) was reappropriated/surrendered (*Appendix-2.11*).

(v) Anticipated savings not surrendered

In 4 cases relating to 4 Grants/Appropriations the entire available provision of Rs 22.07 crore remained unutilised and was not surrendered (*Appendix-2.12*).

2.3.9 Unutilised provision

In 23 cases involving 20 Grants/Appropriations, the expenditure fell short of provision by more than Rs 1 crore and more than 20 per cent of the provision in each case (*Appendix-2.13*). All this indicated absolute lack of budgetary and expenditure control.

2.3.10 Expenditure on New Service

Under Article 205 of the Constitution, when need arises during a financial year for expenditure upon some new service not contemplated in the Budget for that year, funds have to be got authorised by the Legislature before incurring that expenditure from the Consolidated Fund. In case of urgency, expenditure on new service can be met by obtaining advances from the Contingency Fund pending authorisation of the expenditure by the Legislature.

During 2005-2006, expenditure of Rs 187.50 crore was incurred in 4 cases involving 3 Grants/Appropriations as detailed in *Appendix-2.14* without following the prescribed procedure for New Service/New Instrument of Service.

2.3.11 Excessive/unnecessary reappropriation of funds

Reappropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the reappropriation of funds proved injudicious in view of final savings/excess over grant by over rupees one crore are detailed in *Appendix-2.15 and 2.16* respectively.

2.4 Inadequate Budgetary Control

Scrutiny of budget proposals and actual expenditure in respect of two Departments viz. (i) Fisheries and Animal Resources Development Department and (ii) Health and Family Welfare Department revealed the following:

2.4.1 Provision for vacant posts

Rule 61(b) of Orissa Budget Manual (OBM) provides that provisions should be made in the budget for men on duty (excluding vacant posts). But the provision of Rs 102.69 crore (Health and Family Welfare Department: Rs 99.21 crore and Fisheries and Animal Resources Development Department: Rs 3.48 crore) was made for vacant posts and the entire amount was ultimately surrendered.

2.4.2 Belated surrenders

Orissa Budget Manual (OBM) provides that all anticipated savings should be surrendered immediately after these are foreseen and latest by 10th of March of the financial year. It was noticed that the above two departments surrendered Rs 180.68 crore (Health and Family Welfare Department: Rs 155.47 crore and Fisheries and Animal Resources Development Department: Rs 25.21 crore) on the last working day of the financial year (31 March 2006).

2.4.3 Persistent savings under Grant No. 12-Health and Family Welfare Department

In Health and Family Welfare Department there were persistent savings under Capital Heads (Voted) during the last 9 years with the percentage of savings rising drastically during the last two years as shown in the table below:

Year	Provision	Expenditure	Savings	Percentage of Savings
	(R u p e e s i n l a k h)			
1997-1998	1270.25	970.00	300.25	24
1998-1999	1406.65	363.17	1043.48	74
1999-2000	2868.00	585.95	2282.05	80
2000-2001	3505.80	2718.16	787.64	22
2001-02	6655.37	3505.16	3150.21	47
2002-03	7432.77	4654.77	2778.00	37
2003-04	7551.50	4977.00	2574.50	34
2004-05	6668.13	65.50	6602.63	99
2005-06	5542.46	1612.13	3930.33	70

2.4.4 Surrender of entire provision

In the following cases the Departments have surrendered the entire provision on last day of the year i.e. on 31.3.2006 depriving needy areas for utilisation.

(Rupees in lakh)

Sl. No.	Name of the Department	Head of Account	Amount of provision			Amount surrendered
			Original	Supplementary	Total	
1.	Health and Family Welfare	12-2210-CP-SS-01-Allopathy-200	200	Nil	200	200
2.	-do-	12-2210-CP-SS-05-METR Equipment	20	10	30	30
3.	-do-	12-2210-M and PH-CP-Material and Equipment	Nil	84.82	84.82	84.82
4.	-do-	12-2210-M and PH-CP-06-PH-GIA	15	Nil	15	15
5.	-do-	12-2210-M and PH-Net-101	Nil	74.80	74.80	74.80

Sl. No.	Name of the Department	Head of Account	Amount of provision			Amount surrendered
			Original	Supplementary	Total	
6.	-do-	12-2210-Total-796-TASP	Nil	51.70	51.70	51.70
7.	Fisheries and Animal Resources Development	CSP scheme-4405-COL on Fisheries-103-Marine-0030220-FLC	4	20	24	24
Total:			239	241.32	480.32	480.32

2.4.5 Non-utilisation of GOI assistance

A Centrally Sponsored Plan scheme “Assistance to State for control of Animal diseases” is being implemented in the State during 2003-08 for immunising the animals against various diseases. The scheme is funded by apportionment between the Centre and the State in the ratio of 75:25. During the period 2003-06, the Government of India provided assistance of Rs 7.70 crore (75 per cent) for implementation of the scheme. In turn, the State released Rs 1.29 crore towards its own share against the matching share of Rs 2.57 crore (25 per cent) and Rs 4.14 crore out of the funds received from GOI. Thus, less release of State share of Rs 1.28 crore (Rs 2.57 crore - Rs 1.29 crore) led to under utilisation of corresponding Central assistance of Rs 3.56 crore (Rs 7.70 crore - Rs 4.14 crore) for the scheme.

2.4.6 Idle Expenditure of Rs 96 lakh on construction of fish landing centre at Gopalpur on sea

Government of India, Ministry of Agriculture, Department of Agriculture and Co-operation conveyed administrative approval (March 1997) for construction of fish landing centre at Gopalpur on sea in Ganjam district under Centrally Sponsored Plan scheme (50:50) for providing landing and berthing facilities for traditional craft and small mechanised fishing vessels of fishermen, with the stipulation that the State Government would make adequate arrangements for the utilisation of the facilities and maintenance of fish landing centre.

The State Government released Rs 96 lakh including Central share of Rs 48 lakh received from GOI. Despite completion of construction of fish landing centre during 2002 at a cost of Rs 96 lakh the State Government failed to make it operational as of March 2006.

2.5 Advances from the Contingency Fund

The corpus of the State Contingency Fund was enhanced (January 2000) from Rs 60 crore to Rs 150 crore to enable the Government to meet unforeseen and emergency expenditure not provided for in the budget and which could not be postponed till the vote of Legislature was taken. The advance from the fund is to be recouped by obtaining Supplementary Grant at the first session of the Assembly immediately after the advance was sanctioned. During the year 2005-06, five sanction orders for Rs 37.84 crore were issued out of which Rs 19.55 crore were drawn and recouped during the year. Advances

amounting to Rs 40.43 crore remained un-recouped relating to earlier years.

(Rupees in crore)

Period	20 years and above	Less than 20 years and more than 15 years	Less than 15 years and more than 10 years	Less than 10 years and more than 5 years	Less than 5 years and more than 3 years	Below 1 year	Total
Arrears remained unrecouped	3.11	6.18	1.18	17.23	12.73	Nil	40.43

2.6 Rush of expenditure towards the end of the financial year

Controlling Officers are responsible for ensuring effective control over expenditure and guard against rush of expenditure in the month of March as envisaged under rule 147 of OBM. Test check in audit revealed that during 2005-2006 under as many as 13 Major Heads of Accounts Heads, more than 50 per cent of the total expenditure was incurred in March 2006 (*Appendix-2.17*).

2.7 Parking of funds in Civil Deposits

Balance under 8443-Civil Deposit-800-Other Deposits at the end of March 2006 was Rs 546.36 crore. The position during 2001-2002 to 2005-2006 is given in *Appendix-2.18*. During the five years period the deposit decreased marginally from Rs 616.72 crore in 2001-2002 to Rs 546.36 crore in 2005-06. Such accumulation of funds showed that Government left the funds, meant for many schemes, parked in the Civil Deposit without actual expenditure and overstating the expenditure at the same time.

Scrutiny of records of Health and Family Welfare Department and its directorate revealed that an amount of Rs 55.08 crore has been kept in Civil Deposit during 1988-89 to 2005-06. Out of which Rs 6.88 crore has been kept in Civil Deposit from the balances drawn in AC Bills.

2.8 Excess payment of Pension and Gratuity

Test check of records in the Treasury revealed excess payment to the tune of Rs 10.38 lakh during 2005-06 due to erroneous determination of admissibility and calculation error in respect of pensionary claims of 357 pensioners.

2.9 Defective Reappropriations

During 2005-2006, 788 reappropriation orders for Rs 1756.14 crore were issued out of which 33 orders aggregating to Rs 434.06 crore were issued on 31st March 2006, the last day of the fiscal year 2005-2006. 54 re-appropriation orders of the value of Rs 48.95 crore were not considered in accounts due to want of proper classification etc.

**CHAPTER-III
PERFORMANCE REVIEWS**

PANCHAYATI RAJ DEPARTMENT

3.1 Sampoorna Grameen Rozgar Yojana

Highlights

Review of implementation of Sampoorna Grameen Rozgar Yojana (SGRY) in the State during the period 2001-06 showed serious deficiencies in implementation of the programme. The Government failed in adhering to the scheme guidelines for efficient financial and food grains management leading to loss of central assistance, misutilisation of scheme funds, shortage and pilferage of food grains. Contractors were extensively used in the guise of Village Labour Leaders (VLL) and prohibited works/non-durable assets/idle assets were created. Man days generation was hypothetically arrived at without linking to the actual generation as per the Muster rolls. Serious irregularities existed in payment of wages. There was no dedicated monitoring mechanism at the State level to review and evaluate the implementation of the scheme.

- **There was delay in release of State share, carry over of balances beyond the permissible limit and less expenditure on SC/ST individual beneficiary scheme resulting in curtailment of central assistance of Rs 4.62 crore.**

(Paragraph 3.1.2.1)

- **Scheme funds of Rs 2.40 crore irregularly spent on transportation and handling cost of food grains and Rs 2.07 crore were diverted to other programmes / schemes. Utilisation Certificates for Rs 4.54 crore were submitted in excess of actual utilisation.**

(Paragraphs 3.1.2.3 and 3.1.2.4)

- **There were deficiencies in planning process as the annual action plans did not have the approval of the general bodies of PRIs. In most of the cases, the approval of the plans got delayed leading to execution of works without approval and delayed execution.**

(Paragraph 3.1.3)

- **In seven Irrigation Divisions, distribution of rice by contractors involving subsidy of Rs 29.21 crore to labourers was doubtful. 94.86 MT of food grains valued at Rs 10.72 lakh was misutilised on purchase of cement, road metal etc and there was shortage and misappropriation of 576.12 MT of food grains worth Rs 65.10 lakh.**

(Paragraphs 3.1.4.1, 3.1.4.3 and 3.1.4.4)

- **5530 MT of food grains worth Rs 3.12 crore released under SGRY Special Component (Flood 2003) were utilised in areas not affected by calamity or were misutilised on non-labour intensive works.**

(Paragraph 3.1.4.5)

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 228-234.

- **Large number of works (4318) worth Rs 40.08 crore were executed by employing contractors under the guise of Village Labour Leaders (VLL).**

(Paragraph 3.1.5.1)

- **A sum of Rs 14.70 crore was spent on execution of works not permissible under the scheme, creation of non-durable assets, execution of works with higher specifications not commensurate with relevant provisions and excess payment to contractors. Besides, Rs 1.42 crore incurred on incomplete projects was rendered unfruitful.**

(Paragraph 3.1.5.2)

- **Rupees 10.77 crore were irregularly spent on inadmissible items under individual beneficiary oriented programme for SCs and STs living below the poverty line.**

(Paragraph 3.1.5.3)

3.1.1.1 Introduction

Government of India (GOI) launched (25 September 2001) the Sampoorna Grameen Rozgar Yojana (SGRY), a centrally sponsored scheme, by merging the two erstwhile wage employment programmes viz: Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS) to provide greater thrust to additional wage employment, infrastructural development for sustainable employment and food security in the rural areas. The scheme was implemented in two streams i.e. (i) Stream-I for Zilla Parishad (ZP) / Panchayat Samiti (PS) and (ii) Stream-II for Gram Panchayat (GP) up to 31 March 2004 and were merged to form Unified SGRY thereafter. The scheme was discontinued (February 2006) in 19 districts of the State on introduction of National Rural Employment Guarantee Scheme (NREGS). The unspent resources under SGRY were merged with NREGS in these districts from February 2006. The programme was still in operation in remaining 11 districts of the State. Under the scheme (SGRY), food grains were provided by the GOI free of cost and cash component was shared between the Center and States in the ratio of 75:25. The transportation cost, other handling charges, sales tax, octroi, local taxes etc. were to be borne by the State Government from their own resources. The scheme was implemented under 30 ZP/District Rural Development Agencies (DRDAs), 314 PS and 6234 GPs.

The scheme, among others, envisaged distribution of 50 *per cent* of allocation to GPs, 30 *per cent* to PS and 20 *per cent* to ZPs. Engagement of contractors and use of labour-displacing machines were prohibited under the scheme. Earmarking of 22.50 *per cent* of allocation at ZP and PS level for 'Individual / group beneficiary schemes for SC and STs living below the poverty line', execution of works departmentally, utilisation of 50 *per cent* of allocation of GPs on infrastructure development in SC / ST habitations, payment of wages partly in food grains (minimum five kilo-grams per day up to 31 October 2005 and three kilo-grams thereafter), ensuring payment of minimum 25 *per cent* of wage in cash, taking up labour intensive works and providing 30 *per cent* of the employment opportunities to women were the other features of the scheme.

3.1.1.2 Organisational set up

Ministry of Rural Development, GOI was the overall controlling authority at central level and provided allocation of central assistance of funds and food grains to the State for implementing the scheme at State level. In turn, the Panchayati Raj Department of the State Government was responsible for monitoring the implementation of the scheme through the Panchayati Raj Institutions (PRIs).

3.1.1.3 Audit Objectives

The audit objective was to assess whether:

- the funds management was efficient to secure optimum utilisation;
- planning for implementation of various components of the programme was proper and adequate;
- the employment generation was commensurate with the resources utilised and the extent of availability of man days per annum per BPL¹ household ;
- food grains were optimally and efficiently used in the pursuit of the scheme objectives;
- the programme/works were managed efficiently, economically and effectively with due regard to quality/technical specifications and in accordance with the scheme objectives;
- the monitoring system as envisaged in the scheme was effective.

3.1.1.4 Audit Criteria

The following Audit criteria were used for the performance audit:

- utilisation of resources in respect of funds and food grains vis-a-vis annual action plans;
- guidelines on planning of each of the components of the scheme;
- Employment Registers maintained by the department;
- Scheme guidelines on utilisation of food grains;
- prescribed norm for utilisation of funds and food grains under individual beneficiary scheme for SC/STs and employment of women workers;
- monitoring mechanism instituted by the Government.

3.1.1.5 Scope of Audit and Audit Methodology

The performance audit was conducted during April to July 2006 through test check of records of the Principal Secretary to Government, Panchayati Raj Department, Project Directors of eight District Rural Development Agencies (DRDAs)² (25 per cent), 30 PS³ (10 per cent), 60 GPs (one per cent i.e. two GPs of each selected PS) and five Executing Agencies (EA)⁴ for the period 2001-06. Selection of districts was based on stratified random sampling

¹ Below the Poverty Line.

² Mayurbhanj, Sundargarh, Nabarangpur, Kandhamal, Dhenkanal, Cuttack, Khurda and Nayagarh.

³ Badasahi, Baripada, Bangiriposi, Betnoti, Joshipur, Kaptipada, Morada, Thakurmunda of Mayurbhanj district, Baragaon, Kutra, Lathikata, Sundargarh, Rajgangpur of Sundargarh district, Nabarangpur, Papadahandi, Umerkote of Nabarangpur district, Daringibadi, Baliguda, Khajuripada, Phiringia of Kandhamal district, Baliana, Khurda, Tangi of Khurda district, Cuttack Sadar, Nischintakoili, Salepur of Cuttack district, Dhenkanal Sadar, Gondia of Dhenkanal district, Khandapada and Nuagaon of Nayagarh district.

⁴ Assistant Soil Conservation Officers, Nabarangpur and Baripada, Executive Engineers, Minor Irrigation Division, Baripada and Irrigation Division, Baripada, Assistant Director, Sericulture, Baripada.

method. Selection of PS and GPs of these eight districts were made on the basis of funds flow. In addition, information on implementation of the programme was also collected from the Executive Officers of 197 GPs of the 13 test checked PS⁵ through 'Questionnaires'. Assets created under the scheme were also physically verified at random in the test checked PS and beneficiary interviews conducted in two villages (10 beneficiaries in each village) of each of the 30 selected PS.

The audit objectives, performance indicators/criteria were discussed in the entry conference with the Commissioner-cum-Secretary, Panchayati Raj Department in June 2006. The department agreed with the performance indicators.

Audit findings

3.1.2 Funds management

Efficient funds management is the key to successful implementation of the programme. It was, however, noticed that there were instances of delay in release of funds by the State Government and the DRDAs to the implementing agencies, diversion of funds, misutilisation and non accounting of interest, irregular parking of funds in PL account, utilisation of scheme funds for payment of transportation charges (TC) of food grains and sales tax, misutilisation of sale proceeds of empty gunny bags, loss of central assistance etc as detailed below.

3.1.2.1 Receipt and utilisation of funds

During 2001-06, total funds available to the State was Rs 1750.59 crore and the expenditure incurred therefrom was Rs 1748.16 crore as detailed below:

Year	Receipt			Other Receipt	Total funds available	Expenditure	Closing Balance	Mandays generated in lakh
	Opening balance	Central share	State share					
2001-02	42.46	237.12	75.68	0.33	355.59	312.26	43.33	480.96
2002-03	43.33	274.07	51.34	- 0.38	368.36	329.47	38.89	599.03
2003-04	38.89	247.44	117.12	0.42	403.87	386.08	17.79	618.57
2004-05	17.79	261.02	99.88	1.03	379.72	362.91	16.81	553.94
2005-06	16.81	323.32	110.06	-90.32*	359.87	357.44	2.43	556.02
Total	42.46	1342.97	454.08	-88.92	1750.59	1748.16	2.43	2808.52

* Other receipts Rs 1.19 crore less Rs 91.51 crore transferred to NREGS in 19 districts.

Central assistance for Rs 4.62 crore was deducted due to non-release of State share in time etc

During 2003-06, in six districts⁶ central share to the extent of Rs 4.62 crore was deducted by the GOI from the subsequent instalment on the ground of non-release of State share in time, excess closing balance and shortfall of expenditure on SC / ST individual beneficiary scheme.

The State directed (January 2006) all the PRIs of 19 districts (where NREGS was implemented from 2 February 2006), to transfer all the unspent balances under SGRY to NREGS. The Government reported⁷ the closing balances under SGRY in these districts as 'Nil' as on 31 March 2006. But, test check

⁵ PS Nabarangpur (11), Umerkote (16), Papadahandi (19), Barasahi (28), Morada (18), Bangiriposi (16), Thakurmunda (14), Daringibadi (22), Phiringia (18), Nuagaon (12), Khandapada (11), Nayagarh (5) and Sundargarh (7).

⁶ Mayurbhanj, Dhenkanal, Khurda, Sundargarh, Nayagarh and Kandhamal.

⁷ Report on 'Financial and physical achievements under Anti Poverty programmes 2005-06' of Panchayati Raj Department.

revealed that in six PS⁸, of these districts, Rs 2.75 crore were lying unspent under the scheme without transfer to NREGS (March 2006).

It was also noticed that in Kandhamal district, one GP (Hatimunda of Daringibadi block) transferred (9 March 2006) the unspent balance of Rs 4.91 lakh to Gram funds while another GP (Sonapur of Daringibadi block) irregularly advanced Rs 2.84 lakh in cash to the Sarpanch and Executive Officer on 2 February 2006. These unspent scheme funds (SGRY) need immediate transfer to NREGS.

3.1.2.2 Release of funds at the fag end of the year

In six DRDAs⁹, Central share (Rs 23.72 crore) and State share (Rs 13.37 crore) for 2001-06 were released by the Governments in the last month of the respective years leaving little time for execution of the programme during those years. Further, State share of Rs 10.19 crore were released in the subsequent years. In five DRDAs¹⁰, there were delay ranging between 35 to 280 days in distribution of funds (Rs 1.25 crore to Rs 8.11 crore) by DRDAs to PS and GPs.

3.1.2.3 Diversion of funds

The scheme prohibited diversion of scheme funds to any other scheme / purpose. Assistant Soil Conservation Officer, Nabarangpur, two DRDAs¹¹, 20 PS and 108 GPs in eight districts test-checked irregularly utilised the cash component of the scheme funds of Rs 2.40 crore during 2001-05 on meeting transportation and handling charges of the food grains lifted under the scheme over and above the amount released by the State Government to the PS / DRDAs for the purpose.

The scheme prohibited utilisation of SGRY funds for payment of sales tax and the same was to be borne by the concerned States. But two DRDAs¹² spent Rs 23.56 lakh out of cash component of the scheme on payment of Orissa Sales Tax (OST) to Food Corporation of India on rice lifted up to Mach 2003. Such payment was made despite the clarification (6 March 2003) of the Finance Department that no OST was payable on food grains lifted under the scheme.

Further, two DRDAs (Sundargarh and Nabarangpur), 10 PS and six GPs diverted Rs 2.07 crore to other schemes¹³ during 2002-06 and the same had not been recouped (June 2006).

3.1.2.4 Submission of incorrect Utilisation Certificates (UC)

The DRDAs are required to submit UCs to the GOI at the time of submission of proposals for release of subsequent instalments with a certificate that advance to implementing agencies(PS/GPs/EAs) were not treated as final expenditure. Unspent balances lying with implementing agencies at the end of preceding year were also to be reported. For excess carry over of unspent

Scheme funds of Rs 2.40 crore was irregularly spent on transportation and handling charges of food grains

Irregular utilisation of scheme funds of Rs 23.56 lakh on payment of sales tax

Rs 2.07 crore were diverted to other programmes

UCs for Rs 4.54 crore were submitted in excess of actual expenditure

⁸ Badasahi (Rs 65.60 lakh), Morada (Rs 14.94 lakh), Bangiriposi (Rs 55.23 lakh), Thakurmunda (Rs 24.18 lakh), Daringibadi (Rs 63.26 lakh) and Umerkote (Rs 52.10 lakh).

⁹ Khurda, Sundargarh, Mayurbhanj, Dhenkanal, Nayagarh, Kandhamal.

¹⁰ Mayurbhanj, Cuttack, Sundargarh, Nabarangpur, Khurda.

¹¹ Kandhamal, Dhenkanal.

¹² Nabarangpur and Khurda.

¹³ Old Age Pension, Old Destitute Pension, National Old Age Pension, Food for Works Programme, Members of Legislative Assembly/Members of Parliament Local Area Development, Mid Day Meal Programme.

balance with implementing agencies beyond 15 per cent of the funds available, central assistance was to be proportionately deducted. Comparison of the actual unspent balance lying with the implementing agencies as on 31 March 2005 with that reported by DRDAs to the GOI during 2005-06 showed that in one EA¹⁴ and 10 PS¹⁵ against the actual unspent balance of Rs 5.09 crore, DRDAs reported the same to be Rs 55.03 lakh. Thus, Rs 4.54 crore were treated as final expenditure without actual utilisation.

3.1.2.5 Mis-utilisation and non-accountal of interest

Interest of Rs 47.17 lakh were irregularly spent on contingency and other inadmissible works and interest of Rs 12.30 lakh was not accounted for

The interest accrued on deposits of unspent scheme funds was to be treated as additional resources under the scheme and should be utilised as a part of scheme funds. One DRDA (Mayurbhanj), 12 PS and 126 GPs irregularly spent Rs 47.17 lakh out of the interest money on miscellaneous contingencies, repair and other works instead of utilizing the same on admissible items of work. Further, six PS¹⁶ did not account for interests of Rs 12.30 lakh credited by the banks in their respective accounts up to March 2006. This indicated system deficiency in accounting of the interest money.

3.1.2.6 Parking of scheme funds in PL account

Interest money of Rs 35 lakh were lost due to parking of scheme funds in PL account

The scheme stipulated keeping both State and Central share of the funds in interest bearing saving accounts. Contrary to this provision, in five ZPs¹⁷ and five PS¹⁸, the State share of scheme funds were kept in non-interest bearing Personal Ledger (PL) account during 2001-06 at the instance of the State Government. The period of retention ranged from 12 to 330 days and amount retained ranged from Rs 3.02 lakh to Rs 5.56 crore. This resulted in loss of interest of Rs 35 lakh (at savings bank rate) to the scheme funds on the minimum balance.

3.1.2.7 Convergence / dovetailing with other programmes

The scheme funds should not be used as a substitute to departmental plan funds of different departments and agencies. Funds from other programmes for the works permissible under the scheme could be dovetailed with the scheme funds and not vice versa. But, departure from the above provision was noticed as under:

- In six PS¹⁹ in 120 cases, scheme funds of Rs 69.02 lakh were dovetailed for completion of school buildings under Operation Black Board (OBB).
- 18 Minor Irrigation Projects (Minor Irrigation Division, Baripada) were completed by providing scheme funds of Rs 51.47 lakh dovetailing with funds of Water Resources Department.
- Assistant Director, Sericulture, Baripada spent Rs 23.68 lakh during 2002-06 towards wage component of the Madal Eco-rest Conservation Project out of the scheme funds of Rs 26.74 lakh provided by PD, DRDA, Mayurbhanj. Assistant Director, Sericulture, Baripada stated that as per decision of Government, wage component was provided from SGRY for

¹⁴ Divisional Forest Officer, Nayagarh.

¹⁵ Bangiriposi, Barasahi, Daringibadi, Dhenkanal, Khandapada, Morada, Papadahandi, Phiringia, Thakurmunda and Umerkote.

¹⁶ Morada, Thakurmunda, Kaptipada, Joshipur, Lathikata and Cuttack.

¹⁷ Mayurbhanj, Kandhamal, Khurda, Nayagarh and Cuttack.

¹⁸ Phiringia, Daringibadi, Nabarangpur, Umerkote and Papadahandi.

¹⁹ Thakurmunda, Betnoti, Baripada, Kaptipada, Salepur and Joshipur.

completion of project work. The reply was not convincing as the scheme funds were not to be used as a substitute to other departmental plan activities.

3.1.2.8 Contingent expenditure beyond the permissible limit

Rs 37.83 lakh were irregularly spent on contingencies beyond the permissible limit and on inadmissible works

The GPs were permitted to spend up to a maximum of 7.5 per cent of annual allocation or Rs 7500 (which ever was less) and PS/ZP up to two per cent of the allocation on administrative contingencies and technical consultancy. During 2001-06, three DRDAs, one PS and 40 GPs spent Rs 25.37 lakh in excess of the permissible limit on contingent expenditure and DRDA, Mayurbhanj spent Rs 12.46 lakh out of contingency on inadmissible items of work (upgradation of conference hall, completion of incomplete Inspection Bungalow etc).

3.1.2.9 Misutilisation of sale proceeds of empty gunny bags

Sale proceeds of empty gunny bags of Rs 23.91 lakh were irregularly spent on contingent expenditure

The sale proceeds of empty gunny bags were to be utilised for payment of transportation, handling and storage charges of food grains under the programme. But 7 PS of three districts and 58 GPs there under, irregularly utilised Rs 23.91 lakh on contingencies out of Rs 26.70 lakh realised up to March 2006 towards the sale proceeds of empty gunnies.

3.1.3 Programme implementation

3.1.3.1 Preparation of Annual Action Plans (AAP)

The scheme required each DRDA/ZP, PS and GP to independently prepare and approve, before the beginning of each financial year, an AAP equivalent in value of about 125 per cent of its share of funds allocated in the preceding financial year. The exercise was to be completed by the end of February of the preceding financial year and no work should be taken up unless it formed part of the AAP. The scheme also required that the works included in the AAP should be need based, properly prioritised and be completed within one year (two years in exceptional cases). The expenditure under GP share must be approved by the concerned Gram Sabha and ZP/PS share by the General Bodies of the concerned ZP / PS.

Audit scrutiny revealed that:

- All eight DRDAs and 30 PS test-checked did not prepare AAPs in advance and the delay ranged from 2 to 11 months leading to execution of works without approval and delayed execution. The Annual Action Plans (2002-06) of three ZP²⁰ and PS, Morada were not approved by the concerned General Bodies. The projects were also not indicated in the AAP in order of priority. AAP of DRDA, Nayagarh and 9 PS²¹ for 2002-06 did not reflect percentage of funds allotted for individual/group beneficiary scheme for SC/STs and maintenance of assets. Consolidated AAP for 2004-06 of all the three levels of Panchayats were not prepared by four DRDAs²² as required under the scheme.
- Despite provision for treating forest villages as village Panchayats for executing developmental works under the scheme, in 22 forest villages of Mayurbhanj district with population of 4176, only Rs 6.44 lakh were spent

²⁰ Mayurbhanj: 2002-03 to 2004-05, Kandhamal: 2003-04 and Nabarangpur: 2004-05 and 2005-06.

²¹ Thakurmunda, Baripada, Umerkote, Daringibadi, Betnoti, Kutra, Lathikata, Khurda and Tangi.

²² Nabarangpur, Mayurbhanj, Nayagarh, Dhenkanal.

during 2001-06 averaging Rs 154 per unit of population against the State average of Rs 641. Besides, in 14 forest villages of Kandhamal district having a population of 1073, no amount was spent under SGRY during 2001-06.

- In two ZPs²³, seven PS²⁴ and one GP²⁵, 93 works for Rs 1.67 crore were executed without inclusion in the AAP
- Two ZP (Mayurbhanj and Nayagarh) made routine division of resources amongst the zones of ZP during 2001-06 while preparing the AAP, instead of giving priority and fair treatment to the areas suffering from labour exodus/distress pockets.

Thus, the significance of AAP was virtually reduced to a casual office document instead of being a plan of action for programme implementation.

3.1.4 Management of food grains

The scheme prescribed that food grains supplied by the GOI under the Programme free of cost were to be distributed only as part of wages. The GOI issued release orders to DRDAs for the food grains allotted to the districts with a copy to Food Corporation of India (FCI) and the same were lifted by the designated officers of DRDA/PS and were retained in godowns at PS and GP level. The same were issued by the godown in-charge to the executants as per the issue slips issued by the concerned Block Development Officers (BDOs) for distribution to workers as part of wages. Further, the State Government was to ensure that effective safeguard were in place to avoid leakage and pilferage of food grains. The Panchayati Raj Department directed (September 2005) all the Collectors and PD, DRDAs to ensure periodical inspection of storage godowns by drawing annual inspection schedules to avoid instances of loss / shortage. During the period 2001-06, against 13 lakh MT of food grains available under the scheme, 12.80 lakh MT were utilised, 0.19 lakh MT of food grains was diverted to NREGS during February 2006 in 19 districts leaving unutilised balance of 0.01 lakh MT as on 31 March 2006.

The irregularities noticed in grains management are discussed in succeeding paragraphs.

3.1.4.1 Misutilisation of food grains

Though the scheme prohibited utilisation of food grains for non-wage purposes, yet there was misutilisation of 94.86 MT of food grains (valued at Rs 10.72 lakh) due to utilisation of food grains on non-wage purpose like purchase of cement, road metal, moorum, chips, sand etc by two line Departments²⁶ rendering the transactions not only irregular but doubtful as well, since the suppliers of above items would hardly receive food grains against supply of commodities. Executive Engineer, Mayurbhanj MI Division, Baripada stated (June 2006) that the food grains were utilised on payment of transportation and handling charges of food grains. The reply was not tenable as the food grains were recorded as issued to the suppliers towards the cost of above materials in the stock registers.

94.86 MT of food grains worth Rs 10.72 lakh was misutilised on purchase of cement, road metal etc.

²³ Nabarangpur and Kandhamal.

²⁴ Sundargarh, Tangi, Badasahi, Betnoti, Baripada, Salepur and Rajgangpur.

²⁵ Kuchilakhunta of Barasahi PS of Mayurbhanj district-AAP for 2003-05.

²⁶ Executive Engineers, MI Division, Baripada: 60.4125 MT and Irrigation Division, Baripada: 34.45 MT.

3.1.4.2 Doubtful utilisation of food grains

In following cases, utilisation of 588.36 MT of food grains valued at Rs 53.20 lakh was doubtful:

Utilisation of 588.36 MT of food grains valued at Rs 53.20 lakh was doubtful

- In 27 cases involving five PS²⁷, 124.07 MT of food grains valued at Rs 7.01 lakh (at BPL rate) were shown as distributed to 3794 labourers for 22762 man days in excess of requirement as per PWD analysis of rates.
- In 42 cases in 2 PS²⁸, documentary evidence/muster rolls in support of utilisation of 353.29 MT (valued at Rs 39.92 lakh at cost price) of food grains were not submitted by officials departmentally executing the works.
- In 21 cases in three districts (Sundargarh, Khurda and Kandhamal), 111 MT of food grains valued at Rs 6.27 lakh (at BPL rate) were issued to the concerned executants much after completion of these works (3 to 97 days after check measurement).

3.1.4.3 Irregular issue of subsidised rice to contractors

Test check of records of seven irrigation divisions²⁹ under Water Resources Department revealed the following:

- The EEs issued 47502 MT of rice to the contractors long after completion of works executed through 9152 agreements between 2002-03 and 2003-04. The delay in issue of rice ranged from one month to 21 months after the completion of work.
- Although the EEs prepared muster rolls under thumb impression of labourers for distribution of rice, veracity of actual distribution of rice to labourers was not beyond doubt since the labourers would not have waited at the sites for one month to 21 months after the works had been completed.
- The EEs could not show any record to prove that local representatives were present at the time of distribution of the rice to the labourers as stipulated under the scheme.

Thus, the chances of reaching the benefits of the subsidy of Rs 29.21 crore provided by GOI to intended beneficiaries are very remote due to issue of rice long after completion of work and absence of any representative at the time of distribution. Since the amount is large, the matter needs further investigation.

Government accepting the delay in issue of rice stated (July 2006) that the objective was however, achieved since the rice was issued to the labourers through muster rolls. This was not convincing as the labourers were not expected to wait at he site for months to receive the rice.

3.1.4.4 Shortage and misappropriation/non-accountal of food grains

In nine cases detailed in *Appendix-3.1*, misappropriation/short accountal/less carry over of balance of 105.88 MT of food grains (cost Rs 11.96 lakh at FCI rate) were detected in Audit. Non-execution of work despite receipt of 26.50

Improper management of food grains led to shortage/ misappropriation of 576.12 MT of food grains worth Rs 65.10 lakh

²⁷ Thakurmunda, Morada, Badasahi , Nabarangpur and Daringibadi.

²⁸ Phiringia and Daringibadi.

²⁹ Drainage Division, Bhubaneswar, Drainage Division, Chandikhole, Chikiti Irrigation Divisioin, Puri Irrigation Division, Boudh Irrigation Division, Sambalpur Irrigation Division, Jaraka Irrigation Division.

MT of food grains (worth Rs 3 lakh) since May 2004 was also noticed in Audit.

Further, in 19 cases detailed in **Appendix-3.2**, 443.74 MT of food grains were found short on physical verification of stock by the department/Vigilance during 2002-06. Except filing of FIR with the Police in one case, no further action was taken by the three DRDAs³⁰, for recovery of the cost (Rs 50.14 lakh at Rs 11300 per MT paid to FCI) as of July 2006.

3.1.4.5 Misutilisation of food grains released under SGRY (Special Component)

Food grains released under Special Component of the scheme were to be utilised in rural areas hit by natural calamity as notified by the State Government to ensure food security through additional wage employment. The sanction order stipulated maintaining labour and material ratio of 70:30 in the work component.

- To provide employment to the rural poor of 16 villages under eight GPs of four PS³¹ of Nabarangpur district affected by flood (September 2003), 2292 MT of rice was provided under Special Component of the scheme during October 2003 in favour of DRDA, Nabarangpur. However, only 200 MT were utilised in these eight flood-affected GPs³². The remaining 2092 MT of rice was utilised in other GPs of the district not affected by natural calamity on construction of cement concrete (CC) roads and other works (not labour intensive). The norm of 70:30 in labour to material component was also not met. Besides, food security to calamity affected rural poor was also not ensured. This led to diversion of food grains (valued Rs 1.18 crore) released under special component of the scheme.
- Further, food grains (3438 MT) worth Rs 1.94 crore was allocated (October 2003) for utilisation in 112 flood affected notified villages of six PS³³ of Mayurbhanj district. The entire food grains were utilised on construction of CC roads which were not labour intensive and the labour component ranged from 17 to 38 *per cent* against the minimum requirement of 70 *per cent*.
- Out of 8428 MT of rice released for Kandhamal district under Special Component (Flood 2003), 2800 MT (worth Rs 1.58 crore) were released to an NGO named CARE INDIA; the status and manner of utilisation of which was not available.

3.1.5 Execution of SGRY works

3.1.5.1 Irregular engagement of contractors

The scheme prohibited engagement of contractors for execution of works and stipulated that these would be executed departmentally only. The scheme permitted utilisation of one person from amongst the labourers working on the project as labour leader/ animator / facilitator for preparation of muster rolls,

2092 MT of food grains worth Rs 1.18 crore released under 'Special component' were utilised in non-calamity affected areas

3438 MT of food grains worth Rs 1.94 crore meant for utilisation for 'Special component' were utilised on non-labour intensive works

Irregular execution of 4318 works at Rs 40.08 crore through contractors

³⁰ Mayurbhanj, Sundargarh and Nayagarh.

³¹ Nabarangpur, Nandahandi, Tentulikhunti and Kesagumuda.

³² Badamosigam, Pujariguda, Sindhiguda, B. Maliguda, Monchagam, Ukiapalli, Binjili and K. Samala.

³³ Samakhunta, Rasagovindpur, Betonati, Udala, G.B.Nagar and Badasahi.

payment of wages and ensuring quality of works. The leader was entitled to wages at the rate applicable to a skilled worker.

Though the State Government repeatedly reiterated these provisions yet instructed (January 1999/September 2004) for issue of work orders on the VLLs with copy to the Supervising officers.

Contrary to the Guidelines, contractors were engaged in 15 PS³⁴ in the guise of VLL for execution of 3191 works at Rs 29.46 crore (including cost of food grains) during 2001-06. These contractors in the name of VLL executed agreements, procured materials/road metal and paid cash component of wages out of their own resources and were paid work bills on item wise estimated rates. In 62 cases the VLLs were not found to be the beneficiaries working in the projects as per the muster rolls but it was noticed that they had executed works at a cost of Rs 1.11 crore.

The scheme provided that all the works under the programme were to be executed departmentally. The procedure for departmental execution of work as outlined in OPWD³⁵ Code provided for maintenance of site stock accounts, timely submission of vouchers and muster rolls in support of purchase/ utilisation of materials and payment of wages.

In four PS³⁶, 1127 works were shown as executed departmentally during 2001-06 at Rs 10.62 crore through block officials. No advance was availed by these officials for purchase of materials and payment of cash component of wages. Vouchers in support of purchase of materials were neither submitted nor site stock accounts maintained. Final payments were released to them through account payee cheques on item-wise estimated rates. In 44 cases in two PS³⁷, even muster rolls were not submitted. It was also noticed that work orders were issued on the VLLs. The concerned Block Development Officers also admitted that materials were purchased and cash component of wages were paid by the VLL out of their own source. Beneficiary interview also confirmed execution of these works by VLLs. Thus, those works were also executed through contractors in the name of departmental execution.

3.1.5.2 Other Irregularities in execution of works under the programme

Besides the above, inadmissible expenditure on repair and maintenance of assets beyond the permissible limit (Rs 5.78 crore), irregular utilisation of GP share in construction of GP Building/ meeting hall/godowns instead of meeting the same from PS/ZP share (Rs 4.06 crore), irregular execution of prohibited works (Rs 1.70 crore), unfruitful expenditure on projects lying incomplete for period ranging between one to four years (Rs 1.42 crore), extra expenditure on construction of cement concrete roads with higher specifications (Rs 98.74 lakh), inadmissible expenditure on free distribution of seedlings (Rs 88.55 lakh), payment of honorarium to cooks and helpers of Mid Day Meals



Prohibited work-Arch gate of mini stadium of Badabharandi GP, Umerkote PS

Rs 14.70 crore were spent on works not permissible under the scheme etc. and there was unfruitful expenditure of Rs 1.42 crore on incomplete projects

³⁴ Papadahandi, Badasahi, Morada, Bangiriposi, Thakurmunda, Daringibadi, Phiringia, Khurda, Tangi, Rajgangpur, Sundargarh, Lathikata, Kutra, Khandapada and Nuagaon.

³⁵ Orissa Public Works Department Code (Appendix-XXXIII of Volume-II).

³⁶ Nabarangpur, Umerkote, Daringibadi and Phiringia.

³⁷ Phiringia and Daringibadi.

programme and Jalachhatra (Rs 42.75 lakh), creation of non-durable assets (Rs 27.99 lakh), irregular payment towards cost of cement whose utilisation was doubtful (Rs 36.94 lakh), issue of cement after completion of masonry work, doubtful execution and excess payment to VLL/contractors (Rs 13.85 lakh), and creation of an asset lasting for few months (Rs 6.99 lakh) were also noticed, details of which are furnished at *Appendix-3.3*.

3.1.5.3 Inadmissible expenditure under individual beneficiary oriented programme for SCs and STs

The scheme provided that 22.5 per cent of the annual allocation of ZP / DRDA and PS share was to be spent on individual beneficiary schemes for SCs and STs below the poverty line. Diversion of such funds to other works was not permissible. This earmarked funds was to be exclusively utilised on creation of economic assets for individual beneficiaries for their sustainable employment and income generation. Review of utilisation of this earmarked funds and creation of assets revealed irregular expenditure of Rs 7.37 crore on construction of market sheds without identification/involvement of beneficiaries leading to unfruitful expenditure of Rs 1.61 crore on 403 idle market sheds, misutilisation of funds earmarked for individual/group beneficiary programme for SC/STs (Rs 2.50 crore) and irregular distribution of scheme funds on inadmissible items (Rs 89.64 lakh) as detailed in *Appendix-3.4*.



An idle market complex at Saraguda of Dabugaon PS, Nabarangpur district

Rs 10.77 crore was irregularly spent on inadmissible items and idle market sheds etc

3.1.5.4 Absence of transparency

- In seven PS³⁸, Works Registers did not indicate the estimated cost, expenditure incurred, food grains utilised, dates of commencement and completion, man days generated.
- Asset Register was not maintained by any of the test checked eight DRDAs and 30 PS (excepting Papadahandi) as required under the scheme. Neither the Employment Register was maintained in these offices.
- In none of the works executed both at PS and GP level, photographic records before start, during execution and after completion, were maintained by 30 PS test checked (except Nabarangpur PS).

Thus, transparency in execution of the works under the programme could not be ensured.

3.1.5.5 Training

Though the scheme permitted earmarking of rupees one lakh per year per DRDA for imparting training to official and non-officials of GPs but four DRDAs³⁹ did neither make any such allocation of funds for training nor imparted any training on SGRY to officials and non-officials of GPs during 2001-06.

³⁸ Barasahi, Bangiriposi, Kutra, Sundargarh, Rajgangpur, Lathikata and Bargaon.

³⁹ Cuttack, Kandhamal, Mayurbhanj and Nabarangpur.

3.1.5.6 *Deviation from primary objectives / basic parameters of the scheme-approach shift “BAZAR, SADAK, PANI”*

The Government made an approach shift in implementation of the programme under “BAZAR, SADAK, PANI” and instructed (April / November 2003) all Panchyati Raj Institutions (PRIs) for construction of cement concrete roads, market complexes at district, PS and GP level utilising 40 *per cent* of scheme funds towards construction of all weather quality roads including concrete roads, 15 *per cent* on market complexes and 10 *per cent* on construction of water bodies. Utilisation of balance 35 *per cent* was left to the discretion of the PRIs. During 2003-06, Rs 548.43 crore were spent on construction / improvement of roads (5674 Km) and market complexes in the State. All test checked 30 PS, following the above directions, constructed cement concrete / metal roads and market complexes utilising 80 to 90 percent of SGRY funds (except funds earmarked for Individual beneficiary programme for SC/STs). It was noticed that the labour component of these works as per PWD analysis of rates ranged from 17 to 25 *per cent* and as per muster rolls from 18 to 37 *per cent*. Since the works under taken were not labour intensive and 63 to 82 *per cent* of scheme funds were spent on material component, generation of additional wage employment in rural areas was severely affected and the employment generation did not commensurate the resources employed under the scheme. Thus, there was serious departure from the basic objective of the scheme.

3.1.6 *Irregularities in maintenance of Muster Rolls and payment of wages*

3.1.6.1 The scheme Guidelines emphasised on proper maintenance of Nominal Muster Rolls (NMR) recording name, address of SC / ST/ Women and others who have been provided with employment, the duration of employment, wages paid and dates of disbursement of wages / food grains and these were regarded as the basic records in support of payment of wages to the labourers. The provisions of OPWD Code regarding maintenance of muster rolls were also to be followed. The scheme further provided for payment of wages partly in food grains (minimum 5 kgs per day up to October 2005 and 3 kgs there after) and partly in cash (minimum 25 *per cent* of wages).

Test check, however, revealed that the NMRs did not record duration of engagement, dates of disbursement of wages, gender and category of workers (ST / SC) employed. Delay in payment of wages ranged from 22 days to 8 months in 119 cases. Doubtful muster rolls were also noticed due to payment of wages without obtaining acknowledgement of labourers or non-attestation of thumb impressions of labourers. In 175 cases payment of wages was made entirely in cash, in 99 cases entirely in food grains and in 120 cases, cash component paid were below 25 *per cent* of the payable amount etc. in deviation of the scheme guidelines. Payment of wages in these cases worked out to Rs 4.67 crore. Details of these irregularities are illustrated in *Appendix-3.5*. In addition, there was under payment of wages of Rs 0.56 lakh in 36 cases to 3627 labourers for 21992 man days.

Irregular maintenance of muster rolls in support of payment of wages for Rs 4.67crore by the test checked PS

3.1.6.2 Doubtful muster rolls

In four cases in two PS (Dhenkanal and Gondia), same 85 labourers were shown engaged for 780 man days in the same works twice during the same period and the payment of wages (Rs 0.46 lakh) through these muster rolls was thus fictitious. In one case (Kohi GP under Morada PS), 41 labourers for 287 man days were shown as engaged beyond the date of completion / check measurement of the works and so the entire NMR (Rs 0.14 lakh) was doubtful. In 74 cases in seven PS⁴⁰, no muster rolls were maintained despite issue of 409.10 MT of food grains and payment of Rs 76.23 lakh to the executants. In three cases, wages disbursed to 198 labourers for 1186 man days were not indicated in the muster rolls despite obtaining LTIs / acknowledgement which indicated obtaining of signature / acknowledgement on blank NMR forms. In three cases, Rs 7.45 lakh and 37.50 MT of rice were shown as disbursed to 1298 labourers without indicating the dates of attendance, name and address despite obtaining acknowledgements. In 41 cases, the ASCO, Nabarangpur paid Rs 0.92 lakh and 5.85 MT of food grains to team leaders.

These deficiencies occurred due to lack of proper supervision. The National Human Rights Commission reported (2005) cases of gender discrimination and under payment of wages to the labourers. Interview of 600 beneficiaries (labourers) by audit revealed that 54 of them were paid wages at lower than the minimum wage fixed by the State Government. Delayed payment of wages and under payment of wages were confirmed by the District Labour Officer, Nabarangpur, Mayurbhanj and irregularities in maintenance of NMR were also highlighted in the Survey reports (Public Expenditure Tracking Survey) of the World Bank (April 2006).

3.1.7 Reporting of employment generation

The information furnished by the State Government revealed that 2808.52 lakh man days were generated under the scheme during the period 2001-06 incurring an expenditure of Rs 2562.23 crore (inclusive of cost of 12.80 lakh MT of food grains).

Test check of Monthly and Annual Progress Report submitted by three DRDAs (Mayurbhanj, Sundargarh and Kandhamal) revealed that the man days generation was worked out arithmetically⁴¹ on the basis of expenditure alone. The man days generation reported by PS and GPs were not based on any recorded evidence as employment register was not maintained in any of the test-checked PS/DRDA and even the copies of monthly progress reports submitted to DRDAs were not available in the PS / GPs. Thus, the figures on man days generation reported by DRDAs did not represent the actual generation of employment based on the actual records in the field.

3.1.8 Monitoring

The GOI instructed (November 2004) that meeting of the Vigilance and Monitoring Committee (VMC) at State and district level were to be conducted at least once in every quarter. It was noticed that during 2001-06 the District

Man days generated were arithmetically calculated based on expenditure incurred and the same were not reliable as Employment Registers were not maintained

⁴⁰ Kaptipada, Morada, Thakurmunda, Tangi, Baliana, Phiringia and Daringibadi.

⁴¹ 60 per cent of (Total expenditure incurred and cost of food grains utilised during the year)/ minimum wage of unskilled worker.

VMC of three districts⁴² met three to seven times against the minimum requirement of 20 such meetings. Vigilance and Monitoring Committees at the village level were not formed at all in respect of works executed during 2004-06 despite stipulation in the scheme.

The scheme required preparation of schedule of inspections for State/ district level and PS officers for monitoring the execution of projects and overall implementation of the scheme through visits to work sites. The position regarding preparation of schedule of inspections and visit of work sites by State level officers was not made available to audit. The BDOs of the test checked PS also failed to prepare the required schedule of inspections.

Consequently, interim corrective measures which ought to have been taken on deficient implementation of the scheme/execution of various projects remained unnoticed by the senior management indicating a serious failure in functioning of internal control and monitoring mechanism.

3.1.8.1 E-monitoring

To achieve better governance and monitoring of all activities of Panchayati Raj Institutions (PRIs), two e-Governance projects viz: 'Priasoft' for monitoring of accounts of the three tier PRIs and 'Rural Soft' for citizen centric information of projects for monitoring of projects of the poverty alleviation programmes were introduced by the Government in November 2003. A comprehensive citizen service portal-PR Online was also hosted by the State.

Test check of e-monitoring of Kandhamal district and records of two PS (Daringibadi and Phiringia) revealed that data input validation check were absent for which mandays generation in respect of 29 completed projects were indicated as zero. Date of completion was not indicated in 15 cases and in 8 cases man days differed from the figures appearing in Muster Rolls. In Daringibadi PS, man days generated were indicated as zero in nine works under progress despite spending Rs 19.99 lakh. Works completed during May 2004 to February 2006 either not included or shown as under progress (July 2006).

Thus, the data available in the website were either incorrect or not updated and therefore the purpose of achieving better monitoring and governance as well as transparency through e-Governance was defeated.

3.1.9 Follow up of error signals

Irregularities like diversion of funds, meeting transportation cost of food grains out of scheme funds, parking of funds in PL account, misutilisation of funds earmarked for SC/STs individual beneficiary programme, improper management of food grains, execution of inadmissible works etc were pointed out in audit (2003-04 to 2005-06) through Inspection Reports but the irregularities still persisted. Public Expenditure Tracking Survey (PETS) of the scheme conducted by the World Bank also highlighted (April 2006) the irregularities of extensive engagement of contractors, non-preparation of AAP in time, non-maintenance of Employment Register, Muster Rolls with ghost

⁴² Nabarangpur (3), Mayurbhanj (3) and Kandhamal (7).

workers and ghost days etc. The Government did not yet initiate follow up action on those error signals.

3.1.10 Conclusion

Government did not adhere to scheme guidelines prescribed for financial and food grains management leading to curtailment of central assistance, misutilisation of scheme funds, shortage and pilferage of food grains. There was deficiency in planning due to exclusion of forest villages, non-preparation of AAPs in time and non-inclusion of works in AAP in order of priority. Execution of inadmissible works and engagement of contractors in the name of VLLs were widespread. Non maintenance of the assets register and employment register was a regular feature with all the implementing agencies. Serious lapses persisted in maintenance of muster rolls. As basic records, they hardly provided any assurance on transparency and reliability as the information revealed inaccuracies and tampering. Due to execution of a large number of material intensive works instead of labour intensive ones, generation of additional wage employment in rural areas was severely affected and employment generation was not commensurate with the resources employed.

Recommendations

- Approval of AAPs in General Bodies of ZP/PS should be ensured before the beginning of the financial year.
- Engagement of contractors in the name of VLLs and diversion of funds to other programmes should be avoided to ensure that scheme funds are used for employment generation.
- Muster rolls may be treated as cash vouchers instead of treating them as a formal record for issue of food grains and suitable mechanism may be devised for their proper maintenance;
- Only income generating assets for sustainable employment generation may be created under the scheme.
- Streamline the accounting of receipt, issue and utilisation of food grains and responsibility may be fixed wherever there is any shortage, pilferages etc;
- Ensure regular and timely updating of database in Rural soft / Priasoft.
- While implementing NREGS, effective measures to overcome deficiencies pointed out in implementation of the scheme may be ensured.

During discussion, the Commissioner-cum-Secretary assured (September 2006) that suitable follow up action on the audit observations would be taken to rectify the deficiencies.

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.2 Integrated Child Development Services Scheme

Highlights

The “Integrated Child Development Services (ICDS) Scheme” is a Central Plan scheme meant for delivery of health services, nutrition and education to children in the age group of 0-6 years and expectant and lactating mothers. The implementation of the scheme in the State for the period 2001-06 suffered from several deficiencies such as inadequate planning, loss of central assistance due to low spending, non-operation of required number of Anganwadi Centres (AWCs), large scale vacancies in the posts of ICDS functionaries, lack of proper accommodation and basic amenities in AWCs. Besides, nutritional support could not be provided to all eligible beneficiaries due to inadequate budget provision. The prevalence of severe malnourishment among children persisted at around five per cent throughout the period during 2001-06 despite intervention through different packages of the scheme.

❖ **Against the budget provision of Rs 607.03 crore for the period 2001-06 under the Central Plan, savings amounted to Rs 132.16 crore. Failure in utilising these GOI funds led to loss of central assistance of Rs 35.48 crore during the period.**

(Paragraph 3.2.7.1)

❖ **Out of the budget provision of Rs 337.23 crore for the Supplementary Nutrition Programme (SNP) under State Plan during 2001-06, the savings amounted to Rs 90.57 crore. The annual savings ranged from one to 43 per cent.**

(Paragraph 3.2.7.5)

❖ **Against the requirement of 40297 AWCs, 37480 AWCs were sanctioned for the State. However, only 34201 AWCs were actually functioning and of these drinking water facilities were not available in 21847 AWCs (64 per cent) and toilet facilities were almost non-existent in any of the AWCs**

(Paragraphs 3.2.8 and 3.2.8.1)

❖ **Out of an annual average of 33.12 lakh beneficiaries required to be covered under the supplementary nutrition programme, the coverage ranged between 13.60 lakh and 29.06 lakh during 2001-06.**

(Paragraph 3.2.11.1)

❖ **The Infant Mortality Rate (IMR) of the State was 77 as of December 2004 which was much higher than the all India average of 58 and the percentage of severely malnourished children remained around five per cent throughout 2001-06.**

(Paragraphs 3.2.12.1 and 3.2.13.3)

❖ **The State level Coordination Committee required for monitoring and evaluation of the implementation of the scheme was not constituted. Two out of eight districts test checked did not have any District Level Co-ordination Committees to monitor the ICDS activities.**

(Paragraph 3.2.17)

* Abbreviations used in the performance review have been expanded in Glossary of abbreviations at pages 228-234.

3.2.1 Introduction

The “Integrated Child Development Services (ICDS) Scheme” is a Central Plan scheme meant for delivery of services through six packages comprising supplementary nutrition, immunisation, health check-up, referral services, nutrition and health education and non-formal pre-school education of children. The scheme is intended for children of 0-6 years, expectant and lactating mothers of 15-45 years of age and adolescent girls of 11-18 years all belonging to the families of agricultural labourers, marginal farmers and other weaker sections of the society living below poverty line.

The primary objectives of the scheme were to reduce the incidence of mortality, morbidity, malnutrition and school dropout among children; improve the nutritional and health status of children in the age group 0-6 years; and enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutritional and health education.

3.2.2 Organisational set up

The implementation of the scheme was the responsibility of the Women and Child Development Department. At the Department level there was a State Project Management Unit (PMU) headed by the Project Co-coordinator-cum-Joint Secretary, assisted by one Deputy Director-cum-Deputy Secretary and four Assistant Directors-cum-Under Secretaries with other ministerial staff. At the district level, there was district ICDS Cell with a Programme Officer under the supervision of District Social Welfare Officer (DSWO) and at the block level the ICDS Projects were supervised by Child Development Project Officers (CDPOs) with the help of supervisors. The ICDS Package services were delivered through Anganwadi Centres (AWCs) by engaging Anganwadi workers and Anganwadi Helpers on honorarium basis.

3.2.3 Audit Objectives

The performance audit of the implementation of the ICDS scheme was conducted with the following audit objective to assess whether:

- proper planning preceded implementation of the scheme.
- allocation and use of fund were efficient in the context of the scheme objectives.
- required infrastructure were created for the projects for efficient and smooth delivery of quality services;
- staff deployment and skill upgradation was made in consonance with the scheme objectives;
- implementation of various packages of the scheme within the projects was efficient.
- the system of monitoring and evaluation of the programme was in place and effective.

3.2.4 Audit criteria

The implementation of various components and progress made under ICDS scheme was evaluated with reference to the following audit criteria:

- ◆ Budgetary and expenditure control system maintained at Department, district and project levels.
- ◆ Guidelines and instructions issued by Government of India for selection of beneficiaries, opening of AWCs, prescription of norms for SNP and delivery of different packages of services
- ◆ Instructions issued by Government of Orissa pertaining to procurement, quality control, distribution and maintenance of records for supply of nutritious food.
- ◆ Prescribed norms for staffing and skill upgradation.
- ◆ Standards fixed by the National Institute of Public Co-operation and Child Development (NIPCCD) for infrastructure of ICDS Projects and training programmes.
- ◆ Monitoring mechanism instituted by the Government.

3.2.5 Scope of Audit and audit methodology

The implementation of the Integrated Child Development Services (ICDS) Scheme for the period 2001-06 was reviewed (April-July 2006) through test check of records of the Women and Child Development Department of the Government, eight selected DSWOs¹, 33 CDPOs², 318 Anganwadis and three training centres³. The selection of eight DSWOs was made by adopting stratified random sampling method based on population criteria and 33 projects and 318 AWCs functioning under the selected districts were selected on simple random sampling and systematic sampling basis respectively including the projects at district headquarters and the project at Subdega (Sundergarh district) being the first project in the State

Besides scrutiny of records of the selected offices and collection of data, evidences were gathered by conducting interviews with the beneficiaries, physical verification of AWCs and taking photographs etc.

The audit objectives, the audit criteria and the performance indicators were discussed with the Commissioner-cum-Secretary of the Department at the entry level conference held in May 2006. Audit findings and recommendations were also discussed in an exit conference held in August 2006.

¹ Cuttack, Jagatsinghpur, Jharsuguda, Kalahandi, Kandhamal, Puri, Rayagada and Sundergarh.

² (i) Cuttack: Tangi- Choudwar, Tigiria, Cuttack Sadar, Kantapada (ii) Jagatsinghpur : Jagatsinghpur, Biridi, Tirtol, (iii) Jharsuguda : Laikera, Jharsuguda (urban), Jharsuguda (Hq), (iv) Kalahandi : Kesinga, Dharamgarh, M Rampur, Bhawanipatna, Bhawanipatna (urban), (v) Kandhamal: Daringibadi, Khjuripada, Tumudibandha, Phulbani, (vi) Puri: Kakatpur, Gop, Brahmagiri, Puri sadar, (vii) Rayagada : Padampur, Bissamcuttack, Muniguda, Rayagada and (viii) Sundargarh : Lathikota, Bargaon, Nuagaon, Hemagiri, Sundergarh Sadar, Subdega.

³ Anganwadi Training centres (ATC): (i) ATC, Unit II, Baripada, (ii) Home Economic Training Centre, Barpalli, and (iii) Kasturba Gandhi National Memorial Trust, Satyabhamapur, Cuttack.

Audit Findings

3.2.6 Planning

The planning lacked strategy for addressing the core issues of the scheme affecting its implementation

The State Government was responsible for implementation of different packages and providing supplementary nutrition under the ICDS scheme to poor people living in tribal and backward areas and urban slums. Statistical information on low birth weight (LBW), maternity mortality rate (MMR) and institutional delivery and enrolment of children in regular schools after pre-school education were not available with the department. Even the data on infant mortality rate (IMR) of children maintained by the department for last five years ending March 2006 was understated in comparison to the GOI data. Thus, the basic data having a bearing on the planning of the scheme were not available with the Government. Although provision was made in the budget for all the sanctioned posts, planning for filling up large number of vacant posts was not considered. Thus, the planning lacked strategy to address the core issues of the scheme thereby affecting the implementation of the scheme.

3.2.7 Management of funds

While the funding for the supplementary nutrition programme (SNP) was the responsibility of the State Government, the other services were funded out of Government of India (GOI) assistance. Scrutiny of records relating to budget and expenditure control showed large scale savings, curtailment of central assistance etc as discussed below.

3.2.7.1 Budget provision, funds released and expenditure

The budget provision, funds received from the GOI vis-à-vis expenditure incurred towards operational cost of ICDS projects during 2001-06 were as below:

(Rupees in crore)

Year	Budget provision	GOI Assistance received	Expenditure	Savings with reference to Budget Provision (Percentage)
2001-02	97.11	86.76*	69.93	27.18 (28)
2002-03	97.31	86.76	71.01	26.30 (27)
2003-04	148.50	103.87	123.36	25.14 (17)
2004-05	130.33	99.68	108.26	22.07 (17)
2005-06	133.78	106.01	102.31	31.47 (24)
Total	607.03	483.08	474.87	132.16 (22)

*Includes opening balance of Rs 17.94 crore.

It may be seen that there was a saving of Rs 132.16 crore (22 per cent) under central plan scheme which was mainly due to vacancies in 8180 posts of different cadres of ICDS functionaries for which budget provision was made and non-functioning of 3279 AWCs in the State. Besides, GOI assistance of Rs 8.21 crore remained unspent as of March 2006.

Failure in utilizing the GOI funds within the years of receipt led to loss of central assistance of Rs 35.48 crore during 2001-06

As per the norm fixed by the GOI (April 2002), the State Government was eligible for annual assistance of Rs 30.75 lakh per operational ICDS project and an additional Rs 1.10 lakh per project where Kishori Shakti Yojana (KSY) was under implementation. Accordingly, the State Government was eligible for GOI assistance of Rs 500.62 crore for operating 308 to 326 ICDS projects and 112 KSY projects during 2001-06. However, GOI released Rs 465.14 crore during the above period as the State Government failed to utilise the entire GOI assistance received during the years of receipt resulting in curtailment of central assistance of Rs 35.48 crore. During discussion, the Commissioner-cum-Secretary accepted (August 2006) the above audit observations.

3.2.7.2 Retention of unspent funds outside Government account

In 22 out of the 33 test checked ICDS Projects, Rs 20.22 lakh on 11 components pertaining to the period 1991-2006 had remained unspent and mostly kept in savings bank accounts. The major unspent funds related to referral services (Rs 8.96 lakh), Anganwadi contingencies (Rs 4.50 lakh), training of adolescent girls (Rs 1.61 lakh), IMR (Rs 0.37 lakh), Malnutrition (Rs 1.30 lakh) and information, education and communication (Rs 1.15 lakh).

3.2.7.3 Parking of funds under Civil Deposit

Further, it was seen that Rs 4.41 crore meant for monitoring and evaluation mechanism (MEM), pre-school education kits, Kishori Shakti Yojna and information education and communication (IEC) of ICDS scheme was kept by the Directorate under Civil Deposit during 2001-03 till July 2006.

3.2.7.4 Component-wise of expenditure of the GOI funds

The component-wise expenditure of GOI funds during 2001-06 was as below:

(Rupees in lakh)

Unit of expenditure	2001-02	2002-03	2003-04	2004-05	2005-06	Total (Per cent to total Expenditure)
Salary	27.69	27.43	28.49	28.82	31.38	143.81 (30)
Establishment expenditure	3.01	2.83	4.62	3.68	2.44	16.58 (3)
Honorarium of AWC	30.21	31.37	86.40	66.16	65.37	279.51 (59)
Anganwadi contingencies	3.05	1.92	2.04	2.05	2.05	11.11 (2)
MEM	0.63	0.67	0.38	0.68	0.00	2.36 (1)
IEC	0.77	0.81	0.36	0.81	0.01	2.76 (1)
Office contingencies	1.07	0.99	1.07	1.07	1.06	5.26 (1)
Kishori shakti yojana	0.00	1.23	0.00	1.23	0.00	2.46 (1)
Medicine kits	1.91	2.05	0.00	2.05	0.00	6.01 (1)
Pre- school education kits	1.59	1.71	0.00	1.71	0.00	5.01 (1)
Total	69.93	71.01	123.36	108.26	102.31	474.87 (100)

Against the required expenditure of Rs 18.54 crore, only Rs 11.02 crore was spent on pre-school education and medicine kits

Out of the total expenditure of Rs 474.87 crore, benefits of only Rs 11.02 crore (two per cent) spent on pre-school education and medicine kits reached the beneficiaries as direct benefits. However, as per the prescribed norms⁴, the Government should have achieved an expenditure of Rs 18.54 crore. Thus, the scheme failed to create necessary impact by restricting the coverage.

⁴ Pre-school education kits and medicine kits at the rate of Rs 500 and Rs 600 respectively per Anganwadi per annum.

3.2.7.5 Provision of funds and expenditure under Supplementary Nutrition Programme

As stated above, the State Government was responsible for providing supplementary nutrition out of its own resources under minimum needs programme. During 2001-06, the budget provision made by the Government for SNP and expenditure incurred thereof were as under:

Year	Budget provision	Expenditure	Savings (percentage)
2001-02	34.01	19.41	14.60 (43)
2002-03	59.32	34.68	24.64 (42)
2003-04	57.25	48.69	8.56 (15)
2004-05	64.87	64.78	0.09 (1)
2005-06	121.78	79.10	42.68 (35)
Total	337.23	246.66	90.57 (27)

The savings ranging from 35 per cent in 2005-06 to 43 per cent in 2001-02 were due to supply of food stuff to AWCs far below the prescribed norm of 300 feeding days a year. It was noticed that although the State Government was to provide SNP out of its own resources, the expenditure of Rs 246.66 crore under the programme included Rs 190.32 crore out of other GOI funds⁵.

3.2.8 Inadequacy of infrastructure

The scheme envisaged establishment of one Anganwadi Centre (AWC) for 1000 population in a rural/urban project whereas one AWC should be opened with 700 population in a tribal project. The requirement of AWCs on the basis of 2001 census in rural and tribal projects was 34780 against which 36472 AWCs were sanctioned while in urban projects, against the requirement of 5517 AWCs only 1008 were sanctioned. Thus, there was a shortfall of 4509 AWCs (82 per cent) under the urban sector restricting the benefit to the urban population under ICDS scheme. Scrutiny revealed that out of 105 ULBs in the State, only 12 ULBs comprising 23.72 lakh population were being covered by 1008 AWCs, thus overcrowding the AWCs by more than 100 per cent. The remaining 93 ULBs comprising 26.63 lakh populations remained uncovered. Besides, as of March 2006, 3279 AWCs remained non-functional owing to non-posting of required staff.

The Under Secretary to Government stated (August 2006) that proposals for opening of 6880 additional AWCs were sent (January 2005 and March 2006) to the GOI approval of which was yet to be received.

3.2.8.1 Inadequate infrastructure facilities at Anganwadi Centres

In order to maintain efficient and smooth delivery of quality services, the Anganwadi Centres, should fulfill minimum requirement of (i) adequate space for services with no health hazard to children (ii) space for storage, cooking and washing facilities (iii) adequate ventilation, drainage and availability of toilet and drinking water facilities.

Out of 37480 sanctioned AWCs against the requirement of 40297, only 34201 AWCs were actually functioning and 3279 AWCs remained non operational

⁵ Prime Ministers Gramodaya Yojana : Rs 104.31 crore, Revised Long Term Action Plan for KBK districts : Rs.49.31 crore and Centrally Sponsored Plan for SNP : Rs.36.70 crore.

21487 (62 per cent) AWCs were functioning in places other than the departmental buildings and in rented houses

From the data furnished by the Government on availability of infrastructure with the AWCs, it was noticed that out of 34201 operational AWCs, 18307 (53 per cent) AWCs were functioning in places other than the departmental buildings and 3180 (nine per cent) were functioning in rented houses. Drinking water facilities were available only in 12354 AWCs (36 per cent) and toilets functioned only in 357 AWCs (one per cent of the operational AWCs).

Test check of records in 33 ICDS projects revealed that 1201(37 per cent) out of 3208 AWCs were functioning in schools, club houses and other places. Even 29 AWCs of the above were operating in verandahs of private houses while 10 AWCs were functioning in open places. It was also noticed that five AWCs in two ICDS projects were functioning in dilapidated and unsafe buildings. One AWC (Jamudarah AWC) under Nuagaon project (Sundargarh district) had been left incomplete since 2000.



Photograph showing unsafe Anaganwadi Centre at Tunapahad



Photograph showing Anaganwadi Centre at Jamudarah lying incomplete since 2000

3.2.8.2 Construction of buildings and installation of hand pumps for AWCs

Under the World Bank Assisted ICDS Project-III Scheme in operation during October 2002 to March 2006, the GOI released Rs 24.30 crore (2003-05) for construction of 1798 AWC buildings and installation of 1863 hand pumps. Of the above, the State Government placed Rs 21.62 crore with DRDAs for construction of AWCs buildings (Rs 16.29 crore) and installation of hand pumps (Rs 5.33 crore). The remaining Rs 2.68 crore remained unspent with the State Government though the project period was over by March 2006.

The State Government reported (April 2006) to the GOI that Rs 21.62 crore were utilised and the construction of AWCs and installation of hand pumps were completed. However, check of records in five test checked districts showed that installations of 273 hand pumps out of 361⁶ sanctioned and all the 453 sanctioned AWC buildings⁷ on which expenditure of Rs 5.33 crore⁸ had been incurred from GOI assistance were not completed and handed over for use as of July 2006. More over, as per the scheme, 75 per cent of the unit cost

⁶ Cuttack: 125 (completed: 78), Jagatsinghpur: 130, Jharsuguda: 15 (completed: 10), Puri: 86 and Sundargarh: 5.

⁷ Cuttack: 160, Jagatsinghpur: 136, Jharsuguda: 35, Puri: 93 and Sundargarh: 29.

⁸ Cost of 273 hand pumps at the rate of Rs 40000 each and 453 AWC buildings at the rate of Rs 93750 each.

(Rs 1.25 lakh) of the building was to be met from the GOI assistance and the remaining 25 per cent was to be borne by the State Government; but information on release of 25 per cent of state share though called for was not received (September 2006).

3.2.9 Staff deployment

The sanctioned strength and staff in position under the scheme as of March 2006 was as below:

Sl. No.	Category of post	Number of posts sanctioned	Staff in position	Vacancy	Percentage of vacancy
1.	CDPOs	326	231	95	29.14
2.	Supervisors	1742	1055	687	39.44
3.	Anganwadi Workers	37480	33554	3926*	10.47
4.	Anganwadi Helpers	37480	34008	3472*	9.26

* Includes newly sanctioned posts

Large scale vacancies in different cadres affected the efficient management of ICDS activities

Thus, the large scale vacancies in different cadres affected the efficient management of ICDS activities. Although the vacancy at grass root level was around 10 per cent, larger vacancies in the middle level functionaries such as Supervisors (687) and CDPOs (95) led to lack of direction in and supervision of delivery of services.

Test check of 33 projects revealed that four⁹ projects were running without CDPOs for two to five years as of June 2006. One ICDS project (Gop) was functioning without any supervisor against total strength of six for the project.

The Under Secretary to Government attributed non-filling up of vacant posts to issue of a stay order by the Orissa High Court in May 2001 which was vacated recently and the vacancies would be filled up shortly.

3.2.10 Training of the core functionaries

UDISHA meaning 'the first rays of the new dawn', is the World Bank Assisted National Training Programme for quality improvement in the training of ICDS functionaries as the 'care givers'. Under the scheme, all the core functionaries were to be imparted training in job courses and refresher courses in 26 Anganwadi Training Centres (AWTCs) and two middle level training centres (MLTC) in the State. Test check revealed shortfall in training of ICDS functionaries and non-utilisation of optimum capacity of training centres as discussed in succeeding paragraphs.

3.2.10.1 Shortfall in training of ICDS functionaries

The position regarding the staff in different cadres required to be trained vis-à-vis persons actually trained under UDISHA Training Programme from the inception of the scheme (April 1999 to March 2006) was as below:

Name of the cadre	Persons to be trained	Training in job course			Training in refresher course		
		Completed	Shortfall in training	Percentage of shortfall	Completed	Shortfall in training	Percentage of shortfall
CDPOs	275	47	228	83	19	256	93
Supervisors	1028	129	899	87	489	539	52
Anganwadi Workers	33527	14091	19436	58	18299	15228	45

⁹ (1) .Puri since 2004-05 (two years), (2) Padampur since 2001-02 (four years), (3) Hemgiri since 2002-03 (three years) and (4).Tumudibandha since 2001-02 (two years).

The capacities of four test checked Government-run Home Economic Training Centres at Barpalli were under-utilised by 57 to 75 per cent of the training days during 2001-06

It may be seen that training in job courses and refresher courses could not be imparted to 228 and 256 CDPOs respectively. Similarly, out of 1028 Supervisors in position, job course training to 899 and refresher course training to 539 could not be imparted. Anganwadi workers numbering 19436 (58 per cent) were not trained under basic job course training meant for them.

The capacity of four test checked Government run Home Economic Training Centres (HETC)¹⁰ at Barpalli were not utilised optimally. Assuming that 1400 training days were available during 2001-06 at the rate of 280 days annually, the utilisation of capacity of these HETCs during 2001-06 was between 343 (25 per cent) to 599 days (43 per cent). Further, it was seen that out of 4250 trainees nominated during the above period for job course and refreshers course, 1300 (31 per cent) trainees did not turn up for training as they were not relieved for the purpose by the CDPOs.

Another training centre (Anganwadi Training Centre-II, Baripada) did not conduct any training programme for 11 months during the period March 2003 to August 2005 since no training programme was sponsored by the Government. During this period, a sum of Rs 2.15 lakh was spent towards honorarium of teaching staff of the centre.

The shortfall in training was due to Government's failure to prepare annual training calendar setting out the target for training requirements and utilisation of infrastructure for the training centres. Thus, lack of proper planning led to non-utilisation of the optimum capacity of the training centres.

3.2.11 Implementation of Supplementary Nutrition Programme

The Supplementary Nutrition Programme (SNP) is a food based intervention under the ICDS scheme aimed at improving the health and nutritional status of children in the age group of 0 to 6 years and expectant and lactating mothers. Food is to be provided to the beneficiaries in the AWCs to supplement the nutritional intake for 300 days in a year.

3.2.11.1 Shortfall in coverage of beneficiaries under SNP

On a conservative estimate based on the census 2001¹¹ and data available from HFW Department, there were 53.59 lakh children in the age group of 0-6 years and on an average 15.77 lakh expectant and nursing mothers in the State, who were to be identified annually during 2001-06 under different packages of the scheme. According to the norms of the scheme, 40 per cent of the identified beneficiaries from rural and urban projects and 75 per cent from tribal projects were required to be covered under the SNP. As such, on an average, 33.12 lakh beneficiaries (children: 25.59 lakh and expectant/nursing mothers: 7.53 lakh) were to be covered annually under the programme. However, only 13.60 lakh (2002-03) to 29.06 lakh (2005-06) beneficiaries were covered annually during 2001-06. The aggregate of beneficiaries covered was 108.62 lakh¹² as against 165.60 beneficiaries required to be covered

¹⁰ HETC, Unit-I: 599 days, Unit II: 463 days, Unit III: 394 days and Unit IV: 343 days.

¹¹ The total population of the State as per 2001 census was 368.04 lakh out of which tribal population consisted 81.45 lakh (22.13 per cent). Applying the above ratio, the tribal children works out to 11.86 lakh and urban/rural children to 41.73 lakh aggregating to 53.59 lakh children. Similarly, applying the same ratio, the expectant and lactating mothers (tribal) works out to 3.49 lakh and rural/urban to 12.28 lakh aggregating to 15.77 lakh.

¹² 2001-02: 15.64 lakh, 2002-03: 13.60 lakh, 2003-04: 22.56 lakh, 2004-05: 27.76 lakh and 2005-06: 29.06 lakh.

during the period resulting in shortfall of 56.98 lakh (34 per cent). Non-coverage of beneficiaries were mainly due to non-sanction of projects in 93 Urban Local Bodies (ULBs) and non-operation of required number of AWCs including 3279 AWCs sanctioned in August 2005 in tribal and rural projects.

During discussion (August 2006), the Commissioner-cum-Secretary of the WCD Department stated that the coverage of beneficiaries under SNP as per the ICDS norms had been geared up (August 2004) on the directives (April 2004) of the Supreme Court of India

3.2.11.2 Non-adherence to norms in coverage of beneficiaries in Anganwadi Centres

Test check of records of 1383 AWCs of 14 tribal projects and 1619 AWCs of 17 rural projects revealed that there was shortfall in coverage of 0.59 lakh beneficiaries (average 9 per cent) in tribal AWCs whereas there was excess coverage of 1.81 lakh (average 33 per cent) beneficiaries under rural AWCs during 2001-06 as below:

(Numbers in lakh)

Year	Total number of identified beneficiaries		Total number of beneficiaries required to be covered		Number of beneficiaries actually covered		Shortfall(-)/ Excess (+) in coverage (percentage in bracket)	
	Tribal	Rural	Tribal	Rural	Tribal	Rural	Tribal	Rural
2001-02	1.68	2.64	1.26	1.06	1.18	1.33	(-) 0.08 (6)	(+) 0.27 (26)
2002-03	1.66	2.79	1.24	1.12	0.91	1.65	(-) 0.33 (27)	(+) 0.53 (48)
2003-04	1.66	2.80	1.24	1.12	1.13	1.45	(-) 0.11 (9)	(+) 0.33 (29)
2004-05	1.70	2.73	1.27	1.09	1.18	1.43	(-) 0.09 (7)	(+)0.34 (31)
2005-06	1.67	2.71	1.26	1.09	1.28	1.43	(+) 0.02	(+)0.34 (32)
Total	8.37	13.67	6.27	5.48	5.68	7.29	(-) 0.59 (9)	(+) 1.81 (33)

It may be seen that the tribal areas were covered less. This was due to fixing of district-wise targets for coverage of beneficiaries without adherence to the population norms.

3.2.11.3 Coverage of urban projects under the programme

Out of the 12 urban projects in operation in the State, the SNP being an important component of ICDS scheme was not introduced (June 2006) in seven¹³ urban projects since their operation during 1994-96. Besides, 26.63 lakh urban population remained out of nutrition programme due to non-sanction of projects in 93 ULBs.

3.2.11.4 Feeding days

According to the scheme, the supplementary nutrition was to be provided to the beneficiaries in AWCs for 300 days in a year. The Supreme Court also directed the State Governments during 2004 to ensure 300 days feeding to the targeted beneficiaries under the scheme. Test check of records of 3105 AWCs under 31 projects showed that an average of 1239 AWCs (40 per cent) could not be provided feeding up to 200 days in a year during 2001-06 as would be

¹³ Bargarh, Bhawanipatna, Biramitrapur, Brajarajnagar, Jharsuguda, Joda and Sunabeda.

seen from the table below:

Year	Total number of AWCs	Number of AWCs provided feeding for		
		0-100 days	101-200 days	201-300 days
2001-02	3105	378 (12)	1148 (37)	1579 (51)
2002-03	3105	47 (01)	1765 (57)	1293 (42)
2003-04	3105	256 (08)	1680 (54)	1169 (38)
2004-05	3072	10 (0)	450 (15)	2612 (85)
2005-06	3099	1 (0)	463 (15)	2635 (85)
Average AWCs providing feeding days	3097	138 (04)	1101 (36)	1858 (60)

Note: Figures in parenthesis indicate percentage of AWCs

The concerned AWWs and CDPOs attributed the shortfall to inadequate supply of food stuff.

3.2.11.5 Short procurement of food stuff in Anganwadi Centres

The requirement of food stuff as assessed by the eight test checked DSWOs and quantity procured fell short by 24 to 64 per cent during 2001-06 was as below:

Particulars of food stuff	Quantity of food stuff required	Quantity procured	Shortfall	Percentage of shortfall
CSB	2.04	1.47	0.57	28
Rice	1.09	0.83	0.26	24
Wheat	5.90	3.74	2.16	37
Dal	1.26	0.78	0.48	39
Jaggery	1.31	0.48	0.83	64
Total	11.60	7.30	4.30	

The shortfall in procurement was attributed by the DSWOs to non-availability of funds with them. The shortfall in procurement, however affected the nutritional status of the beneficiaries.

3.2.11.6 Delivery of food stuff with reduced nutritional value

The State Government prescribed (November 2001) the ration component of wheat 80 gram, dal 14 gram and jaggery 20 gram containing nutritional value of 400 calories for a single ration under Wheat based SNP programme implemented mostly in 19 non-KBK districts of the State. As per the above norms, 93495 quintals of jaggery was to be supplied against the supply of 373980 quintals of wheat during the period 2001-05. However, only 47682 quintals (51 per cent) of jaggery was supplied resulting in short supply of 45813 quintals (49 per cent). According to the prescribed norm¹⁴ 20 grams of jaggery contains 77 calories. Due to less supply of jaggery, the beneficiaries were provided with 362 calories instead of the prescribed 400 calories.

3.2.11.7 Testing of the food materials

The State Government issued (September 2000) guidelines to all the Collectors for carrying out quality check of food materials particularly in respect of Mung dal and Jaggery. In addition to visual inspection/examination, the testing should be made with hydrochloric acid to ascertain the artificial colour content in dal and washing soda in jaggery. However, testing standards were not prescribed for other food material. Test check of records of the 8 DSWOs revealed that 47682 quintals of jaggery and 77711 quintals of dal

¹⁴ 100 grams jaggery contain 383 kilo calories according to the nutritional value of Indian foods published by the National Institute of Nutrition of Hyderabad.

were supplied to the AWCs without hydrochloric acid test during 2001-06. Similarly, no quality testing in respect of other food materials was also carried out before supply of the same to the AWCs. Thus, the quality of the food materials consumed by the beneficiaries was not ensured.

3.2.12 Immunisation

As per the ICDS guidelines, all children below six years in the project areas were to be immunized against diphtheria, tetanus, whooping cough, tuberculosis, polio and measles. All expectant mothers were also to be immunised against tetanus twice during their pregnancy.

In the test checked 318 AWCs, it was noticed that the shortfall in different doses of immunization to the children ranged from 9 to 18 *per cent* as below:

- Out of 30759 children of 1.5 to 3.5 months, 27856 (91 *per cent*) were given DPT, 27955 (91 *per cent*) polio and 25649 (83 *per cent*) were administered BCG injection.
- Out of 25669 children (9-12 months), 23747 (93 *per cent*) were given measles vaccination.
- Out of 25304 children (18-24 months), 21706 (86 *per cent*) were given DPT booster and 20677 (82 *per cent*) were given polio vaccination.

Thus, all the children were not covered under immunisation.

3.2.12.1 Infant mortality rate (IMR)

The average Infant Mortality Rate (IMR) per thousand births of the State was 86 during 2000-04 which was much higher than the averages of National and neighboring States as given in the table below:

Year	Orissa	All India average	West Bengal	Jharkhand	Andhra Pradesh	Chhatisgarh
2000	95	68	51	70	65	79
2001	90	66	51	62	66	76
2002	87	63	49	51	62	73
2003	83	60	46	51	59	70
2004	77	58	40	49	59	60
Average	86	63	47	57	62	72

Source:- Sample Registration System (SRS bulletin) of the Registrar General of India under Ministry of Health and Family Welfare.

One of the objectives of the IMR mission was to encourage institutional delivery by providing financial assistance in the form of transportation charges (varying between Rs 150 to Rs 200), medicine cost (varying between Rs 200 and 1500). However, the data collected from Director of Family Welfare (DFW), Orissa revealed that only 917576 (33 *per cent*) of institutional deliveries took place against the total delivery of 2783017 registered in the State during 2001-06. Thus, the implementation of the provisions of the Mission was on a low key in the State. Since institutional delivery was considered as primary factor in reduction of IMR, low incidence of institutional delivery was responsible for abatement in infant mortality.

3.2.13 Health check-up

Health check up includes ante-natal care of expectant mothers, post-natal care of nursing mothers and children under six years of age. Records of ante-natal care were to be kept in Ante-natal card. Post-natal visits to the homes of the

mothers were to be made twice within 10 days after delivery. Test check of records of the AWCs revealed poor ante-natal care of the beneficiaries, inadequate and neglected health check up programme etc as discussed in succeeding paragraphs.

3.2.13.1 Poor Ante-natal care

In 178 AWCs under 28 Projects it was noticed that out of 27229 expectant mothers, health check up was not done in case of 3710 at home (14 *per cent*) and 11317 at the ante-natal clinics (42 *per cent*) by the health functionaries of Health and Family Welfare (HFW) Department. The poor performance of ante-natal care of the expectant mothers was mainly due to lack of cooperation of the HFW department.

3.2.13.2 Health check up programme

In 32 ICDS Projects it was noticed from the data furnished to audit for 2001-06 that 2.41 lakh (62 *per cent*) out of 3.87 lakh children, 1.39 lakh (78 *per cent*) out of 1.78 lakh expectant mothers and 1.38 lakh (73 *per cent*) out of 1.88 lakh nursing mothers were covered under health check-up although the scheme envisaged coverage of all beneficiaries. The genuineness of the aforesaid data could not, however, be ascertained in audit since the essential records like ante-natal cards, post-natal cards and Childrens' Health Cards were not maintained at Anganwadi Centres. Similarly, home visits of health workers were also not verifiable due to non-maintenance of such records. Only immunization activities were recorded at AWCs.

From the information made available by 291 AWCs under 31 test checked projects, it was noticed that (i) institutional deliveries were made in 10976 cases (39 *per cent*) out of 28103 delivery cases during 2001-06, (ii) 15263 (54 *per cent*) lactating mothers were not examined by the health functionaries in their home after delivery and (iii) The Medical Officer, Lady Health Visitors and Auxiliary Nursing Midwives (ANM) did not visit 59, 49 and 73 *per cent* of the AWCs respectively during 2001-06.

Information furnished by the Department revealed that on an average, only 8.36 lakh (17 *per cent*) out of 49.59 lakh selected beneficiaries were covered under health check up during 2001-06. Thus, the health check up under the scheme was grossly neglected due to large number of vacancies in the posts of field functionaries and lack of coordination with the health functionaries.

3.2.13.3 Poor improvement in case of malnourished children

The children in the age group of 0-6 years were to be weighed by the AWWs every month to watch the growth of the children and assess the nutritional status grading them under normal, Grade-I (mild), Grade-II (moderate), Grade-III and IV (severely malnourished). Relevant reports incorporating the above information were sent to the higher authority every month.

Data available from the nodal department showed that 58 to 62 *per cent* of children in age group 0-6 years covered under this scheme were mildly malnourished whereas 0.77 to 1.07 *per cent* were severely malnourished during 2001-06. According to the sample survey (2000-01) of the National

Institute of Nutrition, Indian Council of Medical Research, Hyderabad, 4.6 per cent of children (up to 5 years) were found to be severely malnourished. Sample nutritional audit conducted (2005-06) by the department also revealed that there were on an average of 4.5 per cent severely malnourished children. Similarly, the sample survey reports of the State Nutrition Division of HFW Department for the period 2001-06 revealed that there were 201 (5.59 per cent) out of 3594 children were severely malnourished in 18 districts. This indicated that the prevalence of severe malnourishment among children did not decline despite interventions through different packages of the scheme

The failure to check malnutrition among children was attributed by the CDPOs to non-supply of supplementary nutrition for required days and inadequacy in health check up system.

3.2.13.4 Failure to procure medicine kits timely through HFW Department

As an essential input under health check-up programme, each AWC was to be provided every year with a medicine kit costing Rs 600 consisting of easy to use and dispensable medicines for common ailments of children. Test check of records in selected projects and AWCs revealed that such medicine kits were supplied to AWCs only twice during 2001-06. Thus, the Anganwadi workers were not equipped with required medicines regularly for use at the time of need.

3.2.13.5 Purchase and supply of Not of Standard Quality (NSQ) medicine in the medicine kits

The department purchased 31855 medicine kits through the HFW department and supplied (July 2002) the same to the AWCs. The kits among others included “Sulphacitamide Eye Drops (10%)” vials worth Rs 4.33 lakh which were subsequently declared as “Not of Standard Quality (NSQ)”. The department instructed (December 2002/February 2003) all the Collectors to return all the unused medicine to the Deputy Director, State Drug Management Unit, Bhubaneswar. In Cuttack, Jagatsinghpur and Puri districts, it was seen that such NSQ medicine was partly used by the time the instructions were received and the unused medicines were returned. This indicated that the medicine kits were supplied without ensuring the quality of the medicines.

3.2.14 Poor referral services

The scheme provides for expectant mothers and children (0-6 years) requiring specialized treatment to be referred to the upgraded PHCs / Sub-Divisional / District Headquarters Hospitals. The Medical Officer of PHC would refer such cases with referral slip prescribed for the purpose. After completion of treatment, the said hospital would refer back the mother/child to the PHC with a note of treatment given and further follow up treatment. From the data supplied by the department it was noticed that 21.59 lakh beneficiaries were referred for specialised treatment in hospitals by the AWWs during 2001-2006.

The position of referral services availed during 2001-06 by the patients in the test checked 33 projects was as below:

Number of beneficiaries identified for specialized treatment	Number of beneficiaries referred (out of col.1)	Number of beneficiaries availed referral service (out of col.2)	Number of beneficiaries advised for further treatment (out of col.3)	Number of beneficiaries not availed further treatment (out of col.4)
(1)	(2)	(3)	(4)	(5)
69061	52359 (76 per cent)	35657 (68 per cent)	4479 (13 per cent)	1887 (42 per cent)

It may be seen from the above that 35657 (52 per cent) out of 69061 identified patients were only covered under referral service and 42 per cent of the referred patients advised for further treatment discontinued the referral service without going for treatment. However, 1403 women beneficiaries (89 per cent) out of 1720 interviewed by audit in 318 AWCs stated that no referral services were extended to them when needed. The poor performance in referral service was due to reluctance of the beneficiaries to go to PHCs / CHCs as the hospitals were not providing medicines to the referred patients for want of funds. In one project (CDPO, Tumudibandha), four children aged two to four months who were referred (January 2006) to the Sub-Divisional Hospital at Baliguda were not supplied with medicines by the hospital. Thus, due to non-provision of funds by the department under the programme, the service intended for specialized treatment to the beneficiaries was ineffective.

3.2.15 Nutrition and Health Education programme

The objective of Nutrition and Health Education Programme was to make all women particularly nursing and expectant mothers in the age group of 15-45 years aware of the crucial role of nutrition in preventing diseases and maintaining health status of themselves and their children.

Scrutiny of records of 33 test checked projects revealed that the target of holding at least one meeting of mothers in a month and one exhibition/demonstration of cooking and feeding in a year in each Anganwadi Centre (AWC) could not be achieved in most of the AWCs. The shortfall in holding of mothers meeting ranged from 22 to 32 per cent during 2001-06. Similarly, the shortfall in arranging exhibition and demonstration ranged from 88 to 91 per cent during the period. Attendance of mothers in the said meeting was very poor. This indicated that the AWWs failed in generating motivation and awareness about health and nutrition among the women. Further, short course training on health and nutrition education for about 30 women in a village as stipulated in the scheme was not organized by AWCs in the 33 selected projects during 2001-06.

Thus, the objective behind the nutrition and health education programme was not achieved due to inadequate number of mothers' meetings, exhibition and demonstration and non-organisation of short course training on health and nutrition education.

3.2.16 Non-formal Pre-school Education

Children between three and six years of age were to be imparted non-formal pre-school education in AWCs so as to develop learning attitudes, values for emotional and mental preparation before primary education is imparted to them in regular schools.

As per the data maintained by the Department, 51.84 lakh children in the age group of 3 to 6 years were enrolled during 2001-2006 in AWCs for pre-school education of which only 44.99 lakh attended the pre-school during the said period. Thus, 6.86 lakh children (13 *per cent* of enrolment) remained out of pre-school education. In 318 AWCs under the 33 test checked projects, 4387 (23 *per cent*) children could not continue study in regular schools out of 17068 children who completed pre-school education during the period.

As per the scheme, educational play kits worth Rs 500 per Anganwadi are to be provided to all the AWCs every year. However, such kits were provided only twice to the AWCs during 2001-03. As stated by the Government, Rs 1.71 crore was spent for the purpose during 2004-05. However, no play kits were supplied to the AWCs till June 2006.

3.2.17 *Monitoring and evaluation*

As per scheme, the State Government should form a Coordination Committee at State level to facilitate planning, monitoring and evaluation of the projects at the State level. Similarly, the District and Block Level Co-ordination Committee were required to be formed to monitor the implementation of the scheme at their respective levels.

However, the State Level Coordination Committee had not been constituted. The monitoring and evaluation cell at the Government level was not effectively functioning except consolidating reports and returns received from DSWOs/CDPOs of the State. Out of eight districts test checked, two districts (Sundergarh and Cuttack) did not have any District Level Co-ordination Committees. At the project level, it was stated that monthly co-ordination committee meetings were held in some cases and important points discussed but relevant records could not be made available to audit to verify the stated position.

3.2.17.1 *Inadequate visits to AWCs by CDPOs*

As per the duty chart prescribed by the GOI, each CDPO was to visit Anganwadi centres for at least 18 days in a month. In 33 CDPOs revealed that no records of such visits were maintained in the Projects. From the information furnished by 27 CDPOs, it was seen that 15 CDPOs visited the AWCs for less than 100 days which ranged from 3 to 91 days in a year against the annual target of 216 days. In 10 projects, 414 (41 *per cent*) to 489 (48 *per cent*) AWCs out of 1012 AWCs were not visited by the CDPOs at all during 2001-06. Thus, due to shortfall in visit of AWCs by the CDPOs, adequate supervision of their activities could not be ensured and maintenance of required records relating to ante-natal/post-natal care, children's health check up cards, shortfall in organizing health and nutrition education training to women etc was not noticed.

3.2.17.2 *Impact of additional duties entrusted to the Anganwadi workers*

The AWC workers and helpers of the State were originally entrusted with the duties under ICDS scheme only. However, information made available by the test checked CDPOs revealed that the District Collectors very often assigned some additional duties not related to ICDS scheme such as general census, literacy programme, identification of disabled children, survey of tuberculosis, leprosy, AIDs and Malaria patients, revision of electoral rolls and photo

identity cards, survey works of PHCs and formation of self help groups etc. under Mission Shakti. As a result, the focus on core activities of the ICDS scheme was diffused and the quality of service delivery was affected.

3.2.18 Conclusion

The ICDS scheme being implemented in the State failed to achieve the objectives of providing basic services in critical areas like nutrition, health check up and education to pre-school children and expectant and lactating mothers. The planning for implementation of the programme was grossly inadequate. Low spending by the Department led to less receipt of central assistance, which affected the delivery of services on a regular basis. Number of Anganwadi centres in operation fell short in terms of population criteria. Minimum amenities like proper accommodation and basic facilities of safe drinking water, toilets etc. were not available in AWCs. There were large scale vacancies at all levels of the scheme functionaries. Utilisation of capacity of the training centres was poor. Supply of supplementary nutrition was not up to the prescribed standard. Severe malnourishment among children persisted at around five *per cent* throughout the period during 2001-06. The average infant mortality rate per thousand child births of the State during 2000 to 2004 was 86 as against the all India average of 63. Coordination between the WCD and Health and Family Welfare Department was quite conspicuous by its absence and it resulted in ineffective health check up and referral services.

3.2.19 Recommendations

- Government should assess the actual requirement of funds to prepare budgets realistically to avoid savings.
- There is an urgent need to reassess and establish ICDS projects commensurate with the demographic composition of the State from time to time.
- The AWCs should function in proper coordination with the local units of the primary health centres to strengthen the immunisation, health check up and referral services. Funds should be provided for meeting referral services.
- Coverage of beneficiaries under the supplementary nutrition programme should be enhanced and the quality of food should be ensured. Concerted efforts are necessary to enhance coverage in urban areas.
- More efforts are needed in making available pre-school, education kits and medicine kits directly to beneficiaries to increase their motivation and participation.
- The monitoring at Government, district and block levels should be strengthened to cover all aspects of the scheme.

During discussion, the Commissioner-cum-Secretary assured (August 2006) to take suitable remedial measures on audit observations after verifying the facts from the field functionaries of the Department. The reply was, however, not received from the Government (September 2006).

SCHOOL AND MASS EDUCATION DEPARTMENT

3.3 Sarva Shiksha Abhiyan

Highlights

The Sarva Shiksha Abhiyan (SSA), a Centrally Sponsored Plan Scheme was launched in 2001-02 in the State for providing elementary education to all the children in the age group of 6 to 14 years by 2010. Absence of micro planning at cluster, block and district level rendered the planning process ineffective. The expenditure incurred under the scheme was only 34 per cent of the approved annual work plan budgets during 2001-05. The system failed in bringing all the children to school by 2005, as 6.03 lakh children remained out of school (October 2005). Certain key areas like construction of school buildings, provision of basic amenities like toilets, drinking water etc. remained grossly deficient. The coverage of special focus groups (Girls and SC/ST children) was inadequate. Urban children did not receive the benefits under the scheme as no programmes in this regard have been taken up so far.

❖ Funds released to the SIS by the Government of India (GOI) and the State Government was only Rs 537.65 crore against the approved annual work plan budget (AWPB) outlay of Rs 1320.84 crore during 2001-05. The expenditure incurred by the SIS under the scheme was Rs 453.94 crore (34 per cent) of the approved AWPBs

(Paragraph 3.3.6.1)

❖ The child census conducted (October 2005) by the SIS revealed 6.03 lakh children (6-14 years) remained out of school, though the programme envisaged to bring such children to the schools by 2005.

(Paragraph 3.3.8.1)

❖ The SIS failed to maintain the norm of 40:1 pupil teacher ratio (PTR) which was 43:1 due to shortage of 7648 teachers.

(Paragraph 3.3.8.2)

❖ Habitations numbering 12829 remained without primary schools or EGS centres and 16645 habitations remained without any UP Schools out of 73148 habitations.

(Paragraph 3.3.8.4)

❖ There was shortfall of 640 UP schools as the SIS failed to adhere to the prescribed norm of one UP school for every two primary schools. Against a target of 2868, only 1596 special model schools for girls were opened in 2004-05.

(Paragraphs 3.3.8.5 and 3.3.9.1)

❖ Out of 1.34 lakh children with special needs (CWSN), 16220 children remained out of school leading to failure in achieving the objective of zero rejection policy adopted for CWSN under the programme.

(Paragraph 3.3.9.7)

* Abbreviations used in this performance review have been expanded in the Glossary of abbreviations at pages 228-234.

❖ Only 9896 children out of the estimated 2.5 lakh out of school children of migrant labourers were provided education through residential bridge course centres and seasonal hostels.

(Paragraph 3.3.9.9)

❖ Due to tardy implementation of the civil work programme, only 3883 out of 11909 civil works taken up during 2003-05 were completed as of September 2005 despite availability of funds. Many of the schools do not have the basic amenities of drinking water, electricity and toilet facilities. Data maintained with SIS was not correct.

(Paragraphs 3.3.10.1 and 3.3.10.2)

3.3.1 Introduction

Sarva Shiksha Abhiyan (SSA) was a national programme to achieve the goals of Universal Elementary Education (UEE). The objective of the programme was to (i) have all children in schools, Education Guarantee Scheme (EGS) centres, alternate schools, back to school camps by 2005, (ii) ensure that all children complete five years of primary schooling by 2007 and eight years of elementary schooling by 2010, (iii) focus on elementary education of satisfactory quality, (iv) bridge all gender and social gaps at primary and elementary level and ensure universal retention in schools by 2010. A new programme 'National Programme for Education of Girls at Elementary Level (NPEGEL)' was included in the scheme from 2003-04 with the aim to cover out of school girls, drop out girls, over-aged girls, girls from the marginalised social group with low attendance and low level of achievements.

3.3.2 Organisational set up

In the State, the Orissa Primary Education Programme Authority (OPEPA) headed by a Project Director is the State Implementing Society (SIS). At the district level, the SIS is assisted by a District Project Co-ordinator (DPC) to oversee the implementation of the scheme. At the block level, the scheme is executed by the Block Resource Centre Co-ordinators (BRCCs) while the Cluster Resource Centre Co-ordinators (CRCCs) are responsible for execution at the Panchayat level. The scheme covered 30 DPCs, 681 BRCCs, 4033 CRCCs, 19009 EGS centres and 48490 schools in the State. Though at the national level elementary education is covered from Class-I to VIII (6-14 years), yet in the state it covers Class-I to VII (5-13 years) and Class-VIII is covered under Secondary Education.

3.3.3 Audit Objectives

The objectives of performance audit were to examine and assess whether:

- release of funds was adequate and utilisation thereof was as per the approved annual work plans.
- the planning for implementation of various components of the programme was adequate, proper and major interventions were carried out as per norms.
- all the targeted children were enrolled in schools, Education Guarantee Centres, back to school camps, alternate schools by 2005.

- the outreach of education for girls, Scheduled Caste (SC) and Scheduled Tribe (ST) children expanded and infrastructure provided was optimum.
- role of Teacher Education and State Council of Educational Research and Training (TESCERT), District Institute of Education and Training (DIET) and other State Institutes contributed in the improvement and quality of educational standards.
- meaningful research activities have been taken up at the State, district and block levels for the purpose of necessary evaluation.
- the planning for implementation of various programmes through NGOs was proper and effective.

3.3.4 *Audit Criteria*

The audit criteria used for the performance audit covered following aspects of the scheme:

- receipt and utilisation of funds as per approved annual work plan;
- the guidelines issued by GOI in regard to preparation of habitation / district level plans;
- the different programmes and policies designed to meet the educational needs of children of the age group of 6-14 years;
- enrolment and drop out of girls and SC/ST children and retention of these children in the schools;
- the standards of education, comprising curricula, teaching and learning material, teachers training and teaching-learning process were in place as envisaged in the scheme;
- facilities provided to Children with Special Needs (CWSN) resulting in adoption of zero rejection policy;
- utilisation of results of research activities in implementation of the scheme; and
- utilisation of funds provided to NGOs and role of NGOs in research, evaluation and monitoring activities as envisaged under the scheme.

3.3.5 *Audit coverage and methodology*

Performance audit on implementation of different activities under the programme in the State covering the period 2001-05 was carried out during July to October 2005 through test check of records of the SIS, seven¹ selected DPCs including 21 BRCCs, 40 CRCCs, 21 EGS Centres and 124 Schools. Besides, the records of Nabakrushna Choudhury (NKC) Centre for Development Studies, Bhubaneswar and three NGOs were checked.

Sample selection of districts included one capital district and 20 *per cent* of the remaining districts of the State on the basis of probability proportional to size with replacement, one urban block selected at random and two rural blocks selected on the basis of simple random sampling without replacement (SRSWOR) in the selected districts. Two primary schools, two middle schools and two high schools having middle levels were selected in each of

¹ Bhadrak, Bolangir, Jagatsinghpur, Jharsuguda, Keonjhar, Khurda and Puri.

the above blocks on the basis of SRSWOR. Audit methodology included holding of entry and exit conferences, collection of data from the SIS and test checked units relating to survey, monitoring and evaluation reports, database maintained by SIS, physical verification of assets and other records. The Social and Rural Research Institute (SRI), a specialist unit of Indian Market Research Bureau (IMRB) International was engaged by Audit for assessing the impact of the SSA from the perspective of the beneficiaries and their parents. The survey covered 263 rural villages and 113 urban blocks. Children from approximately 7500 households in the State spread over 376 sample villages/blocks were covered. The findings of survey have been referred to at the appropriate places in this performance audit review. The summary of finding of the survey is also given in the *Appendix-3.6*.

Audit Findings

3.3.6 Financial management

Assistance under the programme by the Government of India (GOI) and State Governments was on sharing basis of 85:15 (Ninth Plan), 75:25 (Tenth Plan) and 50:50 thereafter. The scheme envisaged that the GOI would release its share directly to the SIS in two instalments once in April and September in a year. The second instalment would be released to the SIS only after the State Government had transferred its matching share within 30 days of the release of first instalment of GOI share and the SIS incurred expenditure of at least 50 *per cent* of the funds (GOI and State). Any amount remaining unspent at the end of the financial year was to be carried forward to the next year for utilisation with approval of the GOI. However, the GOI released its share of first instalment for the year 2001-02 in March 2002 to the State Government. Financial management was found to be deficient due to delay in release of funds by GOI and the State Government, pending advances and non-submission of utilisation certificates as discussed in the succeeding paragraphs.

3.3.6.1 Receipt of funds and expenditure incurred

The year-wise funds approved and released by the GOI and the State Government for implementation of the scheme and expenditure incurred by the SIS during 2001-05 was as below:

Year	Amount approved in the AWPB			Amount released			Expenditure incurred by the SIS (percentage of total amount released)
	GOI	State	Total	GOI	State	Total	
2001-02	63.53	11.22	74.75	31.77	5.61	37.38	Nil
2002-03	93.92*	40.16	134.08*	22.14	7.38	29.52	25.31 (86)
2003-04	353.98	117.99	471.97	141.82***	43.65	185.47	157.93 (85)
2004-05	480.22	159.82	640.04	218.07	67.21	285.28	270.70 (95)
Total	991.65	329.19	1320.84	413.80	123.85	537.65***	453.94** (84)

* Excludes amount of Rs 29 crore relating to left over activities of 2001-02 as per information furnished by the SIS.

** Provisional expenditure reported to GOI was Rs 465.15 crore. *** Included Rs 7.29 crore received for EGS and Alternate and Innovative Education

The expenditure of Rs 453.94 crore during 2001-05 constituted only 34 per cent of approved annual work plan and budgets

It could be seen from the table above that the expenditure of Rs 453.94 crore incurred by the SIS was only 34 *per cent* of the approved annual work plans and budgets (AWPB) while Rs 83.71 crore remained unspent as of March 2005.

3.3.6.2 Curtailment of central assistance

Delay in release of State and GOI shares by the State Government led to loss of central assistance of Rs 88.56 crore

During the above period, the GOI released only the first instalment of its annual share as approved in the AWPBs between September and March in all the above years. The State Government, instead of releasing its share within the stipulated 30 days of receipt of GOI share released the same with delays ranging from five to 18 months during the period. The delay in release of State share (2001-04) and GOI's share (2001-02) by the State Government to the SIS had resulted in low expenditure and accumulation of unspent balances with the SIS during the years, leading to curtailment of GOI assistance of Rs 88.56 crore. Consequently, the GOI did not release its share of second instalment in all the above years during 2001-05.

3.3.6.3 Delay in payment of funds to the districts by the SIS

Similarly, due to delay in release of its share by the State Government in 2001-02 and 2002-03, there was corresponding delay in release of funds by the SIS to the districts during the same period which adversely affected the implementation of the programme. The receipt of grants by the SIS, release of funds to the districts, utilisation of funds, submission of utilisation certificates (UCs) and UCs pending for the period 2001-05 are detailed below:

(Rupees in crore)				
Year	Funds received by SIS	Funds disbursed to field units and DPCs	Funds utilised by DPCs and UCs furnished	UCs pending for submission by DPCs to the SIS (cumulative)
2002-03	56.96	35.61	25.26	10.35
2003-04	159.26	176.57	157.60	18.97
2004-05	321.43	276.60	269.59	7.01
Total	537.65²	488.78	452.45	36.33

Out of Rs 37.38 crore sanctioned in 2001-02, no amount was received by the SIS and the programme could not take off during that year. During 2002-05, Rs 488.78 crore were released to the field units and DPCs of which, Rs 452.45 crore were utilised by them and UCs received by the SIS as of March 2005. UCs for the remaining Rs 36.33 crore were pending for submission by the field units (2004-05).

In the Jagatsinghpur district, advances of Rs 93 lakh was outstanding for adjustment as of March 2005 out of which Rs 48 lakh shown as paid during January to October 2003 for which payees receipt in support of payment of advances was not available with the DPC. In reply it was stated that the matter was under investigation.

Besides, the SIS advanced (March 2004) Rs 3.11 crore to the Director, Teachers Education and State Council of Educational Research and Training for implementation of computer aided education which was received back (September 2004) after six months without utilisation. This indicated that the advance was given only to avoid the lapse of grant.

² (i) 2003-04: Rs 7.29 crore for EGS and AIE and (ii) 2001-05: Rs 505.59 crore for SSA and Rs 24.77 crore under NPEGEL.

3.3.7 Programme implementation

3.3.7.1 Pre-project activities

The State Government received (March 2001) Rs 2.46 crore from the GOI for pre-project activities³ in 14 non-DPEP districts⁴ and paid (2001-02) Rs 1.50 crore⁵ to the SIS for the purpose and the remaining Rs 96 lakh was parked in Civil Deposit without utilisation (November 2005). Out of the Rs 1.50 crore, the SIS utilised Rs 65 lakh for conducting house-hold survey of children (Rs 12 lakh), management information services (Rs 47 lakh) and training of staff etc (Rs.6 lakh). Further, advances Rs 22 lakh paid to the staff etc. during 2001-03 were yet to be adjusted (November 2005). It was seen that in the seven test checked districts, though survey was stated to have been conducted in 2001-02 for identifying child population of age group 5-13 years, no reports to that effect were available with the DPCs. Although the GOI assistance included Rs 63 lakh for community mobilisation, no such activity was carried out leading to absence of community participation in decision making process. Besides, the SIS had to take up child census again in October 2005 as the earlier survey conducted as a pre-project activity was not successful.

3.3.7.2 Absence of micro-planning

The SSA programme provided micro-planning exercises at block and district level for successful implementation of the programme. Accordingly, a core planning team was to be constituted at habitation level. In the test-checked districts, it was observed that till 2004-05, there was no community participation at cluster, block and district level planning. However, as decided (February 2004) by the State Government, district level SSA Committees were constituted between August and October 2004. The discussion and approval of the Annual Work Plan and Budget (AWPB) by the SSA committees commenced from 2005-06. In the seven test checked districts, no core committee at block level was constituted (August 2005). As a result, the AWPB upto 2004-05 approved by the SIS was without community participation.

3.3.7.3 Implementation of various components of the programme

The intervention-wise annual work plan and budgets approved by the GOI and expenditure incurred there against by the SIS during 2001-05 were as under:

(Rupees in crore)

Sl. No	Name of the intervention	Total	
		Approved Annual work plan	Expenditure (percentage to total expenditure)
1.	CRCC / BRCC contingencies / Salary etc.	83.18	2.54 (0.6)
2.	Various interventions for out of school children	159.95	39.48 (8.70)
3.	Free text books	90.84	33.82 (7.45)
4	Innovative activities	46.57	7.10 (1.55)
5	For disabled children	40.03	4.98 (1.10)
6	School maintenance grant	70.82	53.42 (11.77)
7	Management and MIS	48.74	10.17 (2.24)

³ (i) Community mobilisation: Rs 63 lakh, (ii) Survey: Rs 51.55 lakh, (iii) Preparation of Plans: Rs 5.02 lakh, (iv) Strengthening of Office: Rs 56 lakh, (v) Base line studies: Rs 7.00 lakh.

⁴ Angul, Balasore, Bhadrak, Cuttack, Deogarh, Ganjam, Jagatsinghpur, Jajpur, Jharsuguda, Kendrapara, Khurda, Nayagarh, Puri and Sundargarh.

⁵ November 2001: Rs 50 lakh and March 2002: Rs 1.00 crore.

There was no community participation at cluster, block and district level due to non-formation of core committees at the habitation level

Sl. No	Name of the intervention	Total	
		Approved Annual work plan	Expenditure (percentage to total expenditure)
8	School improvement grant	29.48	18.17 (4)
9	Teaching and learning equipment	36.32	6.83 (1.50)
10	Teachers training	50.70	5.47 (1.20)
11	Teachers salary	91.21	67.31 (14.82)
12	Civil Works	471.06	164.51 (36.24)
13	NPEGEL	83.17	18.80 (4.14)
14	BRCC, Research and evaluation, teachers grant, community training, SIEMAT	47.77	21.34 (4.70)
	TOTAL	1349.84	453.94

The shortfall in expenditure despite inclusion in the AWPB affected the implementation of the scheme during 2001-05 in the State as below:

- Vacancies in the posts of BRCCs and the CRCCs affected the regular supervision activity at the block and cluster level.
- Strategies meant for out of school children such as full time community schools for small and unserved habitations, mainstreaming of children through bridge courses, specific interventions meant for special group children (street children, adolescent girls, girls belonging to certain communities, children of migrating parents, innovative programmes in the areas of pedagogic practices etc.) were not implemented due to non-release of funds as per AWPB.
- Tardy execution of civil works.

Deficiencies in implementation are discussed in the succeeding paragraphs.

3.3.8 Quality of Education

One of the objectives of the programme was to have all the children in school, EGS centres, alternate schools and back to school camps by 2005 and to ensure that all children should complete five years of primary schooling by 2007. Test check of records revealed deficiencies in implementation of the scheme such as large number children remaining out of school, non-maintenance of teacher pupil ratio, habitations remaining unserved etc. details of which are discussed in the succeeding paragraphs.

3.3.8.1 Out of School Children

As per District Information System for Education (DISE) data, 12.56 lakh children remained out of school at the end of 2001-02 and it came down to 2.14 lakh (boys: 1.13 lakh, girls : 1.01 lakh) at the end of 2004-05. However, the Appraisal Team of GOI observed (April 2005) that the comparison of net enrollment ratio (NER) with child population at the primary and upper primary level disclosed more out of school children in the age group 5-13 years than the State's estimate of 2.14 lakh. Besides, the house to house survey conducted in 2001-03 to ascertain the number of children enrolled, never enrolled and drop out with different caste/gender/age was not successful due to non-maintenance of village education register at school level. This led the SIS to take up child census (October 2005) which revealed that out of 60.89 lakh children of 6-14 years age, 54.86 lakh children attended school and the remaining 6.03 lakh children were out of school. Of these, 2.92 lakh were boys and 3.11 lakh girls, who would not complete five years of primary education by 2007 and elementary education by 2010, the target set out in the SSA Programme.

Despite various interventions of the programm, 6.03 lakh children of the age group 6-14 years remained out of school as of October 2005

Thus, around 99 children per thousand were out of school. The proportion of out of school children was higher among girls (106 per thousand) as compared to boys (92 per thousand). In the age group of 6-10 years, 78 per thousand were out of school, whereas in the age group of 11-14 years, 166 children per thousand were out of school. Among SCs, 98 per thousand and among STs, 167 per thousand were out of school. The beneficiary survey revealed the following reasons for the children not being enrolled in the schools as detailed below.

Children not enrolled in the school (in percentage)			
Sl.No.	Reasons	Male	Female
1.	Can not afford school	49.30	47.00
2.	Don't like to go to school	17.30	17.40
3.	Child is disabled	8.00	2.60
4.	Look after house work	6.70	10.40
5.	Have to go to work	4.00	3.50
6.	Too young to go to school	2.70	1.70
7.	Other reasons	12.00	17.40

3.3.8.2 Pupil-Teacher ratio

Against the norm of one teacher for every 40-pupil set by the GOI, the pupil-teacher ratio (PTR) was 43:1 in the State for the year 2004-05. In 17 out of 30 districts, the pupil-teacher ratio at primary level was more than the prescribed norm of 40:1. In the Bhadrak and Balasore districts the ratio was 55:1 and 60:1 respectively. Keeping the above ratio in view in these 17 districts, the primary schools were running with shortage of 12589 teachers as detailed in *Appendix-3.7*. In the remaining 13 districts, the pupil teacher ratio was below 40:1 and there were 41138 teachers against the requirement of 36197 at primary level, resulting in engagement of 4941 excess teachers in these districts (*Appendix-3.8*). The SIS admitted the fact and stated (November 2005) that basing on the PTR ratio 40:1, district-wise deployment of surplus teachers and the shortage of teachers were to be rationalised. While the ratio was above the norm of 40:1 in four test checked districts (Bhadrak - 55:1, Puri - 43:1, Khurda-51:1 and Keonjhar-42:1), it was below 40:1 in the remaining three districts test checked (Bolangir-39:1, Jagatsinghpur-38:1 and Jharsuguda-39:1).

At the upper primary (UP) level, the pupil teacher ratio was below the prescribed norm of 40:1 in all the districts except the districts of Ganjam and Sonapur.

In the 13 districts (*Appendix-3.8*) although the PTR ratio was below the norm of 40:1 at primary and upper primary levels and there were excess teachers against the requirement at the primary level, yet there were 3217 primary schools and 133 upper primary schools functioning with single teacher in these districts.

3.3.8.3 Schools running with single teachers

Under the programme, there should be at least two teachers for a school at both the primary and UP levels. Out of 32753 primary schools existing in the State in 2004-05, there were 6723 single teacher primary schools in the State (*Appendix-3.9*). Similarly, 299 out of 15737 UP schools in the State were having single teachers indicating that due attention was not paid to provide required number of teachers, even after three years of implementation of the programme. In the test checked districts, 1219 primary and 34 UP schools

Due to vacancies in the posts of 7648 teachers, the prescribed norm of PTR 40:1 was not maintained

7022 Schools were functioning with single teacher

located in rural areas were running with single teachers. The Appraisal team of GOI observed (June 2004) that in view of adverse PTR particularly at primary stage, and also the fact that there were still 4535 single teacher schools, the State Government should quickly complete the teacher rationalisation process. Despite adverse comments of the Appraisal Team, the number of single teacher schools had increased from 4535 in 2003-04 to 7022 (primary: 6723 and Upper primary: 299) in 2004-05. The SIS stated that decision had been taken to recruit more teachers to address the issue of single teacher schools.

3.3.8.4 Un-served habitations

12714 out of 52874 villages did not have schools

As per the work plan prepared by the SIS for 2004-05, out of 73148 habitations in the State as on April 2004, 12829 habitations remained unserved i.e., without primary schools or EGS centres within one kilometer of each habitation. Similarly, 16645 habitations remained without UP Schools within three kilometers. However, the SIS did not have the position as of March 2005. Further, in the presentation made to the Second Joint Review Mission of SSA in July 2005, the unserved habitations/villages were identified as one of the areas of concern. The Child census conducted (October 2005) by the SIS revealed that out of 52874 villages, 12714 villages did not have a school. However, the number of children without primary education in these villages were not available with the SIS.

The SIS stated that necessary steps would be taken for opening of schools in the unserved habitations of the State after compilation of child census 2005.

As per survey, covering 376 Primary Sampling Units (PSUs) both urban and rural PSUs, about 1.5 *per cent* of the villages and 0.9 *per cent* of the urban blocks were not covered by schools.

3.3.8.5 Shortfall in functioning of UP schools

Shortage of 640 UP schools

Under SSA norm, there should be one UP school for every two primary schools. However, it was seen that against the requirement of 16377 UP schools for the existing 32753 primary schools, there were 15737 UP schools, resulting in shortfall of 640 UP Schools (*Appendix-3.10*) as of November 2005 affecting the implementation of the scheme.

3.3.8.6 Early Childhood Care and Education (ECCE)/pre-school centres

Against a target of 1165 pre-school centres in the test checked districts, only 118 centres were set up

Realising the crucial importance of rapid physical and mental growth during early childhood, emphasis has been given to a child-centred approach, play way, and activity-based learning in place of formal methods of teaching through integrated child development scheme and ECCE/Pre-school centres under SSA. Against a target of 1165 pre-school centres in the test checked districts, only 118 centres⁶ were set up. Despite availability of funds, achievement under this component was only 10 *per cent*.

⁶ District-wise target/actual achievement of pre-school centres: Bhadrak: 80/42, Bolangir: 262/nil, Jagatsinghpur: 90/nil, Jharsuguda: 69/nil, Khurda: 176/35, Keonjhar: 360/nil, Puri: 128/41.

As regards satisfaction level, the survey team observed that above 42.8 per cent of the parents expressed their satisfaction and about 2.1 per cent of the parents expressed their dissatisfaction with the quality of school education

3.3.8.7 Posting of BRCCs and CRCCs

According to the programme, there should be a block resource centre headed by a Block Resource Centre Coordinator (BRCC) assisted by a Cluster Resource Centre Coordinator (CRCC) to oversee academic supervision and on-site support to the field level functionaries, capacity building and monitoring the actual implementation of various interventions at the grass root level. In the test checked districts, against requirement of 201 BRCCs and 721 CRCCs, there were 143 BRCCs and 614 CRCCs in position and the remaining 58 posts of BRCC (29 per cent) and 107 posts of CRCC (15 per cent) were vacant, which affected the process of monitoring and interventions at the grass root level (August 2005).

3.3.8.8 Provision of Teaching Learning Equipment

A total of Rs 6.89 crore⁷ was spent towards payment of teaching learning equipment (TLE) to the DPCs. However, in three test checked districts, utilisation certificates for Rs 51.90 lakh⁸ paid towards TLE were not received by the concerned DPCs from the schools.

The survey revealed that about 3.7 per cent of primary schools, 1.2 per cent of UP Schools and 33.3 per cent of high schools with UP sections reported that no teaching learning material (TLM) had been provided to them.

3.3.9 Coverage of special focus groups

Education of girls, educational development of SC and ST children, ensuring education for every child with special needs irrespective of kind, category and degree of disability in an appropriate environment adopting zero rejection policy so that all the children are brought to the education systems are the special focus areas under the SSA. The findings are discussed below.

3.3.9.1 Girls' education

The position in respect of girl child population, enrollment and out of school girl children during 2003-05 were as under:

Year	Girl population		Girls enrolled		Girls remained out of school		
	5-10 years	11-13 years	5-10 years	11-13 years	5-10 years	11-13 years	Total
2003-04	2422455	1001297	2401482	875688	20973	125609	146582
2004-05	2387461	1047941	2369888	964825	17573	83116	100689

As against the above position, the child census (October 2005) revealed that 3.11 lakh⁹ girls of age group of 6-14 years (6-11 years: 1.89 lakh and 11-13 years: 1.22 lakh) were out of school indicating substantial increase of out of school children among the girls during 2005-06. Besides it was seen that, against a target of opening of 2868 special model schools for girls, the SIS opened only 1596 schools in 2004-05, resulting in shortfall of 1272 such schools. No reasons for shortfall in opening of special model schools for girls

In the test checked districts, 58 and 107 posts of BRCCs and CRCCs respectively remained vacant affecting the process of monitoring the implementation of the programme

3.11 lakh Girls were out of school as of October 2005

⁷ 2003-04-Rs 75 lakh, 2004-05-Rs 6.14 crore.

⁸ Jagatsinghpur (23 schools): Rs 11.50 lakh, Bhadrak (20 schools): Rs 9.90 lakh, Khurda (61 schools): Rs 30.50 lakh.

⁹ Total girls population (6-14 years age group): 29.19 lakh - Girls enrolled 26.08 lakh.

were furnished (October 2005). In six out of seven test checked districts, no special model school for girls were opened for encouraging enrollment of girls. One such school was opened in Puri in 2004-05. However, no special teaching support like remedial and coaching classes, bridge courses and special camps were organised for the needy children.

3.3.9.2 Retention of girls in schools

The SSA recognised the need for special efforts to bring the out of school girls specially from the disadvantaged section to school. In five test checked districts (except Khurda and Jharsuguda) the position of enrollment and drop out of girls for the year 2003-05 are detailed below:

(In numbers)

District	2003-04		2004-05	
	Girls enrolled	Girls drop out	Girls enrolled	Girls drop out
1. Bhadrak	143283	3003	143234	1897
2. Bolangir	113947	5933	118963	3435
3. Jagatsinghpur	95575	3583	98425	1501
4. Keonjhar	124410	42942	126417	41389
5. Puri	120745	4481	120229	1962
Total	597960	59942	607268	50184

It may be seen that the drop out of girls in the five districts decreased from 10 *per cent* in 2003-04 to 8 *per cent* in 2004-05. However, Keonjhar district alone accounted for 70 to 80 *per cent* of the total drop out for 2003-04 and 2004-05 respectively indicating measures taken for retention of tribal girls in the schools was inadequate.

The survey revealed that 47.9 *per cent* of the parents expressed their inability to afford enrollment of children in schools. Other reasons cited were that children did not like school (17.4 *per cent*) and that the children had to look after household chores (9 *per cent*). Across the gender divide, the main reason for not enrolling girl children and male children was inability to afford schooling (given by 47.0 *per cent* and 49.3 *per cent* of parents respectively). Further, it was noticed that 13.8 *per cent* of children helped their parents in their work or business and about 0.8 *per cent* of children worked outside to supplement their family income.

3.3.9.3 Implementation of NPEGEL

The GOI introduced (2003-04) the National Programme for Education of Girls at Elementary Level (NPEGEL) as an additional component of the SSA for education of girls at the elementary level as against the approved project outlay of Rs 83.17 crore for 2003-05, the SIS received only Rs 31.44 crore¹⁰ (GOI: Rs 23.58 crore and State 7.86 crore). On the basis of criteria fixed by the GOI, 112 Educationally Backward Blocks (EBB) as per 1991 census, 19 SC/ST blocks and 23 urban slums in 28 districts (excluding Bhadrak and Nayagargh) were selected for implementation of the programme. Out of the total Rs 31.44 crore received, the SIS released Rs 24.57 crore to 28 DPCs during 2004-05. The DPCs however utilised only Rs 18.80 crore under different activities (March 2005). It was seen that nine out of the 28 DPCs failed to utilise 50 *per cent* of the allotment. Following deficiencies were noticed in implementation of the programme.

¹⁰ (i) GOI share -2003-04: Rs 3.58 crore and 2004-05: Rs 20 crore (February 2005). (ii) State share - 2004-05: Rs 1.19 crore and April 2006: Rs 6.67 crore.

Despite incurring expenditure of Rs 8.03 crore, construction of buildings for only 34 out of 506 model cluster schools meant for girls could be completed

- Expenditure of only Rs 45.83 lakh was incurred in 12 districts and no expenditure was incurred in other 16 districts for community mobilisation thereby indicating lack of success in community mobilisation.
- Model Cluster Schools (MCS) for girls at cluster level consisting of 5-10 villages were to be opened with teaching learning equipment, books, etc. in all selected districts/blocks under the programme. As against the GOI's approval of opening of 506 MCS, buildings for only 34 MCS were completed although expenditure of Rs 8.03 crore was incurred on construction of all the buildings by the DPCs as against the release of Rs 11.81 crore by the SIS as of November 2005.
- Under teachers training programme, a provision of Rs 4000 per annum for each cluster was made to provide gender sensitisation training to at least 20 teachers. Except in Sonapur and Boudh districts, no other districts conducted the training programme.
- The programme provided Rs 20000 per annum/cluster for student evaluation, remedial teaching, bridge courses and alternative schools, back to schools for out-of-school girl children in villages. But from the proceedings of the review meeting of the SIS (June 2005), it was noticed that no such activity was taken up in any districts except in Nawarangpur district where expenditure of Rs 24 lakh was incurred for opening of two AIE centres.

3.3.9.4 Kasturba Gandhi Balika Vidyalaya (KGBV) programme

The GOI introduced (2004-05) a new programme 'Kasturba Gandhi Balika Vidyalaya' (KGBV) with the objectives of ensuring access and quality education for the girls from disadvantaged groups (SC/ST, OBC and Minorities) of society at elementary level by setting up residential schools with boarding facilities in difficult areas. The Scheme was required to be coordinated with the existing schemes like SSA, NPEGEL, Mahila Samakhya. Accordingly, the GOI sanctioned (July 2005) for opening of a KGBV school in each of the 49 selected EBBs in the existing UP schools with 100 seats in each of them. It was noticed that, only 2254 out of the required 4900 girls were enrolled in these schools as of November 2005. Besides, the State Government was yet to release its 25 per cent share of Rs 2.95 crore (November 2005) despite release of GOI share amounting to Rs 8.84 crore (February 2005).

3.3.9.5 Education of Scheduled Caste and Scheduled Tribe Children

Under the SSA programme, educational development of children belonging to the Scheduled Castes (SCs) and Scheduled Tribes (STs) was to receive special focus. The child census conducted (October 2005) by the SIS revealed that altogether 3.74 lakh out of a total of 27.28 lakh children belonging to the above groups remained out of school, the details of which are given below:

(In lakh numbers)

Name of the group	Child population			Children enrolled			Children remained out of school		
	6-11 years	11-14 years	Total	6-11 years	11-14 years	Total	6-11 years	11-14 years	Total
SCs	8.96	2.75	11.71	8.32	2.25	10.57	0.64	0.50	1.14
STs	12.37	3.20	15.57	10.62	2.35	12.97	1.75	0.85	2.60
Total	21.33	5.95	27.28	18.94	4.60	23.54	2.39	1.35	3.74

3.74 lakh Children belonging to SC/ST communities were out of school

The out of school SC/ST children (3.74 lakh) constituted 14 *per cent* of total SC/ST children population. Of these, 1.97 lakh (53 *per cent*) were girls, which was 63 *per cent* of the total girls (3.11 lakh) remained out of school. Thus, the objective of bringing all the children to school by 2005 could not be achieved even by October 2005 after four years of the implementation of the programme.

3.3.9.6 Urban deprived children

No programme had been undertaken by the SIS for elementary education of the urban deprived children

The programme provided diverse approaches to cover rag pickers and street children living in urban slums and working in industries, households, at teashops etc. No programme has however been undertaken by the SIS for elementary education of the urban children during the period 2001-05.

3.3.9.7 Children with Special Needs

6227 Children with special needs were not provided aids and appliances

The programme envisaged that every child with special needs (CWSN), irrespective of the kind, category and degree of disability, be provided education in an appropriate environment with aids and appliances, support services etc adopting zero rejection policy so that no such child is left out of the education system. It was seen that 1.34 lakh children¹¹ in the age group of 5-13 years were identified as disabled in the year 2000-01. Of these, 1.18 lakh were enrolled in schools. Besides, 13424 out of 19651 children requiring aids and appliances were provided with the same and the remaining 6227 children (32 *per cent*) were left without any aids and appliances. Expenditure of Rs 4.98 crore¹² was incurred for different activities undertaken for the 1.18 lakh children with special needs. The expenditure per child worked out to only Rs 424 against the norm of Rs 1200 per disabled child in a financial year. No information on number of children enrolled in formal schools and children enrolled in special schools, were available with the SIS.

In the sampled districts, out of 31054 children with special needs, only 23583 children were enrolled in regular and special schools, leaving 7471 (24 *per cent*) children out of school. Further, out of 5599 children identified requiring assistive devices, only 1626 children were provided with the same.

Beneficiary survey disclosed that 133 per thousand disabled children were out of school. It further revealed that only 3.7 *per cent* of primary schools, 4.3 *per cent* of upper primary schools and none of the high schools with upper primary sections received grants for the disabled children.

3.3.9.8 Coverage of out of school children through mainstreaming camps

Out of 1.59 lakh children targeted for coverage in 3511 mainstreaming camps, only 39276 children (25 per cent) were covered in 1442 camps

As of March 2005, out of 1.59 lakh children targeted for coverage in 3511 mainstreaming camps, only 39276 children (25 *per cent*) were covered in 1442 camps. The SIS attributed (September 2005) the shortfall in holding targeted number of camps to the presence of large number of scattered habitations in KBK districts and the tribal pockets in other districts. This indicated that the

¹¹ Visually impaired (20011), hearing impaired (29160), orthopaedically impaired (28719), learning disability (31417), mentally retarded children (19428), multiple disability (2845) and others (2168).

¹² 2003-04: Rs 2.18 crore and 2004-05: Rs 2.80 crore.

eight under-developed districts in KBK region and other tribal areas were not prioritised in the implementation of the programme.

3.3.9.9 Education for children of migrant labourers

Only 9896 out of estimated 2.5 lakh children of migrant labourers were provided with education

During the period under review, 3976 children of labourers who migrated to other States were provided education by the SIS in 82 non-residential bridge course centres operated outside the State (Andhra Pradesh and Chattisgarh). While these centres in Andhra Pradesh were run in collaboration with the SIS and an NGO of that State, in Chhattisgarh the centres were being run by the SIS. Besides, in two districts (Bolangir and Nuapada) 5920 children of migrant labourers were imparted education in residential care centres. In April 2005, the Appraisal Team of GOI, by referring to a survey conducted by NGOs observed that there were approximately 2.5 lakh out of school children, who belong to families of labourers migrated to other States.

3.3.10 Civil works

The Project Appraisal Board (PAB) of GOI approved 27374 civil works under different category for the period 2001-05. In accordance with the AWPB approved by GOI and actual availability of funds, the district-wise annual targets in respect of each activity of civil works for 2003-05 were fixed by the SIS. Test check of records revealed functioning of schools without buildings and other basic amenities as the progress in civil works and providing basic amenities turned out to be very slow as detailed below:

3.3.10.1 Schools without basic amenities

The data furnished by the SIS revealed that out of 48490 schools including 15737 UP schools in the State, there were no facilities of drinking water (2668 schools), toilets (31131 schools), electricity (41205 schools) and boundary wall (20831 schools) despite the inclusion of civil construction in the programme as a major component. It was seen in six out of the seven test checked districts (except Khurda) there was no drinking water facilities in 7165 schools, no toilet for girls in 8790 schools and no boundary wall in 8745 schools. Thus, the data maintained by the SIS in respect of the number of schools without drinking water facility was not correct. The SIS stated that steps were being taken to provide the above basic amenities during 2005-06.

The survey disclosed availability/construction of the following facilities:

Sl No	Facility available	(In percentage)	
		Primary school	Upper Primary school
1.	Additional class room	24.3	2.9
2.	Separate room for headmaster	3.5	3.6
3.	construction of compound wall	4.5	4.3
4.	construction of toilet	12.1	9.8
5.	Construction of separate toilet for girls	5.6	3.6
6.	Installation of water supply system	10.9	5.8
7.	Installation electricity connection	3.5	2.8

3.3.10.2 Tardy progress in execution of civil works

Only 3883 out of 11909 civil works taken up were completed

Scrutiny of records revealed that in 29 districts 14749 works (*Appendix-3.11*) estimated to cost Rs 227.29 crore (except Dhenkanal and Gajapati districts, the estimated cost of which was not available) were proposed to be taken up during 2003-05, against which Rs 164.67 crore (72 per cent of estimated cost)

was received by the concerned districts. However out of the above, 11909 works were taken up during 2003-05 for which expenditure of Rs 149.38 crore was incurred. Of these, 3883 works were stated to have been completed and the remaining 8026 works were at different stages of execution (September 2005). However, only 501 out of 3883 completed works were handed (September 2005) over to the concerned district SSA committees which was just four *per cent* of the total number of works taken up. The remaining 2840 works were not taken up due to non availability of land, legal complications, lack of interest on the part of VECs /Headmasters and non-execution of agreements between DPC and the executants. This included 1819 schools, which did not have buildings of their own and of these, only 12 buildings were, however, stated to have been completed and handed over as of September 2005. Despite incurring expenditure of 90 *per cent* of the funds (Rs 149.38 crore), construction of only 33 *per cent* of the buildings had been completed.

The SIS stated that necessary steps would be taken to take over the completed works from the concerned VECs.

As per the survey report, about 3.9 *per cent* of Primary Schools and 2.7 *per cent* of Upper Primary Schools were operating in Kuchha structures, which are basically not stable and unsuitable for running a school. Further, the survey report revealed that about 1.4 *per cent* of Primary Schools and 0.08 *per cent* of Upper Primary Schools did not have any building at all.

3.3.10.3 Non-involvement of community leaders in civil works

As per frame work, the participation of community in all civil works activities is mandatory in order to ensure a sense of ownership. In respect of construction of BRCC building, the same would be carried out through community or through state agency such as PWD. However in contravention of the above provision, in the test checked districts, seven BRCC buildings were constructed at a cost of Rs 42 lakh departmentally through technical consultants and BRCCs of the districts.

3.3.10.4 Payment of repair and maintenance grant and school improvement grant

The DPCs in seven test checked districts paid Rs 12.74 crore towards repairs and maintenance grants to schools during the period 2002-05 without receiving either community contribution or specific proposals from the respective VECs and without ascertaining whether the schools had their own buildings as required under the scheme. Besides, the DPCs did not ensure utilisation of the funds paid to the VECs.

The DPCs in seven test checked districts paid annual school improvement grant of Rs 4.48 crore to schools during 2002-05 for replacement of non-functional school equipment at the rate of Rs 2000 per school per annum. The schools, however, diverted the funds for white washing and painting of school walls.

3.3.11 Research and training

The programme provided improvement in standard of education through development of curricula, teachers training, teaching learning process etc.

Test check revealed non-adoption of curricula developed by research organisations, shortfall in training of teachers as discussed below

3.3.11.1 Training of teachers

Against the requirement of imparting training for 20 days, training for only two to 7 days was provided to the in-service teachers

As per norms, 20 days for all the in-service teachers each year, 30 days training in orientation course for freshly trained recruits and 60 days refresher course training for untrained teachers for skill up-gradation of teachers was to be given. The SIS placed Rs 12.84 crore¹³ with the DPCs of 30 districts in 2003-05 for conducting these training programmes, out of which expenditure of only Rs 5.47 crore (41 per cent) was incurred during the period and Rs 7.37 crore remained unutilised (March 2005). As regards physical achievement, 73849 out of 124894 teachers¹⁴ in position in 2003-04 and 99403¹⁵ out of 129616 teachers¹⁶ in position in 2004-05 were imparted training for only two to seven days instead of the required 20 days a year. Thus, in terms of physical achievement, there was shortfall of 41 per cent in 2003-04 and 23 per cent in 2004-05. Similarly, out of 25154 Swecha Sebi Shiksha Sahayak (SSS) only 890 in 2003-04 and out of 34133 SSS, 15515 in 2004-05 were imparted 30 days training. Thus, there was shortfall of 96 per cent in 2003-04 and 55 per cent in 2004-05 in the training of SSS, that too imparting the training in shorter duration. In six test checked districts while training of teachers was provided for only seven days, in Bolangir district, no training programme was organised. Further, no refresher course training was imparted to the un-trained teachers in all the test checked districts.

The SIS attributed the shortfall in training to functioning of only 13 DIETs for the 30 districts in the State, some of which were also not fully functional. Besides, he added that absence of BRCs and CRCs who were to sponsor the names of teachers and availability of single teachers in some schools affected the training programme. Thus, due to deficiencies in management of schools, the required training schedules were not adhered to affecting the professional development of teachers and quality of teaching in the schools despite availability of funds.

In Jagatsinghpur district, out of Rs 37 lakh received (March 2004) from the DPC towards payment of honorarium to the additional teachers (SSS) recruited in 2003-04, the Zilla Parishad, Jagatsinghpur diverted (June 2004) Rs 19 lakh for payment of honorarium to 210 para teachers recruited. This payment of honorarium from SSA funds to the para teachers recruited during 2001 prior to the implementation of SSA programme was irregular. The amount of diversion had not been recouped so far despite Zilla Parishad's request made to the Director, Elementary Education in February 2005.

3.3.11.2 Training of community leaders

Against the target of 9.07 lakh, 2.54 lakh community leaders were trained during the period 2002-05 at an expenditure of Rs 1.53 crore

As per the scheme, at least four community leaders per village plus two persons per school in a year were to be provided two days' training per year at the rate of Rs 30 per day per person. However, it was noticed that against a target of 9.07 lakh, 2.54 lakh community leaders were trained during the period 2002-05 at an expenditure of Rs 1.53 crore. The difficulties in

¹³ 2003-04: Rs 6.66 crore and 2004-05: Rs 6.18 crore.

¹⁴ Primary school teachers: 88448 and UP School teachers: 36446.

¹⁵ Primary school teachers: 58264 and UP school teachers: 41139.

¹⁶ PS teachers: 85814 and UP School teachers: 43802.

providing training to the targeted number of community leaders were attributed by the SIS to the delay in constituting the Village Education Committees (VECs) and preparing the module for training, forming District Resource Group and State Resource Group for training. Thus, training of community leaders to create community awareness, a requirement for effective implementation of the programme, was not ensured.

3.3.11.3 Development and research activities

For undertaking research and evaluation, the SIS incurred (2002-05) expenditure of Rs 8.32 crore¹⁷ on issues of formation of school committee and its functioning, utilisation of school improvement grant and repair and maintenance grant, use of aids and appliances and case study of good EGS centres through faculty members of DIET. These studies were conducted on a small scale basis. The State Level Research Advisory Committee was constituted in 2003 and only one meeting was held in August 2003. On the basis of the recommendation of the said committee, one-day seminar was held (November 2003) to discuss priority areas. No further meeting of the committee was held (October 2005). The SIS stated (October 2005) that initiative was being taken to form a group so that they would select the priority areas of taking up research studies at the district level.

3.3.12 Role of Non Government Organisations

It was seen that two non-government organisations¹⁸ (NGOs) received funds of Rs 24.94 lakh (GOI: Rs18.70 lakh and the SIS Rs 6.24 lakh) during 2000-05 for opening of EGS centres (29) and AIE centres (70) in Gajapati district. It was noticed that no meetings of village education committees (VEC), parent-teacher association (PTA), mother-teacher association (MTA) and school management committee (SMC) in respect of EGS and AIE centres run by the NGOs were organised during the period. The two NGOs opened 70 AIE centres during 1999-2002. However, these centres were closed between June 2002 and January 2003 due to non-receipt of further funds from the GOI. Twenty AIE centres run under one of these NGOs had 384 students before their closure. No such information was available in respect of the remaining 79 centres. The information on enrolment of children in the regular schools after closure of the centres was also not available. Besides, it was noticed from the reports and returns of the NGOs that no official from the SIS had ever inspected the NGO to assess the effectiveness of implementation of the programme.

3.3.13 Monitoring and evaluation

The scheme provided formation of core committees at the block level comprising BRCCs, CRCCs, representatives of teachers' union and women's group, retired and serving national/ State award winning teachers for monitoring the implementation of the programme at village / school level. Out of the 21 blocks test checked, in 18 blocks no such committees were formed. In absence of such committees monitoring of the programme at the village/school level in these blocks was not made. In the remaining three

¹⁷ 2002-03: Rs 42.45 lakh, 2003-04: Rs 4.29 crore and 2004-05: Rs 3.61 crore.

¹⁸ (i) The Society for the Welfare of the Weaker Section (SWWS), Paralakhemundi: (GOI : Rs 14.49 lakh and SIS: Rs 6.24 lakh) and (ii) Gajapati Samaja Kalyan Samiti, Paralakhemundi: (from GOI) :Rs 4.21 lakh.

blocks (Anandapur, Gop and Telkoi), though core committees were formed, they visited (2004-05) only 203 (40 *per cent*) out of 502 schools. This was largely due to vacancy in the posts of BRCCs (58) and CRCCs (107) in the test checked districts.

Besides, the GOI entrusted the monitoring the implementation of the scheme in the State to two institutions namely Naba Krishna Choudhury (NKC) Centre for Development Studies, Bhubaneswar and Dr. P.M. Institute of Advanced Study in Education, Sambalpur. The NKC centre had received grant of Rs 1.99 lakh from the GOI in 2003-04. The monitoring agency covered 12 districts¹⁹ in 2003-05 and observed that the micro planning was neglected and non convergence of SSA interventions with the activities of other department at the district/ State levels, non-verification of the correctness of five *per cent* of DISE data through a third party, deficient updating of village education register by the schools.

However, for an effective monitoring the agency expressed its opinion before the first JRM of the GOI about the need for a monitoring policy, frame work and a plan of action to be made jointly with the SIS with a common format.

3.3.14 Follow up of error signals

While reviewing the implementation of the programme in the State, the first Joint Review Mission of the GOI pointed (January 2005) out the following deficiencies:

- Preparation of research agenda to be derived from the planning process. In reality, however, there was very little correlation between planning process and research agenda undertaken,
- Unit tests for the students were being conducted in a majority of the schools. However, the recording of students' performance was not being utilised to focus on those who consistently performed poorly since the teachers had no specific plans to address these students or those whose performance had suddenly fallen.
- Research studies undertaken by the SIS did not cover important aspects such as ways of using active learning in multi-grade or multi-lingual contexts.
- The BRCCs and CRCCs had very limited role in academic development as most of their time was spent on information and management related aspects. Besides, their capacity to bring about quality improvement was not developed, as most of them were not aware of the exact steps needed to enable a school to improve.
- The SIS was yet to address the above aspects (November 2005).

3.3.15 Conclusion

There were under utilisation of funds due to non-release and delay in release of funds to the SIS. The expenditure incurred was only 34 *per cent* of the approved annual work plan budgets during 2001-05. There was no community participation at cluster, block and district level planning. The objective of the SSA to bring back all the children in schools remained largely unachieved as

¹⁹ Angul, Balasore, Bhadrak, Cuttack, Dhenkanal, Jagatsinghpur, Jajpur, Kendrapara, Keonjhar, Mayurbhanj, Nayagarh and Puri.

even after four years of the implementation of the scheme, 6.03 lakh children in the 6-14 years age group remained out of school. Vacancy in the posts of the teachers, inadequate training to the existing teachers and schools functioning with single teachers affected the quality of education. As many as 12829 habitations remained unserved i.e. without primary schools or EGS centres within one kilometre. The strategy taken for coverage of special focus groups (girls and SC/ST/urban deprived children) was not adequate, as a result of which a large number of girls and SC/ST children remained out of school. There was no strategy to provide education to the estimated 2.5 lakh out of school children of the migrant labourers. Though funds was not a constraint, the implementation of the civil works programme was very slow, resulting in majority of the schools running without basic infrastructure. Core committees comprising BRCCs, CRCCs and others were not constituted at the block level for monitoring the implementation of the scheme at the school and village level.

3.3.16 Recommendations

- The State Government should ensure timely release of its share of funds for effective utilisation under the programme so that the GOI assistance is received as per the annual work plan budgets.
- Community awareness development and need based training of community leaders require special attention.
- Necessary steps should be taken to bring 6.03 lakh out of school children, under the programme.
- Review the requirement of teachers and take steps to bring teacher-student ratio closer to the stipulated norm as useful education is dependent on adequate availability of teachers. The SIS may take effective steps to impart required training to all the teachers as per the SSA norm.
- Steps should be taken for identification of urban deprived children and providing them with proper education.
- Children with special needs should be identified and provided with necessary aids and appliances to enable them to overcome their handicaps.
- A comprehensive infrastructure development plan should be undertaken to provide required infrastructure and basic amenities.
- Appointment of BRCCs and CRCCs in adequate numbers and further enabling through requisite training may be considered as a priority.
- A reliable monitoring system should be put in place at the district and the State level for effective implementation of the programme.

During discussion, the State Project Director, OPEPA stated (September 2006) that suitable follow up action would be taken to rectify the deficiencies pointed out in audit.

RURAL DEVELOPMENT DEPARTMENT

3.4 RURAL WATER SUPPLY SCHEMES

Highlights

The Chief Engineer, Rural Water Supply and Sanitation (CE) is entrusted with installation, improvement and maintenance of rural water supply schemes. The objective of providing the minimum quantity of potable water in the rural area remained unfulfilled due to failure of the department to identify the problem habitations and non-observance of priority in installation of drinking water sources. Execution of piped water supply (PWS) schemes, without adequate pre-construction survey, led to midway abandonment due to failure of sources. Several PWS schemes remained incomplete due to non-finalisation of source and non-energisation of the pump houses. Sixteen completed and commissioned PWS Schemes remained inoperative for want of operating staff, theft of conductors/other electrical installations and failure of installed sources. Quality of water supplied in 0.95 lakh habitations (67 per cent) had never been tested and in 0.28 lakh habitations out of 0.46 lakh covered under water quality test, the water was unsafe for drinking due to excess iron/chloride/fluoride contents. Monitoring mechanism instituted by the Government was ineffective.

❖ **Capital expenditure during 2001-06 constituted merely 19 per cent of the total expenditure of Rs 804.20 crore indicating low priority for installation of new water sources.**

(Paragraph 3.4.6)

❖ **Identification of problem habitations was found to be unreliable. As of March 2006, 11.07 lakh population in 0.09 lakh rural habitations were not having access to drinking water at all; while 63.34 lakh population in 0.12 lakh habitations were partially covered under the schemes.**

(Paragraph 3.4.14)

❖ **27316 tube wells installed at a cost of Rs 133.85 crore were found to be unsuitable for drinking water due to excess chemical contaminations while 110 PWS schemes taken up between 1992 and March 2004 remained incomplete after incurring expenditure of Rs 27.77 crore.**

(Paragraphs 3.4.15, 3.4.16.1 and 3.4.16.2)

❖ **56 PWS Schemes completed between 1997 and 2005 at a cost of Rs 12.72 crore were either not commissioned or remained non-functional due to non-energisation of the pump houses, theft of conductors or for want of operating staff, depriving 2.14 lakh people of safe drinking water.**

(Paragraphs 3.4.16.3 and 3.4.16.4)

❖ **Four PWS Schemes installed at a cost of Rs 11.60 crore in areas of acute water quality problems failed to provide safe drinking water to the intended beneficiaries (0.96 lakh) due to failure of sources and theft of distribution pipe line.**

(Paragraphs 3.4.16.5, 3.4.16.6 and 3.4.16.7)

* Abbreviations used in this performance review have been expanded in the Glossary of abbreviations at pages 228-234.

❖ **Despite commitment for financial assistance of Rs 34.62 crore from MCL and NALCO the PWS Schemes could not be executed/commissioned in Angul district due to lack of proper planning and co-ordination.**

(Paragraphs 3.4.16.8 and 3.4.16.9)

❖ **The department failed to build up requisite infrastructure for testing drinking water. Due to non-supply of safe drinking water in the rural areas, 5.80 lakh rural population were victims of water borne diseases during 2002-2005 causing 2103 deaths.**

(Paragraph 3.4.18)

3.4.1 Introduction

Drinking water is the most important requirement for human beings next only to oxygen. As per 2001 census the rural population (3.13 crore) constituted 85 *per cent* of total population of Orissa (3.68 crore). The need for supplying potable water to all rural habitations was accorded due importance with the launching of the Accelerated Rural Water Supply Scheme (ARWSP) by Government of India (GOI) in 1972-73. As of March 2003, out of the total 1.41 lakh rural habitations of the State, 0.40 lakh habitations with 1.05 crore population were not provided with the minimum quantity of potable water while 0.28 lakh habitations with 24.65 lakh population did not have access to potable water and 0.12 lakh habitations with 80.29 lakh population were partially covered.

Rural Water Supply Schemes were implemented and maintained by the Rural Development Department (RDD) with financial assistance from the GOI/Government of Orissa (GoO) under different schemes, viz. ARWSP, Pradhan Mantri Gramodaya Yojana (PMGY), Minimum Needs Programme (MNP), Revised Long Term Action Plan (RLTAP) for Kalahandi, Bolangir and Koraput (KBK) Districts, schemes under implementation by Western Orissa Development Council (WODC) etc. The focus of these schemes was on covering the “Not covered” (NC¹) habitations followed by partially covered (PC²) habitations and the quality affected habitations.

There were 1.98 lakh functional spot sources in rural Orissa as of April 2001, which increased to 2.71 lakh as of April 2006 (Piped Water Supply: 0.01 lakh, Tube Wells: 2.60 lakh Sanitary well: 0.10 lakh).

3.4.2 Organisational set up

The Commissioner-cum-Secretary to GoO, RDD was in overall charge of the Rural Water Supply Schemes. The CE was the head of the Department who was assisted by six Superintending Engineers (SE) and 24 Executive Engineers (EE) in the field.

3.4.3 Audit Objectives

The Performance Audit of Rural Water Supply Scheme was conducted with the following objectives:

¹ Habitation with water supply of less than 10 litres *per capita* per day.

² Habitation with water supply of more than 10 LPCD but less than 40 LPCD.

- The extent of achievement of financial targets and whether appropriate financial controls were exercised to ensure utilisation of funds with economy and efficiency;
- The extent of achievement of physical targets and whether execution was managed economically, efficiently and effectively;
- To examine the mechanism, if any, to ensure supply of safe drinking water to rural habitations; and
- Whether the monitoring system was adequate and effective to ensure achievement of the desired objective.

3.4.4 *Audit criteria*

Audit criteria used for the performance audit were as follows:

- Budget and Accounts documents, financial targets vis-à-vis achievements and rules and procedure governing the financial management;
- Physical target and achievement for execution of various schemes as well as stipulations laid down in the guidelines of these schemes;
- Norms prescribed for testing the quality of water supplied to rural population; and
- The monitoring mechanism instituted by the Government.

3.4.5 *Audit coverage and methodology*

The Performance Audit of Rural Water Supply Schemes was carried out for the period from 2001-02 to 2005-06 for the State of Orissa except the KBK³ districts through test check of records in the Administrative Department and offices of the CE and eight⁴ out of 24 RWSS Divisions. Discussions were held with the CE and EEs during entry and exit conferences in arriving at the conclusions and assessing the impact of the schemes. Audit also physically inspected some of the sites and held discussions with the local beneficiaries.

Audit Findings

Financial Management

3.4.6 *Budget provision and expenditure*

The budget provisions vis-à-vis expenditure on implementation of Rural Water Supply Schemes during the period were as under.

Year	Budget provision		Surrender		Expenditure		Excess(+) Saving(-)	
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
2001-02	62.23	102.85	0.84	9.17	58.48	92.77	(-) 2.90	(-) 0.91
2002-03	62.93	133.88	30.46	17.85	32.56	113.58	(+) 0.09	(-) 2.45
2003-04	38.84	139.14	13.51	16.26	25.26	122.18	(-) 0.06	(-) 0.70

³ Koraput, Bolangir and Kalahandi Districts.

⁴ Rural Water Supply and Sanitation Division, Balasore, Mayurbhanj, Keonjhar, Bhubaneswar, Dhenkanal, Cuttack-I, Cuttack-II and R.W.S.S (Mechanical) Division, Sambalpur.

Year	Budget provision		Surrender		Expenditure		Excess(+) Saving(-)	
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
2004-05	36.66	136.03	17.05	14.42	17.96	118.61	(-) 1.65	(-) 3.00
2005-06	59.74	241.14	36.45	38.67	23.46	199.34	(+) 0.17	(-) 3.12
	260.40	753.04	98.31	96.36	157.72	646.48	(-) 4.35	(-) 10.18

Capital expenditure constituted only 19 per cent of the total expenditure and 38 per cent of the capital grant was surrendered which restricted the scope for installation of new water supply sources

It may be seen from the table that the Capital expenditure constituted only 19 per cent of the total expenditure during the period and 38 per cent of the Capital grant was surrendered. This showed low priority for installation of new water supply sources.

3.4.7 Expenditure in excess of final grants

As per codal provisions expenditure should be limited to the final grants received for the purpose. The CE, however, incurred expenditure of Rs 100.05 crore against the final grant of Rs 94.79 crore under Non-Plan during 2001-05, resulting in an excess expenditure of Rs 5.26 crore over the budget provisions which remained unregularised (May 2006). The CE did not explain to the Government for the excess so far.

3.4.8 Diversion of funds

In three out of eight RWS&S Divisions test-checked, the EEs incurred expenditure of Rs 2.25 crore on maintenance and repair works in excess over the allotment received during 2001-06 and met the excess expenditure from the funds provided for Plan Schemes for installation of new sources.

3.4.9 Diversion of Letter of Credit (LoC)

GoO introduced the system of LoC to ensure incurring expenditure in accordance with the financial authorisation and the EEs were required to utilise the LoC for the purpose for which authorised. In two⁵ of the RWS&S Divisions, EEs diverted LoC of Rs 2.65 crore during 2004-06 for other purposes. The EEs accepted the factual position and stated that the diversions had been made in view of urgency although they were not competent to undertake other works without expressed approval of the CE/Government.

3.4.10 Irregular expenditure without sanction of estimates

Expenditure of Rs 19.86 crore was incurred on operation and maintenance of water supply schemes without sanction of estimate

As per provisions of the code, annual estimates were required to be prepared and got sanctioned by the competent authority for operation and maintenance of the water supply schemes. In seven out of eight RWS&S Divisions test checked, the EEs spent Rs 19.86 crore towards operation and maintenance of rural water supply schemes during 2001-06 without sanction of estimates. The EEs stated that action would be taken to regularise the expenditure by obtaining post-facto sanction to the estimates from the competent authority.

3.4.11 Excess expenditure on establishment over the prescribed norms

Establishment expenditure exceeded the prescribed norms by Rs 58.55 crore

As per extant norms, the expenditure on establishment was to be limited to 10.5 per cent of the total expenditure on works. Against the total works expenditure of Rs 804.20 crore during 2001-02 to 2005-06, establishment expenditure amounted to Rs 143.00 crore, which worked out to 18 per cent.

⁵ Keonjhar (Rs 1.61 crore) and Mayurbhanj (Rs 1.04 crore).

There was, thus, expenditure of Rs 58.55 crore on establishment in excess over the prescribed norm.

3.4.12 Inadmissible payment to Self Employed Mechanics (SEMs)

As per guidelines issued by GOI, SEMs were to be engaged by the Gram Panchayat for maintenance and up-keep of tube wells. Government was required to bear 50 *per cent* of the remuneration of the SEMs for the first three years of their engagement. The balance 50 *per cent* of their remuneration for the first three years and the full remuneration beyond the third year were to be borne by the GPs. The GPs in turn were to collect contributions from the user communities as fee for the services rendered. In seven RWS&S Divisions test checked, the EEs made full payment of the remuneration for all the SEMs engaged without regard to their period of engagement. This resulted in an inadmissible payment of Rs 1.40 crore by the EEs towards remuneration of the SEMs.

3.4.13 Outstanding water tax

Rules required that water tax due from consumers should be realised promptly within the year. Rs 0.19 crore (17.75 *per cent*) was realised against the total demand of Rs 1.07 crore in eight divisions up to 2005-06. Year-wise break-up of the arrears was, however, not available with the EEs.

Identification of problem habitations

3.4.14 Survey report on problem habitations

Government of India as well as Government of Orissa emphasized the need for provision of minimum 40 litres of safe drinking water per capita per day (LPCD) to all the rural habitations and provided funds under different programmes/schemes viz ARWSP, PMGY, MNP, ACA, SCA. The primary requirement for meeting the objective was to identify the problem habitations. The problem habitations meant not only the habitations where water availability was less than 40 LPCD but also habitations where quality of water was below the safety norms

Based on the survey validated during 1995-96, the Comprehensive Action Plan (CAP) 1999 identified 1978 'Not Covered' (NC) and 4660 'Partially Covered' (PC) habitations and envisaged their coverage. The department did not conduct any further survey to identify the problem areas, but had reported (September 2002) to the GOI that all identified NC and PC habitations had been covered with supply of minimum quantity of potable water by March 2002. The Status Survey Report submitted (September 2004) by the CE to the GOI, however, disclosed that out of the total 1.41 lakh rural habitations of the State, 0.28 lakh habitations with 24.65 lakh population were not covered and 0.12 lakh habitations with 80.29 lakh population were partially covered as of April 2003. As of April 2006, 11.07 lakh population in 0.09 lakh rural habitations remained without access to safe drinking water and 63.34 lakh population in 0.12 lakh habitations were partially covered. Thus, the report submitted to GOI in September 2002 that all the NC and PC habitations were covered, was not correct.

Identification of problem habitations was not reliable

The EEs were required to submit Annual Statistical Returns (ASRs) at the close of each financial year indicating status of the rural habitations in regard to water supply vis-à-vis the existing spot sources based on which the CE was to compile his report for finalisation of Action Plan. It was noticed that 13 out of the 20 RWS&S Divisions had not furnished the ASRs for 2004-05; four of them had not submitted the same even for the year 2003-04 to the CE as of April 2006. Thus, the identification of problem habitations was not reliable, as the information on functioning of existing spot sources was not based on the ASRs.

Execution of Water Supply Schemes

3.4.15 Physical targets and achievements

The targets fixed by the Government for installation of drinking water sources and achievements as reported by the CE for the years 2001-02 to 2005-06 were as follows:

Year	Construction of Wells							Piped Water Supply Schemes		
	Targets			Achievements			Short-fall in percentage	Targets	Achievements	Shortfall in percentage
	TW	SW	Total	TW	SW	Total				
2001-02	8407	167	8574	8183	105	8288	03	97	64	34
2002-03	13996	470	14466	13547	470	14017	03	210	105	50
2003-04	15065	400	15465	13928	348	14276	22	222	128	43
2004-05	9886	400	10286	9242	487	9729	05	209	94	55
2005-06	24389	850	25239	18218	1152	19370	23	186	134	28
Total	71743	2287	74021	63118	2562	65680	11	924	525	43

Note: TW: Tube well, SW: Sunk well

There was shortfall of 43 per cent in completion of PWS scheme and 42 in installation of tube wells

It would thus be observed that the shortfall in completion of piped water supply schemes was as high as 43 per cent due to inadequate pre-construction survey, non-finalisation of water sources, delay in energisation of pump houses and non-sanction of revised estimates as discussed in subsequent paragraphs. Further, the reported achievement of 89 per cent under the wells did not reflect the true picture since analytical tests conducted during April 2001 to June 2005 revealed that water discharge from 27316 tube wells installed at a cost of Rs 133.85 crore were unsafe for drinking due to chemical contamination exceeding the permissible limits. These tube wells were not sealed. This brought down the actual achievement to only 38364 wells i.e. 58 per cent.

3.4.16 Piped Water Supply Schemes

As of March 2001, there were 464 completed PWS schemes and 416 PWS schemes were under execution; 503 more schemes were sanctioned during April 2001 to March 2006. As of April 2006, 1061 PWS schemes were commissioned and the remaining 322 were either under execution (222) or had not been taken up (100). Scrutiny of Reports and Returns and other information furnished by the EEs to the CE revealed the following deficiencies:

3.4.16.1 Non-finalisation of sources/alternative source

Non-finalisation of source/alternative source for 18 PWS schemes led to an unfruitful expenditure of Rs 3.68 crore

As per extant instructions of the Government, dependability and reliability of the selected source should be ensured through pre-construction survey and investigation before taking up the PWS Schemes. In eight RWS&S Divisions, 18 PWS Schemes taken up between 1992 and 2002 for completion within one year of commencement, were left incomplete after incurring expenditure of Rs 3.68 crore (May 2006). The reason was either non-finalisation of sources (10) or the alternative sources (eight) had failed. This rendered the expenditure unfruitful depriving 1.36 lakh people of safe drinking water.

3.4.16.2 Non-completion of Schemes

92 PWS schemes were left incomplete after incurring expenditure of Rs 24.04 crore

In 16 RWS&S Divisions 92 PWS Schemes estimated at Rs 33.30 crore taken up between 1994-95 and 2003-04 for completion within one year of commencement, remained incomplete at different stages as of March 2006 after incurring expenditure of Rs 24.04 crore as per details given below:

Extent of delay from the scheduled date of completion	Number of projects	Expenditure incurred (Rupees in crore)
Up to one year	16	1.04
More than one year up to three years	35	6.11
More than three years up to five years	30	14.59
More than five years	11	2.30
Total	92	24.04

Non-accordance of Administrative Approvals, unauthorised deviation during execution, non-sanction of revised estimates, and inadequate release of funds were the main reasons for non-completion of the schemes.

Due to non-completion of the schemes, the intended benefit of safe drinking water could not be provided to 5.97 lakh rural people and the entire expenditure of Rs 24.04 crore remained unfruitful.

3.4.16.3 Non-commissioning of completed schemes

43 PWS schemes completed at a cost of Rs 8.82 crore between April 1997 and September 2005 were not commissioned due to non-energisation of pump houses

In 12 RWS&S Divisions, 43 PWS schemes completed between April 1997 and September 2005 at a cost of Rs 8.82 crore were not commissioned as of April 2006 due to non-energisation of the pump houses, depriving 1.48 lakh people of safe drinking water. The completed schemes remained un-energised for periods ranging between six months and eight years (up to one year: 8, one to three years: 26, three to five years: 8 and eight years:1).

3.4.16.4 Non-functioning of completed schemes

13 PWS schemes completed at a cost of Rs 3.90 crore remained non-functional for want of staff and electrical problems

In three out of eight RWS&S Divisions test checked, 10 PWS schemes completed and commissioned between December 2002 and March 2005 at a cost of Rs 3.08 crore remained non-functional for want of operating staff. Three other PWS schemes completed during March 2002 to March 2003 at a cost of Rs 0.82 crore also remained non-functional since commissioning due to theft of electrical conductor and other electrical problems. The EEs did not take any effective action to operationalise the schemes. Due to non-

functioning of these schemes, 0.66 lakh people were deprived of safe drinking water.

3.4.16.5 Change of water source resulting failure of a scheme

Unwarranted change of water source resulted in failure of a PWS scheme installed at a cost of Rs 4.50 crore

With a view to providing safe drinking water to 0.31 lakh population affected by water quality problem in Nayagarh District, GOI accorded (2000) technical clearance for PWS to Fategarh and 25 adjoining villages for Rs 4.50 crore under Sub-Mission Project, stipulating completion by 2002. The scheme provided river Mahanadi as the source on the consideration that the river was perennial. Subsequently, on the ground of high turbidity, current and scouring depth in river Mahanadi, the EE changed the source to two other sources, i.e. (i) an Intake-cum-Infiltration well at Padmavati and (ii) a production well at Bhapur. The revised scheme was not sanctioned as yet. Since the original scheme had a provision for a treatment plant for treating turbid water, the change of the source on the ground of turbidity of the water was unwarranted. Full estimated cost of Rs 4.50 crore provided to the EE was spent on the scheme between 2000 and 2003 and the project was reported as commissioned in February 2004. Physical verification of the site by audit along with the Engineers in charge of the project, however, revealed (May 2006) that the main source (i.e. the Intake-cum-Infiltration well at Padmavati) did not yield any water and the pump house with four pump-sets along with the intermediate sump of 2.75 lakh litre capacity constructed at Bijipur remained non-functional.

Site inspection of three villages (Bijipur, Malibarini and Sasan) covered under the scheme showed (May 2006) that no piped water had been supplied to two villages (Bijipur and Malibarini) since commissioning (February 2004). The Assistant Engineer (AE) in charge of the scheme who was present during inspection, stated that due to inadequacy of the source, part supply was being made only to 12 villages with a population of 0.17 lakh from different sources. On spot enquiry to local people of the largest populated village, 'Sasan', claimed by AE to have been provided with piped water supply, it was noticed that against the provision of 17 stand posts for the village with a population of 4130, eight stand posts had been constructed and part supply of water for about one and half hours per day was being made only in three out of these eight stand posts. The water supply was, thus, scanty and irregular.

The Government/CE did not initiate any action to fix responsibility for the unauthorised change of the water source, which led to failure of the scheme. EE accepted the factual position and stated (May 2006) that the intake well was constructed with verbal approval of the then CE.

3.4.16.6 Infructuous expenditure on abandoned schemes

Installation of PWS schemes without testing the quality of water and failure to finalise alternative sources resulted in a wasteful expenditure of Rs 47.15 lakh

With a view to providing safe drinking water to 0.08 lakh rural population, two PWS Schemes for Sagargaon and Jaripada in Khurda were completed and commissioned in March/April 1998 at a cost of Rs 47.15 lakh. The quality of water of these sources was not tested before finalising the water sources. After commissioning of the schemes, analytical tests conducted by the Regional Research Laboratory, Bhubaneswar (April 2000) revealed that the water of these sources was not safe for drinking due to excess fluoride contents. The sources were finally sealed in August 2002 and September 2003. This resulted

in an infructuous expenditure of Rs 47.15 lakh and deprived 8000 rural people of safe drinking water. No action was taken to fix responsibility for the lapses, which led to the infructuous expenditure.

3.4.16.7 Schemes for the fluoride affected villages

Failure to commission the laid pipe lines resulted in theft of pipes worth Rs 0.48 crore and deprived 0.09 lakh people of safe drinking water

The fluoride released by the Smelter Plant of NALCO aggravated the water of existing tube wells and sanitary wells in the fluoride endemic area near the Aluminum Smelter Plant. A tripartite agreement among NALCO, GoO (RWS&S) and Orissa Environment Programme (OEP) was drawn (January 1998) for execution of a PWS scheme at a cost of Rs 6.68 crore to supply water free from fluoride to 0.27 lakh people in eleven villages. The scheme was completed (April 2001) at a cost of Rs 6.63 crore and commissioned (May 2001) supplying water to eight villages only. Non-supply of water to the remaining three villages was attributed to non-testing of pipeline to Badibahal and Barsinga. Meanwhile, out of the total distribution network of 0.52 lakh metres, 0.09 lakh metres of pipe valuing Rs 0.48 crore was stolen by miscreants between February 2003 and May 2005. As a result, five of 11 beneficiary villages were not getting water from the project as of April 2006. Thus, failure to commission the laid pipelines not only resulted in theft of pipes but also deprived the targeted population of the benefit.

3.4.16.8 Schemes for the peripheral villages of Talcher Coal Fields

Due to operation of industrial units like Mahanadi Coal Fields Limited (MCL), National Aluminum Company Limited (NALCO), National Thermal Power Corporation (NTPC) etc. the pollution level in the water increased in the peripheral villages of Talcher Coal Fields. It was therefore decided to implement three PWS schemes to provide safe water to 19 peripheral villages. The cost of the schemes (Rs 20.66 crore) was to be borne by the MCL. They proposed (May 2004) to deposit Rs 6.20 crore initially and release the balance amounts according to the progress of work. The relevant tripartite agreement among GoO, District Water and Sanitation Mission, Angul (DWSM) and MCL was, however, signed in January 2006 after a lapse of 20 months. The work was yet to commence (April 2006) and the inhabitants of the peripheral villages remained exposed to polluted water.

3.4.16.9 Schemes for ash pond affected villages

Due to breach of ash pond of NALCO (December 2000), the water sources of the nearby villages and the villages situated in the down stream of river Nandira were severely polluted. To overcome the problem, two PWS schemes were proposed (January 2001) by the EE, RWS&S Division, Dhenkanal for implementation at a cost of Rs 13.96 crore with the financial assistance from NALCO. NALCO provided rupees one crore for the first scheme and agreed (June 2001) to extend financial assistance for implementation of the second scheme also. Neither of the schemes was implemented due to land and water source problem for one scheme and non-initiation of any action for the other scheme. As late as in June 2004, only an MoU between NALCO and GoO for execution of one scheme at a cost of Rs 5.30 crore was executed. NALCO released (June 2004) the second instalment of Rs 2.43 crore against which

Despite commitment for financial assistance of Rs 34.62 crore from MCL and NALCO, PWS Schemes could not be executed due to lack of planning and coordination

work valuing Rs 2.94 crore was executed and the scheme remained incomplete as of May 2006.

Thus, despite commitment of financial assistance of Rs 34.62 crore from MCL and NALCO way back in 2001 and 2003, the PWS Schemes could not be made operational due to lack of proper planning and coordination between the Government and MCL/NALCO, and the rural people continued to remain vulnerable to water borne diseases.

3.4.17 Execution of Tube wells and Sanitary wells

Selection of sites for installation of tube wells/sanitary wells was to be approved by EE in consultation with the local representatives and the inhabitants considering technical viability. GOI guidelines also stipulated periodical reassessment on a scientific basis of ground water potential taking into consideration the quality of water available and economic viability.

3.4.17.1 Installation of tube wells without trial boring

27316 tube wells installed at a cost of Rs 133.85 crore failed to provide safe drinking water

As per extant Government instructions, sites for installation of tube wells should be selected after testing the quality of water obtained through trial bores to ensure its suitability. Scrutiny of records in CE's office revealed that tube wells were installed without testing the quality of water. Out of 63118 tube wells installed during 2001-06 at a cost of Rs 319.15 crore water from 27316 tube wells was found to be unsuitable for drinking due to excess iron content (26660), excess fluoride content (116) and excess chloride contents (540) over the permissible limit. Installation of tube wells without ascertaining the quality of water of these sources resulted in a wasteful expenditure of Rs 133.85 crore.

3.4.17.2 Non-construction of platforms

Construction of platforms for tube wells and cover slabs for sanitary wells was essential to avoid contamination of the drinking water sources. It was noticed that 5006 tube wells and 339 sanitary wells were without platforms/cover slabs as of April 2006. As a result, these tube wells/sanitary wells installed at a cost of Rs 26.19 crore failed to ensure safe drinking water to the rural people.

3.4.17.3 Retrieval of useful materials from defunct tube wells

Useful materials worth Rs 11.14 crore were not retrieved from 0.15 lakh defunct tube wells

As per extant instructions, the useful materials of the defunct tube wells were required to be retrieved for re-use in other on going schemes or maintenance and repair works. The materials like hand pump sets, riser pipes and connecting rods valued at Rs 11.14 crore were not salvaged by the EEs of seven RWS&S Divisions from 0.15 lakh defunct tube wells. The EEs stated that the public did not allow retrieving the materials due to non-provision of substitute sources.

3.4.17.4 Utilisation of Rigs

Although the department had rigs in the two Mechanical Divisions under its control during 2001-06, no advance planning was made to optimally utilise these rigs and associated manpower. At RWS&S Mechanical Division, Sambalpur, despite engagement of adequate operating staff with expenditure

of Rs 3.21 crore towards their wages, the rigs were utilised for 0.03 lakh rig days against 0.17 lakh rig days available during 2001-06; the utilisation worked out to 18 *per cent*. The EE stated that paucity of funds and non-entrustment of adequate works by the Civil Divisions led to the under utilisation.

3.4.18 Inadequate testing facilities

Periodic testing and monitoring of water quality was essential for providing safe drinking water to the rural people on a sustained basis. For this purpose, there were 30 laboratories in the state of which only 15 were functional. These too were being managed by one Junior Laboratory Assistant each against the requirement of 13 staff for each laboratory as per norms. Despite instructions issued by the GOI from time to time to ensure testing and monitoring of water quality, the position was that out of 2.44 lakh sources in 1.41 lakh habitations, only 1.28 lakh sources in 0.46 lakh habitations had been tested that too only once and the quality of water of 0.40 lakh water sources in 0.28 lakh habitations was found unsafe due to excess iron/fluoride content and other multiple quality problems. No alternative source of safe drinking water was, however, provided as of April 2006.

As per report of State Disease Surveillance Cell, Directorate of Health Services, Orissa, 5.80 lakh rural population of the State were victims of water borne diseases like severe diarrhea (5.53 lakh) and acute jaundice (0.27 lakh) between 2002 and 2005. This indicated non-availability of safe drinking water in the rural area. The number of deaths caused by these diseases was 2103 during January 2002 to December 2005.

Monitoring and evaluation

3.4.19.1 Functioning of monitoring mechanism

Two monitoring cells headed by EEs were functioning in the CE's Office for planning and monitoring the progress of the execution of rural water supply schemes and ensuring their maintenance including water quality test. However, the EEs (Monitoring Cell) did not look into the reasons for non-completion/non-commissioning of the PWS Schemes for years together. None of the EEs submitted to the CE, Progress Report on water quality tests after June 2005. Prior to June 2005, though such reports were submitted by the EEs to the CE, no corrective action was ever taken/advised to ensure adequate coverage of water quality tests.

Monthly review meetings were held at the Government/CEs level to monitor the progress of works. However, here too, opportunity was not availed to analyse reasons and to find solutions for non-completion/non-commissioning of the PWS schemes, which were stuck up for years together. No action was taken at Government level to provide minimum manpower and amenities to make district level testing laboratories functional to ensure the quality of water.

3.4.19.2 Lessons learnt and sensitivity to error signals

Observations were made vide paragraph 4.1 of the Audit Report (Civil) for the year ended 31 March 2001 regarding (i) non-functioning of district level testing laboratories, (ii) drilling of tube wells without investigation resulting in wasteful expenditure, (iii) non-retrieval of useful materials from the defunct tube wells, (iv) execution of PWS schemes without AA and (v) non-provision of alternative drinking water sources in the habitations affected by water quality problem. No corrective action had been taken in these regards.

3.4.20 Conclusion

The objective of the department to provide safe drinking water to all rural habitations of the State remained unfulfilled. Capital expenditure during 2001-06 constituted merely 19 *per cent* of total expenditure indicating low priority for installation of new water sources. Identification of problem habitations was not reliable as it was not based on returns received from field functionaries nor there was any survey after 1995-96. Out of 74020 wells targeted during the period 2001-06, 65680 wells were constructed. Of these, 27316 tube wells (42 *per cent*) were found to be discharging water with high iron/fluoride/chloride contents rendering them unfit for drinking. Several Piped Water Supply Schemes remained incomplete for one to 14 years due to failure of water sources, deviations during execution, constraints of funds etc. There was a general disregard to the Government's instructions regarding testing the quality of water through trial bores before installation of tube wells. Periodical testing and monitoring of water quality was non-existent. Water quality of 0.40 lakh sources in 0.28 lakh habitations was found unsafe for drinking. Around six lakh people were affected by water borne diseases during 2002-05. There was no evidence of effective monitoring mechanism in the department.

Recommendations

- Utilisation of funds provided under Capital account should be optimised to prioritise provision of potable water in NC and PC habitations.
- Immediate action should be taken to resolve the problems faced by the incomplete schemes in order to make these functional.
- Alternative sources of drinking water should be provided on priority basis in the area where the existing sources are affected by water quality problems.
- Testing of quality of water should be ensured before installation of sources so that further expenditure in case of unacceptable quality can be avoided.
- Water sources should be regularly monitored for quality by making the testing laboratories functional with adequate infrastructure.

The matter was demi-officially referred (July 2006) to Government; reply had not been received (September 2006).

AGRICULTURE DEPARTMENT

3.5 Oil seeds production programme

3.5.1 Introduction

Oilseeds Production Programme (OPP) started in 1990-91 as a Centrally Sponsored Programme (CSP) with funding pattern of 75:25 between Government of India (GOI) and the Government of Orissa. The objective of the programme was to achieve self-reliance in production of oilseeds through increased productivity; the major activity being development and distribution of quality oilseeds among farmers. Further, to provide flexibility to the States in implementation of the development programmes on Oilseed, Pulses, Oil-palm and Maize all the related schemes were merged and the Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) came into operation with effect from 2004-05. The overall responsibility for planning, implementation and monitoring of OPP/ ISOPOM was with the Agriculture Department and the Director of Agriculture and Food Production (DAFP) Orissa, Bhubaneswar assisted by an Assistant Project Officer (APO), Oilseeds, Deputy Directors, and District Agriculture Officers at field level. The Orissa Seeds Supply Corporation (OSSC) was responsible for multiplication of oilseeds and organising Seed Village Scheme for supply of quality seeds to the farmers.

The implementation of the programme for the period 2001-06 was reviewed (April-July 2006) through test check of records of Agriculture Department DAFP and APO (Oil Seeds), Bhubaneswar, OSSC, three Deputy Directors of Agriculture (DDAs)¹ and six District Agriculture Officers (DAOs)².

3.5.2 Budget provisions and expenditure

The budget provision and expenditure incurred during 2001-06 were as below:

Year	Amount approved in the Annual Action Plan			GOI's share received	Budget provision	Amount released by the State Government (percentage of col 6)	Expenditure
	GOI Share	State's Share	Total				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2001-02	3.45	1.15	4.60	1.31	4.29	2.57 (60)	2.55
2002-03	2.40	0.80	3.20	0.25	6.40	5.50 (86)	5.49
2003-04	1.65	0.55	2.20	2.05	6.00	1.93 (32)	1.88
2004-05	5.49	1.83	7.32	3.25*	5.49	5.22 (95)	5.19
2005-06	3.75	1.25	5.00	3.75	6.87	4.99 (73)	4.68
Total	16.74	5.58	22.32	10.61	29.05	20.21 (70)	19.79

* The GOI restricted the release of central share to Rs 3.25 crore against the approved annual action plan for OPP for Rs 5.49 crore during 2004-05 due to non-availability of funds.

^a Abbreviations used in this paragraph have been expanded in the Glossary of abbreviations at pages 228-234.

¹ DDAs: Cuttack, Puri and Koraput.

² DAOs: Cuttack, Kendrapara, Puri, Khurda, Koraput and Jeypore.

Low spending of GOI funds led to loss of Central assistance of Rs 4.29 crore during 2001-03

It may be seen from above that the GOI share received was Rs 10.61 crore as against approval of Rs 16.74 crore. As against the budget provision of Rs 29.05 crore during 2001-06, the expenditure was Rs 19.79 crore³. Further, during 2001-03, the GOI was to release Rs 5.85 crore⁴ as per the approved annual action plans. However, the GOI released only Rs 1.56 crore⁵ during the period as there was spill over GOI funds at the beginning of the years (2001-02: Rs 4.45 crore and 2002-03: Rs 3.88 crore) with the State Government. Thus, due to low utilisation of funds, the State Government was deprived of central assistance of Rs 4.29 crore. During discussion, the DAFP stated (August 2006) that the release of funds and expenditure had been streamlined from 2003-04 onwards.

Of the total amount of Rs 19.79 crore spent, Rs 11.98 crore was given as subsidy to OSSC which was 61 *per cent* of the total expenditure.

3.5.3 Integrated management of production and distribution of seeds

The OPP/ISOPOM scheme and the National Seed Plan 2002 envisaged integrated management of production of quality seeds to meet the requirement of farmers and distribution of the same at affordable price to them. The Integrated Management included achievement of seed multiplication ratio (SMR), seed replacement rates (SRR), organisation of seed village programme (SVP), distribution of seed minikits to farmers and other non-seed components and provision for infrastructure. It was noticed that there was low achievement in seed multiplication and replacement rate, non-production of required quantity of certified seeds and low priority to seed village programme in the State as discussed in succeeding paragraphs.

3.5.4 Target and achievement for distribution of certified seeds

The National Seed Plan 2002 of the GOI laid thrust on popularisation of newly developed seeds and making them available to the farmers at affordable prices. The OPP/ ISOPOM schemes also contained measures for distribution of new and hybrid varieties of quality oilseeds to the farmers. Accordingly, subsidy of 30 *per cent* and 25 *per cent* of the cost of seeds limited to Rs 800 and Rs 600 per quintal was made available for supply of all certified and truthfully labeled (TL⁶) oil seeds respectively to the farmers with effect from 2004-05. Prior to that, subsidy was available only for groundnut and soybean seeds.

Year	Target for distribution to the farmers	Quantity of seeds supplied by the State Government to the DDAs for supply to the farmers			Quantity sold to the farmers on subsidy			Quantity sold to the farmers without subsidy
	Certified	Certified	TL	Total	Certified	TL	Total	
	(In q u i n t a l s)							
2001-02	7500	6217	44680	50897	3463	43951	47414	1988
2002-03	57748	5140	37948	43088	3643	37676	41319	1247
2003-04	56882	3806	54105	57911	2664	53393	56057	1037
2004-05	43893	2937	19086	22023	3031	18960	21991	--
2005-06	64285	6326	50922	57248	5179	23873	29052	--
Total	230308	24426	206741	231167	17980	177853*	195833	4272

* Includes 311 quintals of new variety of TL seeds (Smruti).

³ Subsidy: (seeds: Rs 11.98 crore, gypsum: Rs 2.82 crore, seed village scheme: Rs 1.14 crore), farmers training: Rs 0.22 crore and other components: Rs 3.63 crore.

⁴ 2001-02: Rs 3.45 crore and 2002-03: Rs 2.40 crore.

⁵ 2001-02: Rs 1.31 crore and 2002-03: Rs 0.25 crore.

⁶ TL (Truthfully labeled): Truthfully labeled means that the quality of seed is guaranteed by the seller for the prescribed minimum standards but the purity and quality of such seeds are not certified by any seed certification agency under the provisions of the Seed Act 1966.

Out of 1.96 lakh quintals of oilseeds sold to the farmers, 1.78 lakh quintals were TL seeds the purity and quality of which was not ensured

It may be seen that out of 2.31 lakh quintals of seeds supplied to the DDAs, only 0.24 lakh quintals (10 *per cent*) were certified seeds and the remaining 2.07 lakh quintals were TL seeds. The above supply included sale of 1.78 lakh quintals of groundnut TL seeds on subsidised prices, the purity and quality of which were not certified by any seed certification agency under the Seed Act 1966.

Further, it was noticed that the groundnut seeds of 1.78 lakh quintals (TL) sold to the farmers were not only uncertified but also of old traditional varieties⁷ which did not even figure in the list of new varieties of notified seeds under the GOI's OPP guidelines 2000-01 for sale to the farmers. The Government paid subsidy of Rs 10.65 crore⁸ to the OSSC for supply of such old varieties of TL seeds. Thus, the objective of distribution of new and hybrid varieties for popularisation did not receive requisite attention in the State under the programme.

The APO, Oilseeds stated that the farmers of the State were not interested in using the new varieties, which gave fewer yield in comparison to old varieties due to erratic climatic condition in the State. The plea of erratic climate in the State was, however, applicable only to the khariff cultivation when the farmers in the State grow the oilseed crop marginally. However, bulk of the supply of these seeds was made for cultivation during Rabi season having normal climatic condition. Besides, as stated by the Director, Orissa State Seed Certification Agency, the new variety of groundnut seed (*Smruti*) which was supplied in very low quantity recorded a higher yield of 1982 (Khariff) and 3620 (Rabi) kilogram per hectare whereas the traditional old varieties of AK-12-24 and TMV-2 had a low yield of 1250 and 1025 kilogram per hectare respectively in each season.

3.5.5 *Low achievement in seed multiplication ratio*

According to the schemes, genetically superior seeds are obtained through a four-stage process as below:

- Stage-1:* Development of nucleus seeds by Indian Council of Agricultural Research (ICAR),
- Stage-2:* Multiplication of nucleus seeds to breeder seeds by ICAR/State Agriculture University (SAU),
- Stage-3:* Multiplication of breeder seeds to foundation seeds by seed developing agency (OSSC), and
- Stage-4:* Multiplication of foundation seeds to certified seeds by OSSC through the farmers' field.

The achievement in seed multiplication rate in case of groundnut being the major oilseed crop in the State was only 1:3 against the prescribed norm of 1:6

The GOI's National Seed Plan 2002 prescribed the seed multiplication ratio (SMR) for the State in respect of the two major crops cultivated in the State at 1:6 (Groundnut) and 1:100 (Mustard) at both the stages i.e. from breeder to foundation seeds and foundation to certified seeds. The achievement in seed multiplication from foundation to certified seeds by the OSSC was 1:3⁹ against

⁷ AK-12-24: 76364 quintals (Notified in February 1976), TMV-2: 114151 quintals (Notified in February 1976) JL-24: 1837 quintals, GG-24, TAG-24: 524 quintals (Notified in November 1992), TG-3, etc.

⁸ Subsidy at the rate of Rs 600 per quintal on 177542 quintals (177853-311 quintals) of old varieties of groundnut TL seeds.

⁹ With the multiplication of 4811 quintals of foundation seeds of groundnut, the production achieved was 0.22 lakh quintals of which certified seed constituted only 0.17 lakh quintals.

the prescribed norm of 1:6. Similarly, multiplication of 97 quintals of foundation seeds of mustard yielded only 0.04 lakh quintals at a ratio of 1:42 as against the norm of 1:100. The details of achievement in seed multiplication are given in the *Appendix-3.12*. The low SMR was due to constraint of technical staff, insufficient technical guidance on cultural management of seed production and inability of poor farmers to maintain the fields for healthy growth of the crops.

3.5.6 Distribution of Seed mini-kits

The seed mini kits are meant for introduction and popularisation of the latest varieties notified in the last 10 years among the farmers. These mini-kits were to be supplied directly to the States by Technology Mission on Oilseed Programme (TMOP) of the GOI through National Seed Corporation (NSC) / State Farms Corporation of India (SFCI) and the cost was to be borne by the TMOP. The State was to ensure distribution of these mini-kits. As against 6.43 lakh mini kits targeted for distribution during 2001-06, only 3.14 lakh (49 per cent) mini-kits were supplied in the State. Thus, there was shortfall in distribution of seed minikits. It was seen that a new variety of groundnut seed (TAG-24) was supplied by the GOI through minikits for popularisation. However, the State Government's general thrust was on sale of subsidised traditional varieties of groundnut TL seeds (AK-1224 and TMV-2) during 2001-06 which constituted 92 per cent of total supply of groundnut seeds¹⁰ during the period. As reported (March 2006) by the DAFP to the TMOP, the average yield of these old varieties during 2001-04 was 941 kilograms per hectare while the same in respect of the new variety (TAG-24) was 1377 kilograms per hectare. Thus, use of traditional old varieties in lieu of the improved seeds adversely affected the production in the State.

3.5.7 Low coverage under Seed Village Programme

According to the guidelines of OPP / ISOPOM, seed villages should be organised in the fields of progressive farmers for production of certified seeds based on demand in each district to reduce the handling cost and ensure timely availability of certified seeds to farmers at affordable prices. Subsidy was provided to the farmers at the rate of Rs 375 per quintal of certified seed produced by them and Rs 125 is placed at the disposal of OSSC for procurement, handling and testing etc. It was observed that the OSSC organised the programme in all the districts except in one agricultural district (Phulbani) at a very low scale. Besides, the Government also organised the programme during 2005-06 Khariff departmentally in the State except in 11 agricultural districts¹¹. It was seen that a provision of Rs 1.48 crore was made for the purpose which was sufficient to meet the subsidy cost for production of only 0.29 lakh quintals of oilseeds. Out of this, expenditure of Rs 1.14 crore was incurred covering about 4100 hectares for a meager production of 0.26 lakh quintal seeds of which the certified seeds was only 0.22 lakh quintal.

Against the targeted supply of 2.30 lakh quintals of oilseeds, the production of certified oilseeds under SVS during 2001-06 was only 0.22 lakh quintals due to low coverage

¹⁰ Out of total 1.94 lakh quintals of groundnut seeds supplied during 2001-06, 1.78 lakh quintals were of old varieties of TL seeds.

¹¹ DAOs: (i) Balasore, (ii) Bhadrak, (iii) Chatrapur, (iv) Berhampur, (v) Aska, (vi) Parlakhemundi, (vii) Keonjhar, (viii) Anandpur, (ix) Champua, (x) Phulbani and (xi) Boudh.

3.5.8 Low achievement in Seed Replacement Rate

According to the National Seed Plan, as the area under oil seed cultivation is unlikely to increase significantly, the thrust should be on raising productivity by replacing with quality seed at the seed replacement rate (SRR) of 25 *per cent* of the total programmed areas. The Tenth Five-year Plan also emphasized enhancement of seed replacement rate (SRR) with quality seeds i.e. certified seeds. As per the data maintained by the Director of Agriculture, the SRR of the major oil seed crops in the State during 2001-06 was much less than the scientifically desirable level of 25 *per cent* prescribed by GOI except in case of mustard for the year 2002-03 and 2004-05 as detailed below:

Sl.No.	Name of the Oilseed	Percentage of SRR				
		2001-02	2002-03	2003-04	2004-05	2005-06*
1.	Groundnut	14.59	15.96	16.45	6.18	16.58
2.	Mustard	18.46	28.74	19.01	27.86	9.51
3.	Castor	1.68	0.70	1.13	1.67	1.50
4.	Sesamum	0.15	0.66	0.36	Not available	0.36
5.	Niger	0.64	0.47	0.04	0.34	0.78

*Provisional

The low achievement in SRR obviously resulted in low yield to the farmers.

3.5.9 Non Seed Component

Non-seed components such as infrastructure development, block demonstration and farmer's training also serve as important inputs in providing essential help and guidance to farmers to improve productivity. There were shortfalls ranging from 18 to 91 *per cent* in achievement of the physical targets set under the non-seed components as discussed in the succeeding paragraphs.

3.5.9.1 Infrastructure development

Under the scheme, the State Government was to create appropriate need based infrastructure facilities like construction of bore-well and tube wells for providing irrigation to the farms and construction of de-humidified seed storage godowns for storage of seeds. For this, assistance was available to seed farms of the State Government, Oil Federations (OILFED), State Seed Corporation and also for compact areas taken up under the Seed Village Scheme (SVS). It was noticed that the State Level Sanctioning Committee (SLSC) did not include this component in the annual action plans during 2002-05. Provision of Rs 1.15 crore was made in the annual action plans and the budget during 2001-02 (Rs 40 lakh for construction of threshing floors in the departmental farms) and 2005-06 (Rs 75 lakh for construction of three seed storage godowns). However, only Rs 10 lakh (9 *per cent*) was spent by five DDAs¹² out of the budget provision of 2001-02 for construction of threshing floor for seed farms. Government did not release the remaining provision of Rs 1.05 crore. Thus, the planned infrastructure development was grossly neglected at the implementation stage.

Out of the total provision of Rs 1.15 crore made during 2001-02 and 2005-06 for providing infrastructure, only Rs 10 lakh (9 *per cent*) had been spent

¹² (i) DDA, Bolangir: Rs 1.50 lakh, (ii) DDA, Koraput: Rs 2.10 lakh, (iii) DDA, Dhenkanal: Rs 3 lakh, (iv) DDA, Puri: Rs 1.40 lakh and (v) DDA, Mayurbhanj: Rs 3 lakh.

3.5.9.2 Non-organisation of Block demonstration programme

The OPP/ISOPOM guidelines provided organising block demonstration programmes in farmers' field for testing of new / hybrid varieties of oilseeds by using improved crop production technology with judicious use of inputs. It was, however, noticed that no block demonstration programme was approved by the SLSC during 2002-05. Although block demonstrations of groundnut crop were organised in 2452 out of 3000 hectares targeted (82 *per cent*) during 2001-02 and 2005-06, only traditional varieties of seeds were used instead of new varieties/hybrids. As a result, the farmers were not made aware of the adoption the new / hybrid varieties of seeds with improved crop production technology to boost the oilseeds production and the objective of introducing improved seeds not only suffered a set back, the efforts behind organising the programme rendered futile.

3.5.9.3 Non use of Polythene Mulch in Groundnut (PMG)

According to ISOPOM, use of bio-degradable polythene sheets as mulch in groundnut gives better yield due to retention of soil moisture with reduced weed intensity and increased efficiency of soil micro-organism. A sum of rupees seven lakh only was sanctioned during 2005-06 to conduct demonstration of the polythene sheets in 100 hectares in three agricultural ranges (DDAs: Cuttack, Puri and Balasore) and two agricultural districts (DAOs: Bargarh and Deogarh). However, the APO (Oil seeds) surrendered (March 2006) the same due to late receipt of fund and non-availability of polythene mulch sheets. Thus, the new technology was yet to be implemented in the State (March 2006).

3.5.9.4 Inadequate supply of Gypsum

Gypsum/Pyrites are the cheapest source of sulphur and an important secondary nutrient. Its application is known to increase both production and oil contents in oilseeds. Subsidy of 50 *per cent* cost of the material together with transportation cost limited to Rs 500 per hectare was available to meet such expenditure. As against total area of 5.87 lakh to 8.49 lakh hectares under oil seeds cultivation in the State during 2001-06, only 0.71 lakh hectares were targeted for application of gypsum and the achievement was 0.91 lakh hectare which was only two *per cent* of the total area under cultivation during the period.

3.5.9.5 Shortfall in organising Farmer's training programmes

The OPP / ISOPOM schemes, provided training of farmers linking with the block demonstration and SVS for speedy transfer of technology to the farmers. The District Agriculture Officers were to select the farmers and organise the training programmes. However, it was seen that the State Government made no provision for farmers' training during 2003-05 in the State's annual action plan. Against the targeted 430 batches of farmers' training programme approved by SLSC only 230 training programmes (53 *per cent*) were organised during 2001-03 and 2005-06 due to inadequate provision of funds. Besides, the training programmes were not linked with the implementation of

230 out of 430 batches targeted for farmers' training programme were not conducted, as required funds were not sanctioned

SVS as provided under the scheme and were organised as a matter of routine due to lack of coordination between OSSC which implemented SVS and DAOs who organised the training programmes.

3.5.10 *Impact of implementation of scheme*

The guidelines envisaged that the State should assess the total potential for progressive expansion of area under OPP / ISOPOM. The year wise production target fixed and achievement made thereof, area covered and deficit of marketable oil production as per the data maintained by the DAFP were as below:

Year	Area covered	Production target fixed	Achievement made	Productivity	Deficit of oil production
	(In lakh hectares)	(In lakh tonnes)		In lakh tonne / hectare	(In lakh tonnes)
2001-02	8.49	5.60	5.40	0.64	13.12
2002-03	5.87	6.40	3.23	0.55	15.59
2003-04	7.96	4.92	4.98	0.62	14.15
2004-05	8.41	6.42	5.22	0.62	14.16
2005-06*	8.27	7.90	5.64	0.68	14.11
Total	39	31.24	24.45	0.63	

*Provisional

It may be seen that the progressive expansion of area from year to year was not achieved and varied from 8.49 lakh hectares in 2001-02 to 5.87 lakh hectares in 2002-03. Due to non-fixing of target for area expansion and productivity, the targeted increase in production could not be achieved. Production ranged from 5.64 lakh tonnes (2005-06) to 3.23 lakh tonnes (2002-03) and the productivity hovered around 0.63 lakh tonne per hectare. The shortfall in marketable oil production varied from 15.59 lakh tonnes (2002-03) to 13.12 lakh tonnes (2001-02) Thus, the State was far from attaining self-sufficiency in oilseeds production.

3.5.11 *Monitoring and evaluation*

The State Level Sanctioning Committee (SLSC) was required to meet twice in a year each at the onset of Khariff and Rabi season to ensure result oriented evaluation and effective implementation of the programme. The above committee, however, used to have annual meetings only. The required monthly progress reports were not sent to the GOI regularly up to June 2005. Scrutiny of the reports revealed that only the data with regard to coverage and production prospects, supply of various inputs and support service etc. were included. Reports did not highlight the reason for shortfall with measures / suggestion to improve performance highlighting exploitation of significant factors for better performance in future.

3.5.12 *Conclusion*

The implementation of OPP/ISOPOM suffered from several deficiencies. Low spending of GOI assistance led to loss of central assistance of Rs 4.29 crore. The supply of certified seeds to the farmers was a meager 10 *per cent* of the target as the production through implementation of seed village scheme (SVS) was on a low key. The seed replacement with quality seeds in the State was far below the norms prescribed by the GOI. The planned infrastructure

development was grossly neglected at the implementation stage. The oilseed production was much less than the targets fixed for sale by the State Government due to low achievement in seed multiplication ratio and negligible coverage of area under SVS for production of certified oil seeds. The State could not accelerate self-sufficiency in oil seeds production and there was deficit of marketable oil production. The scheme had little impact on the overall production of oil seeds in the State.

Recommendations

- Government should plan the production and supply of certified oil seeds to the farmers before the sowing seasons specially in the Rabi season for ensuring productivity and increase in production;
- Production and distribution of new and improved varieties of quality oil seeds should be promoted among farmers through seed village scheme, block demonstration, and effective communication and education to sensitise the farmers;
- Appropriate need based infrastructure facilities should be created as provided in the approved annual action plans;
- New technology of using polythene-mulch may be tried; and
- Functioning of the seed developing agencies should be strengthened to ensure effective technical guidance to achieve growth of high yielding varieties of seeds and better seed replacement.

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

FOREST AND ENVIRONMENT DEPARTMENT

3.6 Project Tiger

3.6.1 Introduction

Project Tiger a wildlife conservation project was launched in India in 1973 as a Centrally Sponsored Scheme (CSS) to ensure maintenance of a viable population of tigers in India for scientific, economic, aesthetic, cultural and ecological values, and to preserve for all times, areas of biological importance as a national heritage for the benefit, education and amusement of the people. In Orissa, the Project Tiger was implemented in the Similipal Tiger Reserve (STR).

The project was executed by a Conservator of Forests as the Field Director of the tiger reserve, assisted by a Deputy Director and three Assistant Conservators of Forests. In addition, there were five Forest Divisions and 19 Ranges within Protected Area of STR.

Test check of records maintained in the Department of the Forest and Environment, offices of the PCCF and Chief Wild Life Warden, Orissa, Field Director and 19 Forest Range offices was conducted between January and March 2006 covering the period 2000-01 to 2004-05. The important findings are given in the following paragraphs.

3.6.2 Project planning

Management plan drawn as a long-term action plan was to be framed in two phases for ten years. The Annual Plan of Operations (APO) were to be in accordance with the proposals included in the management plan. The management plan for the period from 2001-02 to 2010-11 was prepared and submitted to GOI for approval. No information was available on approval of the management plan.

The amount provided in the APOs vis-à-vis the amount sanctioned/released by the Government of India and expenditure incurred during 2001-05 were as under:

(Rupees in crore)								
Year	Provisions as per APOs	Amount sanctioned by GOI	Amount released by GOI	Amount released by Government of Orissa (GOO)	Amount less released by GOI	Total fund available including revalidation ¹	Expenditure	Percentage of unspent balance
2000-01	3.24	2.46	1.75	1.77	0.71	1.77	1.24	29.94
2001-02	4.00	2.78	1.96	1.49	0.82	1.49	1.34	10.07
2002-03	2.37	1.25	1.06	1.20	0.19	1.20	1.18	--
2003-04	7.64	1.46	0.65	0.80	0.81	0.79	0.79	--
2004-05	3.32	2.95	2.08	2.10	0.87	2.10	1.73	17.62
Total	20.57	10.90	7.50	7.36	3.40	7.35	6.28	

^{*} Abbreviations used in this performance review have been expanded in the Glossary of abbreviations at pages 228-234.

¹ Revalidation amounts are Rs 53.11 lakh, Rs 77.82 lakh, Rs 73.37 lakh, Rs 5.5 lakh and Rs 91.91 lakh for the year 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 respectively.

It would be seen from the table that the STR had not been able to utilise the funds available during any particular financial year. In spite of this the APOs had proposed higher financial outlays for the subsequent years. For instance, the proposed outlay in APO for 2003-04 alone was Rs 7.64 crore whereas only Rs 6.28 crore out of available funds of Rs 7.35 crore could be utilised during 2000-05. This indicated that the project lacked proper planning and the APOs were prepared as per periodical requirements but not as part of a long term plan.

3.6.3 *Loss of central assistance*

GOI released funds based on utilisation of funds and provisions of matching share by the State Government. It may be seen from the table above, the unspent balance ranged between 10.07 and 29.94 *per cent* for the period under review except during 2002-03 and 2003-04. Besides, out of the total amount of Rs 3.32 crore released by the GOI on the recurring head, the State Government could provide an amount of Rs 2.30 crore only during the period. This indicated a slow pace of utilisation of funds in case of fully centrally sponsored scheme and non provision of matching share by the State Government in the items of expenditure shared on 50:50 basis. Consequently, GOI released Rs 7.50 crore against Rs 10.90 crore sanctioned resulting in loss of central assistance of Rs 3.40 crore during 2000-05.

3.6.4 *Low budget provision for wildlife conservation*

As per the National Wildlife Action Plan 2002-2016, a minimum of 15 *per cent* of total forest budget should be allocated for conservation of wildlife. It was, however, noticed that the budget provision for conservation of wildlife ranged between 1.75 *per cent* and 5.65 *per cent* for the preceding four years and during the year 2004-05 it was a meagre 0.40 *per cent*.

3.6.5 *Creation of development fund*

As per Wildlife Conservation Strategy 2002, a development fund out of revenue generated was to be created for use in augmentation of available resources for conservation. However Government of Orissa/PCCF, wildlife did not issue any circular/instructions for creation of such fund. A sum of Rs 49.03 lakh realised as entry fees from the tourists during the period from 2000-01 to 2004-05 was deposited in treasury as forest revenue without creating a development fund. However, Government of Orissa revised the rule in April 2005 and kept such amounts in a separate account for reuse.

3.6.6 *Relocation of families from the core area*

The long term survival of tiger depended upon the availability of secure and inviolate areas free from human impact. A time bound programme for relocation of families living in core area was necessary. It was noticed that out of 180 families living in the core area, only 72 families could be relocated as of June 2006. Out of Rs 1.30 crore paid for the purpose to the Collector, Mayurbhanj up to 31 March 2005, an amount of Rs 66.10 lakh remained unutilised as of June 2006.

3.6.7 Forest offence cases

The essential requirement of a tiger project was the protection of its forest wealth vulnerable to illegal felling of trees in the reserve areas. The total number of offence cases booked between 2000-01 and 2004-05 were as follows.

Year	Number of forest offence cases	Volume of timber involved (in cft)	Estimated cost of timber (Rupees in lakh)
2000-01	4800	16229.19	39.40
2001-02	4440	13532.86	31.75
2002-03	4657	17990.01	44.93
2003-04	3920	13731.22	31.72
2004-05	3173	12794.04	23.86
TOTAL	20990	74277.32	171.66

It may thus be seen that a total number of 20990 number of cases involving in seizure of 74277.32 cft of timber were reported during the period of last five years. Though there was a decline in the offences reported over the years especially after the deployment of Sabuja Bahini, a strike force consisting of ex-military persons in 2004-05 it has not been significant enough to protect the tree population of the reserve.

However, it was noticed that though GOI sanctioned Rs 91.61 lakh during 2001-02 for filling up of the post of beat guards, the same had not been released as of July 2006.

3.6.8. Tourism

About 20000 wildlife tourists visited the sanctuary every year. Though wildlife tourism was a resource generation activity, it was to be regulated to the extent that it did not affect the movement of wildlife and created sound pollution. It was, however, noticed that the guidelines issued by the Government in April 2003 were not followed up. No tourism management plan was prepared neither the tourist carrying capacity of the reserve was decided. There was no control system to check the speed of vehicles. The rest houses existing in the core zone continued to function.

3.6.9 Tiger/leopard estimation

The Government of India instructions issued in November 2001 stipulated that the estimation of tigers/leopards was to be conducted annually and the compliance reported to the Ministry by 30 June of the next financial year.

The census of two species conducted by pugmark method yielded the following result.

Tiger Population				
Year	Male	Female	Cub	Total
2001-02 (2002)	29	43	27	99
2003-04 (2004)	28	41	32	101
Leopard Population				
2001-02	44	62	20	126
2003-04	44	64	19	127

The enumeration of tiger/leopard population was not done annually. Further, decrease in population of adult tigers in absence of any report of death or poaching raises doubt on the reliability and accuracy of method of estimation.

3.6.10 Manpower management

The following table shows the sanctioned strength, number of vacancies of key posts in the Project Tiger as of March 2006.

Cadre	Sanctioned strength	Vacancies	Percentage of vacancy
Forest Rangers	13	9	69
Forester	37	12	32
Beat Guards	108	54	50

Efforts taken by the STR to fill up the vacancies called for are awaited (March 2006). Vacancies in the cadre of forest rangers and beat guards who are the key functionaries at the field level, also adversely affected the wildlife management.

3.6.11 Conclusion

The annual plan of operations was prepared on ad-hoc basis. Low budgetary provision and low spending of GOI assistance led to curtailment of GOI assistance. Relocation of families from core areas was way behind the target. Illegal trades and offences had gone unabated. The method of tiger estimation was not reliable. The guidelines issued by the Government for regulating the tourism activities were not followed up. Thus, the main objective of the Project Tiger to protect the wild life and mitigate deleterious human impacts was not achieved.

Recommendations

- Adequate budget provisions should be made to conserve the wild life and funds made available by Government of India should be effectively utilised;
- Constant persuasions should be made by the appropriate authorities for expeditious relocation of families living in core areas;
- Guidelines issued by the Government for regulating tourism activities should be strictly enforced; and
- Patrolling should to be strengthened to stop illegal trade and offence.

The matter was demi-officially referred (July 2006) to Government; reply had not been received (September 2006).

CHAPTER-IV

AUDIT OF TRANSACTIONS

Audit of transactions of the Departments of Government, their field formations as well as that of the autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

4.1 Fraudulent drawal/misappropriation/embezzlement/losses

WATER RESOURCES DEPARTMENT

4.1.1 Subsidised rice missing- Misappropriation likely

Subsidised rice weighing 1345 MT valuing Rs 1.68 crore received under Food for Works (FFW) Programme was allegedly misappropriated by an Assistant Engineer.

As per codal provisions, no work should commence or liability incurred unless the estimates are sanctioned, agreements drawn and work orders issued for commencement of the works.

The Chief Engineer (CE), Minor Irrigation (MI) allotted (November 2003) 1350 MT of rice to Deogarh district under Food for Works (FFW) Programme for repair/restoration of MI Projects affected in the floods of 2003 through generation of wage employment. As per the norms of the programme, the EE was to monitor the progress and utilisation of food grains allotted and send certificate of utilisation and monthly progress reports. The Assistant Engineer (AE), Deogarh MI Sub-division under MI Division, Sambalpur lifted 1345 MT of rice in January/February 2004. The EE submitted Utilisation Certificate (UC) in March 2004 reporting utilisation of 610 MT of rice in repair and restoration of different MI Projects of the district. Subsequently, the AE reported in August 2004 that the entire quantity of 1345 MT of rice was utilised in repair/restoration of 14 MI Projects of the district.

Test check of records of the MI Division, Sambalpur revealed (January 2005) that the EE had issued the certificate of utilisation of the allotted food grains without verifying the estimates, agreements and works orders. As neither the estimates nor the agreements and the work orders were in existence, utilisation of rice was unauthorised. Besides, the site accounts of the works indicating accountal of the rice and the hand receipts in support of issue of rice to the contractors for the works were also not available in records.

Physical verification of stock was subsequently conducted in September 2005 which disclosed no stock balance of rice.

* Abbreviations used in this Chapter have been expanded in the Glossary of abbreviations at pages 228-234.

Thus, the internal control failure at the level of the EE, who issued the certificate of utilisation of the rice in the absence of estimates, agreements, work orders and without verification of the actual execution of work, facilitated the misappropriation of 1345 MT of rice worth Rs 1.68 crore (including transportation cost of Rupees nine lakh) by the AE. No action was, however, taken against the AE as of March 2006.

Government stated (May 2006) that the matter was under investigation.

4.2 Infertuous/wasteful expenditure and overpayment

FOREST AND ENVIRONMENT DEPARTMENT

4.2.1 Wasteful expenditure of Rs 46.44 lakh due to damage to seedlings raised under Economic Plantation Scheme

Nineteen Forest Divisions incurred an expenditure of Rs 46.44 lakh which proved wasteful as 20.37 lakh seedlings of economically important species grown by them were found to be damaged or overgrown.

The Annual Plan of the Government for 2004-05 included raising of plantation of economically important species on 3000 hectares of forestland under six¹ circles covering 26 Forest Divisions during the year. Accordingly, provision of Rs 2.48 crore was made for raising of seedlings in the nursery alongwith maintenance and plantation under the Economic Plantation scheme. A target was fixed to raise 52 lakh seedlings for plantation.

Scrutiny of records (January 2005) of Principal Chief Conservator of Forests (PCCF), Orissa and information collected (April 2006) from the six Forest Circle Offices revealed that the PCCF sanctioned Rs 1.39 crore in favour of the Conservators of Forest of the six circles for raising 52 lakh seedlings during 2004-05. The Forest Divisions raised 49.67 lakh seedlings with an expenditure of Rs 1.13 crore. Out of the above, only 2.23 lakh seedlings were used for plantation by the Forest Divisions during the year and 47.44 lakh remained unutilised. Due to non-availability of funds from Special Relief Commissioner (SRC) under Sampoorna Grameena Rozgar Yojana (SGRY) scheme for plantation, the PCCF instructed (July 2004) to sell the unutilised seedlings on cost plus basis. Accordingly, 22.46 lakh seedlings were sold to different organisations² at a cost of Rs 52.07 lakh. Of the remaining 24.98 lakh seedlings, 20.37 lakh became unfit for plantation due to damage and overgrowth and the rest 4.61 lakh seedlings remained unutilised as of April 2006. Thus, the raising of seedlings without ensuring adequate resources for plantation expenses led to wasteful expenditure of Rs 46.44 lakh involving 20.37 lakh seedlings rendered unfit for purpose of plantation.

The PCCF stated (January 2005) that the planning suffered due to non-availability of funds / food-grains expected to be received from the Special Relief Commissioner under Sampoorna Grameena Rozgar Yojana scheme. The reply

¹ Anugul, Baripada, Berhampur, Bhubaneswar, Rourkela and Sambalpur.

² District Rural Development Agency (DRDA), National Aluminum Company (NALCO).

was not tenable as the above situation could have been obviated by modifying the target for seedling preparation through realistic assessment of funds of the Department for plantation and providing contingencies for non-availability of funds from SRC. However, the Principal Secretary, during discussion, assured (August 2006) that effective steps would be taken to rule out possible recurrence of such cases.

4.3 Violation of contractual obligation/ undue favour to contractors

RURAL DEVELOPMENT DEPARTMENT

4.3.1 Undue benefit to contractors

Item rate of Water Bound Macadam (WBM) was computed incorrectly resulting in an undue benefit of Rs 16.07 crore to contractors.

Under the Pradhan Mantri Gram Sadak Yojana (PMGSY), construction works of 1695 roads were awarded (2001-05) to 188 contractors in 578 packages (Phase I, II and III) at a total cost of Rs 944.47 crore for completion between 2002 and 2005. The agreements stipulated for construction of the roads with two layers of Water Bound Macadam (WBM) of 75 mm thick each to function as base course. As per the norms of the programme, the project proposals were to be prepared adopting the State Schedule of Rates (SoR).

Test check of the records revealed the following:

- As per the SoR and specifications adopted for construction of roads in the State under Orissa Water Resources Consolidation Projects (World Bank Project-WRCP), one cum of void free metal/aggregate and 0.25 cum of screening material were required for execution of one cum of WBM on compact finished surface. The specifications of construction of roads under PMGSY, however, stipulated by the Rural Development Department of Government of Orissa provided for the requirement of 1.21 cum to 1.43 cum of loose metal/aggregate and 0.29 to 0.32 cum of screening material per cum of WBM indicating requirement of 1.06 cum to 1.25 cum of void free metal/aggregate deducting 12.5 *per cent* towards voids as per technical specifications of PMGSY.
- The requirement per cum of WBM varying from 1.06 cum to 1.25 cum of void free metal/aggregate as per the technical specifications of PMGSY defied logic when compared with the specifications adopted for construction of roads under OWRCP and provided scope for undue benefit to the contractors.
- The Executive Engineers (EE) computed the item rates for WBM adopting the requirement of 1.33 cum of void free metal/aggregate per cum of WBM which was grossly in excess of OWRCP as well as PMGSY norms and resulted in undue benefit to the contractors.
- At the instance of audit, Government reviewed the item rate in consultation with the State Technical Agency (STA) and stipulated in April 2005 the requirement of 1.21 cum metal/aggregate in addition to 0.29 cum of screening materials for one cum of WBM works. However, the Government did not

specify whether 1.21 cum of metal required per cum of WBM has to be loose or void free.

- Even if the required quantity of 1.21 cum metal/aggregate is considered void free, the adoption of rate for 1.33 cum of void free material by the EEs resulted in excess payment of Rs 16.07 crore in respect of 442 packages checked in Audit as of March 2006.
- In view of adoption of one cum of void free metal and 0.29 cum of screening material in case of works executed under OWRCPC and lack of transparency in Government's clarification in May 2005, Government may further review the item rate to avoid undue benefit to contractors in future contracts.

The matter was referred to Government in April 2006; their reply has not been received.

4.3.2 Excess payment to contractors

Excess payment of Rs 11.27 crore was made to the contractors due to wrong computation of item rate of Granular Sub Base (GSB).

Under the Pradhan Mantri Gram Sadak Yojana, construction works of 1695 roads were awarded (2001-05) to contractors in 578 packages (Phase I, II and III) at a total cost of Rs 944.47 crore for completion between 2002 and 2005. The agreements stipulated for providing Granular Sub Base (GSB) using admixture of moorum and sand in the ratio of 70:30. As per the norms of the programme, the project proposals were to be prepared adopting the State Schedule of Rates (SoR).

Test check of records revealed the following:

- The technical specifications of PMGSY works stipulated that the GSB executed with composite materials of moorum and sand was to be measured as finished work in position in compact form in cubic metres for payment to the contractors. The SoR provides for rates of void free moorum; the quantity of void free moorum is to be arrived at by deducting from the metal/gravel stacks 12.5 *per cent* towards voids. This implied that 1.125 cum of loose moorum was equal to 1.00 cum of void free moorum. Granular sub-base was prepared by compacting admixture of moorum and sand. The department did not specify any norms regarding how much moorum/sand would be required to produce one cum of GSB. The Executive Engineers (EE), however, worked out the unit rates of GSB adopting the requirement of 1.50 cum of void free moorum and sand (1.05 cum of moorum and 0.45 cum of sand) per cum of GSB. The requirement of 1.50 cum of void free moorum/sand for 1 cum of GSB is *prima-facie* on the higher side and resulted in undue benefit to the contractors.
- At the instance of Audit, Government reviewed the item rate in April 2005 in consultation with the State Technical Agency (STA) and prescribed (May 2005) the requirement of 384 cum of moorum/sand per 300 cum of GSB implying requirement of 1.28 cum of moorum/sand per 1 cum of GSB. However, the Government did not specify whether 1.28 cum of material has to be loose or void free.

- Even if the requirement of 1.28 cum of moorum/sand is considered to be void free, the adoption of rate for 1.50 cum void free material by the EEs resulted in excess payment of Rs 11.27 crore to the contractors in respect of 442 packages as of March 2006.
- In view of lack of transparency in Government's clarification in May 2005, Government may further review the item rate to correct the situation.

The matter was referred to Government in April 2006; their reply had not been received.

4.3.3 Excess payment to contractors

Failure to adhere to the Indian Road Congress Code while sanctioning the estimates resulted in excess payment of Rs 1.65 crore to the contractors.

Construction of two high level bridges was awarded (January 2003-February 2004) to two contractors at a cost of Rs 30.75 crore for completion between February 2006 and May 2007. The contracts, *inter-alia*, provided for execution of Cement Concrete (CC) items of strength M-15, M-20, M-25 and M-30 using minimum quantity of cement as prescribed in the Indian Road Congress (IRC) Code subject to mix-design proportion in conformity with the gradation and proportion of all materials. The works were under execution and Rs 22.13 crore were paid to the contractors as of March 2006.

Test check of records of Executive Engineer (EE), Rural Works Division, Cuttack showed (May 2006) the following:-

- According to the IRC Code, 250 Kg, 310 Kg, 360 Kg and 380 Kg of cement per cum were required for execution of CC items of strength M-15, M-20, M-25 and M-30 respectively. The rates in the estimates were, however, computed providing the requirement of cement of 321 Kg, 411 Kg, 571 Kg and 645 Kg per cum of the above CC items respectively and floated (October 2002/November 2003) the estimates for a total cost of Rs 24.93 crore to tender. Thus, the estimates provided for inflated cement content in deviation from the IRC code.
- The Notice Inviting Tender (NIT) stipulated that the items were to be executed as per mix design proportions assessed during execution, but did not contain any condition for adjustment of the item rates in case the material proportions varied.
- The mix-design test conducted during the period of execution confirmed that actual cement consumed in the works was substantially less viz 292 Kg for M-15, 347 Kg for M-20, 392 Kg for M-25 and 435 Kg for M-30. Despite such less consumption of cement, the item rates were not correspondingly scaled down. This led to excess payment of Rs 1.65 crore to the contractors of which Rs 1.27 crore had already been passed on to the contractors as of March 2006.

The EE agreed (May 2006) with audit conclusion stating that the excess payment could not be realised since there was no clause in the agreement for adjustment of the item rates in case the material proportion varied.

The matter was referred to the Government in June 2006 and their reply was not received (September 2006).

WORKS DEPARTMENT

4.3.4 Undue financial benefit to a corporation

Undue financial benefit of Rs 4.39 crore was extended to M/s Orissa Bridge & Construction Corporation by over loading the cement concrete rates with inadmissible items.

Construction of a High Level Bridge over river Baitarani at Ballavighat near Jajpur town was allotted (February 2003) to M/s Orissa Bridge and Construction Corporation (OBCC) in a number of job contracts (K₂ form) for completion by February 2006. These agreements provided for execution of 10990 cum of cement concrete (CC) works at the rates technically sanctioned by the Chief Engineer and 15 *per cent* corporation charges thereon. The Corporation was paid Rs 12.21 crore for the works executed upto September 2005.

Test check of the records of Panikoili (R&B) Division in September 2005 revealed that though the rates for the CC items were computed as per the SoR, providing for 3 *per cent* for form work and 7 *per cent* towards sundries and Tools and Plants, the rates were further over loaded with the cost of additional items such as islanding, foot bridge, derrick stand, winch stand, pillion base and centering and shuttering (form work) etc. which were not separately admissible as per the SoR and also not provided in execution of other bridge works in the State. The unauthorised inclusion of inadmissible items led to undue benefit of Rs 4.39 crore to the Corporation.

Government stated (May 2006) that the CC works envisaged in the SoR were for general nature of work while the CC works provided in this work were controlled concrete executed inside water. This was not correct since the rate analysis provided in the SoR was applicable for controlled concrete items.

4.3.5 Non-recovery of Government dues

Government dues of Rs 2.02 crore was not recovered from a contractor who had defaulted in completion of a High Level Bridge.

Construction of a High Level Bridge (460 metres long) over river Luna Karandia at Karilopatna stipulated for completion at a cost of Rs 4.67 crore was abandoned midway by the contractor in December 2001 after executing of work for Rs 2.54 crore. Government ordered (October 2002) closure of the contract under the risk and cost of the contractor and the left over works were awarded (February 2004) to another contractor at a cost of Rs 4.02 crore for completion by February 2006.

Test check of the records of Kendrapara (R&B) Division brought out (October 2004) the following:

- The contractor failed to complete the work despite repeated notices and finally abandoned it since December 2001. However, the Executive Engineer (EE) did not invoke the penal clause of the contract for realisation of liquidated

compensation (10 *per cent* of the estimated value). Instead, he paid (February 2002) Rs 2.54 crore to the contractor for the work executed by him till abandonment and proposed closure of the contract in July 2002.

- As per the contract, Rs 1.89 crore was recoverable on account of risk and cost from the defaulting contractor for the portion of the work left out by him. Further, Rs 13.42 lakh incurred by the division for removal of silt from the working area was also recoverable from the original contractor. Altogether, Rs 2.02 crore was recoverable from the defaulting contractor. No action was, however, taken as of July 2006 to recover the Government dues.

Thus, the EE, despite closure of the contract with the defaulting contractor under risk and cost of the contractor in October 2002, failed to recover Government dues of Rs 2.02 crore from the defaulting contractor as of July 2006. At the instance of audit, contractor's securities valuing Rs 12.68 lakh available with the division were credited to Government account in May 2006.

Government stated (May 2006) that the balance amount would be realised from the contractor.

WATER RESOURCES DEPARTMENT

4.3.6 Non-recovery of Government dues

Failure to penalise a defaulting contractor and non-initiation of suitable action to recover the outstanding dues led to loss and non-recovery of Rs 34.44 crore.

Construction of Left Bank Canal from RD 31.50 to 33.00 Km of Rengali Irrigation Project was awarded (March 2001) to a contractor at a cost of Rs 42.22 crore for completion by March 2004. The contractor failed to complete the work despite issue of notices and finally stopped it from June 2004 after executing work worth Rs 15.15 crore (paid in June 2004). He claimed (October 2004) Rs 12.14 crore towards compensation for hike in cost of steel, extra haulage for excavated materials, refund of bank guarantee, waiver of interest on advances and applied (November 2004) extension of time up to December 2005 for completion of the work subject to admission of the claims. Since the claims were not tenable under the terms of the agreement, his contract was rescinded (March 2005) and the balance of the work was allotted (March 2006) to M/s Orissa Construction Corporation (OCC) at a cost of Rs 47.20 crore for completion by March 2008.

Test check of the records of Executive Engineer (EE), OECF Division No.I, Badajhara revealed (April 2006) the following:

- Government directed (February 2005) closure of the contract under appropriate provisions of the agreement. The EE, however, rescinded the contract only with levy of liquidated damages and forfeiture of retention money and exonerated the contractor towards recovery of extra cost on completion of the balance of the work without recording any reason in violation of the terms of the contract. This resulted in loss of Rs 20.13 crore towards extra cost involved in execution of the left over work through OCC.

- A sum of Rs 13.77 crore was recoverable from the defaulting contractor towards outstanding advances with interest, liquidated damages, performance securities, cost of departmental steel, rent for the allotted Government quarters and testing charges. The EE did not initiate any action for realisation of the dues.
- Though the Bank Guarantee (BG) for Rs 8.06 crore was available for adjustment to the extent possible, the same was not encashed and its validity expired in October 2004. No action was initiated for seizure of the plant and equipment excepting issue of intimation to Police to provide watch and ward to the machinery of the contractor lying at site.
- Due to leaving the work site in haphazard condition, the excavated portion was filled in with silt and slush which involved extra payment of Rs 53.84 lakh to OCC.

Thus, the failure of the EE to enforce appropriate clauses of the agreement led to loss on account of non-recovery of Rs 34.44 crore from the defaulting contractor.

Government stated (June 2006) that all dues and the extra cost in completion of the balance work through OCC would be recovered from the defaulting contractor.

4.3.7 Undue benefit due to providing excess lead

Adoption of 5 km lead towards transportation of earth from burrow area despite availability within 3.5 km lead led to undue benefit of Rs 2.14 crore.

Construction of Earth Dam of Telengiri Irrigation Project was allotted (March 2005) to M/s. Orissa Construction Corporation (OCC) at a cost of Rs 46.22 crore plus 15 *per cent* overhead charges. The contract, *inter-alia*, provided for execution of 27.83 lakh cum of earth work by obtaining earth from burrow area by mechanical means at the rate of Rs 82.10 per cum. The Superintending Engineer (SE), Upper Kolab Circle, Bariniput had approved (February 2004) obtaining earth from the burrow area involving 3.5 km mechanical lead for the work. The OCC offered to execute the earth work at Rs 95 per cum. This rate involved transportation of earth from 5 km lead. Project Level Technical Committee (PLTC) negotiated the offer to Rs 82.10 per cum with the 5 km lead and recommended (December 2004) acceptance of the offer, which the Government approved in March 2005.

The work was in progress with works advance of Rs 4.27 crore paid to the OCC as of March 2006.

Audit conducted (February 2006) physical verification of the actual lead involved for transporting earth for the work alongwith a team consisting of Engineers in charge of the work at Telengiri Head Works Division and the OCC. The physical verification disclosed that the lead involved was 3.5 km and accordingly the contractor was entitled to payment of Rs 75.40 per cum of earthwork against Rs 82.10 per cum provided in the agreement.

Thus, acceptance of the rate involving transportation of earth from a distance of 5 km against actual lead of 3.5 km resulted in undue benefit of Rs 2.14 crore to the OCC. The EE accepted (February 2006) that the actual lead involved was 3.5 km.

Government stated (June 2006) that the rate of OCC was derived from the departmental estimate wherein 3.5 km lead was considered for burrowing earth. This was factually not correct as the rate was finalised as per offer of OCC, which adopted 5 km lead against the requirement of 3.5 km lead.

4.3.8 Undue benefit to the contractor

Non-utilisation of excavated earth in filling reaches and non-recovery of full cost of blasted stone led to undue benefit of Rs 1.03 crore to a contractor.
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Bortansil Minor Irrigation Project, a Diversion Weir (DW) scheme was taken up in December 2001 with the objective of providing irrigation to 2428 ha of Culturable Command Area (CCA) in the chronically drought affected Boden block of Nuapada district. The project was completed in November 2004 at a cost of Rs 7.10 crore.

Test check of the records of Minor Irrigation (MI) Division, Khariar revealed (November 2005) the following:

- Out of 86208 cum of earth obtained from the foundation excavation, only 6686 cum was utilised in embankment formation while 54083 cum of earth was measured as carried from burrow area by mechanical means although the contract stipulated that the earth obtained from the foundation excavation was to be utilised. This resulted in avoidable payment of Rs 33.59 lakh to the contractor.
- The item rate for masonry work was inbuilt with the basic cost of stone of Rs 95.20 per cum and transportation charges of Rs 106.90 per cum (for a lead of 20 km). The agreement was executed with a premium of 29.38 per cent over the estimate. Therefore, the actual rate for the stone comes to Rs 273.48 per cum including royalty charges of Rs 12 per cum. During the course of execution of the work, 43309 cum of useable blasted stone retrieved from foundation excavation was issued to the contractor at the site with an average lead of 5 km involving transportation charge of Rs 46.28 per cum for use in the work. The Executive Engineer (EE), however, recovered cost of stone at Rs 63.58 per cum as requested by the contractor against Rs 227.20 (Rs 273.48 minus Rs 46.28), recoverable which resulted in short recovery of Rs 69.55 lakh from the contractor.

Thus, non-utilisation of useable excavated earth in filling reaches and non-recovery of actual cost of blasted stone led to undue benefit of Rs 1.03 crore to the contractor.

Government stated (June 2006) that the earth was burrowed from outside for filling damaged portion of afflux bundh and the cost of the stone was recovered at the agreement rate of Rs 63.50 per cum. The reply was not tenable since as per contract conditions, repair to the damages was to be at the cost and risk of the contractor and the recovery of the cost of stone at the rate of Rs 63.50 per cum

was neither in the Notice Inviting Tender (NIT) nor in agreement but was based on a request (29 December 1999) of the contractor.

4.4 Avoidable/excess/unfruitful expenditure

CO-OPERATION DEPARTMENT

4.4.1 Expenditure on a cold storage rendered unfruitful due to non-completion and non-fulfillment of objectives

A cold storage remained incomplete and inoperational in tribal district of Rayagada after spending Rs 2.22 crore due to non-taking up of electrical and refrigeration works.

The National Cooperative Development Corporation (NCDC) approved (January 1995) the proposal of the State Government for setting up a cold storage at Rayagada at a cost of Rs 1.65 crore revised to Rs 2.30 crore under the Centrally Sponsored Scheme for cooperatives to provide storage facility to the tribals engaged in marketing of locally produced tamarind. The project was to be executed by the Orissa State Cooperative Marketing Federation (Markfed) for completion by December 2000.

Test check (April 2005) of records of the Managing Director (MD), Markfed showed that the Markfed got the civil works completed (October 2000) at a cost of Rs 2.22 crore including the cost of land instead of limiting the same to Rs 1.42 crore stipulated by the NCDC. The State Government though received Rs 2.07 crore as aforesaid, paid (2001-02) only Rs 91 lakh to Markfed after adjusting Rs 1.16 crore receivable by the Government from Markfed on account of arrears of guarantee fees and interest on outstanding loan. Due to paucity of funds, the electrical and refrigeration works, essential for making the cold storage operational, was not taken up (May 2006). Thus, due to non-adherence to NCDC's approved costs and adjustment of NCDC assistance towards outstanding dues by the Government, the cold storage remained incomplete and the expenditure of Rs 2.22 crore incurred on the same became unfruitful.

Government stated (May 2006) that steps were being taken to complete the work out of funds of Revised Long Term Action Plan meant for KBK districts or availing loan from the NCDC. The reply was not convincing, as Government's action to adjust a major part of NCDC assistance towards outstanding dues was contrary to the NCDC's stipulation. During discussion, the Principal Secretary assured (September 2006) that the issue would be examined and appropriate follow up action taken on the audit observations.

Thus, the tribal population of Rayagada district could not avail cold storage facility for their locally produced tamarind despite more than Rs 2 crore spent in its construction.

WATER RESOURCES DEPARTMENT**4.4.2 Unfruitful expenditure on incomplete work**

Commencement of work without acquiring the required land resulted in an unfruitful expenditure of Rs 7.89 crore.

With a view to providing irrigation to 15342 Ha of culturable command area (CCA) between Chitrotpala-Mahanadi & Mahanadi Paika Doabs, Executive Engineer (EE) Mahanadi-Chitrotpala Island Irrigation (MCII) Division No. II, Cuttack awarded (January 1999) the work of excavation of Paika Left Branch Canal including structures, minors and sub-minors from RD 00 to 22.40 km (under package No. 14) to a contractor for Rs 8.68 crore stipulating completion by July 2001. The work was to be financed out of the World Bank loan assistance. The contractor was paid Rs 7.89 crore including escalation of Rs 1.46 crore for the work executed upto August 2004. With the closure of World Bank loan assistance to the project in September 2004, the contract was closed (March 2005) although the work was incomplete.

Test check (July 2005) of the records of EE, MCII Division No.-II, Cuttack brought out the following:

- Total 262 acres of private land spread over in patches was required for execution of the canal including minor and sub-minors. The EE, however, awarded the work to the contractor without acquisition of land. After expiry of the stipulated period of completion of the work, land measuring 189.84 acres could be handed over to the contractor. This led to the main canal being excavated in patches with several missing links ranging from 10 metres to 300 metres and totaling 850 metres.
- Out of 65 acres of land required for construction of minors and sub-minors, 40.57 acres could not be acquired as of July 2006. As a result, the minors and sub-minors were executed only for 600 metre against the requirement of 20.425 km.

Government, after closure of the World Bank loan in September 2004, closed the work at the incomplete stage in March 2005. Thus, commencement of work without acquisition of the required land and later abandonment of the work midway rendered the expenditure of Rs 7.89 crore unfruitful besides creating interest liability towards World Bank loan assistance.

Government stated (June 2006) that estimates for left over patches were under preparation. The reply, however, remained silent regarding acquisition of the land required for completion of work.

4.4.3 Extra expenditure due to delay in finalisation of rate

Delay in finalisation of rate of an item led to avoidable extra expenditure of Rs 1.48 crore.

Excavation of Salandi Main Canal (Ambahata) from RD 6.84 to 14.33 km including structures was awarded (July 1999) to a contractor at a cost of Rs 2.13

crore for completion by January 2001 for providing irrigation to an ayacut of 3650 Ha. After executing works worth Rs 68.17 lakh the contractor left the work. The balance of the work with increase in scope was awarded (September 2003) to M/s Orissa Construction Corporation (OCC) for completion by February 2005 at a cost of Rs 6.02 crore. The work was in progress (March 2006) with payment of Rs 6.15 crore to OCC as of December 2005.

Test check of records of Executive Engineer (EE), Salandi Canal Division, Bhadrak during May 2005 showed the following:

- The contract provided that the rate for new items encountered during execution would be carried out at either the rates specified in the Schedule of Rates (SoR) or as mutually finalised. During the course of execution of the work, excavation of hard laterite rock was encountered (January 2000) which was not provided either in the agreement or in SoR. On the basis of field observation and negotiation with the contractor, the EE worked out (April 2000) the rate of the new item at Rs 136 per cum, which the Chief Engineer & Basin Manager (CE&BM) recommended (May 2000) to Government for acceptance. Government approved the rate in December 2001 after a lapse of 20 months. Due to the abnormal delay in finalisation of the rate, the contractor sought closure of the contract (February 2002) on the ground of his item rates becoming unworkable. Government closed (August 2002) the contract without levy of penalty.
- The balance of the work was awarded to OCC in September 2003 i.e. after 19 months from contractor's request for closure of the contract. The OCC to whom the balance of work was awarded offered the rate of Rs 136 per cum plus 15 *per cent* overhead charges for excavation of the item of work which worked out to Rs 156.40 per cum against Rs 136 per cum of the earlier contractor. Computed with the item rates of the contractor, the allotment of the balance of the work to the OCC at higher rates resulted in extra expenditure of Rs 1.48 crore to the Government.
- OCC failed to complete the work as per schedule but the liquidated compensation of Rs 52.34 lakh leviable as per the condition of the contract was not realised from OCC (March 2006).

Thus, delay in finalisation of rate of a new item leading to closure of contract followed by further delay in taking up the balance work resulted in extra expenditure of Rs 1.48 crore besides depriving the benefit of irrigation to 3650 ha of land.

Government stated (June 2006) that the time consumed in accepting the rate was natural due to scrutiny at all levels. This was not correct since the EE derived the rate in April 2000 which the Government accepted only in December 2001 (delay by twenty months). Government further stated that the recovery of liquidated damages from OCC would be considered.

4.4.4 Unfruitful expenditure on abandoned work

Unnecessary construction of a building led to unfruitful expenditure of Rs 1.10 crore.

The Chief Engineer and Basin Manager (CE&BM), Lower Mahanadi Basin technically sanctioned an estimate for Rs 55 lakh for construction of a transit accommodation four kms away from Kendrapara town as part of modernisation of Kendrapara canal with loan assistance from the World Bank under Water Resources Consolidation Projects (WRCP). The civil works including electrical installation and water supply to the building were awarded (March 2000) to a contractor at a cost of Rs 59.38 lakh for completion by September 2001. The building was completed in March 2002 and the contractor was finally paid Rs 68.01 lakh in March 2005. The expenditure including watch and ward of the building upto March 2006 was Rs 78.89 lakh.

Test check of records during October 2005 showed that the building was without energy connection and without furniture and fixtures as of June 2006 though the civil work had been completed in March 2002. In the mean while, the World Bank loan had been closed in November 2004.

The Executive Engineer (EE) Kendrapara Irrigation Division, suggested (September 2005) to the CE & BM to hand over the building to any other department for gainful use, since the building located four kms away from Kendrapara town would not serve the purpose of transit location of the department and on the other hand, considerable expenditure was being incurred on its watch and ward every month. No action was, however, taken in this regard and the building remained unused as of June 2006.

Thus, the injudicious decision of the CE & BM for construction of the building led to unfruitful expenditure of Rs 1.10 crore including the interest liability of Rs 31.45 lakh on World Bank loan.

While the EE stated (October 2005) that the construction of the building had unnecessarily posed a maintenance burden to the department, Government stated (June 2006) that the building would be made functional. The reply was not convincing since the construction of the building was commenced without assessing the need.

SCHOOL AND MASS EDUCATION DEPARTMENT**4.4.5 Avoidable expenditure due to delay in purchase of printing paper**

The delay in procurement of paper resulted in avoidable expenditure of Rs 1.54 crore.
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The Director, Text Book Production and Marketing, Orissa, Bhubaneswar (TBPM) is responsible for printing and distribution of the Nationalised Text (NT) books for students of Class I to VII in the State and procures paper to meet its requirement for printing the books. According to the provisions of Orissa General Financial Rules (OGFR), sealed tenders are to be invited for purchase of the

printing papers. The State Level Purchase Committee (SLPC) after evaluation of the tender document takes decision for procurement of paper, based on which the Government issues orders to the TBPM for placing orders on the supplier.

Scrutiny of the records (February 2006) of the TBPM and information collected subsequently revealed that the Director requested (June 2004) the Government to decide the mode of procurement of paper for 2005-06 for printing of nationalised text books. The Government on the basis of the SLPC recommendation (9 November 2004) decided to procure the paper from Hindustan Paper Corporation Ltd. (HPCL) a Government of India undertaking on the prevailing approved rate. The TBPM in the meantime placed (19 November 2004) purchase order for 1500 MT of 60 GSM reel paper with the HPCL against the actual requirement of 7000 MT. The HPCL while accepting the purchase order, indicated (22 November 2004) that there would be price hike in near future and requested the TBPM for placing order for total requirement of paper for 2005-06 to facilitate early production and supply. Awaiting Government order, no action could be taken by TBPM instantly. However, by the time the decision of the Government was received on 31 December 2004, the firm enhanced its price (6 December 2004). It was noticed that the TBPM procured 5403.91 MT of paper between February and October 2005 on the revised rate for the academic year 2005-06. Consequently, the TBPM incurred an avoidable expenditure of Rs 1.54³ crore and the delay in procurement of paper also resulted in delay in printing and late supply of NT Books to the needy students which continued till October 2005 against the scheduled month of supply, April 2005.

Thus, the delay in taking decision at Government level for procurement of paper from HPCL resulted in an avoidable extra expenditure of Rs 1.54 crore.

The Financial Advisor-cum Joint Secretary stated (May 2006) that irrespective of the date of placing supply order, the HPCL could revise the rates as per the decision of its Board of Directors. The views offered by the Government were not correct since the firm supplied 1500 MT of paper at the pre-revised rates as the order was placed in November 2004.

During discussion, the Commissioner-cum-Secretary assured (August 2006) to take necessary measures to prevent recurrence of such avoidable expenditure.

HIGHER EDUCATION DEPARTMENT

4.4.6 Inadmissible payment of House Rent Allowance to staff of Sambalpur University

Irregular fixation of headquarters of the employees of the Sambalpur University led to inadmissible payment of House Rent Allowance of Rs 1.30 crore.

The Finance Department (FD) in their memorandum (August 1998) fixed rates of House Rent Allowance (HRA) payable to Government employees for different cities/towns of the State. Further, as per the memorandum, the rate of HRA would

³. 60 GSM reel paper: 4759.21MTx(Rs 30307-Rs 27417) = Rs 13754133.
60 GSM sheet paper 196.9800MTx(Rs 31168-Rs 28226) =Rs 579515.
100 GSM cover paper 447.7152MTx(Rs 33068-Rs 30584)= Rs 1112125.

be determined according to the place at which a government employee is residing and those residing at a place beyond eight kilometers of their headquarters shall not be eligible for HRA.

Scrutiny of records (February 2005) of the Registrar, Sambalpur University, Burla showed that, based on the instructions of the FD's above memorandum, the Vice-Chancellor fixed Sambalpur as the headquarters of the employees of the University for drawal of HRA. Accordingly, HRA at the rate of 10 *per cent* applicable to Sambalpur was paid to the employees residing at Sambalpur for the period 2001-2006. As Sambalpur is situated at a place beyond eight kilometers from Burla and the FD's above memorandum does not prescribe fixation of headquarters of employees at a place other than the place of duty, the payment of HRA to the employees at the rate applicable to Sambalpur was irregular. This resulted in inadmissible payment of HRA of Rs 1.30 crore during 2001-06; the payment was continuing (April 2006).

The Registrar stated (April 2006) that after fixation of headquarters, the employees were paid on the basis of certificates furnished by them in July every year as per the requirement of memorandum of the FD. The reply was not tenable, as the memorandum of FD does not prescribe fixation of headquarters of the employees at a place other than the place of duty. This view of audit was also confirmed by the Government (June 2006).

The Commissioner-cum-Secretary, during discussion, admitted the fact and stated (September 2006) that the University should stop such payment forthwith.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.4.7 Unfruitful expenditure in installation of water supply pipe line

Expenditure of Rs 1.14 crore incurred on the project 'Water supply to Rourkela civil town' was rendered unfruitful as the project remained incomplete.

The Government accorded administrative approval (January 1995) to the project 'Water supply to Rourkela civil town and Bandhamunda 'D' cabin area' at an estimated cost of Rs 20.59 crore for execution by the Orissa Water Supply & Sewerage Board (OWSSB), Bhubaneswar. The estimate was revised (March 2002) by the Government to Rs 26.46 crore (excluding provision for contingencies, escalation, interest on loan etc.) due to delay in acquisition of land, finalisation of tenders etc.

Scrutiny of the records of Project Engineer (PE), Project Management Unit, OWSSB, Rourkela revealed (April 2006) that the project work involved installation of clear water rising main by laying 350 mm dia cast iron pipes of 4200 meters from Ground Storage Reservoir (GSR) at Bisra Chowk to Tilaknagar, construction of Elevated Storage Reservoir (ESR) at Tilaknagar and distribution system from Tilaknagar ESR to Bandhamunda 'D' cabin area by laying 4150 meters of 300 mm dia cast iron pipe. The OWSSB got the work of water supply to Rourkela Civil Town completed except Bandhamunda 'D' cabin area where only pipes were laid from GSR at Bisra Chowk to Tilaknagar and construction of ESR at Tilaknagar was done upto ground level. The total expenditure on the

project between April 1997 and December 2004 was Rs 26.09 crore. The remaining work of 'D' cabin area such as completion of ESR at Tilaknagar and laying of distribution lines was postponed due to paucity of funds. Subsequently, the OWSSB decided (January 1998) to abandon the balance work as further augmentation in existing water availability was not considered necessary on the ground that number of people inhabiting the area was not likely to change. As a result of the above decision, the structures such as pipe line from GSR at Bisra Chowk to Tilaknagar and ESR upto ground level were not put to any use and the expenditure of Rs 1.14 crore involved in these was rendered unfruitful.

The PE, Project Management Unit, OWSSB stated (April 2006) that the expenditure of Rs 1.14 crore should not be reckoned as unfruitful since the remaining work such as completion of ESR at Tilaknagar above ground level and distribution system at Bandhamunda would be taken up when the required funds were made available. The reply was not acceptable since abandonment of work after incurring huge initial expenditure reflects poor planning by the OWSSB

The Principal Secretary, during discussion, stated (August 2006) that the 'D' cabin area has become substantially populated which was required to be serviced and in view of the above, the Department had decided to complete the project by making provision in the supplementary budget for 2006-07 subject to concurrence of Finance Department.

PANCHAYATI RAJ DEPARTMENT

4.4.8 Unfruitful expenditure due to failure of infrastructure intervention

Expenditure on Bulk Milk Coolers (BMCs) established in different Blocks by the DRDA, Ganjam at a cost of Rs 43.35 lakh out of SGSY funds for providing marketing facilities to the swarozgaries became unfruitful as the coolers did not function either due to insufficient availability of milk or due to defective transformer.

The Swarnajayanti Gram Swarozgar Yojana (SGSY) scheme aimed at bringing the poor families above the poverty line by creation of self help groups (SHGs) or micro enterprises through providing missing infrastructure support in collaboration with other line departments.

Test check of the records (December 2005-April 2006) of the Project Director (PD), DRDA, Ganjam showed that based on a proposal of the General Manager, Greater Ganjam Gajapati Cooperative Milk Producers Union Ltd. (GGGCMU), the DRDA decided (July and September 2000) to establish Bulk Milk Coolers (BMCs) of 500 litres per day (LPD) capacity at different locations in 11 Blocks⁴ at a cost of Rs 9.89 lakh each. Primary Milk Producers Cooperative Societies (PMCS) were to be established along with formation of SHG groups with bank finance linkage to develop dairy farming for steady supply of milk to the BMCs. The PD released (November 2000-March 2001) assistance of Rs 1.09 crore out of the SGSY-Infrastructure Fund to the GGGCMU with the stipulation to complete

⁴ Kumarpani, Singipur, Jagannath Prasad, Patrapur, Chikili, Balipadar, Kaithakhandi, Dhanagar, Mahanadpur, Chingudikhhol and Kanthiapalli.

the installation within three months from the date of payment of assistance. It was noticed that out of the 11 BMCs, four⁵ installed between April 2002 and February 2003 could not be made operational (May 2006) due to insufficient availability of milk in the periphery although PMCS along with SHGs with dairy activities were stated to have been set up and another⁶ did not perform due to defective transformer.

Thus, as a result of failure of the DRDA to provide backward linkage in establishing micro enterprises of milk procedure and lack of detailed feasibility study, the expenditure of Rs 43.35 lakh incurred on five idle BMCs became unfruitful.

The General Manager, GGGCMU stated (May 2006) that the location decision to install the BMCs was taken by the DRDA and attributed the low milk production in the areas to inadequate bank finance to set up required number of dairy units. The PD, DRDA stated (July 2006) that no detailed survey just prior to setting up bulk coolers was conducted, but the basic parameter of functioning of PMCS was taken into consideration for setting up the bulk coolers. The reply was not convincing as the DRDA neither evaluated the feasibility of the BMCs nor developed effective SHGs with adequate bank finance before taking decision for installation of the BMCs as required under the scheme.

The Commissioner-cum-Secretary, during discussion, assured (October 2006) to examine the issue with reference to the records and take appropriate follow-up action.

4.5 Idle investment/idle establishment/blockage of funds

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

4.5.1 Non-realisation of cost of empty gunny bags

DSWOs failed to realise and remit the sale proceeds of empty gunny bags of food grains supplied under the Mid-Day Meal Programme amounting to Rs 4.68 crore during 2001-05.

The Mid-day Meal (MDM) Programme meant for providing one mid-day meal to students of Class-I to V in all Government and aided primary schools is under operation in the State since August 1995. Under the programme, food-grains are supplied to the schools through the District Social Welfare Officers (DSWOs) and the Blocks. As the cost of food grains included the cost of gunny bags, the State Government issued (February 1998) orders to the DSWOs to collect the sale proceeds of empty gunny bags from the concerned schools through the Block Development Officers (BDOs) at the rates prescribed from time to time. The DSWOs were to remit 90 *per cent* of the sale proceeds to the Director, Social Welfare retaining 10 *per cent* with them. The Government further reiterated the instruction in their orders (October / November 2001 and October 2002) and

⁵ (1) Mahanadpur (Chatrapur) : Rs 8.31 lakh, (2) Chingudikhhol (Beguniapada Block): Rs 7.59 lakh, (3) Kanthiapalli (Ganjam Block) :Rs 8.36 lakh and (4) Chikili (Khallikote Block): Rs 8.06 lakh.

⁶ Balipadar (Buguda Block): Rs 11.03 lakh.

instructed the DSWOs to review the matter for realisation of the sale proceeds from the schools and strict follow up action. However, the Government instructions were silent regarding the specific purposes and manner with which such funds were to be utilised (August 2006). Thus, in absence of specific instructions for utilisation, such receipts were to be remitted into the treasury within three days of their receipts as per the provisions of Orissa Treasury Code (OTC).

Check of records (August 2005) of the Department and information collected (May/ August 2006) revealed that the department supplied 40.32 lakh quintals of rice in 80.64 lakh gunny bags to all the schools in the State through the DSWOs during 2001-05. As per the rates prescribed, the DSWOs were to realise Rs 6.21 crore towards the sale proceeds of empty gunny bags and remit Rs 5.59 crore to the Director as 90 per cent of sale proceeds. The DSWOs as of August 2006 remitted only Rs 90.74 lakh to the Director and there was shortfall in remittance amounting to Rs 4.68 crore. The details are given in the *Appendix-4.1*. Of these, Rs 10.37 lakh were stated to have been utilised on office contingencies.

Thus, retention of such Government money by the Director without remitting the same into the treasury and their utilisation in absence of specific authorisation was contrary to the provisions of the treasury rules.

The matter was demi-officially referred (June 2006) to the Commissioner-cum-Secretary to Government. In response to audit, Government stated (August 2006) that a part of such receipts were advanced to different officials for different purposes subject to recoupment later and the DSWOs assured to remit the sale proceeds after realisation of the same from the BDOs/ schools.

The Commissioner-cum-Secretary, during discussion, assured (August 2006) to take appropriate measures to ensure collection and remittance of sale proceeds to the Department and issue necessary guidelines early in respect of accounting procedure and utilisation of sale proceeds.

COOPERATION DEPARTMENT

4.5.2 Idle expenditure on agricultural and allied equipment and irregular investment in a bank

Procurement and installation of Paddy Cleaners and Weighing and bagging machines in the RMCs without ascertaining farmers' requirement was not put to use and led to idle expenditure of Rs 1.86 crore. Besides, there was irregular investment of Rs 1.00 crore in a bank.

The Government decided (March 2003) that the Orissa State Agricultural Marketing (OSAM) Board (an autonomous body) would procure equipment viz., paddy cleaner, automatic weighing and bagging machine with elevator etc. and install the same at the market yards/markets of the Regulated Market Committees (RMCs) of the State. The equipment would facilitate in improving the quality of paddy produced by the farmers by way of mechanised cleaning and packing conforming to fair average quality (FAQ) standard prescribed by the Government of India (GOI). This in turn, would help the farmers in selling their produce to the Food Corporation of India.

Scrutiny of records (April 2006) of the General Manager (GM) of the OSAM Board showed that the Board procured the equipment⁷ at a cost of Rs 1.60 crore between August and December 2003. The expenditure was made out of the central assistance under Macro Management of Agriculture-Work Plan and Special Central Assistance meant for Revised Long Term Action Plan (RLTAP) in the Koraput, Bolangir and Kalahandi districts. The procured equipment were installed (October 2003-November 2004) at 16 RMCs. Besides, expenditure of Rs 43 lakh was also incurred on civil and electrical works by the RMCs from their own source to make the equipment operational. Information collected (April 2006) from the RMCs concerned disclosed that only one paddy cleaner and one automatic weighing and bagging machine installed at Bolangir were functioning. All the other equipment (15 paddy cleaners and 14 automatic weighing and bagging machines) remained idle, as the farmers did not come forward to use the facilities. The cost of the equipment lying idle including the cost of civil works related to these equipment worked out to Rs 1.86 crore⁸.

The GM stated (May 2006) that the farmers were not aware of operation of the sophisticated and mechanised paddy cleaners and other standardised equipment and that the Board had chalked out a detailed programme to hold awareness camps, workshops and demonstration of the equipment to make the farmers aware of the benefit of using the equipment. Secretaries of the RMCs, however, stated that the farmers were not interested in using the equipment. Thus, the decision of the Government to procure and install paddy cleaners and automatic weighing and bagging machines led to idle expenditure of Rs 1.86 crore.

Further, it was noticed that the OSAM Board invested (May 2004) rupees one crore in the Urban Cooperative Bank in fixed deposits out of the central assistance of Rs 1.98 crore meant for development of market yards of RMCs in KBK districts. This was done to help the bank for meeting its requirement of Statutory Liquidity Ratio and Cash Reserve Ratio with Reserve Bank of India.

The GM stated (May 2006) that the investment was made under the orders of the Chairman of the Board. The reply was not tenable since the funds were provided for undertaking development of market yards and not for investment.

The Principal Secretary, during discussion, assured (September 2006) to take appropriate follow-up action on the audit observations.

INDUSTRIES DEPARTMENT

4.5.3 Blockage of Government money with a public sector undertaking

Failure to establish a growth centre at Chatrapur led to blockage of Government money of Rs 82.27 lakh with IDCO involving interest cost of Rs 96.62 lakh.

Government of India (GOI) with the objective of promoting industrialisation of the backward areas of the State approved (February 1997) setting up a Industrial

⁷ 16 Paddy Cleaners (Model-PC-11-RB): Rs 1.10 crore and 15 Automatic Weighing and Bagging Machines with Elevator of 100 Kg. capacity: Rs 50.38 lakh.

⁸ Cost of 15 defunct Paddy Cleaner: Limited to Rs 1.03 crore + Expenditure on civil works etc for 15 paddy cleaners: Rs 36 lakh + Cost of 14 Automatic Weighing and Bagging machines: Rs 47 lakh.

Growth Centre at Chatrapur (Ganjam district) at a cost of Rs 42.32 crore. It was expected that two mega steel projects would come up under the private sector at the nearby Gopalpur port and therefore, the growth centre would provide opportunities for promotion of small industries. The implementation of the project was entrusted to IDCO with financial assistance from the GOI, the State Government and other financial institutions. The State Government initially released (March 1997) Rs 1.41 crore (GOI share: Rs 50 lakh and State Government share: Rs 90.84 lakh) to IDCO for completion in three phases within six years (March 2003).

Scrutiny of records of the Director of Industries, Orissa (May 2004) and subsequent information collected from the Director and IDCO showed that out of the funds received from the Government, IDCO paid (June 1997) Rs 53.12 lakh to the Collector, Ganjam towards establishment cost and legal expenses etc. for acquisition of 1166 acres of land⁹. IDCO incurred an expenditure of Rs 5.45 lakh for the preparation of a master plan (July-October 1998) of the project and ground water survey in the proposed site. However, contrary to the expectations, the two steel projects failed to come up. Further, the ground water survey (March 1999) revealed inadequate ground water source at the site. As IDCO did not deposit the required funds for meeting the compensation expenditure, the legal proceedings drawn by the Revenue authorities for acquisition of land also lapsed (July 1999) and the land was not acquired.

With the backing out of the steel projects, IDCO also stopped its infrastructure development activities for the growth centre. As a result, the Government dropped (May 2002) the Chatrapur Growth Centre and subsequently decided (July 2003) to treat the project as a low priority category. No further progress was made in establishing the Growth Centre thereafter and IDCO continued to retain the remaining Rs 82.27 lakh without utilisation (June 2006) leading to blockage of funds for over nine years. This has also affected the finances of the Government in the form of interest cost amounting to Rs 96.62 lakh calculated at the Government's borrowing rate of 13.05 *per cent*¹⁰ during 1997-2006.

The Managing Director, IDCO stated (June 2006) that the available funds would be invested for development of the project, as there were likely prospects of setting up a Special Economic Zone under the private sector at the Gopalpur area. The reply was not tenable, as IDCO was yet to initiate action for implementation of the growth centre with the approval of the State Government.

The Commissioner-cum-Secretary, during discussion, assured (July 2006) to take appropriate action to utilise the Government funds blocked with the IDCO.

⁹ Government land: 104 acres and private land: 1062 acres.

¹⁰ Market loan bearing interest rate of 13.05 *per cent* - Government Orissa Loan-2007 raised in 1996-97.

TOURISM DEPARTMENT**4.5.4 Idling of assets**

Assets created for promotion of tourism in the State incurring expenditure of Rs 1.26 crore remained idle for over four to eight years due to shortage of staff and inability to lease out due to lack of response from private parties.

Government of Orissa identified places of historic and religious importance as well as those rich in scenic beauty, for setting up, Way Side Amenities Centres (WAC), Tourist Reception Camps (TRC) and Tourism Centre/Complex with lodging and other facilities for the tourists.

Scrutiny of records (January 2006) of the Director, Tourism, Orissa, Bhubaneswar and information collected in April 2006 showed that the Government had undertaken construction of four projects¹¹ through various executing agencies at a cost of Rs 1.26 crore between October 1992 and March 1994. The projects were completed between June 1998 and December 2001. However, the Department took over only two projects (Bargarh and Deulajhari) and the remaining two were not taken over by the Department from the executing agencies despite completion (March / December 2001) due to shortage of staff for running them. However, all the four projects were lying unutilised (April 2006) for periods ranging from four to eight years as the Government's efforts (July 1999 and January 2002) to lease out the projects for private participation in management did not receive any response. In the mean time, due to prolonged non-use, the structure of the Panthasala at Kontilo got damaged requiring major repairs. Thus, failure of the Government to utilise already created assets led to locking up of Rs 1.26 crore for years and the objective of attracting tourists remained unfulfilled.

The Assistant Director, Tourism-cum-Under Secretary to Government while accepting the audit observation stated (April 2006) that redeployment of existing staff is being made to make the units operational. The reply was not convincing since the redeployment which is now being considered could have been done soon after completion of the project.

The Government during discussion, assured (August 2006) to take immediate measures to utilise the structures either departmentally or by leasing out to private parties.

RURAL DEVELOPMENT DEPARTMENT**4.5.5 Idle expenditure on incomplete bridges**

Execution of two bridges with inappropriate designs and lack of prioritisation of works led to idle expenditure of Rs 1.07 crore.

With a view to providing all weather communication to the surrounding Gram Panchayats, construction of submersible bridge over river Salandi at 16th km of

¹¹ (i) Panthasala, Kontilo: (Rs 34.17 lakh) constructed during March 1994-2001 by Orissa Tourism Development Corporation, (ii) WAC, Bargarh: (Rs 30.38 lakh) constructed between February 1993 and June 1998 by Executive Engineer, Burla R&B Division, (iii) TC, Deulajhari: (Rs 33.24 lakh) constructed between October 1992 and September 1999 by Executive Engineer, Rural Works Division, Angul and (iv) Panthasala, Harisankar: (Rs 28.07 lakh) constructed between January 1993 and December 2001 by Executive Engineer, Rural Works Division, Bolangir.

Bonth-Mohantypada rural road was entrusted (March 1998) by the Executive Engineer (EE), Rural Works Division, Bhadrak to a contractor at a cost of Rs 63 lakh for completion by September 1999. The bridge envisaged construction of five spans of eight metres each. The contractor executed work worth Rs 55.11 lakh as of March 2002 and received payment of Rs 57.70 lakh (including escalation of Rs 2.59 lakh).

The design of the bridge was prepared basing on the discharge data (140.13 cumsecs) at Bidyadharpur Barrage by the EE without considering the catchment discharge from Bidyadharpur Barrage to bridge site (177.50 cumsecs).

While inspecting the work in May 2001, the Chief Engineer (CE) Rural Works-I observed that the abutment on Mohantypada side had been located inside the river leaving a portion of the deep channel unbridged and suggested providing extra waterway by three more spans of eight metres each to avoid damage to the bridge. The total discharge of water at the bridge site was recalculated to 317.28 cumsecs and the design of the bridge was accordingly, revised in February 2004. But, the contractor refused to carry on with the work, and no decision was taken by the department for completion of the balance work. The bridge remained incomplete for over four years with blockage of investment of Rs 57.70 lakh.

Similarly, construction of another submersible bridge over river Remal at 8.5 km of Rekutia-Dardipal rural road was entrusted (December 1999) by the EE, Keonjhar to a contractor at a cost of Rs 66 lakh for completion by June 2001. The bridge envisaged eight spans of nine metres each based on hydraulic particulars furnished by the EE. The contractor executed work worth Rs 48.86 lakh as of July 2002. The Technical Committee inspecting the site on 27 December 2001 had suggested to provide for additional seven spans of nine metres each as the original waterway provided in the design was inadequate. Though the Government accorded administrative approval to the revised estimate in August 2002, the contractor backed out due to delayed revision of the scope of the work. The bridge remained incomplete rendering the expenditure of Rs 48.86 lakh idle.

Thus, execution of the bridges with inadequate designs due to incorrect data furnished by the EEs together with failure to plan the works for completion on priority basis resulted in the two bridges remaining incomplete for more than five years rendering the expenditure of Rs 1.07 crore unfruitful.

Government stated (May 2006) that both the bridges were expected to be completed by the current financial year.

CULTURE DEPARTMENT

4.5.6 Retention of Government money outside Government accounts

<p>Lapsed bank drafts (Rs 61.42 lakh), deposit at call receipts and non adjustment of advance (Rs 31.82 lakh) and accumulated irregular credits through Civil Deposit (Rs 41.43 lakh) by the Director of Culture contributed to unauthorised retention of amount totaling Rs 1.35 crore.</p>

As per provisions of Orissa Treasury Rules, no money shall be drawn from treasury unless it is required for immediate disbursement and advances paid to the

officials for different departmental/allied purposes are to be adjusted by submission of detailed accounts supported by vouchers within the month in which the advance was paid. The Finance Department's instructions (June 2001) also prohibit parking of government money outside the public account.

Mention was made in para 3.10 of the Report (Civil) of the C&AG of India on Government of Orissa for the year ended 31 March 2000 regarding retention of Government money in shape of Bank Drafts (BD) for over 20 years. Test check of records of Director of Culture (January 2006) showed that the Director continued to retain BDs of Rs 26.70 lakh as of December 2005. Besides, Rs 37.90 lakh (October 2002-December 2005) were lying unutilised in shape of DCRs and included in the closing balance of the cash book as of December 2005. These amounts were drawn from the treasury for payment of assistance to 'Indigent Artists' and disbursement of Grant in aid to different Cultural Associations etc. The Director neither made any effort for ensuring disbursement of the amounts to the payees nor deposited the amount in Government account.

Further as of December 2005, there had been accumulation of credits of Rs 41.43 lakh under the Civil Deposit between 1990-2002. Of the above, grants of Rs 36 lakh sanctioned for development of 'Ekamra khetra' had remained unspent due to non-receipt of administrative approval of the Government.

It was also noticed that advances amounting to Rs 31.82 lakh paid (1980-81 to 2005-06) to 135 officials/institutions and 81 others for organising cultural programmes and meeting different expenses¹² remained unadjusted as on the date of audit. Disregarding the financial norm, the Director irregularly kept the advances unadjusted for over 26 years. Of the above, advances of Rs 0.88 lakh was paid to nine officials who are now retired or dead.

The Director attributed (January 2006) keeping moneys in shape of DCRs to sanction of grants-in-aid by the Government with no details of grantees. As regards amounts lying in shape of BDs, it was stated that disbursement was not made due to non-availability of legal heir certificates and other connected documents of deceased pensioners.

Thus, despite earlier observation in Audit, the department continued to draw money in excess of actual requirement and the budget was debited irregularly notwithstanding the fact that the money after drawal was kept in Civil Deposit and in the bank's account in the shape of Bank Drafts and Deposit at Call Receipts (DCR).

During discussion, Government stated (July 2006) that they would take corrective measures to prevent accumulation of such bank drafts, DCRs and advances. Regarding the invalid bank drafts, they assured to take stringent measures to clear the same within the current calendar year and the amount kept under civil deposit had come down to Rs 5.43 lakh.

¹² Transportation charges, cost of POL, repair of vehicles, medical advances, purchase of office stationery and charges on account of TA, Telephone bills etc.

The matter was demi-officially referred (May 2006) to Government; reply had not been received (September 2006).

INFORMATION AND PUBLIC RELATIONS DEPARTMENT

4.5.7 Advances lying unadjusted for years

Advances of Rs 83.10 lakh remained unadjusted for periods ranging from one to 46 years due to failure in observing the prescribed financial rules and procedures by the DDO.

As per Government rules, the officials are required to submit detailed accounts along with vouchers for adjustment of advances granted to them and refund the unspent amount. The above need to be completed within the month in which the advances are drawn. Sanction of subsequent advance is permitted only after adjustment of earlier one. The Drawing and Disbursing Officers (DDOs) are to maintain a register of advances showing particulars of date, details of recipient, amount, purpose and its adjustment etc. The DDOs should review the Advance Register frequently to ensure timely adjustment of the advances.

During check of records of the Director-cum-Additional Secretary, Information and Public Relation Department, it was observed (December 2005) that advances of Rs 83.10 lakh paid to officials were lying unadjusted as of December 2005. Of the above, the whereabouts of the officials to whom advances of Rs 9.57 lakh was paid, were not available with the Department (April 2006) The outstanding advances included Rs 32.92 lakh pertaining to 2001-05 and the remaining Rs 50.18 lakh were outstanding even for a period up to 40 years. The Department had not taken effective steps (April 2006) for adjustment of outstanding advances. Further, it was also noticed that advances were paid to the officials on several occasions without adjusting the earlier one. Such irregularities persisted despite repeated objections made through the Audit Inspection reports. Further, it was observed that the advance register was not maintained by DDOs though maintenance of such register was prescribed under rules. Thus, no review of outstanding advances could be made.

Government stated (August 2006) that out of the outstanding advances Rs 83.10 lakh, Rs 7.27 lakh relating to the years 1995-2005 had already been adjusted. They further assured to take urgent steps for adjustment of the outstanding advance. However, no action was taken to adjust the advances pertaining to the period 1961 to 1994.

4.6 Regularity issues and other points

WATER RESOURCES DEPARTMENT

4.6.1 Extra liability due to adoption of higher rate of materials

Higher rates were adopted while computing the item rates which resulted in extra liability of Rs 2.69 crore for a work.

Government decided (September 2003) to allot the work of construction of spillway of Telengiri Irrigation Project to M/s Orissa Construction Corporation

Limited (OCC). OCC offered (October 2003) to execute the work at Rs 56.44 crore. The Project Level Technical Committee (PLTC) re-computed the OCC's offer disallowing inadmissible items included in the offer such as, hidden labour cost, rehandling of materials at site and excess quantity of cement provided for cement concrete (CC) works. The work was allotted (February 2004) to OCC at a cost of Rs 55.26 crore with stipulation for completion by February 2006. The Corporation was granted interest free works advance of Rs 7.12 crore and was paid Rs 99.20 lakh for the works executed upto August 2005 (progress 2 per cent).

Scrutiny of records of Telengiri Head Works Division, Ambaguda in December 2005 showed that as per the procedure prescribed (June 2002) by Government, prevailing market rates should be the basis of fixation of rates for allotted works to OCC. OCC's offer included cost of chips at Rs 510 per cum, cement at Rs 300 per quintal and steel at Rs 1900 per quintal. The PLTC, however, adopted the cost of chips at Rs 560 per cum, cement at Rs 340 per quintal and steel at Rs 2200 per quintal based on the rates provided in the Schedule of Rates (SoR) of 2003 and accordingly, finalised the rates for CCM-15 and steel reinforcement works at Rs 2025 and Rs 2560 per cum against Rs 1951 and Rs 2247 respectively admissible as per the offer of OCC. This resulted in extra liability of Rs 2.69 crore.

Since OCC offered the rates of material, which were lower than the rates of materials provided in the SoR of 2003, the quoted rates of the materials should have been adopted to arrive at rates of items. Even the SoR provides that if the prevailing market rates of materials are lower than SoR rates, the lower rates should be adopted while arriving at rates of different items of work.

Thus, finalisation of rates for CCM-15 and steel reinforcement works adopting higher rates of materials in deviation from the prescribed procedure resulted in extra liability of Rs 2.69 crore on the work.

Government stated (June 2006) that the rates of materials offered by the OCC had no relation with the approved rates. This was factually not correct since the rates were approved based on the offer of the OCC which were worked out considering higher rates for materials.

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

4.6.2 Unauthorised retention of departmental receipts and appropriation therefrom

Tahasildars spent Rs 98.96 lakh in contingent expenditure out of the collection of Departmental Receipts in contravention of Financial Rules.

As per provisions of Orissa Treasury Code (OTC), all moneys received by, or tendered to, Government Servants on account of the revenue of the State should be remitted into the Treasury within three days of their receipts. Such revenue receipts shall not be appropriated to meet the departmental expenditure unless specifically authorised to do so. Further, the Financial Rules provide that no expenditure shall be incurred until the expenditure has been sanctioned by competent authority.

Scrutiny of records of 28 Tahasils during 2004-06 revealed that Government receipts of Rs 1.98 crore¹³ collected by the Tahasildars towards land revenue, sale of maps, Amin fees etc, were retained by them without remitting into the treasury and formed part of the closing cash balance in their cash books. Out of the above receipts, 22 Tahasildars spent Rs 98.96 lakh for departmental expenditure such as purchase of petrol, repairs and maintenance of vehicles, payment of telephone / electricity charges and other miscellaneous contingent expenditure over and above the provision made in the respective years. In disregard of the Financial Rules, the expenditure for the above purposes was incurred by them without any sanctions of the competent authority and shown as advances and paid vouchers in the closing balance of the cash books as on the dates of audit. Retention of such amounts by the Tahasildars had resulted in understatement of the revenues in the Government Account.

The Tahasildars concerned while accepting the factual position stated that the Government receipts would be deposited after adjustment of vouchers on receipt of allotment of funds from the Government.

The above replies were found untenable as the expenditure from the revenue receipt violated both provisions of rules and budget while undermining legislative control over expenditure.

The Principal Secretary, during discussion, assured (August 2006) to take measures for deposit of departmental receipts in to Government account and instruct the Tahasildars to follow the rules scrupulously.

HIGHER EDUCATION DEPARTMENT

4.6.3 Payment of medical allowance and reimbursement of medical claims in irregular manner

Irregular payment of medical allowance and medical claims to the employees of the Sambalpur University during 1999-2006 resulted in excess payment of Rs 96 lakh.

According to the resolution (June 1994) of the Government, the employees of the Sambalpur University are entitled to medical allowance at the rate of Rs 1000 per annum per employee. Further, the Government stipulated that reimbursement of medical expenses of the employees is not permissible since the University is paying medical allowance at a fixed rate. The above rate of fixed allowance remained unchanged as of March 2006. The Government in their letter

¹³ **Tahasildars incurred expenditure out of departmental receipts retained:**
(1) Paikamal (Rs 2.06 lakh), (2) Rasgovindapur (Rs 1.12 lakh), (3) Mahanga (Rs 2.87 lakh), (4) Talcher (Rs 4.60 lakh) (5) Bolangir (Rs 13.97 lakh), (6) Kodinga (Rs 3.62 lakh), (7) Choudwar (Rs 4.07 lakh), (8) Titlagarh (Rs 10.24 lakh), (9) Jharsuguda (Rs 5.04 lakh), (10) Jaipatna (Rs 1.92 lakh), (11) Kakatapur (Rs 1.68 lakh), (12) Nayagargh (Rs 2.37 lakh), (13) Chatrapur (Rs 5.17 lakh), (14) Kendrapara (Rs 2.29 lakh), (15) Patnagargh (Rs 5.99 lakh), (16) Kantabanji (Rs 1.10 lakh), (17) Rairakhol (Rs 3.99 lakh), (18) Sambalpur (Rs 8.24 lakh), (19) Kujanga (Rs 10.36 lakh), (20) Nilgiri (Rs 2.24 lakh), (21) Udala (Rs 1.53 lakh) and (22) Jaleswar (Rs 4.49 lakh)
Tahasildars retained departmental receipts:
(23) Mayurbhanj : Rs 13.03 lakh (31 August 2004), (24) Soro : Rs 1.54 lakh (31 October 2004), (25) Bhadrak : Rs 3.41 lakh (30 September 2004), (26) Bhubaneswar: Rs 16.13 lakh (31 December 2005), (27) Padampur : Rs 2.47 lakh (31 August 2005), and (28) Cuttack : Rs 8.59 lakh (31 January 2006).

(June 2002) addressed to the Registrar of the University that the payment of medical allowance at enhanced rate was contrary to the Government's resolution.

Scrutiny of the records of the Registrar, Sambalpur University, Burla (December 2004-February 2005) and information collected (May 2006) revealed that the University paid medical allowance to each employee at enhanced rates¹⁴ ranging from Rs 2325 to Rs 3000 during 1999-2006 amounting to Rs 83 lakh contrary to the Government's resolution which stipulated Rs 1000 per annum per employee. Besides, medical claims of Rs 13 lakh was also reimbursed to the employees during the period which was not permissible as medical allowance was being paid. This resulted in excess payment of Rs 96 lakh to the employees during the period. The irregular payments are continuing.

The Deputy Registrar, Sambalpur University stated (March 2005) that the enhancement of the allowance was considered necessary to mitigate the hardship of the employees of the University in view of the steep increase of the cost of medicines and the same was paid under the approval of the Syndicate from time to time. The reply was not tenable, since enhancement in the rate of medical allowance was contrary to the Government's instructions (June 1994). Further, according to Government's instructions, the reimbursement of medical claims of the employees was not permissible as they were paid fixed medical allowance.

The Commissioner-cum-Secretary, during discussion, admitted (September 2006) that the payment of medical allowance to the employees of the University at the rate of Rs 3000 per annum was not admissible. He added that the payment of both medical allowance and the benefit of reimbursement of medicine bills was also not admissible.

PANCHAYATI RAJ DEPARTMENT

4.6.4 Information Technology Systems of the District Rural Development Agency, Cuttack

The objective of developing online monitoring systems to monitor financial and physical achievements made by the department remained unachieved due to lack of co-ordinated approach towards development of IT systems and non-integration of the systems.

Government of Orissa initiated the process of e-governance in DRDA with the objective of developing a robust online monitoring system to monitor funds flow and physical progress made by the Panchayati Raj Department in implementation of the programmes/schemes and ensuring transparency and accountability in the financial management. For this, the State Government introduced the following Information Technology systems up to the Gram Panchayat level using GRAMSAT network.

- Project Accounting and Monitoring Information System '**PAMIS**', a financial accounting system developed by Xavier Institute of Management, Bhubaneswar (XIMB).

¹⁴ 1999-2000: at the rate of Rs 2325 per annum, 2000-02: Rs 2400 per annum, 2002-03: Rs 2675 per annum, 2003-04: 2975 per annum, 2004-06: Rs 3000 per annum.

- ‘BETAN’, a Web enabled system to prepare salary bills of staff of DRDA (developed by Orissa Computer Application Center, Bhubaneswar).
- Web based application systems viz., ‘RuralSoft’ containing the physical and financial progress, ‘PRIA Soft’ containing the monthly inflow and outflow of funds in respect of different schemes and ‘DRDA portal’ containing information about schemes managed in each DRDA. These systems developed by NIC were meant for ensuring transparency and for providing information for public awareness.

Review of the IT systems that were operational in DRDA, Cuttack revealed non integration among the systems in place, slow progress, non uniformity in exhibiting data etc. as detailed below:

- The progress of implementation of ‘PAMIS’ was slow even though computerisation process was initiated in 2004-05 and qualified and trained personnel were appointed in each block to implement the block level computerisation.
- There were delays ranging from one to 185 days in entering daily transactions in ‘PAMIS’ and manual cash book continued to be maintained as against the Government instructions (July 2005) to enter the transactions on the same day of payment indicating lack of proper input controls in place.
- ‘PAMIS’, being a financial accounting system required journal entries (JEs) to be entered. Rules permitted modification in the JEs only by effecting reverse entries (REs). However, it was observed that in 600 cases (out of 1900 JEs), modifications were made without effecting REs. There was nothing on record as to who authorised these changes and reasons for such changes. Thus, important audit trails were also missing in the system.
- Lack of integration and coordination while developing ‘PAMIS’ and ‘PRIA Soft’ resulted in non uniform treatment of data in these modules in different blocks of DRDA, Cuttack, as shown in *Appendix-4.2*. Thus the information being made available for public awareness through ‘PRIA Soft’ by various blocks of DRDA, Cuttack was not consistent.
- The IT systems were developed by three different agencies indicating the lack of coordinated approach on part of the Government in the development of IT Systems. The integration as visualised in the Memorandum of Understanding signed (March 2004) between the Panchayati Raj Department and XIMB for developing ‘PAMIS’ did not materialise. Data available in ‘PAMIS’ was to update ‘PRIA Soft’ electronically. However, due to lack of integration between the two software, the same data was fed again in ‘PRIA Soft’ manually. Data relating to physical progress of the projects was also fed manually in ‘RuralSoft’. Similarly, details of pay of establishments available in ‘BETAN’ were needed to be fed again in ‘PAMIS’. Thus, input of data more than once in different software coupled with lack of input controls and input validations in the system not only made the data in various systems irreconcilable, it also made the data unreliable.

Thus, the databases so maintained had become unreliable, inconsistent and incomplete and the objective of bringing out sound financial administration, management and transparency through public awareness by DRDA, cuttack

through IT systems could not be achieved due to lack of coordinated approach towards development of IT systems and non integration of the systems.

The Commissioner-cum-Secretary during discussion, assured (October 2006) to examine the issues with reference to the records and take appropriate follow-up action.

GENERAL

FINANCE DEPARTMENT

4.7.1 Lack of response to audit

Principal Accountant General (Civil Audit) and Accountant General (Commercial, Works and Receipt Audit), Orissa arrange to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) sent to the heads of offices and the next higher authorities. The defects and omissions are expected to be attended promptly and compliance reported to the Principal Accountant General. A half-yearly Report of pending IRs is sent to the Secretary of each department to facilitate monitoring of the audit observations and their compliance by the departments.

A review of the IRs issued up to March 2006 pertaining to 4386 offices of 34 departments showed that 53300 paragraphs relating to 15970 IRs were outstanding at the end of June 2006. Of these, 4932 IRs containing 12683 paragraphs had not been settled for more than 10 years (*Appendix-4.3*). Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix-4.4*. Even the initial replies which were required to be received from the Heads of Offices within six weeks were not received in respect of 1407 IRs (*Appendix-4.3*) issued between 1964-65 and 2005-06 (March 2006). As a result, many serious irregularities commented upon in these IRs had not been settled as of June 2006 (*Appendix-4.5*). Failure to comply with the issues raised by Audit facilitated the continuance of serious financial irregularities and loss to the Government.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who fail to send replies to IRs/Paras as per the prescribed time schedule, (b) revamping the system of proper response to the audit observations in the Departments and (c) action to recover loss/outstanding advances/overpayments pointed out in audit in a time bound manner.

The matter was referred (September 2006) demi-officially to Government; no reply had been received (September 2006).

4.7.2 Follow up action on earlier Audit Reports

Serious irregularities noticed in audit are included in the Reports of the Comptroller and Auditor General (Audit Reports) that are presented to the State

Legislature. According to the instructions issued by the Finance Department, Government of Orissa in December 1993, the Administrative Departments are required to furnish explanatory notes on the paragraphs/reviews included in the Audit Reports and Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee (PAC) Reports within three months and six months respectively of their presentation to the Legislature.

It was noticed that in respect of Audit Reports from the years 1997-98 to 2004-05 as indicated below, 28 out of 37 Departments which were commented upon, did not submit explanatory notes on 158 paragraphs/reviews as of June 2006.

Year of Report	Total paragraphs/reviews in Audit Reports	Number of individual paragraphs/reviews for which explanatory notes were not submitted
1997-98	97	12
1998-99	92	8
1999-2000	83	17
2000-01	83	24
2001-02	61	13
2002-03	59	26
2003-04	60	34
2004-05	49	24
Total	584	158

The Department-wise analysis is given in the *Appendix-4.6* which shows that the Departments largely responsible for non-submission of explanatory notes were Agriculture, Revenue, Finance, Health and Family Welfare, Water Resources, Rural Development and Works.

Response of the departments to the recommendations of the Public Accounts Committee

The Orissa Legislative Assembly (OLA) Secretariat issued (May 1966) instruction to all departments of the State Government to submit Action Taken Notes (ATN) on various suggestions, observations and recommendations made by Public Accounts Committee (PAC) for their considerations within six months after presentation of PAC Reports to the Legislature. The above instructions were reiterated by Government in Finance Department in December 1993 and by OLA Secretariat in January 1998. The PAC Reports / Recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the legislature and it is appropriate that they elicit timely response from the departments in the form of Action Taken Notes (ATNs).

However, it was noticed that 441 recommendations of PAC, relating to 45th Report of 11th Assembly (1997-98) to 19th Report of 13th Assembly (2004-05) were pending settlement as of June 2006. Department-wise details are indicated in *Appendix -4.7* out of which Departments largely responsible for non-submission of ATNs are Agriculture, Cooperation, School and Mass Education, Food, Civil Supplies and Consumer Welfare, Health and Family Welfare, Housing and Urban Development, Water Resources, Rural Development and Works.

Monitoring

The following Committees have been formed at the Government level to monitor the follow up action on Audit Reports and PAC recommendations.

Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) have been formed (between May 2000 and February 2002) by all departments of the Government except Information and Technology Department under the chairmanship of the Departmental Secretary to monitor the follow up action on Audit Reports and PAC recommendations. However, as of June 2006 only twenty one departments held DMC meetings as detailed below

Sl.No.	Name of the department	Number of meetings held
1	Home	1
2	Revenue	2
3	Finance	11
4	Commerce	3
5	Works	1
6	Food Supplies and Consumer Welfare	1
7	School and Mass Education	1
8	Housing and Urban Development	2
9	Labour and Employment	2
10	Planning and Coordination	1
11	Panchayati Raj	2
12	Industries	1
13	Water Resources	1
14	Transport	2
15	Forest and Environment	2
16	Excise	3
17	Science and Technology	2
18	Energy	1
19	Textile and Handloom	1
20	Cooperation	2
21	Higher Education	3

Apex Committee

An Apex Committee has been formed (December 2000) at the State level under the Chairmanship of the Chief Secretary to review the action taken by the DMCs till June 2006, Apex Committee met only once in February 2002.

Review Committee

A Review Committee has been formed (December 1992) comprising Principal Secretary, Finance Department, Principal Accountant General (Civil Audit)/ Accountant General (Commercial, Works and Receipt Audit) and Secretary to Government of concerned Department to review the progress as well as adequacy

of action taken on the Audit Reports and PAC recommendations in order to facilitate the examination of such Reports/recommendations by the Public Accounts Committee.

The Review Committee met on six occasions between June 2003 and December 2003. No meetings were held thereafter.

The matter was referred (September 2006) to the Government, reply had not been received (September 2006).

CHAPTER-V INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENTS

CO-OPERATION DEPARTMENT

5.1 Internal Control System in Co-operation Department

Highlights

Internal control system is the fundamental process by which an organisation directs its activities to effectively achieve its objectives. Such a system consists of methods, systems and procedures for protecting resources from waste, loss, theft, misuse or mismanagement and provides reasonable assurance that the unit's goals and objectives will be achieved. The review of internal control system in Co-operation Department showed persistent savings against budgeted provisions, non-observance of financial discipline in cash management, operational controls were deficient, shortfall in carrying out statutory audits and inspections of co-operative institutions. Administrative controls were slack leading to dislocation in functioning of the Cooperative Tribunal due to frequent vacancy in the post of member judge, irregularities in respect of staff sent on foreign service, lack of quality inspection of subordinate offices and tardy finalisation of vigilance cases. The internal audit of the department was ineffective.

- ◆ **During the period 2003-06, persistent savings were seen ranging from 26 to 44 per cent in plan expenditure against budget provisions due to preparation of unrealistic budget estimates.**

(Paragraph 5.1.2.1)

- ◆ **Due to lack of adequate supervisory officers with marketing background and non-assignment of statutory obligations to the Agricultural Marketing Directorate created in 1996, the functioning of the Directorate was ineffective. Consequently, 25 out of 43 'Krusak bazars' established in 2001-02 at a cost of Rs 2.93 crore remained inoperative as of July 2006.**

(Paragraph 5.1.4.1)

- ◆ **During 2003-06, the post of Member Judge in the cooperative tribunal was vacant for 14 months in different spells leading to pendency of 33 to 50 per cent of dispute cases.**

(Paragraph 5.1.4.2)

- ◆ **The shortfall in inspections of co-operative institutions was 40 per cent. Besides, there was annual shortfall in conducting audit of co-operative institutions ranging from 4830 to 6884 units during 2003-06.**

(Paragraphs 5.1.3.2 and 5.1.3.3)

* Abbreviations used in this Chapter have been expanded in the Glossary of abbreviations at pages 228-234.

◆ **Internal Audit was ineffective as the system in place failed to cover 87 to 93 per cent of the units during 2003-06. Out of 24 units audited during 2003-06, only nine audit reports (40 per cent) were issued.**

(Paragraph 5.1.6)

5.1.1.1 Introduction

Internal Control Mechanism in an organisation is meant to ensure that its operations were carried out by adherence to laws, regulations and management directives so that day to day business is run in orderly and efficient manner and organisation's objectives are achieved. The objective of the Co-operation Department is to strengthen the co-operative movement in the State in the fields of agricultural credit, marketing, processing and cold storage, consumer protection and housing to uplift the status of the community in general and the weaker sections in particular as envisaged in the Orissa Co-operative Society (OCS) Act 1962. There were 10459 cooperative societies under the department for coverage of above activities of which nine¹ were apex societies. Under the credit sector, the Orissa State Co-operative Bank (OSCB) being an apex society was dealing with advancing short term agricultural credits through 17 District Central Cooperative Banks (DCCBs) and 2726 Primary Agricultural Credit Societies (PACS).

5.1.1.2 Organisational set up

The department is headed by the Principal Secretary and has four Directorates. The Cooperative Directorate headed by the Registrar of Cooperative Societies (RCS) is assisted by a Deputy RCS (DRCS) at the Divisional level in the 13 divisions and by 47 Assistant RCS (ARCS) at the circle level. The Cooperative Audit Directorate is headed by the Auditor General of Cooperative Societies (AGCS) with 16 Audit Circles each headed by an Assistant AGCS. The Directorate of Agricultural Marketing (DAM) is headed by the Director of Agricultural Markets with six Marketing Regions each headed by a Regional Marketing Officer (RMO). The department has also a Cooperative Tribunal with the status of a Directorate. Besides, it has under its administrative control, one public sector undertaking i.e., Orissa State Warehousing Corporation (OSWC) constituted by a Central Act and a single statutory Board namely "Orissa State Agricultural Marketing Board" (OSAMB) constituted under the Orissa Agricultural Produce Markets Act 1956.

5.1.1.3 Audit objectives

The audit objective was to assess the working of the internal control system in respect of the following:

- Budgetary and expenditure controls;

¹ (i) Orissa State Co-operative Union (OSCU), (ii) Orissa State Co-operative Bank (OSCB), (iii) Orissa State Co-operative Agriculture and Rural Development Bank (OSCARD), (iv) Orissa Federation of Urban Co-operative Banks and Credit Co-operative Societies, (v) Orissa State Co-operative Marketing Federation (Markfed), (vi) Orissa Consumer Co-operative Federation (OCCF), (vii) Orissa Co-operative Housing Corporation (OCHC), (viii) Cotton Growers Co-operative Marketing Federation (Cotfed) and (ix) Orissa State Federation of Labour and Construction Co-operative Ltd.

- Operational controls;
- Administrative and monitoring controls;
- System of Internal Audit.

5.1.1.4 Audit coverage

The records of the offices of the Principal Secretary and the four directorates, two satellite organisations (OSAMB and OSWC), two apex bodies (OSCB and OSCU) and twelve field offices² were test checked in audit during April to June 2006 covering the period 2003-06.

Audit Findings

5.1.2 Budgetary and expenditure control

The Orissa Budget Manual (OBM) requires the administrative departments to prepare budget estimates based on inputs from lower formations, incur expenditure within the budgeted provisions, avoid rush of expenditure towards the end of the financial year and surrender anticipated savings in time. The review of budgetary and expenditure controls of the department showed instances of persistent savings, belated surrenders, accumulation of balances in the civil deposit and rush of expenditure as discussed in the succeeding paragraphs.

5.1.2.1 Persistent savings under plan budget

Budget Provision, expenditure incurred and savings/surrenders made by the department during 2003-06 were as under:

Year	Provision		Expenditure		Savings and surrenders	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-plan
2003-04	45.11	192.88 [*]	30.03	191.54	15.08 (33)	1.34
2004-05	28.81	33.59	16.25	32.39	12.56 (44)	1.20
2005-06	27.53	34.17	17.53	33.29	10.00 (26)	0.88
Total:	101.45	260.64	63.81	257.22	37.64 (37)	3.42

Note: Figures in the parenthesis represent percentage.
^{*} Includes Loan from Calamity Relief Fund (Rs 16 crore) and from Orissa Contingency Fund (Rs 95 crore) for indemnity of crop insurance.

It could be seen from the table that there was savings ranging from 26 to 44 per cent during 2003-06. Analysis of the savings revealed that provision of Rs 27 crore at the rate of rupees nine crore every year was made under the Centrally Sponsored Plan scheme 'Macro Management of Agriculture' in the above three years against which the department spent only about to eight crore. While the Government's Annual Action Plans submitted to the GOI for three year period required only Rs 10.20 crore. This indicated that the department failed to synchronise the budget provisions with its Annual Action Plans. Besides, there were savings in the State Plan (Rs 4.44 crore in 2004-05 and Rs 1.07 crore in 2005-06) meant for share capital to co-operative credit institutions, assistance to agricultural credit stabilisation fund and

During 2003-06, persistent savings in plan expenditure against budget provisions ranged from 26 to 44 per cent due to preparation of unrealistic budget estimates

² (i) Three DRCS: Balasore, Puri and Cuttack; (ii) six ARCS: Balasore, Bhadrak, Puri, Khurda, Cuttack and Cuttack City Circle; (iii) three AAGCS: Balasore, Puri and Cuttack-I.

Co-operative central banks etc. due to non-release of funds by the department. Thus, the department at the apex level failed to scrutinise the budget proposals keeping in view the actual requirement.

5.1.2.2 Belated surrender of funds

Orissa Budget Manual (OBM) provides that all anticipated savings should be surrendered immediately after they are foreseen and latest by 10th March of the financial year. It was, however, noticed that the Department in all the above three years surrendered savings on the last working day of the respective financial years. Thus, the financial discipline sought to be exercised in accordance with the provisions of the OBM was ignored by the controlling officer of the department.

5.1.2.3 Irregular parking of funds in Civil Deposit to avoid lapse of budget provision

The OBM and the Orissa Treasury Code prohibit drawal from treasury unless it was required for immediate requirement. It was noticed that the department accumulated Rs 6.55 crore under 8443-Civil Deposit-800-Other Deposits as of March 2006 which were drawn out of the budget provisions in earlier years (1991-98) to avoid lapse of provisions. These drawals in the respective years were for investing as share capital and payment of managerial subsidy in weak co-operative credit institutions. All such withdrawals had the approval of the controlling officer of the department. Such accumulation of funds in the civil deposit without incurring expenditure during the year of their drawals for the intended purposes led to erosion of legislative control over the expenditure.

5.1.2.4 Rush of expenditure

According to the OBM rush of expenditure in the closing months was regarded as breach of financial regularity. It was, however, seen that the department incurred 31 to 86 *per cent* of the annual plan expenditure during the month of March in all the years during 2003-06. Such hasty spending during the last month of the year was likely to be imprudent besides being breach of financial regularity.

5.1.2.5 Non-adherence to rules governing advances to Government servants

The employees availing House Building Advance (HBA) are required to submit sale deeds failing which they are liable to refund the entire amount with penal interest within two months of receiving advance. Scrutiny of register of sanctions of HBA in the department and three directorates³ revealed that the first of the two instalments of HBA in 19 cases involving payment of Rs 20.89 lakh was released in two to six spells to each of the Government servant. Although five to 38 months elapsed since the payment of the first instalment, neither the Government servants submitted the sale deeds in support of acquisition of land etc. nor the DDOs had insisted their submission. Similarly, in respect of advances given for purchase of motor cycle/moped, the

³ RCS, Co-operative Tribunal, Director of Agricultural Marketing (DAM).

government servants were required to submit the money receipts for purchases and mortgage deeds etc. In the event of failure of the Government servant to do so, the amount was to be recovered together with penal interest. The department and four Directorates paid advances of Rs 13.84 lakh for purchase of motor cycle/moped etc during 2003-06 to sixty employees who did not submit the required documents. The Registrar of Co-operative Societies issued (May 2006) notices to the defaulting employees after the omissions were pointed out by audit. In the absence of purchase deeds, the proper utilisation of advances was doubtful and the advances remained unsecured.

5.1.2.6 Failure of Internal Control in cash management

The Orissa Treasury Code (OTC) and the Orissa General Financial Rules (OGFR) provide internal control measures in cash management, which were ignored by the drawing and disbursing officers (DDOs) of the seventeen offices test checked as detailed below:

- ◆ Five⁴ DDOs did not attest each entry in the cash book in token of check.
- ◆ In one⁵ satellite organisation closing balances of the cash book at the end of each day's transaction were not authenticated by the DDO since July 2002.
- ◆ In twelve offices⁶, the DDOs did not verify the totals in the cash book nor got them verified through any other responsible officer.
- ◆ Physical verification of cash at the end of each month was not done by the heads of the offices in fourteen offices⁷ including two satellite organisations test checked in audit.
- ◆ Surprise check of cash is required to be conducted by an authority not responsible for maintenance of cash book. Also, a certificate to the effect that the cash balance found during physical verification agreed with the balances is required to be recorded in the cash book. It was, however, observed that in all the test checked offices (17 numbers), monthly surprise verification of cash was not conducted during 2003-06 except on the occasions when inspection was conducted by higher authorities.
- ◆ Analysis of monthly closing balance in the cash book was not done in eight offices⁸.
- ◆ In seven offices⁹, the bill registers were not reviewed by the DDOs regularly during the period covered under review, though such reviews can detect fraudulent drawal of funds.

⁴ Cooperation Department; AGCS, Bhubaneswar; DAM, Bhubaneswar; Cooperative Tribunal, Bhubaneswar; DRCS, Cuttack.

⁵ OSAM Board, Bhubaneswar.

⁶ Cooperation Department; RCS; AGCS; DAM; DRCS, Balasore, Cuttack, Puri; ARCS, Balasore, Bhadrak, Puri, Cuttack; AAGCS, Puri.

⁷ Cooperation Department; RCS; AGCS; DAM; Cooperative Tribunal; DRCS, Balasore, Puri, Cuttack; AAGCS, Puri; ARCS, Bhadrak, Puri, Cuttack, Cuttack city.

⁸ RCS; AGCS; DAM; Cooperative Tribunal; DRCS, Cuttack; ARCS, Balasore, Bhadrak, Puri.

⁹ Cooperation Department; RCS; DAM; Cooperative Tribunal; DRCS, Puri, Balasore; ARCS, Puri.

- ◆ Requisite security deposit/bond was not furnished by the cashier in fifteen offices¹⁰ including two satellite organisations.
- ◆ In ten offices¹¹, there was no reconciliation between the bank balances in the cash books and the balances in bank accounts.
- ◆ As per rules, advances given to government servants for various official purposes, should be adjusted within the month of payment. In the Department though the amount (Rs 4949) of advance was small, it has been carried forward since 1998-99. In the RCS directorate an amount of Rs 1.62 lakh is outstanding as advance against 19 employees. In the OSAM Board, no advance register is maintained although Rs 11.61 lakh was outstanding against the staff as of March 2006. Lack of proper monitoring and prompt settlement of advances increases the risk of misappropriation.
- ◆ All Government receipts are required to be credited to Government account within three working days. Three offices¹² violated the rule by not depositing the receipt within the prescribed period. The ARCS, Puri kept Rs 45983 without crediting the same to Government account since December 2004.
- ◆ As per rule, liquid cash exceeding Rs 5000 should not be kept in the cash chest as a measure of safety against theft, misappropriation or misutilisation of Government money. In violation of the above orders, the RCS Directorate retained cash balances of Rs 1.5 lakh and above in cash chest on all the days during 2003-06.
- ◆ Though the rules prohibit incurring of expenditure in excess of the allotted funds, four offices¹³ incurred expenditure by raising loans/advances from other cooperative institutions.
- ◆ The DDO of the department met expenditure on POL and telephone charges (Rs 7.47 lakh) by taking temporary advances from different cooperative institutions due to want of allotment of funds and the amount was not routed through the books of the DDO.
- ◆ The RCS has been following a practice of advancing moneys from available cash to the drivers and assistants of the Directorate to meet the cost of POL and of telephone bills for adjustment on receipt of allotment. As on 31 March 2006, such advances of Rs 83232 was outstanding against 13 employees. Of them, eight employees were already transferred from the department, two are retired and three have expired.

Thus, there was general departure from observance of rules and procedures relating to cash management in the department.

¹⁰ Cooperation Department; RCS; DAM; Cooperative Tribunal; DRCS, Cuttack, Puri; AAGCS, Balasore, Puri, Cuttack; ARCS, Balasore, Puri, Khurda, Cuttack and Cuttack city.

¹¹ RCS, AGCS, DAM, Cooperative Tribunal, AAGCS, Balasore, Puri, Cuttack; ARCS, Bhadrak, Puri, Cuttack city.

¹² Cooperation Department; Cooperative Tribunal; ARCS, Puri.

¹³ Cooperation Department; RCS; DRCS, Cuttack; ARCS, Cuttack.

5.1.2.7 Controls in stores management

The OGFR prescribed the procedure for procurement, storage and disposal of stores. During the review of test checked offices, the following deficiencies in stores management were noticed.

- Two¹⁴ out of seventeen offices did not carry out annual verification of stores during 2003-06.
- None of the store keepers of the test checked offices (21 numbers) furnished any security deposit or bond though required under the rules. In the absence of such bonds or securities, recovery against losses due to pilferage etc. could not be ensured.
- The department did not maintain any 'dead stock register'. While issuing the stores and stock, proper acknowledgements were not obtained from the persons to whom the stores were issued. Non-maintenance/improper maintenance of stock records might lead to misappropriation.

5.1.3 Operational Controls

The department has the mandate to discharge various statutory responsibilities under the Orissa Cooperative Societies Act, 1962 and other allied Acts covering audit and inspection of the cooperative institutions in the State. In the credit sector, the department was to facilitate financing seasonal agricultural operations through the cooperative banks etc. Deficiencies noticed in the operational controls are discussed below.

5.1.3.1 Shortfall in recovery of surcharge cases

Under the provisions of the Orissa Co-operative Societies Act, 1962, the Auditor General was to initiate surcharge action on a person if found guilty during the course of any audit, enquiry, inspection causing any deficiency in the assets of a society by breach of trust, willful negligence, misappropriation, fraud, unauthorised retention of any money or other property belonging to the society etc. After giving the person concerned a reasonable opportunity of being heard, the Auditor General may make an order, requiring the person to pay or restore the money or property, with interest at such rates as he may consider just and equitable. If the order is not carried out, the RCS is to execute the same as a decree of a civil court or enforce recovery as arrears of land revenue. Scrutiny of records of the AGCS revealed that 6846 out of 10870 number of surcharge cases relating to 1999-2006 were finalised (February 2006) ordering recovery of Rs 35.85 crore out of which only Rs 14.25 crore were recovered as of May 2006. However, action to recover the remaining Rs 21.60 crore through enforcement or by certificate action as arrears of land revenue was not initiated by the RCS (July 2006).

Thus, the statutory provisions in regard to enforcement of recovery were not adhered to.

Surcharge cases involving Rs 21.60 crore were not enforced by the RCS nor certificate cases initiated for realisation as arrears of land revenue

¹⁴ Cooperation Department and AGCS.

5.1.3.2 Arrears in auditing of accounts of the co-operative societies

The Auditor General, Co-operative Societies (AGCS) functioning as a directorate is entrusted with the statutory responsibility of auditing accounts of all the OSCBs, DCCBs, Urban Co-operative Banks and co-operative societies functioning under the department at least once in each cooperative year under Section 62 of Orissa Co-operative Societies Act 1962. Besides, the Orissa Co-operative Societies Rules envisaged that the statement of accounts of the cooperative societies were to be prepared by the auditor in the form prescribed by the AGCS. The year-wise number of units, which could not be audited during the period from 2003-06 were as under:

Year	Total number of units required to audit	Number of units not audited	Percentage of shortfall of audit
2003-04	18046	6884	38
2004-05	17386	5603	32
2005-06	17036	4830	28

Due to vacancy in different posts, the AGCS failed to cover statutory audit of 28 to 38 per cent of cooperative institutions during 2003-06

The percentage of shortfall in auditing the units during 2003-06 was 28 to 38 *per cent*. The reasons for shortfall as stated by the Directorate were non-availability of records for certain periods and non-maintenance of accounts by the co-operative societies, vacancy in the posts (103 out of 786) of auditors, vacancy in the post of AGCS (managed temporarily by the Managing Director, OSCB), Joint AGCS and Assistant AGCS, non availability of vehicle in the Directorate for supervision work, restrictions on traveling allowances of auditors and Assistant AGCS.

5.1.3.3 Shortfall in statutory inspection of co-operative societies

Section 64(i) of Orissa Co-operative Society Act, 1962 required that every society shall be inspected by the RCS or any person authorised by him on his behalf at least once in every co-operative year and the report thereof communicated to the society, its financing bank and the AGCS within one month. The inspection among others was to cover critical analysis on the constitution, financial and human resource management, resource mobilisation and their utilisation, recovery of dues, management of non-performing assets, follow up action on audit and inspection reports etc. It was seen that against the mandatory provision of one hundred *per cent* inspection of all the co-operative societies within the jurisdiction of RCS during a year, the coverage of inspection for 2003-04 and 2004-05 was 59 and 60 *per cent* respectively. Report for the year 2005-06 was awaited (June 2006). The RCS attributed the shortfall to non-adherence to the inspection programme at the field level. He also observed in his review notes that as a result, large number of societies remained without inspection for years together which ultimately gave enough scope to the societies for committing several irregularities leading to mismanagement, malpractice, erosion of funds by way of omission, commission and misappropriation. Further, he observed that most of the inspection reports did not contain the required critical analysis and suggestion for remedial measures. Such shortfall and lack of quality in inspection at various levels affected the functional efficiency and implementation of various schemes and activities as below.

There was shortfall in conducting statutory inspection of cooperative societies by the RCS ranging from 40 to 41 per cent during 2003-05

- ◆ There was sharp decline in the number of cooperative societies functioning under the department. Out of 10459 societies, 5104 are in liquidation process and 839 are in moribund condition. During 2003-06, co-operative societies numbering 1463 were liquidated in which Government fund in the form of share capital and loan of Rs 4.08 crore remained unrecovered.
- ◆ The Orissa State Co-operative Agriculture and Rural Development bank with 50 branches at the Sub-Divisional level established for advancing long term credit to the members of the PACS were functioning without any activity as the recovery of loans advanced became zero during 2003-06. Consequently, there was no flow of funds from NABARD since August 2003.
- ◆ Orissa State Federation of Labour and Construction Co-operative Limited, an apex co-operative formed in 1996 for undertaking labour contract, construction and engineering activities of the department and others had become sick and the department is unaware of further development since 2001.

5.1.4 Administrative and monitoring Control

5.1.4.1 Irregular creation of a separate Agricultural Marketing Directorate

According to a resolution (June 1994) of the department, a separate Agricultural Marketing directorate was created (November 1996) for improvement in purchase and sale of notified agricultural produces of the State in the best interest of the producers and consumers for which the GOI assured financial assistance in running the directorate and its field offices through a letter. However, the above letter was alleged to have not been issued by the GOI and accordingly, in 2002 the Chief Minister ordered for a vigilance inquiry. The fact of non-issue of such a letter was also confirmed by the GOI to Audit (August 2006). As of March 2006, the recurring and non-recurring expenditure incurred on the directorate was Rs 1.98 crore since its operation. However, the department did not take any follow up action on the orders of the Chief Minister to conduct the enquiry (July 2006).

The Directorate was to implement the market regulation scheme as envisaged under the Orissa Agricultural Produce Market Act, 1956. As per a status paper submitted (May 2005) by the director-in-charge to the department, the directorate does not have a full time director since September 1997 and was under the additional charge of other officials. These officials were preoccupied with multifarious cooperative work relating to their own offices. As such, they had very little time to look after the functions of this directorate affecting the monitoring and market development schemes in the State. The functioning of the directorate was not effective for want of adequate supervisory staff and the existing staff lacked sufficient marketing knowledge to supervise and coordinate the work of the subordinate officers both at the headquarters and field levels. At the field level, five out of six Regional Marketing Offices were under additional charge of local ARCS who do not have marketing background. Besides, the director has not been assigned with

Lack of adequate supervisory officers with marketing background, the functioning of Agricultural Marketing Directorate was ineffective

25 'Krushak bazars' established during 2001-02 at a cost of Rs 2.93 crore remained inoperative as the Government did not take remedial measures for efficient functioning of the Agricultural Marketing Directorate

any statutory powers for supervision and control of regulated market committees, which were the implementing agencies of different schemes at the grass root level. Rather, such statutory obligations were assigned to the OSAMB. Consequently, in 25 out of 43 places where 'Krushak bazars' were established during 2001-02 at a cost of Rs 2.93 crore, remained inoperative. The Government was yet to address the above deficiencies for efficient functioning of the Directorate (July 2006).

5.1.4.2 Serious dislocation in the functioning of the Co-operative Tribunal due to absence of member judge

During 2003-06, the post of Member Judge in the cooperative tribunal was vacant for 14 months in different spells leading to pendency of 33 to 50 per cent of dispute cases

The Co-operative Tribunal under the Department was having a member from Orissa Superior Judicial Services (senior branch). During 2003-06, the member post remained vacant for 14 months in four different spells¹⁵ due to retirement of the members and time taken for filling the vacant post. As such disposal of cases during the aforesaid period ranged from 50 to 67 per cent¹⁶ of the total number of cases pending for disposal in a year. Out of 1226 cases registered during 2003-06 and 544 cases pending prior to that, only 1222 cases were disposed of leaving a balance 548 cases (July 2006) of which 88 cases related to the period 1997-2003. Vacancy in the posts of the judicial member for such longer spells affected the disposal of the dispute cases and the purpose of setting an independent tribunal for speedy disposal of cases remained unfulfilled. Besides, the staff deployed in the tribunal were left without work during the vacancy of the member post leading to incurring idle expenditure on their salaries etc. The department has never initiated any action to overcome such intermittent dislocation in the functioning of the tribunal.

5.1.4.3 Non-recovery of leave salary and pension contribution in respect of staff sent on foreign service

As per the provisions of Orissa Service Code, Government servants when sent on foreign service, leave salary and pension contribution is recoverable from the borrowing organisation. As stipulated by the Government, the lending department is to issue sanction orders regulating the terms and conditions of foreign service before the personnel are relieved for joining the foreign body. The terms and conditions among others are to contain the provisional rate of the contributions payable by the foreign employer within 15 days of the succeeding month in which the government officials are relieved subject to confirmation of the rate by Accountant General (A & E) later.

Staff were being sent on foreign service without sanction orders containing terms and conditions of foreign service

Audit scrutiny revealed that as of July 2006, 143 employees of the RCS (88) and the AGCS (55) were on foreign service to the apex cooperative societies and cooperative banks etc. It was noticed that the departmental authorities

¹⁵ (i) 1 April 2003 to 14 July 2003, (ii) 5 July 2004 to 22 December 2004, (iii) 1 July 2005 to 29 September 2005 and (iv) 1 March 2006 to 24 July 2006 (continuing).

¹⁶ 60 per cent in 2003-04, 67 per cent in 2004-05 and 51 per cent in 2005-06.

have been flouting the above instructions of the Government as below:

- ◆ Officers were sent on foreign service without receipt of any proposal for the same from the foreign employer and sanction orders containing terms and conditions of foreign service were not issued before sending the officers on foreign service in all the above cases.
- ◆ In five cases, sanction orders were not issued even after expiry of four to thirty-six months from the dates of their reversion to parent department.

As per a review made (January 2006) by the RCS, recovery of Rs 2.16 crore towards leave salary and pension contribution from different borrowing organisations were in arrears. Besides, penal interest at prescribed rate was also leviable on the defaulting foreign employers.

This indicated laxity in the administrative control of the department leading to violation of service rules.

5.1.4.4 Non-recovery of Guarantee Commission

In course of its normal functioning, the department stands guarantee for co-operatives in obtaining loan from banks and in return the department charge guarantee commission from the loanees at the prescribed nominal rates depending on the type of institution. The commission is recovered on the maximum amount of guarantee sanctioned irrespective of the amount availed or outstanding on 1st April each year till liquidation of loan. It was seen in audit that guarantee commission of Rs 49.49 lakh in respect of 21 institutions of the department for which Government stood guarantee for Rs 310.17 crore was outstanding as of 31 December 2005. The department had not taken timely action to recover the outstanding guarantee commission. This indicated weak administrative control in monitoring recovery of the guarantee commission.

The department has not taken timely action to recover outstanding guarantee commission of Rs 49.49 lakh from 21 institutions

5.1.4.5 Monitoring of loan recovery

On the recommendation¹⁷ of the Public Accounts Committee (PAC), the Finance Department issued (August 1997) guidelines to all the departments of the Government to take action for recovery of loan and interest by way of issue of demand notices. In case of default, suitable legal action should be initiated immediately. Scrutiny of the loan ledger maintained by the department revealed that an amount of Rs 45.44 crore¹⁸ was sanctioned and paid to different cooperative organisations during 1997-2005. Out of the Rs 32.68 crore recoverable as of 31 March 2006, only Rs 25.28 crore (77 per cent) was recovered (March, 2006). Besides, out of interest dues of Rs 18.58 crore as of 31 March 2006, Rs 9.29 crore (50 per cent) was not realised. In 32 cases involving loan of Rs 13.88 crore, not a single instalment of principal amount was realised which included three¹⁹ cases involving loan of Rs 6.36

¹⁷ 11th report (9th Assembly).

¹⁸ 1997-98: Rs 7.33 crore, 1998-99: Rs 5.14 crore, 1999-2000: Rs 1.87 crore, 2000-01: Rs 3.73 crore, 2001-02: Rs 14.22 crore, 2002-03: Rs 2.87 crore, 2003-04: Rs 9.43 crore, 2004-05: Rs 0.85 crore.

¹⁹ (i) OSCARD bank: Rs 1.43 crore (repayable between March 2002 and March 2006), (ii) Nayagarh Co-operative Sugar Industries: Rs 1.36 crore (repayable between March 2002 and March 2006), (iii) Baragarh Co-operative Sugar Industries: Rs 3.57 crore (repayable between March 2002 and March 2006).

crore where the period of repayment of loan was already expired (July 2006). However, no legal action was initiated on the defaulters (June 2006) by the department. Further, the required information on loans sanctioned prior to 1997-98 by the RCS were not reflected in the loan register. As such, the loan recovery mechanism and internal control system intended to be instituted by the PAC/Government remained non-functional.

5.1.4.6 Annual inspections of subordinate offices

The RCS allots annual inspections of the 60 subordinate offices to the Senior officers of his office with the instructions that the activities of the subordinate office relating to a year be completed by the end of the subsequent year. The review report of the RCS on the position of inspection of sub-ordinate offices for the year 2004-05 conducted during 2005-06 revealed that only 41 out of 60 offices allotted to 11 officers were inspected. As observed by the RCS, the inspection reports did not disclose clear position on the different activities of the subordinate offices. However, no improvement was achieved on the shortfall in inspection (June 2006). Due to lack of quality in inspection, the top executives of the department could not keep themselves abreast of the strengths and weakness of the field offices.

Besides, as per instructions of the RCS to the field formation, all the heads of offices were required to conduct half yearly inspection of their own offices. The position of total number of offices where half yearly inspection was not conducted during 2003-06 was not available with the RCS. However, four²⁰ out of nine test checked DRCS and ARCS offices functioning under the RCS defaulted in conducting their half yearly inspection from one to five occasions during 2003-06. As observed by the RCS, the half yearly inspection reports received from different subordinate offices were completely perfunctory and stereo type.

5.1.5 Vigilance Control

5.1.5.1 Inaction in finalisation of vigilance cases

The Cooperation Department does not have vigilance cell for disposal of complaints alleging misappropriation of Government funds and other irregularities like fraud, embezzlement etc. However, the vigilance wing of General Administration Department conducted vigilance raids and forwarded findings to the department for follow up action.

Scrutiny of records revealed that 51 cases were listed during 1987-88 to 2005-06 covering 13 cases of misappropriation, 12 cases of bribery and 26 cases of falsification and other irregularities. Of these, 25 cases were finalised

²⁰ (i) ARCS, Puri: July-December 2005, (ii) ARCS, Khurda : July-December 2005, (iii) ARCS, Balasore July 2004 to December 2005 and DRCS, Cuttack: January 2003 to December 2005.

(June 2006). The status of the remaining 26 cases was as under.

1.	Enquiry Officers had not furnished Inquiry Reports	15 cases	1991-2004
2.	Enquiry Officers furnished Inquiry Reports but disciplinary proceedings not finalised.	3 cases	1995-2005
3.	Enquiry Officers furnished Inquiry Reports, disciplinary proceedings finalised but action not yet taken	1 case	1998-1999
4.	Subjudice in the Vigilance court	7 cases	1995-2005

It would be seen from the above that the enquiry officers did not furnish inquiry reports even after 3-15 years of their appointment. Finalisation of disciplinary proceedings after receipt of inquiry report had been delayed for 7-10 years. In respect of one ex-Director of Orissa Co-operative Consumer Federation on the charges of misappropriation of society fund of Rs 1.17 crore, no action had been taken since 1998-99 after finalisation of disciplinary proceedings. Delay in settlement of these cases facilitated the delinquent to escape unscathed.

5.1.6 Functioning of Internal Audit

Internal audit in effect is the control of all controls. It is to examine and evaluate the level of compliance to the departmental rules and procedures and statutory provisions so as to provide independent assurance to the senior management on the adequacy of the internal control frame work in the department. Internal audit in the department was, however, quite inadequate as there were arrears in coverage of units upto 93 *per cent* as detailed below:

Year	Number of units planned for audit	Number of units audited	Arrears	Percentage of arrears to total number of units
2003-04	86	6	80	93
2004-05	86	11	75	87
2005-06	86	7	79	92
Total	258	24	234	91

Internal Audit was ineffective as the system in place failed to cover 87 to 93 *per cent* of the units during 2003-06

Against the permissible time of 2-3 days, there was unusual delay ranging from one to seven months for submission of audit reports by the auditors to the department. It was also revealed that the department took one to seventeen months for issue of the said audit reports to the audited units from the date of their receipt from the auditors. Thus, issue of audit reports to the audited units ranged from two to 17 months. Out of the 24 units audited during 2003-06, only nine audit reports (40 *per cent*) were issued (May 2006). While audited units were required to furnish compliance within two months from the dates of receipt of audit reports, seven units did not furnish any compliance for over six to thirty months. Only partial compliance from two units was received. Objection Register for watching the total number of audit observations relating to the nine internal audit reports alongwith their money value was not maintained. During internal audit, supervision by the Audit officer was completely absent. The audit personnel were not imparted training to improve their skill in the concerned field.

In reply, the Joint Secretary of the department stated (July 2006) that audit of all the units for all the years could not be conducted due to shortage of manpower in the internal audit wing.

5.1.7 Response to Audit

The Principal Accountant General (Civil Audit), Orissa conducts statutory audit of the Department, Directorates and its subordinate offices. The major irregularities are reported through Inspection Reports (IRs). A half yearly report on the pending inspection reports is also sent to the Principal Secretary of the department to facilitate monitoring and compliance of audit observations. As of June 2006, paragraphs numbering 260 in 103 IRs issued upto March 2006 was pending for settlement. Out of these, 50 paragraphs in 28 IRs were outstanding for more than ten years.

5.1.8 Conclusion

The budgetary and expenditure controls were not adhered to, as there were persistent savings against budgeted provisions and non-observance of financial discipline in cash management. Operational controls were deficient due to shortfall in carrying out statutory audits and inspections of co-operative institutions and tardy follow up on realisation of dues relating to surcharge cases. Administrative control was weak, as there was dislocation in functioning of the Cooperative Tribunal due to frequent vacancies in the post of member judge. Besides, irregularities in respect of staff sent on foreign service, lack of quality inspection of subordinate offices were the other areas of slack administrative controls. Vigilance cases were not timely pursued. Internal audit was ineffective as it failed to bring out lapses in ICM of the subordinate offices to the notice of the senior management.

5.1.9 Recommendations

- Strict adherence to the provisions of the financial rules and procedures should be ensured to avoid unnecessary budget provision and delayed surrender.
- Codal provisions for routing all monetary transaction through cash book should be strictly followed as required under the treasury rules.
- While sanctioning the House Building, Motor Cycle Advances etc. the rules regulating those advances should be strictly adhered to ensure proper utilisation of the same by employees.
- Finalisation of terms and conditions of foreign service should precede the deputation of the government servants to the foreign bodies as envisaged in the Service Code.
- Vacancies in the posts of audit staff under the AGCS Directorate should be filled up to enable him to discharge the required statutory responsibility of auditing the accounts of cooperative institutions.

- Internal Audit wing should be strengthened and planning for coverage of units should be made on the basis of risk indicators corroborated by risk analysis so that all the units are covered in a cycle of one to three years. The periodicity of audit should be based on the expenditure and size of the unit

The Principal Secretary of the Department assured (September 2006) during discussion that suitable follow up action on the audit observations would be taken to rectify the deficiencies.

Bhubaneswar
The

(Sanat Kumar Mishra)
Principal Accountant General (Civil Audit)
Orissa

Countersigned

New Delhi
The

(Vijayendra N. Kaul)
Comptroller and Auditor General of India

APPENDIX -1.1**(Refer paragraph 1.4 at page 4)****Part A. Government Accounts**

I. Structure: The accounts of the State Government are kept in three parts:- (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs 150 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

**Part B. List of Indices/Ratios and basis for their calculation
(Refer paragraph 1.4 at page 4)**

Indices/Ratios		Basis for calculation
Sustainability		
Balance from the current revenue	BCR	Revenue receipts minus all Plan grants (under Major Head 1601- 02, 03, 04) and Non-Plan revenue expenditure
Primary Deficit		
Interest Ratio		
Capital Outlay Vs. Capital Receipts	Capital Outlay	Capital expenditure as per Statement No.13 of the Finance Accounts
	Capital Receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings, PF etc. + Miscellaneous Capital Receipts
Total tax receipts Vs. GSDP		
State tax receipts Vs. GSDP		
Flexibility		As above
-Balance from current revenue	Capital Repayments	Disbursements under Major head 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
-Capital repayments Vs. Capital Borrowings	Capital Borrowings	Addition under Major Heads 6003 and 6004 minus addition on account of Ways and Means Advances/Overdraft under both the major heads
	State Tax Receipts	A-Tax Revenue of Statement 11 of Finance Accounts.-State's share of net proceeds of Taxes and Duties.
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
Incomplete Projects		
-Total Tax Receipts Vs. GSDP		
-Debt Vs. GSDP		
Vulnerability		
-Revenue Deficit		Paragraph No. 1.11.1 of the Audit Report
-Fiscal Deficit		Paragraph No. 1.11.1 of the Audit Report
-Primary Deficit Vs. Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs. Total revenue receipts of the Government	Outstanding guarantees	Appendix-V
	Revenue Receipts	Appendix-III
Assets Vs. Liabilities	Assets and Liabilities	Appendix-II
	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of the Finance Accounts)
Buoyancy of a parameter		$\frac{\text{Rate of growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter(X) with respect to another parameter (Y)		$\frac{\text{Rate of Growth of the parameter(X)}}{\text{Rate of Growth of the Parameter(Y)}}$
Rate of Growth (ROG)		$\frac{[(\text{Current year Amount}/\text{Previous year amount})-1]*100}{1}$
Trend/Average		Trend of growth over a period of 5 years (LOGEST(Amount of 1996-97:Amount of 2001-02)-1)*100
Development Expenditure		Social Services+Economic Services
Weighted Interest Rate (Average interest paid by the State)		Interest Payment/[(Amount of previous year's Fiscal Liabilities+Current Year's Fiscal Liabilities)/2]*100

APPENDIX-1.2
(Refer paragraph 1.4 at page 4)
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
ORISSA

(Rupees in crore)

As on 31.03.2005	Liabilities		As on 31.03.2006
16346.13	Internal Debt -		17946.37
9580.89	Market Loans bearing interest	9686.29	
16.11	Market Loans not bearing interest	13.84	
28.05	Loans from LIC	24.75	
6721.08	Loans from other Institutions	8221.49	
NIL	Ways and Means Advances	Nil	
NIL	Overdrafts from Reserve Bank of India	Nil	
9326.61	Loans and Advances from Central Government		8783.75
217.89	Pre 1984-85 Loans	190.46	
855.49	Non-Plan Loans	657.81	
8039.08	Loans for State Plan Schemes	7826.53	
37.56	Loans for Central Plan Schemes	34.18	
77.56	Loans for Centrally Sponsored Plan Schemes	74.77	
99.03	Ways and Means Advance	Nil	
28.77	Contingency Fund		109.57
8380.80	Small Savings, Provident Funds, etc.		9728.94
1972.01	Deposits		2120.94
1262.63	Reserve Funds Advances		2134.53
	Suspense and Miscellaneous		
698.12	Miscellaneous Capital Receipts		698.12
38015.07			41522.22
As on 31.03.2005	Assets		As on 31.03.2006
15282.66	Gross Capital Outlay on Fixed Assets		16320.72
1610.41	Investments in shares of Companies, Corporations etc.	1637.09	
13672.25	Other Capital Outlay	14683.63	
3619.53	Loans and Advances		3339.13
2357.29	Loans for Power Projects	2218.80	
521.64	Other Development Loans	474.70	
740.60	Loans to Government servants and Miscellaneous loans	645.63	
8.47	Advances		8.55
190.31	Suspense and Miscellaneous Balances		59.95
37.27	Remittance Balances		33.06
1681.82	Cash		5047.00
3.68	Cash in Treasuries and Local Remittances	2.75	
(-) 216.55	Deposits with Reserve Bank	50.00	
23.61	Departmental Cash Balance including Permanent Advances	19.06	
0.50	Security Deposits	0.48	
1195.00	Investment of earmarked funds	2246.54	
675.58	Cash Balance Investment	2728.17	
17195.01	Deficit on Government Accounts		16713.81
Nil	Appropriation to Contingency Fund	Nil	
522.30	Revenue deficit of the Current Year	(-) 481.20	
16672.71	Accumulated deficit brought forward	17195.01	
38015.07			41522.22

Contd.

APPENDIX-1.3
(Refer paragraph 1.4 at page 4)
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2005-2006
(Rupees in crore)

2004-2005	Receipts	2005-06	2004-2005	Disbursements	Non-Plan	Plan	2005-06
	Section-A: Revenue						
11850.19	I. Revenue Receipts	14084.72	12372.49	I. Revenue Expenditure	11490.77	2112.75	13603.52
4176.60	-Tax Revenue	5002.28	6480.49	General Services	6818.78	6.88	6825.66
1345.52	-Non-tax revenue	1531.90	3980.40	Social Services	3341.77	1335.95	4677.72
3248.86	-State's share of Union Taxes and Duties	3927.58	1995.39	-Education, Sports, Art and Culture	1991.02	320.56	2311.58
728.80	-State's share of net proceeds of Taxes on income other than Corporate Tax	949.17	627.45	-Health and Family Welfare	432.73	17.91	450.64
398.75	-Non-Plan grants	1066.60	321.84	-Water Supply and Sanitation, Housing and Urban Development	241.17	208.90	450.07
1391.99	-Grants for State Plan Scheme	1078.80	11.64	-Information and Broadcasting	9.67	2.69	12.36
38.35	-Central Plan Schemes	45.70	241.21	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	137.05	222.44	359.49
521.32	-Centrally Sponsored Plan Schemes	482.69	23.02	-Labour and Labour Welfare	22.31	16.06	38.37
522.30	II. Revenue deficit carried over to Section B	Nil					
			738.13	-Social Welfare and Nutrition	487.00	540.70	1027.70
			21.72	-Others	20.82	6.69	27.51
			1753.12	Economic Services	1183.36	769.92	1953.28
			533.99	Agriculture and Allied activities	417.33	143.25	560.58
			467.71	Rural Development	295.97	217.97	513.94
				-Special Areas Programmes			
			207.71	-Irrigation and Flood Control	188.45	46.89	235.34
			43.91	-Energy	5.04	35.82	40.86
			49.91	-Industry and Minerals	25.08	55.83	80.91
			143.51	-Transport and Communications	204.57	0.36	204.93
			8.08	-Science, Technology and Environment	2.33	10.45	12.78
			298.30	-General Economic Services	44.59	259.35	303.94
			158.48	-Grants-in-aid and Contributions	146.86	--	146.86
				II. Revenue surplus			481.20

Contd.

2004-2005	Receipts	2005-06	2004-2005	Disbursements	Non-Plan	Plan	2005-06
	Section-B						
41.86	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	1681.82	Nil	III. Opening Overdraft from RBI			Nil
Nil	IV. Miscellaneous Capital Receipts	Nil	1055.55	IV. Capital Outlay	74.94	963.12	1038.06
			29.07	General Services	42.39	10.28	52.67
			76.07	Social Services	3.97	115.13	119.10
			2.01	-Education, Sports, Art and Culture	--	2.28	2.28
			3.45	-Health and Family Welfare	--	16.38	16.38
			69.13	-Water Supply, Sanitation, Housing and Urban Development	3.97	85.10	89.07
			1.48	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	--	11.37	11.37
			--	-Social Welfare and Nutrition	--	--	--
			950.41	Economic Services	28.58	837.71	866.29
			56.04	-Agriculture and Allied Activities	24.37	30.53	54.90
			--	-Rural Development	--	--	--
			--	-Special Areas Programmes	--	--	--
			486.43	-Irrigation and Flood Control	--	484.02	484.02
			36.44	-Energy			
			(-) 3.61	-Industry and Minerals	(-) 3.56	0.10	(-) 3.46
			360.92	-Transport and Communications	7.59	311.31	318.90
			14.19	-General Economic Services	0.18	11.75	11.93
416.95	V Recoveries of Loans and Advances	347.60	205.09	V. Loans and Advances disbursed	49.44	17.76	67.20
200.00	-From Power Projects	148.33	57.12	-For Power Projects	Nil	9.84	9.84
173.89	-From Government Servants	139.03	24.28	-To Government Servants	18.93	Nil	18.93
43.06	-From others	60.24	123.69	-To Others	30.51	7.92	38.43
	VI Revenue surplus brought down	481.20	522.30	VI. Revenue deficit brought down			Nil
4111.80	VII Public Debt Receipts (Other than Ways and Means Advances	2094.96	2252.67	VII. Repayment of Public Debt			1037.58
2689.22	-Internal debt other than Ways and Means Advances and Overdraft	2105.27	808.10	-Internal debt other than Ways and Means Advances and Overdraft			505.03

Concl'd.

2004-2005	Receipts		2005-06	2004-2005	Disbursements	Non-Plan	Plan		2005-06
Nil	-Net transaction under Ways and Means Advances	Nil		Nil	-Net transaction under Ways and Means Advances			Nil	
1422.58	-Loans and Advances from Central Government	*(-) 10.31		1444.57	-Repayment of Loans and Advances to Central Government			532.55	
--	VIII Appropriation to Contingency Fund		Nil	Nil	VIII. Appropriation to Contingency Fund				Nil
54.44	IX Amount transferred to Contingency Fund		80.80	73.94	IX. Expenditure from Contingency Fund				Nil
7372.89	X Public Account receipts		8506.47	6206.57	X. Public Account disbursements				6003.01
1937.72	-Small Savings and Provident Funds	2742.18		1378.55	-Small Savings and Provident funds			1394.03	
1123.06	-Reserve Funds	1104.82		273.21	-Reserve funds			232.93	
(-) 428.74	-Suspense and Miscellaneous	(-)73.78		(-) 420.16	-Suspense and Miscellaneous			(-) 204.13	
1991.41	-Remittance	2335.92		1991.37	-Remittance			2331.71	
2749.44	-Deposits and Advances	2397.33		2983.60	-Deposits and Advances			2248.47	
Nil	XI Closing Overdraft from Reserve Bank of India		Nil	1681.82	XI Cash Balance at end				5047.00
				3.68	-Cash in Treasuries and Local Remittances			2.75	
				(-) 216.55	Deposits with Reserve Bank			50.00	
				23.61	-Departmental Cash Balance including permanent advances			19.06	
				1871.08	-Cash Balance Investment			4975.19	
11997.94			13192.85	11997.94					13192.85

*(-) 10.31 is due to recovery of additional central assistance for externally aided project vide GOI, Ministry of Finance Department of Expenditure, sanction No.54(1) PF-1/2005-215 dt.27.3.2006

APPENDIX – 1.4
(Refer paragraph 1.4 at page 4)
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2004-2005		Sources	2005-2006	
	11850.19	1. a) Revenue receipts		14084.72
	Nil	b) Miscellaneous Capital receipts(Non-debt)		Nil
	416.95	2. Recoveries of Loans and Advances		347.60
	1859.13	3. Increase in Public debt other than overdraft		1057.38
	1166.32	4. Net receipts from Public Account		2503.46
559.17		Increase in Small Savings	1348.15	
(-) 234.16		Increase in Deposits and Advances	148.86	
849.85		Increase in Reserve funds	871.89	
(-) 8.58		Net effect of suspense and Miscellaneous transactions	130.35	
0.04		Net effect of Remittance transactions	4.21	
		5. Increase in Overdraft		Nil
		6. Decrease in closing cash balance		
		7. Net effect of Contingency Fund transaction		80.80
	15292.59	Total		18073.96
		Application		
	12372.49	1. Revenue expenditure		13603.52
	205.09	2. Lending for development and other purposes		67.20
	1055.55	3. Capital expenditure		1038.06
	19.50	4. Net effect of Contingency Fund transactions		Nil
	Nil	5. Decrease in Overdraft		Nil
	1639.96	6. Increase in closing Cash Balance		3365.18
	Nil	7. Appropriation to Contingency Fund		Nil
	15292.59	Total		18073.96

Explanatory Notes for Appendices II, III and IV:

1. The abridged accounts in the foregoing Appendices have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account as shown in Appendices -II indicates the position on cash basis as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement, etc.
4. There was a difference of Rs 15.28 crore (net credit) between the figures reflected in the accounts (Rs 50.00 crore) and that intimated by the RBI (Rs 65.28 crore) under "Deposit with Reserve Bank". After reconciliation and adjustment, the difference to the extent of Rs 0.23 crore (Net debit) remains to be reconciled (June 2006).

Contd.

APPENDIX – 1.5
(Refer paragraph 1.4 at page 4)

TIME SERIES DATA ON STATE GOVERNMENT FINANCE

	2001-02	2002-03	2003-2004	2004-05	2005-06
	(Rupees in crore)				
1. Revenue Receipts	7048	8439	9440	11850	14085
(i) Tax Revenue	2467(35)	2872(34)	3302 (35)	4177 (35)	5002 (35)
Taxes on Agricultural Income	Nil	NIL	Nil	Nil	Nil
Taxes on Sales, Trade, etc.	1402(57)	1605(56)	1864 (56)	2471 (59)	3012 (60)
State Excise	197(8)	246(8)	256 (8)	307 (8)	389 (8)
Taxes on vehicles	216(9)	258(9)	280 (9)	338 (8)	406 (8)
Stamps and Registration fees	110(4)	136(5)	153 (5)	198 (5)	236 (5)
Land Revenue	84(3)	82(3)	103 (3)	132 (3)	70 (1)
Taxes and Duties on Electricity	137(6)	172(6)	200 (6)	262 (6)	353 (7)
Other Taxes	321(13)	373(13)	446 (13)	469 (11)	536 (11)
State's share of net proceeds of Taxes and duties	2647(37)	2806(33)	3328 (35)	3978 (34)	4877 (35)
(ii) Non-Tax Revenue	692(10)	961(12)	1094 (12)	1345 (11)	1532 (11)
(iii) Grants-in-aid from GOI	1240(18)	1800(21)	1716 (18)	2350 (20)	2674 (19)
2. Miscellaneous Capital Receipts	Nil	NIL	Nil	Nil	Nil
3. Total Revenue and Non-debt Capital Receipts (1+2)	7048	8439	9440	11850	14085
4. Recoveries of Loans and Advances	132	177	273	417	348
5. Public Debt Receipts	3273	4819	5879	4112	2095
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1687	2296	4338	2689	2105
Net transaction under Ways and Means Advances and Overdrafts (WMA-2002-03)	231	59	--	--	--
Loans and advances from Government of India*	1355	2464	1541	1423	(-) 10*
6. Total Receipts in the Consolidated Fund (3+4+5)	10453	13435	15592	16379	16528
7 Contingency Fund Receipts	Nil	NIL	--	54	81
8. Public Account Receipt	6813	7150	7657	7373	8506
9. Total Receipts of the State (6+7+8)	17266	20585	23249	23806	25115
10. Revenue Expenditure	9882(88)	10015(88)	10861(82)	12372 (91)	13604 (92)
Plan	1816(18)	1571(16)	1643 (15)	1956 (16)	2113 (16)
Non-Plan	8066(82)	8444(84)	9218 (85)	10416 (84)	11491 (84)
General Services including interest payment	4933(50)	4805(48)	5159 (48)	6481 (53)	6826 (50)
Social Services	3260(33)	3460(35)	3710 (34)	3980 (32)	4678 (35)
Economic Services	1539(16)	1603(16)	1771 (16)	1753 (14)	1953 (14)
Grants-in-aid and contributions	150(1)	147(1)	221 (2)	158 (1)	147 (1)
11. Capital Expenditure	887(9)	1074 (9)	853 (6)	1056 (8)	1038 (7)
Plan	813(92)	993(92)	805 (94)	1002 (95)	963 (93)
Non-Plan	74(8)	81(8)	48 (6)	54 (5)	75 (7)
General Services	75(8)	20(2)	38 (4)	29 (3)	53 (5)
Social Services	147(17)	161(15)	127 (15)	76 (7)	119 (12)
Economic Services	665(75)	893(83)	688 (81)	951 (90)	866 (83)
12. Disbursement of loans and advances	379(3)	343 (3)	1572 (12)	205 (1)	67 (1)
Plan	148	226	250	49	18
Non-Plan	231	117	1322	156	49

* Includes Ways and Means Advances from GOI

* Minus credit is due to recovery of Additional Central Assistances for Externally Aided Projects vide Govt. of India, Ministry of Finance Department of Expenditure Sanction No.54 (1) PF-I/2005/215 dt:27/3/2006

Concl'd.

	2001-02	2002-03	2003-2004	2004-05	2005-06
	(Rupees in crore)				
13. Total Expenditure (10+11+12)	11148	11432	13286	13633	14709
14. Repayments of Public Debt	921	2688	2518	2253	1038
Internal Debt (excluding Ways and Means Advances and Overdrafts)	84	208	534	808	505
Net transactions under Ways and Means Advances and Overdraft (Over draft 2002-03)	-		239	Nil	Nil
Loans and Advances from Government of India*	837	1626	1745	1445	533
15. Appropriation to Contingency Fund	Nil	NIL	--	Nil	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	12069	14120	15804	15886	15747
17. Contingency Fund disbursements	67	NIL	7	74	Nil
18. Public Account disbursement	5329	6638	7083	6207	6003
19. Total disbursement by the State (16+17+18)	17465	20758	22894	22167	21750
20. Revenue Deficit (-)/ Surplus (+)(1-10)	(-) 2834	(-) 1576	(-) 1421	(-) 522	(+) 481
21. Fiscal Deficit (3+4-13)	(-) 3968	(-) 2816	(-) 3573	(-) 1366	(-) 276
22. Primary Deficit (21-24)	(-) 1133	(+) 70	(-) 713	(+) 1966	(+) 3421
23. Own Tax buoyancy	1.56	8.77	0.62	2.91	2.89
24. Interest Payments (Percentage of Revenue Expenditure)	2835(29)	2886(29)	2860 (26)	3332 (27)	3697 (27)
25. Arrears of Revenue (<i>per cent</i> of Tax and Non-Tax Revenue Receipt) (Under principal heads of revenue as reported by the Department)	1195(21)	1410(21)	1928 (25)	2259(24)	
26. Financial Assistance to local bodies etc	994	1022	965	1064	1783
27. Ways and Means Advances/ Overdrafts availed (days)	1355 (112 days)	2000 (169 days)	3204 (150 days)	1450 (99 days)	Nil
	5393 (252 days)	4723 (188 days)	3809 (171 days)	Nil	Nil
28. Interest on WMA/Over-draft	11.59/8.32	10.88/8.75	12.19/8.42	1.85/Nil	Nil/Nil
29. Gross State Domestic Product (GSDP)	42030	43862	54378 (P)	59327 (Q)	63382 (A)
30. Outstanding Public Debt (year end)	18531	20662	23814	25673	26730
31. Outstanding guarantees (year end) (Principal + Interest)	5251 +*	5231 +*	5094 +*	3823 +*	3496 +*
32. Maximum amount guaranteed (year end)	8423	8487	9343	9297	9252
33. Number of incomplete projects	31	31	31	31	31
34. Capital blocked in incomplete projects	4031	4446	4742	5108	5458
35. Outstanding Debt (year end)	27853	30735	34014	36093	38468

Note: Figures in brackets represent percentages (rounded) to total of each sub heading
P : Provisional Estimates, Q: Quick Estimates, A :Advance Estimates
*Figures not furnished by Government

APPENDIX – 1.6

(Refer paragraph 1.8.1 at page 12)

STATEMENT SHOWING THE YEAR-WISE POSITION OF WANTING UTILISATION CERTIFICATES

(Rupees in Crore)

Name of the Bodies audited during 2005-06 period up to which audited and No. of such bodies audited.	Up to 1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	No. of Bodies where year-wise details not available with amount	Total
Panchayat Samiti 2004-2005 (80)	16.00	2.15	3.62	11.57	4.16	7.55	11.66	18.02	21.94	15.03	189.93(46)	301.63
DRDAs 2003-2004 (4)	-	-	-	-	-	-	-	-	-	-	9.05 (4)	9.05
DRDAs 2004-2005 (5)											134.17(5)	134.17
ITDAs 2004-2005 (2)	-	-	-	-	-	-	-	-	-	-	14.05(2)	14.05
Zilla Sakhyarata Samiti (4)											0.77(4)	0.77
Zilla Swasthya Samiti (1)											-(1)	-
State Aids Control Society (1)											6.01(1)	6.01
State Seed Certification Agency (1)											-(1)	-
National Child Labour Project (1)											2.24(1)	2.24
Orissa Computer Application Centre (1)											13.47(1)	13.47
Western Orissa Development Council (1)											199.57(1)	199.57
Sambalpur University (1)											--(1)	--
Orissa State Co-op Marketing Federation (1)											0.04(1)	0.04
Total: (103)	16.00	2.15	3.62	11.57	4.16	7.55	11.66	18.02	21.94	15.03	569.30 (69)	681.00

Appendix-1.7
(Refer paragraph 1.8.3 at page 13)
Statement showing the details of unspent balances

Sl. No.	Name of the Body	No. of the Body	Year up to which audited	Unspent balance as on 31 st March of the year covered in audit (Rs in Crore)
1.	Panchayat Samities	80	2004-2005	249.67
2.	DRDAs	4	2003-2004	19.11
		5	2004-2005	78.17
3.	ITDAs	2	2004-2005	15.09
4.	Other Bodies			
	i. Zilla Sakharata Samiti	4	2004-2005	0.39
	ii. Zilla Swasthya Samiti	1	2004-2005	----
	iii. Orissa State Aids Control Society.	1	2004-2005	4.49
	iv. State Seed Certification Agency	1	2004-2005	0.11
	v. National Child Labour Project.	1	2004-2005	0.72
	vi. Orissa Computer Application Centre	1	2003-2004	5.67
	vii. Western Orissa Development Council	1	2003-2004	42.72
	viii. Sambalpur University	1	2003-2004	----
	ix. Orissa State Co-operative Marketing Federation.	1	2002-2003	3.34
Total		103		419.48

Contd.

APPENDIX-1.8
(Refer paragraph 1.9 at page 14)

Statement showing Misappropriation, losses etc. reported up to 31 March 2006 pending finalisation at the end of June 2006

(Rupees in lakh)

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the court of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount
1	Finance	2	0.08	1	0.17	0	0.00	12	5.88	8	12.13	23	18.26
2	Revenue	6	1.99	17	4.82	23	5.15	81	11.32	10	128.06	137	151.34
3	Excise	0	0.00	1	0.21	0	0.00	1	0.10	0	0.00	2	0.31
4	Law	4	5.37	4	2.82	1	0.15	6	00.98	4	3.57	19	12.89
5	Water Resources	143	163.87	243	79.85	4	0.27	21	12.28	15	1.52	426	257.79
6	Rural Development	52	27.56	41	18.93	1	0.03	1	0.04	3	0.04	98	46.60
7	Energy	2	16.03	6	226.57	1	1.17	0	0.00	1	0.34	10	244.11
8	Industries	2	4.73	3	0.51	0	0.00	15	3.45	4	4.57	24	13.26
9	Textiles and Handloom	0	0.00	0	0.00	0	0.00	1	0.15	0	0.00	1	0.15
10	Harijan and Tribal Welfare (SC and ST Development)	4	2.28	13	3.92	0	0.00	20	4.71	5	0.42	42	11.33
11	Health and Family Welfare	5	15.72	6	7.15	0	0.00	31	14.98	9	24.13	51	61.98
12	General Administration	1	1.23	1	0.95	0	0.00	0	0.00	2	0.71	4	2.89
13	Works	46	39.92	139	165.83	1	0.41	2	0.34	6	3.60	194	210.10

Concl.

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the court of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount
14	Commerce and Transport	5	6.54	3	1.06	0	0.00	3	1.04	2	1.66	13	10.30
15(A)	Education	19	16.70	22	21.94	0	0.00	3	2.16	6	18.00	50	58.80
15(B)	Text Book	0	0.00	1	0.31	0	0.00	7	3.27	4	4.58	12	8.16
16	Fisheries and ARD	1	0.02	18	55.36	0	0.00	40	10.44	8	16.73	67	82.55
17	Agriculture	20	32.37	46	32.76	0	0.00	96	10.92	33	22.90	195	98.95
18	Co-operation	0	0.00	1	0.94	0	0.00	0	0.00	2	3.25	3	4.19
19	Panchayati Raj	27	23.41	14	11.98	2	0.34	15	4.74	8	1.27	66	41.74
20	Home	0	0	0	0	1	12.70	1	0.17	5	4.38	7	17.25
21	Food Supplies and Consumer Welfare	0	0.00	0	0.00	0	0.00	1	0.10	2	2.94	3	3.04
22	Housing and Urban Development	28	18.37	43	27.84	0	0.00	2	0.19	2	3.28	75	49.68
23	Labour and Employment	0	0.00	0	0.00	0	0.00	1	0.05	1	1.94	2	1.99
24	Information and Public Relation	107	9.71	8	0.60	0	0.00	34	2.41	0	0.00	149	12.72
25	Forest and Environment	73	79.05	195	88.89	5	2.38	153	52.75	9	1.79	435	224.86
26	Women and Child Development	0	0.00	5	3.44	0	0.00	1	0.03	0	0.00	6	3.47
	Total	547	464.95	831	756.85	39	22.60	548	142.50	149	261.81	2114	1648.71

Appendix-1.9

(Refer paragraph 1.10.5 at page 16)

Statement showing the department-wise positions of arrears in preparation of proforma accounts and investments

Sl. No.	Department	No. of Undertakings/ Schemes under the Departments	Name of the Undertakings/ Schemes	Years from which accounts are due	Investments as per last accounts (Rupees in lakh)	Remarks
1.	Forest and Environment	1	Nationalisation of Kendu Leaves (operated by Chief Conservator of Forest (Kendu Leaves), Orissa	2000-01	70.09	Arrear for six Years
2.	Agriculture and Co-operation	7	(i) Cold Storage Plant, Kumarmunda	1972	11.97	Arrear for 34 years
			(ii) Cold Storage Plant, Similiguda	1977	16.15	Arrear for 29 years
			(iii) Cold Storage Plant, Paralakhemundi	1984	6.36	Arrear for 22 years
			(iv) Cold Storage Plant, Bolangir	1994	7.92	Arrear for 12 years
			(v) Cold Storage Plant, Bhubaneswar	1975	17.89	Transferred (March 1979) to Orissa State Seeds Corporation Limited. Arrear for five years
			(vi) Cold Storage Plant, Sambalpur	1971	(Not Available) NA	Transferred (March 1979) to Orissa State Seeds Corporation Limited. Arrear for nine years.
			(vii) Purchase and distribution of quality seeds to cultivators			Proforma accounts not prescribed by Government
3.	Food supply and Consumer Welfare	1	Grain purchase scheme	1977-78	NA	Transferred (September 1980) to Orissa State Seeds Corporation Limited. Arrear for five years.
4.	Commerce and Transport	1	State Transport service	1972-73	NA	Transferred (May 1974) to Orissa State Road Transport Corporation. Arrear for four years.
5.	Fisheries and Animal Resources Development	1	Poultry Development	--	NA	Proforma accounts not prescribed by Government.
	In operative/Closed Undertakings/Schemes					(Year from which remained closed or inoperative)
6.	--	1	Grain supply scheme	--	--	1958-59
7.	--	1	Scheme for trading in Iron Ore through Paradeep Port	--	--	1966-67
8.	--	1	Cloth and Yarn Scheme	--	--	1954-55
9.	--	1	Scheme for exploitation and marketing of fish	--	--	1982-83

Appendix-2.1

(Refer paragraph 2.3.1 at page 24)

Statement showing analysis of major savings with reference to allocative priorities

Grant No. 3	Savings occurred mainly under the major head 2245 Relief on Account of Natural Calamities-80-General-Lump provision (Rs 259.81 crore) and entire provision was withdrawn through re-appropriation. Anticipated savings of Rs 34.76 crore under the major head 2245 Relief on Account of Natural Calamities-01-Drought-800-Other Expr-Other item, was curtailed without assigning any specific reason.
Grant No. 5	Savings occurred mainly under the Major Head 2071 Pension and Other Retirement Benefits. Voluntary retirement/voluntary separation benefits for State Government Employees (Rs 74.51 crore), Voluntary Separation Scheme for Nominal Muster Roll (NMR), Daily Labour Rate (DLR) Work Charged etc. (Rs 30.19 crore), commuted value of pension (Rs 122.56 crore), Death-Cum-Retirement Gratuity (Rs 90.22 crore), Family Pensions (Rs 52.45 crore), Pension to teachers of Government Primary Schools and Basic schools (Rs 15.94 crore). Reasons for anticipated savings were not intimated (July 2006) to Accountant General (A&E) by Finance Department. The anticipated saving of Rs 29.55 crore under Major Head 7615-Miscellaneous Loans-Payment through one time settlement of guarantee loan towards principal only of State PSU's/Corporations/ Development Agencies and other Organisation was also surrendered.
Grant No. 12	Saving occurred mainly under the Major Head 2210 -Medical and Public Health-01-Urban Health services-Head Quarters Organisation-OHSDP-(Anticipatory saving Rs 33.85 crore and final Saving Rs 108.55 crore. Anticipatory Saving was surrendered attributing to vacancy in some posts and reason for final saving has not been intimated to the Accountant General (A&E) by Health and Family Welfare Department (July 2006).
Grant No. 23	Anticipated Savings occurred under the major head 2401-Crop Husbandry, Central Plan-District Sector, 108-Commercial Crop-Integrated Pest management (Rs 34.80 crore) and Special Minikit Demonstration Programme of Maize and Millets (Rs 24.39 crore) were surrendered attributing to non release of funds by Government of India and less sanction of funds by Government of India.
Grant No. 36	Savings occurred mainly under Major Head 2236-Nutrition, State Plan, State Sector, 02-Distribution of Nutritious Food and Beverages, 102-Mid-day Meals, 0019890-Mid-day Meals (anticipatory savings Rs 9.49 crore and final saving Rs 52.81 crore) and in 101-Special Nutrition Programme, 0031630-Supplementary Nutrition Programme (Anticipatory Saving Rs 0.50 crore and final saving Rs 21.48 crore). The Government surrendered anticipatory saving of Rs 9.98 crore attributing to late sanction of funds and the final saving of Rs 74.29 crore remained un-surrendered and unexplained (July 2006). Further, the anticipatory saving of Rs 82.75 crore in respect of 101-Special Nutrition Programmes-Supplementary Nutrition Programme (Rs 34.08 crore), 102-Mid-day Meals, 0019890-Mid-day Meal (Rs 29.64 crore), 796-TASP Mid-day Meal in Tribal Areas (Rs 8.85 crore) and Supplementary Nutrition Programme in Tribal Areas (Rs 10.18 crore) was surrendered due to late sanction of fund by the Government.
Appropriation 6003-Internal Debt of the State Government	The saving was mainly due to saving of Rs 1500.00 crore under repayment of Ways and Means Advances which was surrendered due to non availing of Ways and Means advance and anticipated saving of Rs 399.97 crore in respect of special securities issued to National Savings Fund of Central Government due to non approval for repayment of high cost of NSSF loans by Government of India.
Appropriation-6004-Loans and Advances from Central Government	Savings occurred mainly under 02-Loans for State/Union Territory Plan Scheme-101-Block Loans (Rs 685.63 crore) and the anticipated savings was surrendered on the recommendation of 12 th Finance Commission. Under 01 Non Plan loans-800 Other Loans-Medium Term Non-plan Loan, anticipatory savings of Rs 46.13 crore was surrendered attributing to consolidation of loans. The reasons for final saving of Rs 184.53 crore were not intimated to Accountant General (A&E) (July 2006).

APPENDIX-2.2

Contd.

(Refer paragraph 2.3.2 at page 25)

Statement showing savings of more than 10 per cent during 2005-2006

Sl. No.	Grant No.	Name of the Grant/Appropriation	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
REVENUE SECTION					
1.	2	General Administration (Charged)	2.71	0.63	23
2.	3	Revenue (Voted)	987.42	129.37	13
3.	5	Finance (Voted)	1878.67	473.05	25
4.	7	Works (Voted)	274.96	51.33	19
5.	7	Works (Charged)	0.91	0.20	22
6.	10	School and Mass Education (Charged)	0.03	0.03	100
7.	11	Scheduled Tribe and Scheduled Castes Development and Minorities and Other Backward Classes Development (Voted)	431.31	69.06	16
8.	12	Health and Family Welfare (Voted)	705.84	277.37	39
9.	12	Health and Family Welfare (Charged)	0.02	0.02	100
10.	13	Housing and Urban Development (Voted)	393.11	44.28	11
11.	16	Planning and Co-ordination (Voted)	339.59	58.51	17
12.	19	Industries (Voted)	96.18	24.92	26
13.	20	Water Resources (Charged)	0.24	0.20	83
14.	21	Transport (Charged)	0.03	0.03	100
15.	22	Forest and Environment (Voted)	128.36	21.18	17
16.	23	Agriculture (Voted)	356.13	101.57	29
17.	23	Agriculture (Charged)	0.01	0.01	100
18.	27	Science and Technology (Voted)	10.88	1.23	11
19.	28	Rural Development (Voted)	377.93	54.24	14
20.	29	Parliamentary Affairs (Charged)	2.65	0.44	17
21.	30	Energy (Voted)	53.01	12.51	24
22.	31	Textile and Handloom (Voted)	51.81	20.94	40
23.	32	Tourism and Culture (Voted)	18.79	2.05	11
24.	33	Fisheries and Animal Resources Development (Voted)	138.51	20.93	15
25.	34	Co-operation (Voted)	41.96	7.42	18
26.	36	Women and Child Development (Voted)	825.71	266.46	32
27.	37	Information Technology (Voted)	39.98	16.86	42
28.	38	Higher Education (Charged)	0.01	0.01	100
CAPITAL SECTION					
1.	1	Home (Voted)	79.50	35.36	44
2.	2	General Administration (Voted)	29.04	24.00	83
3.	4	Law (Voted)	0.43	0.43	100

Concl.

Sl. No.	Grant No.	Name of the Grant/Appropriation	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
4.	5	Finance (Voted)	93.57	38.18	41
5.	6	Commerce (Voted)	2.70	1.46	54
6.	7	Works (Voted)	318.95	87.20	27
7.	10	School and Mass Education (Voted)	0.63	0.63	100
8.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Other Backward Classes Development (Voted)	17.76	6.39	36
9.	12	Health and Family Welfare (Voted)	55.42	39.30	71
10.	13	Housing and Urban Development (Voted)	88.73	29.18	33
11.	19	Industries (Voted)	0.14	0.14	100
12.	20	Water Resources (Charged)	7.41	3.16	43
13.	22	Forest and Environment (Voted)	119.51	46.78	39
14.	28	Rural Development (Voted)	174.65	47.82	27
15.	30	Energy (Voted)	30.13	20.30	67
16.	32	Tourism and Culture (Voted)	6.73	0.98	15
17.	33	Fisheries and Animal Resources Development (Voted)	4.94	4.64	94
18.	34	Co-operation (Voted)	19.73	3.51	18
19.	6003	Internal Debt of the State Government (Charged)	2469.30	1964.27	80
20.	6004	Loans and Advances from Central Government (Charged)	1290.05	757.50	59

APPENDIX-2.3

(Refer paragraph 2.3.2 at page 25)

Statement showing persistent savings of more than 10 per cent

Sl. No.	Grant No.	Name of the Grant	Percentage of Savings		
			2003-04	2004-05	2005-06
REVENUE SECTION					
1.	2	General Administration (Charged)	18	24	23
2.	3	Revenue (Voted)	37	17	13
3.	5	Finance (Voted)	30	23	25
4.	7	Works (Voted)	22	23	19
5.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Other Backward Classes Development (Voted)	34	28	16
6.	13	Housing and Urban Development (Voted)	27	14	11
7.	16	Planning and co-ordination (Voted)	28	26	17
8.	19	Industries (Voted)	15	35	26
9.	22	Forest and Environment (Voted)	51	32	17
10.	23	Agriculture (Voted)	13	12	29
11.	28	Rural Development (Voted)	30	25	14
12.	29	Parliamentary Affairs (Charged)	22	22	17
13.	30	Energy (Voted)	71	55	24
14.	31	Textile and Handloom (Voted)	74	69	40
15.	33	Fisheries and Animal Resources Development (Voted)	15	17	15
16.	36	Women and Child Development (Voted)	25	17	32
17.	38	Higher Education (Charged)	100	100	100
CAPITAL SECTION					
1.	1	Home (Voted)	54	70	44
2.	5	Finance (Voted)	83	46	41
3.	7	Works (Voted)	67	16	27
4.	10	School and Mass Education (Voted)	96	100	100
5.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	74	76	36
6.	12	Health and Family Welfare (Voted)	34	99	71
7.	13	Housing and Urban Development (Voted)	58	47	33
8.	20	Water Resources (Charged)	56	47	43
9.	28	Rural Development (Voted)	42	22	27
10.	33	Fisheries and Animal Resources Development (Voted)	38	92	94
11.	6004	Loans and Advances from Central Government (Charged)	21	32	59

APPENDIX-2.4

(Refer paragraph 2.3.3 (ii) at page 25)

Statement showing Excess Expenditure over provisions in a Grant/Appropriation during 2005-06

Sl. No.	Number and Name of Grant/Appropriations.	Total Grants/Appropriation.	Expenditure in Rupees	Excess over Grants/Appropriation
		(Rupees in thousand)		
1	2	3	4	5
	Revenue Section			
1.	31-Textile and Handloom (Charged)	174	176	2
	Capital Section			
2.	7-Works (Charged)	5000	5553	553
		5174	5729	555

APPENDIX-2.5

{Refer paragraph 2.3.5 (i) at page 26}

Statement showing cases where supplementary provision was unnecessary

Sl. No.	No. and Name of the Grant/Appropriation		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Expenditure	Savings
(1)	(2)		(3)	(4)	(5)	(6)
(Rupees in crore)						
REVENUE SECTION						
1.	1.	Home (Charged)	10.36	0.55	10.14	0.77
2.	3	Revenue (Voted)	978.73	8.69	858.04	129.38
3.	7	Works (Voted)	271.08	3.88	223.63	51.33
4.	8	Orissa Legislative Assembly (Voted)	10.59	0.06	9.74	0.91
5.	12	Health and Family Welfare (Voted)	688.72	17.12	428.47	277.37
6.	13	Housing and Urban Development (Voted)	358.74	34.37	348.83	44.28
7.	14	Labour and Employment (Voted)	25.91	0.98	25.55	1.34
8.	16	Planning and Co-ordination (Voted)	309.53	30.06	281.08	58.51
9.	22	Forest and Environment (Voted)	120.76	7.60	107.18	21.18
10.	23	Agriculture (Voted)	349.10	7.03	254.56	101.57
11.	26	Excise (Voted)	14.33	0.69	14.01	1.01
12.	31	Textile and Handloom (Voted)	48.78	3.03	30.87	20.94
13.	32	Tourism and Culture (Voted)	17.63	1.16	16.74	2.05
14.	33	Fisheries and Animal Resources Development (Voted)	120.52	17.99	117.58	20.93
15.	34	Co-operation (Voted)	39.37	2.59	34.54	7.42
	Total		3364.15	135.80	2760.96	738.99
CAPITAL SECTION						
1.	1	Home (Voted)	62.59	16.91	44.14	35.36
2.	2	General Administration (Voted)	5.65	23.39	5.04	24.00
3.	5	Finance (Voted)	88.57	5.00	55.39	38.18
4.	6	Commerce (Voted)	1.94	0.76	1.24	1.46
5.	13	Housing and Urban Development (Voted)	68.16	20.56	59.54	29.18
6.	22	Forest and Environment (Voted)	115.90	3.61	72.73	46.78
7.	33	Fisheries and Animal Resources Development (Voted)	3.90	1.04	0.31	4.63
	Total		346.71	71.27	238.39	179.59
	Grand Total:		3710.86	207.07	2999.35	918.58

APPENDIX-2.6

{Refer paragraph 2.3.5(ii) at page 26}

Contd.

Statement showing cases where supplementary provision was made in excess of actual requirement

Sl. No.	Number and Name of the Grant/ Appropriation		Original Grant/ Appropriation	Expenditure	Additional requirement	Supplementary provision	Final savings
			(Rupees in crore)				
REVENUE SECTION							
1.	1	Home (Voted)	510.75	555.97	45.22	77.45	32.23
2.	2	General Administration (Voted)	23.96	25.63	1.67	3.07	1.40
3.	4	Law (Voted)	42.55	47.27	4.72	8.86	4.14
4.	6	Commerce (Voted)	25.02	25.87	0.85	2.63	1.78
5.	9	Food Supplies and Consumer Welfare (Voted)	61.26	61.56	0.30	5.74	5.44
6.	10	School and Mass Education (Voted)	1841.29	1920.47	79.18	130.91	51.73
7.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	361.09	362.25	1.16	70.22	69.06
8.	15	Sports and Youth Services (Voted)	6.04	7.49	1.45	1.82	0.37
9.	17	Panchayati Raj (Voted)	428.05	498.63	70.58	90.04	19.46
10.	19	Industries (Voted)	70.29	71.26	0.97	25.89	24.92
11.	20	Water Resources (Voted)	215.32	242.29	26.97	37.69	10.72
12.	21	Transport (Voted)	13.60	14.48	0.88	1.60	0.72
13.	24	Steel and Mines (Voted)	13.89	13.98	0.09	0.68	0.59
14.	25	Information and Public Relations (Voted)	11.91	14.73	2.82	3.17	0.35
15.	27	Science and Technology (Voted)	8.58	9.65	1.07	2.30	1.23
16.	28	Rural Development (Voted)	273.10	323.69	50.59	104.83	54.24
17.	30	Energy (Voted)	39.00	40.50	1.50	14.01	12.51
18.	36	Woman and Child Development (Voted)	493.85	559.25	65.40	331.86	266.46
19.	37	Information Technology (Voted)	20.75	23.12	2.37	19.23	16.86
20.	38	Higher Education (Voted)	307.43	356.23	48.80	51.30	2.50
	Total		4767.73	5174.32	406.59	983.30	576.71
CAPITAL SECTION							
1.	7	Works (Voted)	203.00	231.75	28.75	115.95	87.20

Concl.

Sl. No.	Number and Name of the Grant/ Appropriation		Original Grant/ Appropriation	Expenditure	Additional requirement	Supplementary provision	Final savings
			(Rupees in crore)				
2.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	5.41	11.37	5.96	12.35	6.39
3.	20	Water Resources (Voted)	336.04	488.11	152.07	192.35	40.28
4.	20	Water Resources (Charged)	1.47	4.25	2.78	5.94	3.16
5.	28	Rural Development (Voted)	80.52	126.84	46.32	94.14	47.82
6.	34	Co-operation (Voted)	12.00	16.23	4.23	7.74	3.51
	Total		638.44	878.55	240.11	428.47	188.36
	Grand Total		5406.17	6052.87	646.70	1411.77	765.07

APPENDIX-2.7

Contd.

(Refer paragraph 2.3.6 at page 26)

Statement showing significant cases of savings in plan expenditure exceeding Rs 1 crore

Sl. No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings
1	2	3	4	5	6
			(Rupees in crore)		
1.	2-General Administration	6216-Loans for Housing, State Plan, State Sector, 02-Urban Housing, 190-Loans to Public Sector and Other undertakings, 8000760-One time ACA	4.99	0	4.99
2.	7-Works	4202-Capital Outlay on Education, Sports, Art and Culture, Central Plan, State Sector, 01-General Education, 202-Secondary Education.	3.79	0	3.79
3.	7-Works	4202-Capital Outlay on Education, Sports, Art and Culture, Central Plan, State Sector, 01-General Education, 796-Tribal Area Sub-plan	1.95	0	1.95
4.	7-Works	4210-Capital Outlay on Medical and Public Health, Central Plan, State Sector, 03-Medical Education Training and Research, 101-Ayurveda.	2.98	0.44	2.54
5.	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 03-State Highways, 337-Road Works, 0017610-Central Road funds..	6.60	5.10	1.50
6.	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 04-District and Other Roads, 796-Tribal Area Sub-plan, 3703670-Road Development Programme.	19.40	16.46	2.94
7.	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 04-District and Other Roads, 800-Other Expenditure, 0017610-Central Road Fund.	11.18	7.71	3.47
8.	10-School and Mass Education	2202-General Education, State Plan, State Sector, 01-Elementary Education, 800-Other Expenditure.	7.35	2.07	5.28
9.	11-Scheduled Tribe and Scheduled Caste Development and Minorities and Other Backward Classes Development	2225-Welfare of SC, ST and OBC, State Plan, State Sector, 02-Welfare of Scheduled Tribes, 794-Special Central Assistance for Tribal Sub-plan, 0029440--Special Education Infrastructure.	6.40	1.00	5.40
10.	11-Scheduled Tribe and Scheduled Caste Development and Minorities and Other Backward Classes Development	2225-Welfare of SC, ST and OBC, State Plan, State Sector, 80-General, 800-Other Expenditure, 0028930-RLTAP for KBK district.	15.61	8.61	7.00

Sl. No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings
1	2	3	4	5	6
			(Rupees in crore)		
11.	11-Scheduled Tribe and Scheduled Caste Development and Minorities and Other Backward Classes Development	2225-Welfare of SC, ST and OBC, State Plan, District Sector, 01-Welfare of Scheduled Caste, 277-Education, 0009150-Other Educational Facilities.	10.36	3.16	7.20
12.	11-Scheduled Tribe and Scheduled Caste Development and Minorities and Other Backward Classes Development	2225-Welfare of SC, ST and OBC, State Plan, District Sector, 02-Welfare of Scheduled Tribe, 277-Education, 0009150-Other Educational Facilities.	30.78	21.14	9.64
13.	12-Health and Family Welfare	2211-Family Welfare, State Plan, District Sector, 101-Rural Family Welfare Services, 0009591-Postpartum Centres.	5.61	3.82	1.79
14.	12-Health and Family Welfare	2211-Family Welfare, State Plan, District Sector, 102-Urban Family Welfare Services, 0009591-Postpartum Centres.	2.80	1.78	1.02
15.	12-Health and Family Welfare	2211-Family Welfare, State Plan, District Sector, 103-Maternity and Child Health, 796-Tribal Area Sub-plan, 0010934-Rural Family Welfare Services.	3.03	1.85	1.18
16.	12-Health and Family Welfare	2211-Family Welfare, Central Plan, District Sector, 101-Rural Family Welfare Services, 0028400-Rural Family Welfare Sub-centres.	40.03	35.55	4.48
17.	12-Health and Family Welfare	2211-Family Welfare, Central Plan, District Sector, 796-Tribal Area Sub-plan, 0010933-Rural Family Welfare.	24.81	21.62	3.19
18.	13-Housing and Urban Development	2216-Housing, State Plan, State Sector, 80-General, 800-Other Expenditure, 4101850-Grants to HBDA/IT/SPA Infrastructure Development of Housing Schemes to LIG and EWS.	4.40	2.90	1.50
19.	17-Panchayati Raj.	2505-Rural employment, State Plan, District Sector, 01-National Programme, 796-Tribal Area sub-plan, 0007560-Jawahar Rojgar Yojana.	62.31	59.33	2.98
20.	17-Panchayati Raj	2505-Rural employment, State Plan, District Sector, 60-Other Programmes, 101-Sampurna Gramina Rojgar Yojana.	73.40	71.69	1.71
21.	20-Water Resources	2702-Minor Irrigation, State Plan , State Sector, 03-Maintenance, 102-Lift Irrigation Scheme, 4301470-Water Rate Subsidy to Orissa Lift Irrigation Corporation for Lift Irrigation Schemes.	10.00	5.42	4.58

Sl. No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings
1	2	3	4	5	6
			(Rupees in crore)		
22.	20-Water Resources	2705-Command Area Development, State Plan, State Sector, 001-Ayacut Development, 0004230-Establishment of Topographical Survey and Execution in OFD including RWS and Agricultural Extension.	2.07	0	2.07
23.	20-Water Resources	2705-Command Area Development, State Plan, State Sector, 001-Ayacut Development.	1.39	0	1.39
24.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 58-Telengiri Irrigation Project, 800-Other expenditure.	5.17	2.95	2.22
25.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 59-Titlagarh Irrigation Project, 796-Tribal Area Sub-plan.	4.55	2.79	1.76
26.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 96-Pipeline Project under AIBP (Commercial), 800-Other Expenditure, 0030990-Other Projects under AIBP.	2.66	1.20	1.46
27.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 97-Other Pipeline Project, 800-Other Expenditure, 3710181-Pipeline Project-Other Projets.	11.91	10.49	1.42
28.	20-Water Resources	4711-Capital Outlay on Flood Control Projects, Centrally Sponsored Plan, State Sector, 03-Drainage, 103-Civil Works, 3710240-Construction and Renovation of Drainage Sluice.	6.50	3.01	3.49
29.	22-Forest and Environment	2406-Forestry and Wild Life, Central Plan, District Sector, 01-Forestry, 102-Social and farm forestry, 0024630-Integrated afforestation and Eco Development Project.	2.00	0	2.00
30.	28-Rural Development	2215-Water Supply and Sanitation, State Plan, State Sector, 01-Water Supply, 796-Tribal Area Sub-plan, 0008290-Minimum Needs Programme.	4.80	3.29	1.51
31.	28-Rural Development	2215-Water Supply and Sanitation, State Plan, State Sector, 01-Water Supply, 796-Tribal Area Sub-plan, 00031810-Rural Drinking Water Supply	15.69	13.54	2.15
32.	28-Rural Development	5054-Capital Outlay on Roads and Bridges, State Plan, District Sector, 04-District and other Roads, 796-Tribal Area Sub-plan, 3711620-Improvement of Roads and Bridges in KBK district.	9.32	7.79	1.53

Sl. No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings
1	2	3	4	5	6
			(Rupees in crore)		
33.	28-Rural Development	5054-Capital Outlay on Roads and Bridges, State Plan, District Sector, 04-District and other Roads, 800-Other Expenditure, 0008290-Minimum needs programme.	62.09	59.45	2.64
34.	30-Energy	2801-Power, State Plan, State Sector, 06-Rural Electrification, 800-Other Expenditure, 8000780-Lump Provision for Subsidy to DISTCOs for rural electrification through conventional sources.	23.38	22.30	1.08
Total:			499.31	396.46	102.85

APPENDIX-2.8

Contd.

(Refer paragraph 2.3.7 at page 26)

Statement showing significant cases of excess expenditure (exceeding Rs 1 crore)

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
(Rupees in crore)					
1.	2-General Administration	6216-Loans for Housing, State Plan, State Sector, 02-Urban Housing, 190-Public Sector and other Undertakings, 4802960-Loans to BDA for payment of margin money for raising instalment resources for construction of Govt. Quarters by BC	(Negligible)	5.00	5.00
2.	3-Revenue	2053-District Administration, Non-plan, 093-District Establishment	26.47	28.53	2.06
3.	3-Revenue	2245-Relief on account of Natural Calamities, Non-plan, 02-Flood, Cyclone etc., 122-Repair and restoration of damaged Irrigation and flood control works, 2100490-Repair/Restoration of Irrigation of Flood Protection Works.	81.26	82.70	1.44
4.	7-Works	2059-Public Works, Non-plan, 80-General, 053-Maintenance and Repair, 0001250-Chief Engineer (R and B)	40.76	41.95	1.19
5.	7-Works	3054-Roads and Bridges, Non-plan, 04-District and Other Roads, 337-Road Works, 0001290-Chief Engineer (R and B)	61.08	77.74	16.66
6.	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 03-State Highway, 796-TASP, 3700630-Bridge Works.	0.87	2.38	1.51
7.	11- Scheduled Tribe and Scheduled Caste Development and Minorities and Other Backward Classes Development.	2225-Welfare of SC, ST and OBC, State Plan-District Sector-02-Welfare of ST, 794-Special Central assistance for Tribal sub-plan, 0006976-Intigrated Tribal Development Projects.	5.13	6.94	1.81
8.	11- Scheduled Tribe and Scheduled Caste Development and Minorities and Other Backward Classes Development.	2225-Welfare of SC, ST and OBC, State Plan-District Sector-02-Welfare of ST, 794-Special Central assistance for Tribal sub-plan, 0006979-Intigrated Tribal Development Projects.	0.50	2.62	2.12

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
			(Rupees in crore)		
9.	13-Housing and Urban Development	2216-Housing, State Plan, State Sector, 80-General, 800-Other Expenditure, 0011950-Special Component Plan for Scheduled Caste (Subsidy)	0.68	2.18	1.50
10.	17-Panchayati Raj	2505-Rural employment, State Plan, District Sector, 102-Indira Awas Yojana, 0025870-Indira Awas Yojana	48.54	51.35	2.81
11.	17-Panchayati Raj	2515-Other Rural Development Programme, Non-plan, 198-Assistance to Gram Panchayat	160.60	166.31	5.71
12.	20-Water Resource	2700-Major Irrigation, Non-plan, 04-Hirakud Stage-I Project Commercial, 101-Maintenance and Repair, 3702431-Irrigation Schemes.	0.72	2.23	1.51
13.	20-Water Resource	2702-Minor Irrigation, State Plan, State Sector, 03-Maintenance, 102-Lift Irrigation, 0029380-ACA for KBK district.	14.00	25.41	11.41
14.	20-Water Resource	2711-Flood Control and Drainage, Non-plan, 02-Anti-Sea erosion Project, 800-Other Expenditure, 2100100-Maintenance.	3.11	5.22	2.11
15.	20-Water Resource	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 19-Rengali Irrigation Project Commercial, 800-Other Expenditure, 0026170-Funded by OECF	42.88	51.00	8.12
16.	28-Rural Development	2215-Water Supply and Sanitation, State Plan, State Sector, 01-Water Supply, 102-Rural Water Supply Programme, 0031810-Rural Drinking Water Supply.	15.06	16.14	1.08
17.	28-Rural Development	5054-Capital outlay on Roads and Bridges, State Plan, District Sector, 04-District and Other Roads, 796-Tribal Area Sub-plan, 0008291-Minimum needs programme.	17.59	19.98	2.39
18.	31-Textile and Handloom	2851-Village and Small Industries, State Plan, State Sector, 103-Handloom Industries, 0027920-Deendayal Hathkargha Protsahan Yojana	0	1.32	1.32
19.	36-Women and Child Development	2236-Nutrition, State Plan, State Sector, 02-Distribution of Nutritious Food and Beverage, 796-Tribal Area Sub-plan, 0019890-Mid-day meals.	15.15	16.69	1.54
Total:			534.40	605.69	71.29

APPENDIX-2.9

{Refer paragraph 2.3.8(ii) at page 26}

Statement showing significant cases of Injudicious Surrenders (exceeding Rs 2 crore)

Sl. No.	Number and Name of the Grant	Total savings	Amount surrendered	Amount not surrendered
(Rupees in crore)				
REVENUE SECTION (VOTED)				
1.	1-Home	32.23	9.38	22.85
2.	3-Revenue	129.37	109.15	20.22
3.	9-Food Supplies and Consumers Welfare	5.44	3.19	2.25
4.	10-School and Mass Education	51.73	27.64	24.09
5.	11- Scheduled Tribe and Scheduled Caste Development and Minorities and Other Backward Classes Development.	69.06	62.99	6.07
6.	12-Health and Family Welfare	277.37	116.21	161.16
7.	17-Panchayat Raj.	19.46	8.05	11.41
8.	19-Industries	24.92	7.87	17.05
9.	22-Forest and Environment	21.18	11.89	9.29
10.	28-Rural Development	54.24	41.10	13.14
11.	36-Women and Child Welfare	266.46	166.67	99.79
CAPITAL SECTION (VOTED)				
1.	1-Home	35.36	19.26	16.10
2.	7-Works.	87.20	63.47	23.73
3.	20-Water Resources	40.28	26.82	13.46
4.	22-Forest and Environment	46.78	0.24	46.54
5.	24-Steel and Mines	3.56	Negligible	3.56
6.	28-Rural Development	47.82	42.70	5.12
7.	30-Energy	20.30	10.65	9.65
	Total	1232.76	727.28	505.48

APPENDIX-2.10

{Refer paragraph 2.3.8 (iii) at page 27}

Statement showing significant cases of excessive surrenders

Sl. No.	Number and Name of the Grant	Total Savings	Amount surrendered	Amount surrendered in excess
		(Rupees in crore)		
REVENUE SECTION (VOTED)				
1.	5-Finance	473.05	475.06	2.01
2.	8-Orissa Legislative Assembly	0.91	1.10	0.19
3.	20-Water Resources	10.72	18.21	7.49
4.	30-Energy	12.51	21.57	9.06
Total		497.19	515.94	18.75

APPENDIX-2.11

Contd.

{Refer paragraph 2.3.8 (iv) at page 27}

Statement showing significant cases of entire provision surrendered/re-appropriated

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/reappropriated
1	2	3	4	5
			(Rupees in lakh)	
1.	1-Home	4216-Capital Outlay on Housing, State Plan, State Sector, 01-Government Residential Building,700-Other Housing, 3704810-Construction of Residential Building through Orissa Police Housing and Welfare Corporation.	20.00	20.00
2.	2-General Administration	5053-Capital Outlay on Civil Aviation, State Plan, State Sector, 800-Other Expenditure, 0000500-Aircraft Establishment.	2400.00	2400.00
3.	3-Revenue	2029-Land Revenue, Central Plan, District Sector, 102-Survey and Settlement operation, 0026570-Computerisation of Cadastral Survey Maps.	235.12	235.12
4.	3-Revenue	2029-Land Revenue, Central Plan, District Sector, 102-Survey and Settlement operation, 0030090-Uplinking of Tahsil with Sub-division, District and State Headquarters.	587.05	587.05
5.	3-Revenue	2245-Relief on account of Natural Calamities, Non Plan, 02-Flood, Cyclone etc., 114-Assistance to Farmers on purchase of Agricultural Inputs, 4300790-Subsidy on Seed and fertiliser.	100.00	100.00
6.	3-Revenue	2245-Relief on account of Natural Calamities, Non Plan, 80-General, 800-Other Expenditure	25987.00	25987.00
7.	5-Finance	2052-Secretariat General Services, State Plan, State Sector, 09-Secretariat, 0030970-Upgradation of standards of Admn. and Spl. problem grant under 12 th finance commission award	1546.00	1546.00
8.	5-Finance	2071-Pension and other retirement benefit, Non-plan, 01-Civil, 101-Superannuation and retirement allowances, 0028730-VSS for NMR/DLR/work charged etc.	3019.39	3019.39
9.	5-Finance	2075-Miscellaneous general services, Non-plan, 800-Other expenditure, 0028080-Payment on account of invocation of guarantees.	1000.00	1000.00
10.	5-Finance	2235-Social Security and Welfare, Non-plan, 60-Other social security and welfare programme, 102-Pension under social security schemes, 3800220-Pension for imprisoned freedom fighters.	25.00	25.00
11.	5-Finance	3604-Compensation and assignment to Local Bodies and Panchayatiraj institutions, Non-plan, 103-Entertainment tax, 2900000-Compensation.	50.50	50.50

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ reappropriated
1	2	3	4	5
			(Rupees in lakh)	
12.	10-School and Mass Education	2202-General Education, State Plan, State Sector, 105-Non-formal Education, 0027880-P.M.G.Y.	1482.00	1482.00
13.	10-School and Mass Education	2202-General Education, Central Plan, 05-Language Development, 103-Sanskrit Education.	24.00	24.00
14.	10-School and Mass Education	2235-Social Security and Welfare, Central Plan, State Sector, 02-Social Welfare, 101-Welfare of Handicapped, 4100260-Assistance to Non-Government Primary Schools.	150.00	150.00
15.	10-School and Mass Education	4202-Capital Outlay on Education, Sports, Art and Culture, Centrally Sponsored Plan, State Sector, 01-General Education, 202-Secondary Education, 3711740-Construction of Hostel Building of TE and SCERT	31.50	31.50
16.	11-ST and SC Development and Minorities and other Backward Classes Development.	2225-Welfare of SC, ST and OBC, Central Plan, State Sector, 800-Other Expenditure, 0014920-Liberation and rehabilitation of scavengers and their dependants.	352.87	352.87
17.	11-ST and SC Development and Minorities and other Backward Classes Development.	2225-Welfare of SC, ST and OBC, Central Plan, District Sector, 02-Welfare of Scheduled Tribes, 277-Education, 0019080-Vocation Training Institute.	115.00	115.00
18.	11-ST and SC Development and Minorities and other Backward Classes Development.	4225-Capital Outlay on Welfare of SC, ST and OBC, State Plan, District Sector, 02-Welfare of Scheduled Tribes, 794-SCA for TASP-3712510-Construction, Completion and repair of Educational Institution including staff quarter with electrification.	100.00	100.00
19.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 03-Rural Health Services, Alopahy, 103-Primary Health Centre, 0009852-Primary Health Centre.	112.00	112.00
20.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 03-Rural Health Services, Alopahy, 104-Community Health Centres, 0027880-PMGDY	60.00	60.00
21.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 03-Rural Health Services, Alopahy, 796-Tribal Area Sub-plan, 0001811-Community Health Centre.	40.00	40.00
22.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 03-Rural Health Services, Alopahy, 796-Tribal Area Sub-plan, 0009853-Primary Health Centre	68.00	68.00
23.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 04-Rural Health Services-Other Systems of Medicine, 101-Ayurved, 0006072-Hospitals and dispensaries	18.00	18.00

Contd.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ reappropriated
1	2	3	4	5
			(Rupees in lakh)	
24.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 04-Rural Health Services-Other Systems of Medicine, 102-Homoeopathy, 0006072-Hospitals and dispensaries.	18.00	18.00
25.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 04-Rural Health Services-Other Systems of Medicine, 796-Tribal Area Sub-plan, 0000792-Ayurvedic Hospitals and dispensaries.	12.00	12.00
26.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 04-Rural Health Services-Other Systems of Medicine, 796-Tribal Area Sub-plan, 0006042-Homoeopathy Hospitals and dispensaries.	12.00	12.00
27.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 06-Public Health. 101-Prevention and Control of Diseases, 0008700-NMEP	14.00	14.00
28.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 06-Public Health, 101-Prevention and Control of visual impairment, blindness and Trachoma Control (Pradhan Mantri Gramodaya Yojana).	104.00	104.00
29.	12-Health and Family Welfare.	2210-Medical and Public Health, State Plan, District Sector, 06-Public Health, 796-Tribal Area Sub-plan, 0009811-Prevention and Control of visual impairment, blindness and Trachoma Control (Pradhan Mantri Gramodaya Yojana).	71.00	71.00
30.	12-Health and Family Welfare.	2210-Medical and Public Health, Central Plan, State Sector, 01-Urban Health Services, Allopathy, 200-Other Health Schemes, 0013320-T.B. Control Programme.	200.00	200.00
31.	12-Health and Family Welfare.	2210-Medical and Public Health, Central Plan, State Sector, 05-Medical education Training and Research, 102-Homoeopathy, 0003240-Education.	40.00	40.00
32.	12-Health and Family Welfare.	2210-Medical and Public Health, Centrally Sponsored Plan, State Sector, 06-Public Health, 101-Prevention and Control of diseases, 0008700-NMEP	14.00	14.00
33.	12-Health and Family Welfare.	2211-Family Welfare, Central Plan, State Sector, 105-Compensation, 2900102-Sterilisation Operation and IUCD	400.00	400.00
34.	12-Health and Family Welfare.	2211-Family Welfare, Centrally Sponsored Plan, State Sector, 06-Public Health, 200-Other Services and Supplies, 3300130-Purchase of Contraceptive M.C.H extension supplies Education Kit.	1700.00	1700.00

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ reappropriated
1	2	3	4	5
			(Rupees in lakh)	
35.	13-Urban Housing and Urban Development	2215-Water supply and sanitation, State Plan, State Sector, 01-Water supply, 191-Assistance to Municipal corporation, 4106910-Grants to BDA towards Naraj Water Supply schemes	200.00	200.00
36.	13-Urban Housing and Urban Development	2215-Water supply and sanitation, State Plan, State Sector, 01-Water supply, 191-Assistance to Municipal corporation, 4107730-Payment of margin money to avail HUDCO Assistance for execution of Urban Water Supply schemes.	115.00	115.00
37.	13-Urban Housing and Urban Development	2215-Water supply and sanitation, Central Plan, District Sector, 02-Swage and Sanitation, 107-Swage services, 4108410-Grants to Orissa Water Shed and Swage Board for Abatement of pollution of River Mahanadi and Kathajori at Cuttack.	332.30	332.30
38.	13-Housing and Urban Development	2215-Water supply and sanitation, Central Plan, District Sector, 02-Swage and Sanitation, 107-Swage services, 4109010-Grants to Orissa Water Supply and Swage Board for Abatement of pollution in the River Brahmani at Talcher.	159.95	159.95
39.	13-Housing and Urban Development	2215-Water supply and sanitation, Centrally Sponsored Plan, District Sector, 02-Swage and Sanitation, 107-Sewerage services, 4108420-Grants to Orissa Water Supply and Swage Board for sewerage treatment plant at Puri.	1250.00	1250.00
40.	13-Housing and Urban Development	2217-Urban Development, State Plan, State Sector, 04-Slum area improvement, 191-Assistance to Municipal Corporation, 0005360-General	145.32	145.32
41.	13-Housing and Urban Development	2217-Urban Development, State Plan, State Sector, 05-Other urban development scheme, 192-Assistance to Municipalities/ Municipal councils, 4108070-Grants for strengthening urban infrastructure.	250.00	250.00
42.	13-Housing and Urban Development	2217-Urban Development, State Plan, State Sector, 05-Other Urban Development schemes, 193-Assistance to Nagar Panchayats,NACs or equivalent thereof, 4108070-Grants for strengthening urban infrastructure.	343.05	343.05
43.	13-Housing and Urban Development	2217-Urban Development, Centrally Sponsored Plan, State Sector, 05-Other urban development scheme, 192-Assistance to Municipalities/Municipal Councils, 4109120-Grants for Urban Renewal Programme.	189.00	189.00
44.	13-Housing and Urban Development	2217-Urban Development, Centrally Sponsored Plan, State Sector, 05-Other urban development scheme, 193-Assistance to Nagar Panchayats/NACs or equivalents thereof, 4109120-Grants for urban Renewal Programme.	297.00	297.00

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Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ reappropriated
1	2	3	4	5
			(Rupees in lakh)	
45.	13-Housing and Urban Development	2217-Urban Development, Centrally Sponsored Plan, State Sector, 05-Other urban development scheme, 796-TASP, 4108600-Assistance to Nagar Panchayat etc.	124.20	124.20
46.	13-Housing and Urban Development	4217-Capital Outlay on Urban Development, State Plan, State Sector, 60-Other Urban Development Schemes, 800-Other expenditure, 8000760-One time ACA	200.00	200.00
47.	13-Housing and Urban Development	6217-Loans for Urban Development, State Plan, State Sector, 60-Other Urban Development schemes, 191-Loans to Local Bodies Corporation etc.	339.07	339.07
48.	13-Housing and Urban Development	6217-Loans for Urban Development, State Plan, State Sector, 60-Other Urban Development schemes, 192-Loans to Trading and other Non-Government Institution.	133.87	133.87
49.	13-Housing and Urban Development	6217-Loans for Urban Development, State Plan, State Sector, 60-Other Urban Development schemes, 796-TASP, 4803490-Loans to Municipalities, Municipal Councils	103.82	103.82
50.	19-Industries	2851-Village and Small Industry, State Plan, State Sector, 001-Direction and Administration, 102-Small Scale Industries, 0026150-Integrated Infrastructural Development Centre.	75.00	75.00
51.	19-Industries	2851-Village and Small Industries, State Plan, State Sector, 102-Small Scale Industries, 4109080-Financial assistance against interest subsidy to SSI Units for self-employment under one time ACA	70.00	70.00
52.	19-Industries	2851-Village and Small Industries, State Plan, State Sector, 102-Small Scale Industries, 4109090-Financial Assistance against Sales Tax Reimbursement on SSI units for Self-employment under one time ACA.	30.00	30.00
53.	19-Industries	2851-Village and Small Industries, Centrally Sponsored Plan, State Sector, 102-Small Scale Industries, 0018830-Development of growth centre in the state.	210.00	210.00
54.	19-Industries	2851-Village and Small Industries, Centrally Sponsored Plan, State Sector, 102-Small Scale Industries, 0026150-Integrated Infrastructural Development Centre	100.00	100.00
55.	20-Water Resources	2702-Minor Irrigation, Non-plan, 01-Surface Water, 102-Lift Irrigation Schemes, 4301080-Subsidy to OLIC	700.00	700.00
56.	20-Water Resources	2702-Minor Irrigation, Non-plan, 01-Surface Water, 800-Other expenditure, 2100910-Maintenance of Critical Minor Irrigation Projects	800.00	800.00

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ reappropriated
1	2	3	4	5
			(Rupees in lakh)	
57.	20-Water Resources	2702-Minor Irrigation, State Plan, State Sector, 01-Surface Water, 102-Lift Irrigation Schemes, 0029550-Biju Krushak Vikash Yojana under RIDF.	1317.00	1317.00
58.	20-Water Resources	2702-Minor Irrigation, State Plan, State Sector, 01-Surface Water, 102-Lift Irrigation Schemes, 4301470-Water Rate Subsidy to Orissa Lift Irrigation Corporation for Lift Irrigation Scheme	352.89	352.89
59.	20-Water Resources	2702-Minor Irrigation, State Plan, State Sector, 01-Surface Water, 796-TASP, 0029560-Biju Krushak Vikash Yojana for LIP under RIDF.	450.00	450.00
60.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 01-Anandapur Barrage (Commercial), 800-Other Expenditure (Charged)	100.00	100.00
61.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 19-Rengali Irrigation Project (Commercial), 001-Direction and Administration, 0026170-Funded by OECF, 0003460-Engineer-in-Chief	95.64	95.64
62.	22-Forest and Environment	2406-Forestry and Wild Life, State Plan, State Sector, 01-Forestry, 102-Social and Farm Forestry, 0029200-Orissa Forest Sector Development Project. (EAP, JBIC Japan Assisted)	132.00	132.00
63.	22-Forest and Environment	2406-Forestry and Wild Life, Central Plan, State Sector, 02-Environmental Forestry and Wile Life, 110-Wild Life Preservation, 0025980-Relocation of villages from Sanctuaries and National Park.	100.00	100.00
64.	23-Agriculture	2402-Soil and Water conservation, Centrally Sponsored Plan, District Sector, 800-Other Expenditure, 0030240-Artificial recharge to ground water and rain water harvesting.	666.66	666.66
65.	23-Agriculture	2402-Soil and Water conservation, Centrally Sponsored Plan, District Sector, 800-Other Expenditure, 0030850-enhancing sustainability of dry land rainfed farming system.	1080.00	1080.00
66.	31-Textile and Handloom	2851-Village and Small Industries, State Plan, State Sector, 796-Tribal Area Sub-plan, 4103610-Market Development Assistance.	28.15	28.15
67.	31-Textile and Handloom	2851-Village and Small Industries, Central Plan, State Sector, 103-Handloom Industry, 0018310-Health Package Scheme for Handloom Weavers.	27.58	27.58
68.	31-Textile and Handloom	2851-Village and Small Industries, Central Plan, State Sector, 103-Handloom Industry, 0027926-Deendayal Hathkargha Protsahan Yojana, (0027970-Design Inputs)	31.12	31.12

Contd.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ reappropriated
1	2	3	4	5
			(Rupees in lakh)	
69.	31-Textile and Handloom	2851-Village and Small Industries, Centrally Sponsored Plan, State Sector, 103-Handloom Industry, 0027950-Strengthening of Handloom Organisation.	1166.85	1166.85
70.	31-Textile and Handloom	2851-Village and Small Industries, Centrally Sponsored Plan, State Sector, 103-Handloom Industry, 0030080-Development of exportable products and their marketing (DEPM)	20.93	20.93
71.	31-Textile and Handloom	2851-Village and Small Industries, Centrally Sponsored Plan, State Sector, 796-Tribal Area Sub-plan, 0027924-Deendayal Hathkargha Protsahan Yojana (0027950-Strengthening of Handloom Organisation)	333.15	333.15
72.	31-Textile and Handloom	2851-Village and Small Industries, Centrally Sponsored Plan, State Sector, 796-Tribal Area Sub-plan, 3501660-Thrift deposit handloom weavers savings and security scheme	18.52	18.52
73.	32-Tourism and Culture	2205-Art and Culture, Centrally Sponsored Plan, State Sector, 102-Promotion of Arts and Culture, 0008330-Miscellaneous.	124.02	124.02
74.	33-Fisheries and Animal Resources Development	2403-Animal Husbandry, Central Plan, State Sector, 107-Fodder and Feed development, 0026980-Enrichment of Straw and Cellulosic Waste and development of gocher waste land.	150.00	150.00
75.	33-Fisheries and Animal Resources Development	2403-Animal Husbandry, Centrally Sponsored Plan, State Sector, 103-Pollutry development, 0027670-Strengthening of Pollutry duck breeding farms in the state.	44.92	44.92
76.	33-Fisheries and Animal Resources Development	2405-Fishery, Central Plan, State Sector, 101-Inland Fisheries, 0030160-Establishment Fish seed hatchery.	30.00	30.00
77.	33-Fisheries and Animal Resources Development	2405-Fishery, Central Plan, State Sector, 103-Marine Fishery, 0019060-Enforcement of Marine fishing regulation Act.	32.00	32.00
78.	33-Fisheries and Animal Resources Development	2405-Fishery, Central Plan, State Sector, 103-Marine Fishery, 0030180-Introduction of intermediary craft improve design.	16.00	16.00
79.	33-Fisheries and Animal Resources Development	2405-Fishery, Central Plan, State Sector, 103-Marine Fishery, 0030200-Development of Post harvest infrastructure	36.00	36.00
80.	33-Fisheries and Animal Resources Development	2405-Fishery, Central Plan, District Sector, 101-Inland Fisheries, 0030210-Establishment of Laboratory at the State Level for Water Quality and Fish Health Investigation	30.00	30.00
81.	33-Fisheries and Animal Resources Development	2405-Fishery, Centrally Sponsored Plan, District Sector, 101-Inland Fisheries, 0030130-Integrated development of inland capture resources.	34.47	34.47
82.	33-Fisheries and Animal Resources Development	4405-Capital Outlay on Fisheries, State Plan, District Sector, 103-Marine Fisheries, 8000760-One time ACA	200.00	200.00

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ reappropriated
1	2	3	4	5
			(Rupees in lakh)	
83.	34-Co-operation	2425-Cooperation, Centrally Sponsored Plan, State Sector, 109-Agriculture credit stabilisation fund-0028570-Macro Management of Agricultural Supplementation and complementation of States through work plan	473.04	473.04
84.	34-Co-operation	2435-Other Agricultural Programme, Centrally Sponsored Plan, State Sector, 01-Marketing and Quality Control, 101-Marketing facilities, 0028570-Macro Management of Agricultural supplementation and complementation of states effort through work plan.	162.00	162.00
85.	34-Co-operation	6425-Loans for Cooperation, Centrally Sponsored Plan, State Sector, 00-107-Loans to Credit Cooperatives, 0028570-Macro Management of Agriculture Supplementation/Complementation of states effort through work plan.	183.96	183.96
86.	36-Women and Child Development	2236-Nutrition, State Plan, State Sector,02-DistributionofNutritious Food and Beverage,796-Tribal Area Sub-plan, 0019891-Mid-day meals (0030060-PMGY-Miday meal-0030020-Conversion cost of MDM (TASP).	374.90	374.90
87.	36-Women and Child Development	2236-Nutrition, State Plan, District Sector,02-Distribution of Nutritious Food and Beverage, 101-SpecialNutrition Programmes, 0029820-Nutrition for Adolescent girls.	341.88	341.88
88.	37-Information Technology	2852-Industries, Central Plan, State Sector, 07-Telecommunication and Electronic Industries, 202-Electronics, 0030640-Setting of a state wide area network.	1662.00	1662.00
89.	37-Information Technology	2852-Industries, Central Plan, State Sector, 07-Telecommunication and Electronic Industries, 202-Electronics, 0030650-Setting of a Sate internet exchange of India.	21.00	21.00
90.	2048-Expenditure relation to Appropriation for Reduction or Avoidance of Debt	2048-Appropriation for Reduction or Avoidance of Debt, Non-plan, 200-Other appropriation, 5400030-Revolving Fund for emergent payment for avoiding default in payment to financial institutions	1000.00	1000.00
		Total:	57147.15	57147.15

APPENDIX-2.12

{Refer paragraph 2.3.8 (v) at page 27}

Statement showing significant cases of Anticipated savings not surrendered

Sl. No.	Grant Number and Name	Head of Account	Total Grant	Actual expenditure	Savings
			(Rupees in lakh)		
REVENUE SECTION					
1.	1-Home	4055-Capital Outlay on Police, State Plan, District Sector, 207-State Police, 0031590-Purchase of residential building.	1.88	0	1.88
2.	6-Commerce	2058-Stationery and Printing, 104-Cost of Printing by other sources.	4.60	0	4.60
3.	27-Science and Technology	2810-Non-conventional sources of energy, State Plan, District Sector, 60-Others, 800-Other expenditure, 0006960-integrated rural energy programme	15.00	0	15.00
4.	2049-Interest payment	2049-Interest Payment, Non-plan, 01-Interest on Internal Debt, 101-Interest on Market Loan. (Charged)	2185.80	0	2185.80
Total:			2207.28	--	2207.28

APPENDIX-2.13

(Refer paragraph 2.3.9 at page 27)

**Statement showing cases where expenditure fell short by
Rs 1 crore and over 20 per cent of provision**

Sl. No.	No. of the Grant/Appropriation	Name of the Grant/Appropriation.	Total Grant	Amount of savings	Savings as a percentage of total grant
1	2	3	4	5	6
			(Rupees in crore)		
REVENUE SECTION					
1.	5	Finance (Voted)	1878.67	473.05	25
2.	12	Health and Family Welfare (Voted)	705.84	277.37	39
3.	19	Industries (Voted)	96.18	24.92	26
4.	23	Agriculture (Voted)	356.13	101.57	29
5.	30	Energy (Voted)	53.01	12.51	24
6.	31	Textile and Handloom (Voted)	51.81	20.94	40
7.	36	Women and Child Development (Voted)	825.71	266.46	32
8.	37	Information Technology (Voted)	39.98	16.86	42
CAPITAL SECTION					
1.	1	Home (Voted)	79.50	35.36	44
2.	2	General Administration (Voted)	29.04	24.00	83
3.	5	Finance (Voted)	93.57	38.18	41
4.	6	Commerce (Voted)	2.70	1.46	54
5.	7	Works (Voted)	318.95	87.20	27
6.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	17.76	6.39	36
7.	12	Health and Family Welfare (Voted)	55.42	39.30	71
8.	13	Housing and Urban Development (Voted)	88.73	29.18	33
9.	20	Water Resources (Charged)	7.41	3.16	43
10.	22	Forest and Environment (Voted)	119.51	46.78	39
11.	28	Rural Development (Voted)	174.65	47.82	27
12.	30	Energy (Voted)	30.13	20.30	67
13.	33	Fisheries and Animal Resources Development (Voted)	4.94	4.64	94
14.	6003	Internal Debt of the State Government (Charged)	2469.30	1964.27	80
15.	6004	Loans and Advances from Central Government (Charged)	1290.05	757.50	59

APPENDIX-2.14

(Refer paragraph 2.3.10 at page 27)

Statement of New Service/New Instrument of Service

Sl. No.	Grant Number and Name	Head of Account	Amount (Rupees in lakh)
1.	28-Rural Development	5054-Capital Outlay on Roads and Bridges, State Plan, District Sector, 04-District and Other Roads, 796-Tribal Area Sub-plan, 3703740-Rural Roads.	17.45
2.	28-Rural Development	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 04-District and Other Roads, 800-Other Expenditure	46.80
3.	6003-Internal Debt of State Government	6003-Internal Debt of the State Government, Non-plan, 101-Market Loans, 5600020-Market Loans not bearing interest.	232.00
4.	6004-Loans and Advance from Central Government	6004-Loans and Advance from Central Government, 01-Non-plan Loans, 101-Loans to cover gap in resources	18453.33
Total			18749.58

APPENDIX-2.15

Contd.

(Refer paragraph 2.3.11 at page 27)

**Statement showing significant cases of Injudicious Reappropriation
(Rupees in Crore)**

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Savings
			Original	Supplementary	Augmentation	Total		
1.	3-Revenue	2029-Land Revenue, Non-plan, 102-Services and Settlement operation, 2700100-Record of rights and settlement operation.	20.89	0	9.57	30.46	22.51	7.95
2.	3-Revenue	2053-District Administration, Non-plan, 094-Other Establishment, 0013110-Sub-divisional establishment.	13.58	0	1.12	14.70	13.69	1.01
3.	3-Revenue	2245-Relief on account of Natural Calamities, Non-plan, 02-Flood, Cyclone etc., 107-Repair and Restoration of damaged Government office Building, 2800070-Buildings of Revenue Department.	Negligible	0	11.96	11.96	10.19	1.73
4.	3-Revenue	2245-Relief on account of Natural Calamities, Non-plan, 02-Flood, Cyclone etc., 800-Other Expenditure, 2000220-Other items	Negligible	0	45.72	45.72	44.42	1.30
5.	10-School and Mass Education	2202-General Education, Non-plan, 01-Elementary Education, 101-Government Primary Schools, 0009870-Primary Schools (0005410-Primary School)	772.46	6.5	37.77	816.73	807.74	8.99
6.	10-School and Mass Education	2202-General Education, Non-plan, 01-Elementary Education, 101-Government Primary Schools, 0026350-Government Upper Primary Schools.	234.39	0	3.99	238.38	232.78	5.60
7.	10-School and Mass Education	2202-General Education, State Plan, District Sector, 02-Secondary Education, 109-Government Secondary Schools, 0005970-High Schools.	2.02	0	2.29	4.31	3.04	1.27
8.	11-ST and SC Development and Minorities and other Backward Classes Development.	2225-Welfare of SC, ST and OBC, Non-plan, 02-Welfare of Scheduled Tribes, 277-Education, 0000710-Ashram School.	7.47	0.38	1.18	9.03	7.54	1.49

Concl.

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Savings
			Original	Supplementary	Augmentation	Total		
9.	11-ST and SC Development and Minorities and other Backward Classes Development.	2225-Welfare of SC, ST and OBC, State Plan, District Sector, 02-Welfare of Scheduled Tribes, 794-Special Central Assistance for Tribal Sub-plan, 0006975-Integrated Tribal Development Project of Income generating and infrastructure development.	40.16	0	9.66	49.82	43.05	6.77
10.	20-Water Resources	2702-Minor Irrigation, State Plan, State Sector, 03-Maintenance, 102-Lift Irrigation Scheme, 0029550-Biju Krushak Vikash Yojana under RIDF.	0	1.97	7.08	9.05	0	9.05
11.	20-Water Resources	2702-Minor Irrigation, State Plan, State Sector, 03-Maintenance, 796-Tribal Area Sub-plan, 0029550-Biju Krushak Vikash Yojana under RIDF	0	4.50	4.12	8.62	4.35	4.27
12.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 11-Upper Indravati Irrigation Project (Commercial), 796-Tribal Area Sub-plan, 0026190-Funded by AIBP	26.15	8.92	0.31	35.38	33.78	1.60
13.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 46-Chheligada Irrigation Project, 800-Other Expenditure.	5.38	0	0.43	5.81	2.86	2.95
14.	31-Textile and Handloom	2851-Village and Small Industries, State Plan, State Sector, 103-Handloom Industries, 0027924-Deendayal Hathkargh Protsahan Yojana	0.36	1.10	0.22	1.68	0.36	1.32
15.	38-Higher Education	2202-General Education, State Plan, State Sector, 03-University and Higher Education, 104-Assistance to Non-Government colleges and institutes, 4108500-Grants to Non-Govt. colleges.	46.83	28.68	0.31	75.82	73.32	2.50

APPENDIX-2.16

(Refer paragraph 2.3.11 at page 27)

Statement showing significant cases of Injudicious Reappropriation

(Rupees in Crore)

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Excess
			Original	Supplementary	Augmentation	Total		
1.	5-Finance	2071-Pension and Other Retirement Benefits, 01-Civil, 101-Superannuation and Retirement Allowances	842.50	--	(-) 41.00	801.50	802.64	1.14
2.	20-Water Resources	2711-Flood Control and Drainage, Non plan 01-Flood Control, 800-Other Expenditure, 2100920-Maintenance of Critical Flood Control Works	7.00	--	(-) 7.00	0	6.54	6.54
3.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 15-Lower Indravati Irrigation Project (Commercial), 800-Other Expenditure.	26.50	45.78	(-) 8.48	63.80	65.02	1.22
4.	28-Rural Development	5054-Capital Outlay on Roads and Bridges, State Plan, District Sector, 04-District and Other Roads, 796-Tribal Area Sub-plan, 0008291-Minimum needs programme (3700790-Classified village roads)	7.00	15.80	(-)5.21	17.59	19.98	2.39
5.	30-Energy	2801-Power, State Plan, State Sector, 05-Transmission and Distribution, 800-Other Expenditure	--	10.84	(-) 10.65	0.19	9.84	9.65
6.	36-Women and Child Development.	2235-Social Security and Welfare, Central Plan Dist.Sector 02-Social Welfare, 102-Child Welfare,0029490-World Bank assisted ICDS-III Projects.	22.02	--	(-)7.71	14.31	15.38	1.07
Total:			905.02	72.42	(-)80.05	897.39	919.40	22.01

APPENDIX-2.17

(Refer paragraph 2.6 at page 30)

Particulars of Major Head under which expenditure during March 2006 was substantial and also exceeded 50 per cent of the total expenditure during the year 2005-2006

Sl. No.	Major Head of Account.	Revenue Expenditure for the month of March 2006	Total Expenditure up to the month of March 2006	Percentage of Expenditure during March 2006 to total Expenditure.
		(Rupees in lakh)		
1	2	3	4	5
Revenue Section				
1.	2029-Land Revenue (Central Plan)	184.20	184.20	100.00
2.	2216-Housing (State Plan)	501.89	613.00	81.87
3.	2405-Fisheries (Central Plan)	18.00	18.00	100.00
4.	2852-Industries (State Plan)	1733.38	2203.06	78.68
5.	2875-Other Industries (State Plan)	510.22	510.22	100.00
6.	3435-Ecology and Environment (Central Plan)	110.82	192.89	57.45
Capital Section				
1.	4217-Capital Outlay on Urban Development (State Plan)	105.00	155.00	67.74
2.	4225-Capital Outlay on Welfare of Scheduled Caste, Scheduled Tribe and Other Backward classes. (Central Plan)	50.00	50.00	100.00
3.	4702-Capital Outlay on Minor Irrigation (Centrally Sponsored Plan)	815.22	993.26	82.07
4.	5054-Capital Outlay on Roads and Bridges. (Centrally Sponsored Plan)	245.49	360.21	68.15
5.	5465-Investment in General Financial and Trading Institutions (State Plan)	500.01	600.01	83.33
Loans and Advances				
1.	6216-Loans for Housing	434.36	543.69	79.89
2.	6408-Loans for Food Storage and Warehousing	132.75	132.78	99.98

APPENDIX-2.18

(Refer to paragraph 2.7 at page 30)

**Statement showing details of amount kept under 8443-Civil
Deposits-800-Other Deposits**

Year	Opening Balance	Deposit	Withdrawal	Closing Balance
	(R u p e e s i n c r o r e)			
2001-2002	616.72	307.59	180.87	743.44
2002-2003	743.44	227.31	173.46	797.29
2003-2004	797.29	171.85	206.42	762.72
2004-2005	762.72	98.10	220.84	639.98
2005-2006	639.98	54.09	147.71	546.36

APPENDIX-3.1

(Refer paragraph 3.1.4.4 at page 39)

Statement showing shortage/damage and misappropriation of food grains detected in audit

Sl. No.	DRDA/PS/GP	Nature of irregularity	Fact in brief	Year	Quantity of food grains in MT	Cost at FCI rate (Rupees in lakh)
1	Mayurbhanj/ Bangiriposi (PS)/Shyam-sunderpur (GP)	Shortage due to short accountal of receipt due to overwriting and wrong carry over of balance	Due to over writing and wrong carry over of balance, 17.476 MT (out of 17.75 MT received on 21 February 2004) of rice were short accounted for. On physical verification (13 August 2004), the shortage wrongly computed by the BDO as 4.932 MT and cost recovered leaving further shortage of 12.544 MT. The BDO agreed (June 2006) to take appropriate action.	2003-04	12.54	1.42
2	Bangiriposi/ Kalabadia	Shortage due to wrong carry over of balance.	0.23 MT of rice was short accounted due to wrong carry over of balance on 11 August 2004.	2004-05	0.23	0.02
3	Thakurmunda (PS)/ Bharandia (GP)	Non-accountal of receipt	6.6 MT of rice received from PS godown on 3 January 2004 (3.5 MT) and 27 May 2005 (3.1 MT) though acknowledged by the Secretary but not accounted for.	2004-05 2005-06	6.60	0.74
4	Thakurmunda (PS)/ Champajhar (GP)	Undue benefit to executants due to non recovery of cost of food grains issued from final bill	5 MT of Food grains issued on 15 March 2003 (one metric tonne) and 27 September 2003 (4MT) to the executants for the work (Improvement of Dangadiha village road-GP share) were not recovered despite payment of final bill vide voucher No.-12 dated 15 November 2003. The work neither check measured by the Junior Engineer nor the estimate technically sanctioned.	2003-04	5.00	0.57
5	Bangiriposi (PS) / KM kata (GP)	Non recovery of cost of food grains issued from final bill	Cost of 3.3 MT of rice issued on 14 July 2004 not recovered from the bill (Construction of GP godown) departmentally executed by the Secretary.	2004-05	3.30	0.37
6	Jashipur/Jamke swar	Showing as damage	Closing stock of 9.56 MT on 22.5.2006 was shown as damaged	2005-06	9.56	1.08
7	Morada PS/Nuagaon GP	Non-accountal of receipt	Non-accounting of 6.8 MT of rice by the then Secretary of the GP despite receipt from the PS	2003-04	6.80	0.77
8	Jashipur PS/ Mondri (GP)	Non-handing over balance stock to successor	Ex-Secretary of the GP did not hand over 6.591 MT of rice to his successor. Out of Rs 0.68 lakh recoverable only Rs 0.07 lakh recovered	2004-05	5.91	0.61
9	Thakurmunda	Less issue of Stock than shown in the Stock account as verified from GP stock	Out of 753.06 MT of rice lifted by BDO, Thakurmunda under SGRY (GP share) during 2004-06, the entire stock was shown as issued to GPs leaving no closing stock as on 31 March 2006, whereas only 696.61 MT were actually issued to 16 GPs as verified from the 'Food grains Stock Registers' of these GPs and certified by the GPs. BDO, Thakurmunda failed to submit any satisfactory reply regarding utilisation of remaining food grains of 56.45 MT. This has not been reconciled.	2004-06	56.45	6.38
Sub Total					105.88	11.96
10	Barasahi (PS)/ Balabhadrapur (GP)	Non-execution of work and non-refunds of rice	26.5 MT of rice was issued in May 2004 to a VLL for execution of a cement concrete road. The VLL neither executed the work nor returned the food grains (June 2006).	2004-05	26.50	3.00
Total					238.77	26.92

**APPENDIX-3.2
(Refer paragraph 3.1.4.4 at page 40)**

Statement showing the details of shortage/ wastage / non-accounting etc. of food grains

Sl. No	DRDA/ PS/ GP	Nature of irregularity	Fact in brief	Year	Quantity of food grains in MT	Cost at FCI rate (Rupees in lakh)
1	Mayurbhanj/ Biso (PS) / Nuagaon (GP)	Shortage	Noticed on physical verification on 13 July 2004	2004-05	3.10	0.35
2	Bijatola (PS)	Shortage	Reported misappropriation (June 2004) by a clerk.	2004-05	28.70	3.24
3	Rairangpur (PS) / Badamunda (GP)	Shortage	Noticed on physical verification on 13 July 2004	2004-05	2.40	0.27
4	Bijatola (PS)/ Bankati (GP)	Shortage	Noticed on physical verification – Reported misappropriation by the GP Secretary	2004-05	57.10	6.46
5	Bijatola (PS)/ Raihari (GP)	Shortage	Noticed on physical verification –Reported misappropriation by the GP Secretary	2004-05	38.60	4.36
6	Bijatola (PS)/ Bijatola (GP)	Shortage	Noticed on physical verification- Reported misappropriation by the GP Secretary	2004-05	1.50	0.17
7	Bijatola PS)/ Luhasila (GP)	Shortage	Noticed on physical verification- Reported misappropriation by the GP Secretary	2004-05	7.30	0.82
8	Bijatola (PS)/ Badajharan (GP)	Shortage	Noticed on physical verification- Reported misappropriation by the GP Secretary	2004-05	3.23	0.36
9	Bijatola (PS)/ Saragada (GP)	Shortage	Reported misappropriation by the GP Secretary	2004-05	20.25	2.29
10	Bijatola (PS)/ Chandeipahadi (GP)	Shortage	Reported misappropriation by the GP Secretary	2004-05	5.17	0.58
11	Bijatola (PS)/ Madheikacha (GP)	Shortage	Non-maintenance / production of issue records as reported by BDO vide letter No.1162/ dated 18 June.2004	2004-05	84.18	9.51
12	Shyamakhunta PS	Shortage	Misappropriation by showing issue to executant but could not produce documentary evidence.	2005-06	2.40	0.27
13	Biso (PS) /Kadambeda (GP)	Shortage	Noticed on physical verification on 13 July 2004	2004-05	16.86	1.91
14	Biso (PS)/Biso (GP)	Shortage	Noticed on physical verification on 13 July 2004	2004-05	8.80	1.00
15	Bangiriposi PS	Shortage/ damage	107.54 MT of rice found short by Vigilance on 9 November 2002 were reported after 3 days to have been kept in a private godown. Civil supply Officer confirmed the same. 1.59 MT were found by BDO as completely damaged and 1.8 MT partly damaged. The rice brought to block godown to avoid natural decay and 24.679 MT lying unutilised up to June 2006. Quality of the food grains was poor.	2002-03	24.68	2.79
16	Baripada	Shortage	Reported misappropriation by the GP Secretary	2004-05	74.04	8.37
17	Betnoti (PS) / Kamala (GP)	Shortage and theft	Reported on 3 November 2004 as stolen but FIR filed on 11February 2005 after 3 months	2004-05	2.50	0.28
18	Sundargarh/Bargaon/ Ekma	Shortage and misappropriation	Against the book balance of 9.239 MT, physical balance was found by Sub-Collector, Sundargarh as 'Nil' on physical verification of stock on 4 September 2004.	2004-05	9.24	1.04
19	Nayagarh/Nuagaon	Shortage	Misappropriation by way of wrong carry forward of balance stock detected on 14.2.2004 at the time of handing over of stock to his successor.	2003-04	53.69	6.07
Total					443.74	50.14

APPENDIX-3.3

(Refer paragraph 3.1.5.2 at Page 42)

Statement showing the avoidable/unfruitful/inadmissible expenditure under SGRY

(Rupees in crore)

Sl. No	Nature of irregularity	Amount	Audit observations
(i)	Inadmissible expenditure on repair and maintenance of assets beyond the permissible limit	5.78	The scheme permitted spending maximum of 15 per cent of funds in a year on repair and maintenance of assets created under the wage employment programme sponsored by the Union Ministry of Rural Development and the same is not to be carried forward to the subsequent year(s). Two DRDAs Sundargarh and Mayurbhanj and EE, Irrigation Division, Baripada spent Rs 5.78 crore ¹ on repair and maintenance of assets during 2002-06 in excess of the permissible limit.
(ii)	Utilisation of GP share in construction of GP Building / GP Godown and GP meeting hall instead of executing the same out of PS / ZP share	4.06	Construction of GP office Building, community centres, storage godowns were permissible items of work under PS and ZP share of the scheme. Only labour intensive works were permissible for execution under GP share so as to enable GPs to utilise 50 per cent of allocation in infrastructure development in SC / ST habitations. In 171 GPs under 15 PS, 171 GP office buildings/ meeting halls / godowns were constructed during 2003-06 at a cost of Rs 4.06 crore out of GP share. These works involved 80 per cent of material component. The works were neither labour intensive nor helpful for sustainable income generation of the rural labourers. Infrastructure development in SC/ST habitation was also affected.
(iii)	Irregular execution of in-admissible works:	1.70	Black topping of roads, construction of bridges, arch gates / welcome gates were not permissible under the scheme. In Irrigation Division., Mayurbhanj and 18 PS ² irregularly spent SGRY funds of Rs 1.70 crore on 127 works which were not admissible.
(iv)	Extra expenditure on construction of cement concrete roads with higher width / depth	0.99	Works executed under the programme were required to meet the technical standards and specifications. The Government prescribed (May 2004 / April 2005) the depth of CC road to be 7" (4" metal concrete and 3" chips concrete) and width of the carriage way as 3 meter in conformity with the specifications of "Rural Roads Manual" prescribed by the GOI (Indian Road Congress) and fixed the cost norm at Rs 4.25 lakh for 500 mtrs. In 12 PS ³ in 117 cases the depth and width of CC roads constructed were more than the above specification involving avoidable expenditure of Rs 98.74 lakh.
(v)	Inadmissible expenditure on free distribution of seedlings:	0.89	Five DRDAs (Mayurbhanj, Nabarangpur, Kandhamal, Khurda, Dhenkanal) spent Rs 89.08 lakh on raising and free distribution of miscellaneous seedlings to the public (August / September 2003). Neither any inputs were supplied nor planting and survival position were ever verified by the DRDAs even though free distribution of seedlings was not an admissible item of work under the scheme. No durable asset was also created.

¹ (i) Sundargarh (Rs 5.39 crore) during 2004-05 and 2005-06, (ii): 6 GPs of Mayurbhanj (Rs 14.75 lakh), EE, Irrigation, Baripada (Rs 24.20 lakh).

² Thakurmunda, Badasahi, Morada, Betnoti, Baripada, Kaptipada, Joshipur, Cuttacksadar, Salepur, Nischinta Koili, Sundargarh, Gondia, Khandapara, Nabarangpur, Papadahandi, Umerkote, Daringbadi and Baliguda.

³ Badasahi, Morada, Bangirposi, Thakurmunda, Baripada, Joshipur, Betnoti, Kaptipada, Nabarangpur, Papadahandi, Umerkote and Daringbadi.

Sl. No	Nature of irregularity	Amount	Audit observations
(vi)	Inadmissible expenditure on payment of honorarium to cooks and helpers under MDM and labour payment for Jalachhatra out of scheme funds.	0.43	Under the scheme, such works that result in creation of durable productive community assets as per felt need of the people were to be taken up. 134 GPs of 13 PS ⁴ spent Rs 42.75 lakh during 2002-06 out of the scheme funds on payment of honorarium to cooks and helpers under mid-day meal programme (Rs 37.24 lakh) and labour charges for Jalachhatra (Rs 5.51 lakh).
(vii)	Irregular payment towards cost of cement whose utilisation was doubtful	0.37	As per analysis of rates, consumption of cement per cum of metal concrete (CC 1:4:8) and Chips concrete (CC 1:2:4) was to be 1.76 and 3.23 quintals respectively. In 101 cases (in nine ⁵ PS) containing the above items of work, against the requirement of 72121 bags of cement, only 47941 bags of cement were issued and utilised in the works resulting in short utilisation of 24180 bags of cement worth Rs 36.94 lakh. The payments were made to the executants on item rate basis. While making the payments instead of deducting the above amount from the running / final bills, the BDOs allowed submission of cement purchase slips even though (i) sufficient cement were available with the PS on the said dates, (ii) no prior permission was taken by the executants for direct purchase of cement (iii) purchase slips did not contain the date of purchase / CST / OST numbers. Thus, payment towards full component of cement in the item rate was found to benefit the executants at the expenses of quality in execution.
(viii)	Creation of non-durable asset	0.28	Though the scheme provided for creation of durable assets and the minimum prescription for improvement of rural road was Grade 1 metalling to make it all weather road, yet in 66 cases, Rs 27.99 lakh were spent on creation of non-durable assets like kutcha road, only earth work and / or moorum spreading in three districts (Nabarangpur, Mayurbhanj and Kandhamal).
(ix)	Excess payment to executants.	0.10	In three PS (Umerkote, Moroda, Thakurmunda) and ASCO, Baripada, there were excess payment of Rs 10.21 lakh in 70 cases due to less / non-deduction of void from gross volume of earth work derived from cross sectional measurement (Rs 5.83 lakh), arithmetical inaccuracy (Rs 0.65 lakh), non-recovery of royalty at revised rate effective from 1 September 2004 (Rs 3.59 lakh), under-recovery of royalty despite inclusion of full cost in the payment of item rate (Rs 0.14 lakh).
(x)	Expenditure on creation of structure, lasting only few months	0.07	EE, Irrigation Division, Baripada executed (May 2004) a river embankment protection work incurring expenditure of Rs 6.99 lakh without obtaining technical approval of the Technical Advisory Committee of the Water Resources Department and the same was reported belatedly (December 2004) as washed away in heavy rain (August / September 2004). rendering the entire expenditure wasteful.
(xi)	Issue of cement after completion of masonry works-	0.02	In four cases in three PS ⁶ , 1583 bags of cement (Rs 2.40 lakh) were issued much after completion of the masonry works (i.e.

⁴ Thakurmunda (16), Bangiriposi (17), Badasahi (16), Moroda (19), Joshipur (20), Nuagaon (11), Khandapara (11), Sundargarh (9), Rajgangpur (2), Tangi (1), Khurda (1), Daringbadi (2) and Phiringia (9).

⁵ Badasahi (2 works), Bangiriposhi (8 works), Daringbadi (10 works), Moroda (4 works), Nabarangpur (13 works), Papadahandi (30 works), Phiringia (4 works), Thakurmunda (4 works) and Umerkote (26 works).

⁶ Umerkote (2), Barasahi (1) and Bangiriposi (1).

Concl.

Sl. No	Nature of irregularity	Amount	Audit observations
			engagement of massons as per muster rolls) / check measurement and so its utilisation in the work was doubtful.
(xii)	Doubtful execution of non-durable assets	0.01	In three cases in one PS (Bangiriposi), payment for Rs 1.24 lakh was released after 2-3 years of execution of earth work and / or moorum spreading without check measurement by deducting 25 <i>per cent</i> of the billed amount. Thus, execution of these works was doubtful.
Sub Total		14.70	
(xiii)	Unfruitful expenditure on incomplete projects	1.42	In 14 PS and 27 GPs, 178 projects (estimated cost Rs 2.20 crore) taken up during 2002-04 were lying incomplete for periods ranging from one to four years as of June 2006 after incurring expenditure of Rs1.42 crore.
Total		16.12	

APPENDIX-3.4

(Refer Paragraph 3.1.5.3 at page 42)

Statement showing inadmissible expenditure under individual beneficiary oriented programme for SCs and STs (SGRY)

Sl. No	Nature of irregularities	Amount (Rupees in crore)	Audit observation
(i)	Construction of market sheds without identification of individual beneficiaries and without arranging support for retail business and unfruitful expenditure on idle market sheds.	7.37	Construction of work sheds or infrastructure for any self employment programme was permissible under the individual beneficiary programme by ensuring participation of the beneficiary from the beginning. 2027 market sheds were constructed under the programme in seven districts (Nabarangpur, Mayurbhanj, Kandhamal, Dhenkanal, Sundargarh, Nayagarh and Cuttack) at Rs 7.37.crore out of PS / ZP share meant for individual beneficiary programme without identification of individual beneficiaries. It was further noticed that in these districts, 403 such market sheds constructed at a cost of Rs 1.61 crore were lying vacant for periods ranging from 6 months to 3 years rendering the entire expenditure unfruitful.
(ii)	Misutilisation of funds earmarked for Individual beneficiary programme for SC / STs on other projects:Rs 2.50 crore.	2.50	Rupees 8.42 crore were earmarked for the individual beneficiary schemes of which Rs 6.38 crore were spent by DRDA, Kandhamal on the earmarked scheme during 2002-05 resulting in misutilisation of Rs 2.04 crore in other works despite prohibition under the scheme. Similarly, in two PS ⁷ , no amount was spent on individual beneficiary programme on SC/ST. The prorata allocation of Rs 46.04 lakh on these schemes however was diverted for other activities.
(iii)	Irregular disbursement of scheme funds for inadmissible items.	0.90	In DRDA, Cuttack, Rs 89.64 lakh was irregularly disbursed to the individual beneficiaries for laundry, betel shop, purchase of goats, diesel pumps, retail business which were not in the nature of durable assets for providing sustainable employment.
Total		10.77	

⁷ Thakurmunda-2003-06, Morada-2005-06

APPENDIX-3.5
(Refer Paragraph 3.1.6.1 at page 43)

**Statement of irregularities in payment of wages and maintenance of
muster rolls**

Sl. No.	Number of cases	Number of labourers engaged as per muster rolls	Labour man days generated	Wages paid as per NMR (Cash/Total wages in lakh rupees/food grains in MT)			Nature of irregularities
				Cash	Food grains in MT	Total wages*	
(i)	64	17507	105791	31.93	525.28	61.60	Duration of engagement and date of disbursement of wages to the labourers not recorded in the muster rolls in seven PS.
(ii)	33	10173	61043	13.58	333.84	32.44	No women worker engaged in Nabarangpur district even though. the gender ratio (female per 1000 male) of that district is 991.i.e more than the State average of 972 and 42.7 per cent of total work force were women. In other test checked districts, the deployment of women workers ranged from 0 to 6.6 per cent. Thus, the provisions of the scheme for reserving 30 per cent of the employment opportunity for women was not fulfilled.
(iii)	39	9520	59763	5.99	436.43	30.65	Gender and category of workers (SC/ST/Women) not mentioned (six PS and one EA).Thus, adequacy of employment to the targeted beneficiaries could not be verified..
(iv)	30	8216	47725	8.43	325.96	26.84	Father's name, address of the labourers not mentioned in the NMR in four PS for which the genuineness of labourers was doubtful.
(v)	21	1967	14374	3.02	65.89	6.74	The dates of engagement, wages paid etc were manipulated / tampered by cutting / overwriting / erasing in the muster rolls in nine PS and two EA and as such genuineness of actual payment of wages was doubtful.
(vi)	124	13277	80329	24.56	513.35	53.56	Wages shown as disbursed based on thumb impressions of labourers not attested by the VLL / supervising officers in 15 PS and one EA.
(vii)	175	23288	144994	90.28	0	90.28	Wages paid exclusively in cash in 20 PS, three GP and four EA, against the requirement of payment of minimum 5 kg of food grains per manday as per the scheme
(viii)	99	12206	71951	0	676.11	38.20	Wages paid exclusively in food grains in seven PS and one EA in contravention of the scheme Guidelines.
(ix)	119	4487	58857	6.13	469.29	32.64	Payment of wages with delays ranging between 22 days to 8 months in three PS and two EA.
(x)	120	26824	185032	12.78	947.06	66.29	Cash component of wages paid were below 25 per cent of wages in 21 PS, three GP and three EA.
(xi)	9	503	2898	0.69	16.70	1.63	Wages shown as disbursed without obtaining acknowledgement of the labourers in three PS and one GP.
(xii)	54	7302	44787	16.95	153.69	25.64	Wages not disbursed in the presence of authorized witness (Sarpanch / Ward members) in 11 PS.
(xiii)	2	204	1220	0.16	8.5	0.64	Engagement in NMR not even certified by the concerned VLLs.
Total						467.15	

*Total wages include cash and cost of food grains.

Appendix-3.6

Contd.

(Refer paragraph 3.3.5 at page 67)

**Executive Summary of findings of the research survey conducted by the
Social and Rural research Institute (SRI)**

Executive Summary

With regard to coverage of schools, 1.5 per cent of the villages and 0.9 per cent of the urban blocks, which were still not covered under Sarva Shiksha Abhiyan.

Among the children in the age group 6-14, about 45 out of every 1000 children are still out of school in the state. Of these 44 per 1000 in the rural areas and 51 per 1000 in the urban areas are out of school. Among these 52 per 1000 are girls and 38 per 1000 are boys.

The main reason for parents not enrolling their children in schools as well as not sending them to school even after enrolment was reported as affordability.

Overall about 2.1 per cent of the parents opined that they were not satisfied with the quality of the education in the schools.

4.1 Background

A total of 376 primary sampling units were covered for the assessment of Sarva Shiksha Abhiyan. Among these 113 were urban and 263 were rural. A total of 37535 households were listed out of which 18455 were found eligible and a total of 7486 households were covered for the study.

4.2 Household details

Out of all the households covered, in about 95.9 per cent of the households, the heads of the households were males, and in about 4.1 per cent of the households the heads of the households were females. While majority of the households (94.2 per cent) followed Hinduism, 2.5 per cent of the households followed Islam and another 2.5 per cent followed Christianity. Among the other religions, Sikhism was followed by 0.1 per cent and Jainism by 0.05 per cent.

About 19.5 per cent of the households belonged to scheduled castes and 14.9 per cent to scheduled tribes while close to 36.3 per cent were from backward and other backward classes. 28.6 per cent belong to the general category.

While about 18.2 per cent heads of the households were involved in casual labour, another 16.9 per cent mentioned cultivating/animal husbandry (small) as their occupation. Some of the other key occupations were salaried government (11.5 per cent), petty shop/business (9.2 per cent) and semi skilled labour (8.1 per cent).

With regard to education of the heads of the households, it emerged that about 19.7 per cent of them were illiterates with about 26.0 per cent reported being literate but not completing primary schooling.

While about 26.8 per cent of the heads of the households reported completing primary schooling only about 12.0 per cent reportedly completed secondary schools. About 6.9 per cent reported completing their higher secondary schooling. Out of the total households covered, only about 8.1 per cent of the heads of households were reportedly graduates.

Among the children covered under the study, it was found that 13.8 per cent of children help their parents in their work or business and about 0.8 per cent of children work outside home to supplement their family needs.

4.3 School Details

Among the schools covered, 2 per cent were primary schools, 34.2 per cent were upper primary schools and 0.4 per cent were high schools with upper primary sections. Education guarantee schools constituted about 0.3 per cent. Out of the schools covered in the state, 98.8 per cent of the primary schools, 96.9 per cent of the Upper Primary schools and all (100 per cent) high schools with upper primary sections were aided.

Of all the schools covered, 1.2 *per cent* of primary schools were schools exclusively for boys. There were no upper primary schools and high schools with upper primary sections that were schools exclusively for boys. 1.6 *per cent* of primary schools, 1.6 *per cent* of Upper primary schools and 33.3 *per cent* of high schools with upper primary sections were schools exclusively for girls and 97.1 *per cent* of primary schools, 98.4 *per cent* of Upper primary schools and 66.7 *per cent* of high schools with upper primary sections were co-educational.

4.4 Coverage of children under SSA

The main objective of SSA is to ensure that all children in the age group 6-14 years are in schools. To assess the programme on this objective, an estimation of the number of children in the age group 6-14 attending schools or out of schools was done.

The total number of children estimated in the age group of 6-14 years is 5400794, out of which 2789244 are males and 2611550 are females. Among these children it is estimated that a total of 243615 children are out of school, out of which 107105 are males and 136511 are females.

In terms of ratios, about 45 children per 1000 in the age group of 6-14 years were out of school. 44 children out of 1000 in rural areas and 51 children out of 1000 in urban areas were out of school. Across the gender divide, it was found that 52 out of 1000 girls and 38 out of 1000 boys were out of school.

A distribution of children out of school by social category is presented below

Both gender and social divide exists among children who are out of school.

4.5 Coverage of schools under SSA

When a village or an urban area does not have a primary school within a radius of 1 kilometre it is defined as not covered by a primary school and hence not covered by SSA.

When distributed by rural and urban, it emerged that about 1.5 *per cent* of the villages and 0.9 *per cent* of the urban blocks were not covered by schools.

Among those schools covered under the study, reportedly about 99.8 *per cent* of primary schools, all (100 *per cent*) Upper primary schools and 66.7 *per cent* of high schools with upper primary sections had received grants/aid under Sarva Shiksha Abhiyan.

Among these, all primary schools, Upper primary schools (100 *per cent*) and no (0 *per cent*) high schools with upper primary sections in urban areas reported receiving grants/aid under SSA. In rural areas, 99.7 *per cent* of primary schools, all Upper primary schools and high schools with upper primary sections, reported receiving grants/aid under SSA.

4.5.1 Civil works & Facilities under SSA

Among the schools in which civil works were taken up, about 32.7 *per cent* of primary schools, 47.5 *per cent* of Upper primary schools and none of the high schools with upper primary sections reported constructing new buildings for the schools. About 66.9 *per cent* of primary schools, 70.4 *per cent* of Upper primary schools and 33.3 *per cent* of high schools with upper primary sections reported utilising funds for repairing existing structures.

Some schools also reportedly gained sanitation facilities with 12.1 *per cent* of primary schools and 9.8 *per cent* of Upper primary schools reporting construction of toilets. Also, in addition to existing toilets, about 5.6 *per cent* of primary schools and 3.6 *per cent* of Upper primary schools reported constructing separate toilets for girls. None of the high schools with upper primary sections reported construction of either toilets or girls' toilets.

Adding to the safety and security of the school environment, about 4.5 *per cent* of primary schools and 4.3 *per cent* of Upper primary schools undertook construction of compound walls. Repairs in compound walls were undertaken in about 3.6 *per cent* of primary schools and 2.5 *per cent* of Upper primary schools. Installation of gates was taken up in 7.5 *per cent* of primary schools and 4.1 *per cent* of Upper primary schools utilising SSA funds. About 10.9 *per cent* of primary schools and 5.8 *per cent* of Upper primary schools reported utilising funds from SSA to construct water supply installations in the schools. No high school reported having utilised SSA funds for the aforementioned activities.

Coming to additional facilities, about 5.2 *per cent* of primary schools and 3.3 *per cent* of Upper primary schools reportedly utilised SSA funds to construct library and 2.5 *per cent* of primary schools and 2.8 *per cent* of Upper primary schools constructed staff rooms for the teachers. None of the high schools with upper primary sections reported the construction of libraries and staff room for teachers. About 3.5 *per cent* of primary schools, 3.6 *per cent* of Upper primary schools and 0.1 *per cent* of high schools with upper primary sections reported constructing a separate room for the headmaster, which is one of the provisions under SSA for upper primary schools.

Apart from civil works, many schools have also reported utilising the funds under SSA to create facilities for better learning environment for the children. Some of these were Library Books (23.7 *per cent* in primary schools, 16.5 *per cent* in Upper primary schools and 0 *per cent* in high schools with upper primary sections), Computer (3.2 *per cent* in primary schools and 5.9 *per cent* in Upper primary schools and no high schools with upper primary sections), black boards (34.2 *per cent* in primary schools, 18.1 *per cent* in Upper primary schools and 0.3 *per cent* in high schools with upper primary sections) and electric fittings (3.5 *per cent* in primary schools and 2.8 *per cent* in Upper primary schools and none in high schools with upper primary sections).

Some of the other items for which SSA funds were utilised include Reference Books (18.9 *per cent* in primary schools, 12.2 *per cent* in Upper primary schools and 0 *per cent* in high schools with Upper primary sections), computer training (3.2 *per cent* in primary schools, 4.5 *per cent* in Upper primary schools and 0 *per cent* in high schools with Upper primary sections) and essential items like Chalk (36.2 *per cent* in primary schools, 18.5 *per cent* in Upper primary schools and 0.3 *per cent* in high schools with upper primary sections) and Dusters (26.3 *per cent* in primary schools, 11.3 *per cent* in Upper primary schools and 0.3 *per cent* in high schools with upper primary sections).

4.5.2 Utilisation of grants under SSA

Provisions have been made for various grants under SSA to schools and teachers for procurement as well as replacement of teaching equipment, preparation of teaching learning material, assisting schools upgraded from EGS to primary schools to buy equipment and also in order to integrate disabled children with the mainstream education.

It was found that about 83.6 *per cent* of primary schools, 87.9 *per cent* of Upper primary schools and all high schools with upper primary sections had accessed the school grant, almost 90.6 *per cent* of primary schools, 91.4 *per cent* of Upper primary schools and all high schools with upper primary sections had received the teachers grant and about 3.7 *per cent* of primary schools, 4.3 *per cent* of Upper primary schools and none of the high schools with upper primary sections had accessed the grant under provisions for disabled children.

4.5.3 Community Involvement

Community involvement is one of the important aspects with respect to monitoring of school activities and participatory development of the schools. Towards that end, education committees are formed in schools which comprise of community members whose children are studying in the school. It was found that about 64.9 *per cent* of primary schools, 33.9 *per cent* of Upper primary schools and 0.1 *per cent* of high schools with upper primary sections had education committees formed in the locality. In about 64.0 *per cent* of primary schools, 33.6 *per cent* of Upper primary schools and 0.3 *per cent* of high schools with upper primary sections, the committees also had bank accounts jointly started with the headmaster of the school. This was to bring accountability to the expenditures incurred for the development of the school. Reportedly, in about 77.3 *per cent* of schools the community members have also been trained under SSA.

4.5.4 School infrastructure

The school infrastructure refers to the buildings, structures and installations that are necessary to run an educational institution. In this aspect, the type of school building is one of the most prominent indicators about the state of school infrastructure in the state.

About 3.9 *per cent* of primary schools, 2.7 *per cent* of Upper primary schools and no (0 *per cent*) high schools with upper primary sections were operating in Kuccha structures, which are basically not structurally stable and hence not suitable for running an institution like a school.

In 55.7 *per cent* of primary schools, 65.0 *per cent* of Upper primary schools and all (100 *per cent*) high schools with upper primary sections, the structures were observed to be semi-Pucca. About 39.0 *per cent* primary schools, 31.5 *per cent* of Upper primary schools and none of the high schools with upper primary sections were observed to be Pucca structures. Interestingly, about 1.4 *per cent* of primary schools and 0.8 *per cent* of Upper primary schools did not have any building at all.

Apart from the infrastructure, there are some specific school based schemes that have been devised to ensure higher access to schools by ensuring availability and pushing added incentives to marginalised population sub-groups so that enrolment and attendance can be ensured.

Among such schemes 40.8 *per cent* of primary schools, 61.5 *per cent* of Upper primary schools and 66.7 *per cent* of high schools with upper primary sections reported implementing operation blackboard. Mahila Samakhya was implemented in 33.3 *per cent* of primary schools, 38.5 *per cent* of Upper primary schools and 66.7 *per cent* of high schools with upper primary sections. While 89.8 *per cent* of primary schools, 91.4 *per cent* of Upper primary schools and 66.7 *per cent* of high schools with upper primary sections reported that girl children are being given free text books, about 91.8 *per cent* of primary schools, 94.2 *per cent* of Upper primary schools and all high schools with upper primary sections reported that free text books are given to the SC & ST students in the schools.

Mid-day meal scheme, one of the flag ship programmes of the government, is reportedly implemented in 92.9 *per cent* of primary schools, 90.7 *per cent* of Upper primary schools and 66.7 *per cent* of high schools with upper primary sections of the government schools visited in the state.

Among the funded programmes, 22.9 *per cent* of primary schools, 23.4 *per cent* of Upper primary schools and 33.3 *per cent* of high schools with upper primary sections reported implementation of Janashala, which is basically a UNICEF assisted initiative to enhance the learning experience in government schools. In order to cater to special education needs of the girl children, NPEGEL is being implemented in about 10.8 *per cent* of primary schools, 11.3 *per cent* of Upper primary schools and none of the high schools with upper primary sections. Apart from regular schools, innovative schemes are also being implemented to bring back those children who have dropped out by conducting back to school camps. About 23.9 *per cent* of primary schools, 28.8 *per cent* of Upper primary schools and 33.3 *per cent* of high schools with upper primary sections in the state reported that back to school camps are being conducted.

Apart from curriculum based learning material, it is felt necessary that the children's learning should also be stimulated by other means that are enjoyable and involving for the child, thereby generating interest in the child to learn. To aid such a learning environment, teaching learning materials are made available in schools. In this regard about 82.9 *per cent* of primary schools, 82.1 *per cent* of Upper primary schools and 33.3 *per cent* of high schools with upper primary sections reported that teaching learning materials (TLM) have been given to all the classes and about 13.5 *per cent* of primary schools, 16.7 *per cent* of Upper primary schools and 33.3 *per cent* of high schools with upper primary sections reported that TLM have been given to some of the classes. About 3.7 *per cent* of primary schools, 1.2 *per cent* of Upper primary schools and 33.3 *per cent* of high schools with upper primary sections reported that no TLM have been provided.

4.6 Impact of education schemes

Apart from the facilities available in the school, it is also necessary to take cognizance of the quality of education provided in schools by delving into the reason for children not attending or parents not enrolling their children in school. This, to a large extent, would bring out the expectations of the parents and the children from school by identifying the key factors that are keeping the children away from school. It emerged that across the state, not being able to afford school was the main reason for children not being enrolled in schools (as cited by 47.9 *per cent* of parents). Apart from that some of the other important reasons cited were that children do not like school (17.4 *per cent*) and the fact that the children had to look after household chores (9 *per cent*).

Though this gives an overall picture about the state, it is also necessary to understand the apprehensions of various sub sections of the population. Across the gender divide, the main reason for not enrolling girl children and male *per cent* of parents respectively).

The reasons did not vary much across the type of locality either. While 43.1 *per cent* of parents from rural areas cited not being able to afford school, 58.3 *per cent* of parents in urban areas cited the same as the main reason for not enrolling their children in schools.

4.6.1 Quality of education

While analysing the reasons for children not enrolled or not attending, it is also important to take a look at some of the factors that affect the functioning of the school and possibly the quality of education. Some of these characteristics are like the school opening time, functional days, regularity of teachers etc.

Among those children who attend school, only 1.1 *per cent* said that their school does not open on time. While about 0.5 *per cent* of children in urban areas said so, the proportion was almost the same in rural areas as 1.3 *per cent* of children in rural areas said that their school does not open on time. It was interesting to note that only about 1.0 *per cent* of children said that their school is not open on all days that it is meant to be open.

Apart from the school functioning, the role of teachers is also critical. About 0.2 % of the children reported that the teachers are very irregular to school and about 0.6 % reported that teachers are not so regular to the school. About 1.9 % of children said that the teachers do not take classes for the full duration for which the classes are meant to be taken. This was reported by 2.1 *per cent* of children in rural areas and 1.3 *per cent* in urban areas.

4.6.2 Reach of Beneficiary schemes

Probably the most important of all schemes implemented in government schools is the mid day meal scheme. Envisaged to attract children from lower socio economic strata of the population, in many cases it ensures that the child does not stop attending schools for want of economic considerations. Across the state, about 55.9 *per cent* of the children reported that mid-day meals are being served in their schools. This was 63.5 *per cent* in rural areas and 37.9 *per cent* in urban areas.

Apart from mid day meals, the government has also implemented many schemes which to some extent act as incentives for parents to send their children to school. But the proper reach of such schemes must be ensured so that the targeted beneficiaries actually realize the benefits of the schemes. In this regard, about 66.1 *per cent* of the children said that they received free text books and among these about 96.3 *per cent* said that they received all the free text books on time. When segregated by type of locality, 96.4 *per cent* of children in rural areas said that they received all the free text books on time as against 96.0 *per cent* in urban areas.

4.6.3 Overall satisfaction level

On the whole about 42.8 *per cent* of the parents said that they were extremely satisfied as compared to 2.1 *per cent* who said that they were not satisfied with the quality education that their children are getting in the schools.

APPENDIX-3.7

(Refer paragraph 3.3.8.2 at page 71)

Statement showing the details of districts running with shortage of primary school teachers

Sl. No.	District	Enrollment	Required number of teachers as per PTR 40:1	Number of teachers in position	Shortage
1.	Angul	135670	3392	3021	371
2.	Balasore	248618	6215	4141	2074
3.	Bhadrak	188994	4725	3057	1668
4.	Baragarh	133675	3342	3161	181
5.	Cuttack	229095	5727	5136	591
6.	Deogarh	34011	850	803	47
7.	Dhenkanal	118641	2966	2924	42
8.	Ganjam	403161	10079	7717	2362
9.	Jagatsinghpur	117643	2941	2536	405
10.	Jajpur	217718	5443	3982	1461
11.	Kendrapara	164347	4109	3086	1023
12.	Keonjhar	187809	4695	4629	66
13.	Khurda	164654	4116	3522	594
14.	Malkangiri	73838	1846	1764	82
15.	Nabarangapur	120978	3024	2315	709
16.	Nayagarh	95546	2389	2066	323
17.	Puri	171335	4283	3693	590
	Total		70142	57553	12589

APPENDIX-3.8

(Refer paragraph 3.3.8.2 at page 71)

Statement showing the district-wise posting of excess primary school teachers

Sl.No.	District	Enrollment	Number of teachers required at PTR 40:1	Number of teachers in position	Excess Teachers posted
1.	Bolangir	173332	4333	4641	308
2.	Boudh	51625	1291	1501	210
3.	Gajapati	66377	1659	2126	467
4.	Jharsuguda	44037	1101	1164	63
5.	Kalahandi	146228	3656	3959	303
6.	Kandhamal	88291	2207	3048	841
7.	Koraput	145758	3644	4210	566
8.	Mayurbhanj	265610	6640	6894	254
9.	Nuapara	69399	1735	1860	125
10.	Rayagada	90077	2552	3179	627
11.	Sambalpur	81872	2047	2441	394
12.	Sonepur	62689	1567	1672	105
13.	Sundargarh	150602	3765	4443	678
	Total		36197	41138	4941

APPENDIX-3.9

(Refer paragraph 3.3.8.3 at page 71)

Statement showing district-wise number of single teacher schools
for the year 2004-05

SL. No.	District	Primary School	Single Teacher Primary School	Upper Primary School	Single Teacher Primary School
1.	Angul	930	225	485	11
2.	Balasore	1266	89	1090	14
3.	Bargarh	1158	163	551	15
4.	Bhadrak	882	179	607	8
5.	Bolangir	1511	306	490	16
6.	Boudh	476	51	209	3
7.	Cuttack	1495	255	774	9
8.	Deogarh	326	124	157	7
9.	Dhenkanal	878	175	496	1
10.	Gajapati	843	311	287	5
11.	Ganjam	2233	454	1052	14
12.	Jagatsinghpur	837	169	513	8
13.	Jajpur	1137	178	793	5
14.	Jharsuguda	390	74	241	14
15.	Kalahandi	1323	175	514	9
16.	Kandhamal	1132	294	453	13
17.	Kendrapara	1027	216	682	14
18.	Keonjhar	1493	275	796	9
19.	Khurda	967	159	590	7
20.	Koraput	1595	390	460	14
21.	Malkangiri	781	154	205	11
22.	Mayurbhanja	2456	485	945	23
23.	Nabarangpur	981	361	331	16
24.	Nayagarh	638	109	377	11
25.	Nuapada	600	69	291	3
26.	Puri	1136	221	695	6
27.	Rayagada	1245	291	358	3
28.	Sambalpur	889	211	428	8
29.	Sonepur	621	253	227	11
30.	Sundargarh	1507	307	580	11
State Total		32753	6723	15737	299

APPENDIX-3.10

(Refer paragraph 3.3.8.5 at page 72)

Statement showing information on class V pass and requirement of upper primary school (Source: DISE 04-05)

Sl. No.	District	Total Primary Schools actually existed	Total children passed in class V (2004-05) A	Number of Upper primary schools required to accommodate those children (B=A/40)	Number of UP schools actually existed
1.	Angul	930	23278	582	485
2.	Balasore	1266	44943	1124	1090
3.	Bargarh	1158	29865	747	551
4.	Bhadrak	882	32974	824	607
5.	Bolangiri	1511	25953	649	490
6.	Boudh	476	9325	233	209
7.	Cuttack	1495	40420	1011	774
8.	Deogarh	326	5009	125	157
9.	Dhenkanal	878	24334	608	496
10.	Gajapati	843	12927	323	287
11.	Ganjam	2233	65687	1642	1052
12.	Jagatsinghpur	837	24577	614	513
13.	Jajpur	1137	36518	913	793
14.	Jharsuguda	390	11660	292	241
15.	Kalahandi	1323	21365	534	514
16.	Kandhamal	1132	15113	378	453
17.	Kendrapara	1027	29237	731	682
18.	Keonjhar	1493	30868	772	796
19.	Khurda	967	33217	830	590
20.	Koraput	1595	25499	637	460
21.	Malkangiri	781	10046	251	205
22.	Mayurbhanja	2456	37853	946	945
23.	Nabarangpur	981	17755	444	331
24.	Nayagarh	638	16244	406	377
25.	Nuapada	600	11320	283	291
26.	Puri	1136	31849	796	695
27.	Rayagada	1245	18731	468	358
28.	Sambalapur	889	18750	469	428
29.	Sonepur	621	14007	350	227
30.	Sundargarh	1507	31980	800	580
	Total	32753	751304	18783	15737

Note: (1)	On the basis of one UP school for every two primary schools the number of UP schools required for 32753 primary schools	16377
(2)	Number of UP schools actually existed -	15737
(3)	Shortfall in setting up UP schools (1-2)	640

Contd.

APPENDIX-3.11

(Refer paragraph 3.3.10.2 at page 77)

Statement showing overall position of Civil Works (2004-05)

(Rupees in lakh)

Name of the District	Total number of Civil Works undertaken up to 2004-05 (all activities)	Total estimated cost	Cumulative amount of allotments received by districts upto 2004-05	Stages of physical progress							Expenditure Incurred (cumulative)	Works handed over	Remarks
				Earth work	Plinth level	Lintal level	Roof level	Finishing stage	Works completed	Number of works not started			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Angul	574	696.82	392.17	11	22	20	26	81	191	223	392.17	Nil	Expenditure towards office and garage extension: Rs 2.94 lakh
2. Balasore	732	638.00	641.45	173	16	13	15	30	14	471	409.47	Nil	Includes minor works (toilets)
3. Baragarh	510	737.65	737.65	-	105	157	42	110	196	Nil	636.11	Nil	
4. Bhadrak	701	2048.50	657.35	23	7	14	13	45	131	468	402.50	Nil	-do-
5. Bolangir	530	886.35	686.85	187	53	27	28	26	201	8	686.85	Nil	
6. Boudh	187	293.05	138.25	23	21	10	31	36	32	34	208.96	Nil	Exp. In excess of allotment Rs 70.71 lakh
7. Cuttack	349	866.00	546.90	134	47	25	10	9	112	12	546.90	Nil	
8. Deogarh	205	328.85	252.80	55	12	12	20	46	48	12	235.89	Nil	
9. Dhenkanal	578	NA	517.15	188	-	6	4	18	162	200	517.15	Nil	Low achievement
10. Ganjam	597	1460.50	1042.90	35	84	12	28	85	250	103	1065.25	250	Excess Exp. of Rs 22.35 lakh
11. Gajapati	438	NA	546.55	5	13	12	25	48	161	174	466.64	Nil	Low achievement
12. Jagatsinghpur	490	600.30	494.10	11	28	26	20	112	253	40	524.87	Nil	Excess expenditure of Rs 30.79 lakh
13. Jajapur	787	968.90	737.30	140	54	19	23	99	138	314	730.19	1	Low achievement
14. Jharsuguda	194	396.00	364.00	51	28	34	41	36	4	Nil	396.00	Nil	Excess expenditure of Rs 8.32 lakh
15. Kalahandi	844	1206.09	895.00	243	60	33	63	154	290	1	854.20	Nil	

Concl.

Name of the District	Total number of Civil Works undertaken up to 2004-05 (all activities)	Total estimated cost	Cumulative amount of allotments received by districts upto 2004-05	Stages of physical progress							Expenditure Incurred (cumulative)	Works handed over	Remarks	
				Earth work	Plinth level	Lintal level	Roof level	Finishing stage	Works completed	Number of works not started				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
16. Kandhamal	298	786.00	630.00	146	34	28	35	34	18	3	529.78	18		
17. Keonjhar	593	794.42	664.00	253	67	5	44	153	71	Nil	561.19	Nil		
18. Kendrapara	528	809.20	472.39	131	13	18	22	28	311	5	472.39	Nil		
19. Khurda				Not Furnished.										
20. Koraput	504	1302.93	811.15	123	36	50	85	91	119	-	825.73	Nil	Excess Expenditure of Rs 14.58 lakh	
21. Malkangiri	242	294.24	343.00	6	10	14	16	36	105	55	289.26	55	Low achievement	
22. Mayurbhanj	555	1374.42	820.00	146	21	8	27	61	122	170	678.13	-	Low achievement	
23. Nabarangpur	446	528.34	407.50	193	21	11	28	41	52	100	208.89	52	-do-	
24. Nayagarh	679	855.20	659.30	42	24	21	27	117	128	320	138.42	-	-do-	
25. Nuapara	236	491.46	153.55	50	27	29	16	33	25	56	152.69	Nil	-do-	
26. Puri	504	1319.85	489.50	191	57	32	49	79	96	Nil	721.39	Nil		
27. Sambalpur	659	756.85	591.75	51	46	-	71	264	227	Nil	554.59	125		
28. Sonepur	161	448.84	223.18	11	28	12	24	40	1	45	223.18	Nil	Low achievement	
29. Sundargarh	876	915.00	915.10	175	68	34	34	140	425	Nil	888.05	-		
30. Rayagada	752	924.80	635.95	297	52	28	28	321	-	26	621.46	-		
Total	14749	22728.56	16466.79	3094	1054	610	895	2373	3883	2840	14938.30	501		

APPENDIX-3.12
(Refer paragraph 3.5.5 at page 98)

**Statement showing the details of achievement in multiplication of
groundnut and mustard seeds during 2001-06**

Name of the Crop	Year	prescribed norm	Quantity lifted by OSSC Ltd.	Foundation seed produced	Seed multiplication ratio	(Quantity in quintals)		
						Foundation seeds multiplied	Seeds produced	Seed multiplication ratio
Groundnut	2001-02	1:6	150	913	1:6	1041	2994	1:3
	2002-03		164	803	1:5	1501	4320	1:3
	2003-04		157	578	1:4	656	2407	1:4
	2004-05		427	1641	1:4	610	4345	1:7
	2005-06		352	842	1:2	1003	7464	1:7
	Total			1250	4777	1:4	4811	21530
Mustard	2001-02	1:100	0.05	11	1:220	23	1120	1:49
	2002-03		1.50	55	1:36	11	491	1:45
	2003-04		0.30	34	1:113	25	904	1:36
	2004-05		--	--	--	25	855	1:34
	2005-06		0.09			13	711	1:55
	Total			1.94	100	1:52	97	4081

Appendix- 4.1

(Refer paragraph 4.5.1 at page 124)

Statement showing the district-wise details of sale proceeds not remitted by the DSWOs to the Government as of August 2006

Name of the DSWO	Quantity of food grains received during 2001-05		Number of bags		Total cost	90 per cent cost required to be remitted to Government	Amount remitted	Amount not remitted
	2001-03	2003-05	2001-03	2003-05				
Anugul	61895	74610	123790	149220	21.11	19.00	0.40	18.60
Balasore	123648	134102	247296	268204	39.19	35.27	25.00	10.27
Bargarh	70792	86589	141584	173178	24.40	21.96	8.23	13.73
Bhadrak	83543	98210	167086	196420	28.00	25.20	0	25.20
Bolangir	65080	70357	130160	140714	20.58	18.52	16.25	2.27
Boudh	18923	21006	37846	42012	6.09	5.48	0.32	5.16
Cuttack	91559	126872	183118	253744	34.53	31.08	0	31.08
Deogarh	17481	18184	34962	36368	5.38	4.85	1.40	3.45
Dhenkanal	62025	68905	124050	137810	19.98	17.99	0	17.99
Gajapati	35851	31016	71702	62032	9.79	8.81	4.79	4.02
Ganjam	188334	210973	376668	421946	61.03	54.93	0	54.93
Jagatsinghpur	53877	64051	107754	128102	18.20	16.38	0.77	15.61
Jajpur	102105	129331	204210	258662	36.08	32.47	0	32.47
Jharsuguda	24528	27843	49056	55686	8.02	7.22	0	7.22
Kalahandi	57908	64139	115816	128278	18.62	16.76	4.43	12.33
Kandhamal	21475	47665	42950	95330	11.68	10.51	6.82	3.69
Kendrapara	76100	90389	152200	180778	25.69	23.12	4.38	18.74
Keonjhar	83029	94094	166058	188188	27.12	24.41	3.63	20.78
Khurda	75762	85154	151524	170308	24.61	22.15	0	22.15
Koraput	50020	63680	100040	127360	17.74	15.96	0	15.96
Malkangiri	24661	32062	49322	64124	8.88	7.99	2.86	5.13
Mayurbhanj	90878	104383	181756	208766	29.96	26.97	8.68	18.29
Nawarangpur	49377	53322	98754	106644	15.60	14.04	2.28	11.76
Nayagarh	48184	52467	96368	104934	15.31	13.78	0	13.78
Nuapada	30348	33707	60696	67414	9.78	8.80	0.47	8.33
Puri	73898	89748	147796	179496	25.34	22.81	0	22.81
Rayagada	39370	44955	78740	89910	12.93	11.64	0.03	11.61
Sambalpur	35900	53531	71800	107062	14.30	12.87	0	12.87
Sonepur	27832	23843	55664	47686	7.55	6.80	0	6.80
Sundargarh	68734	84295	137468	168590	23.73	21.36	0	21.36
Total	1853117	2179483	3706234	4358966	621.21	559.13	90.74	468.39

* Rate per bag: 2001-03 : at the rate of Rs 5 and 2003-05 : at the rate of Rs 10.

Appendix-4.2
(Refer paragraph 4.6.4 at page 134)

Instances of non-maintenance of uniformity in exhibiting of inflow and outflow of funds in PRIA Soft

(1) In Banki Block, a basic entry in EAS Scheme Accounts for May 2005 in 'PAMIS' was -

		<u>Rs</u>	<u>Rs</u>
EG01 Building A/c	Dr.	40,000	
To ABAB16 EAS Ac No.01100050008			36,194
To LBA01 Security Deposit			1,200
To LBA02 Royalty			1,806
To LBA03 Work Contingency			800

The same was exhibited in PRIA Soft as

Inflow = Rs 3,086 (1200 + 1806 + 800)
Outflow = Rs 40,000

The above revealed that Banki Block had exhibited Rs 40,000 not Rs 36,194 (actually issued from Bank ABAB16) as outflow in PRIA Soft and the differential amount of Rs 3086 (40000-36194) as inflow. The same procedure was followed in the blocks of **BARANGA and KANTAPADA**.

(2) In NARSINGHPUR Block, a basic entry in MLALAD Accounts for May 2005 in 'PAMIS' was -

		<u>Rs</u>	<u>Rs</u>
EF01 Building A/c	Dr.	38,723	
To ABAB02 MLALAD BANK A/C			32,299
To LBA01 Security Deposit			1,950
To LBA02 Royalty			1,033
To LBA03 Work Contingency			800
To LBA06 WITH HELD			2,500
To IZ01 SALE OF GUNNY BAG			141

The same was exhibited in PRIA Soft as

Inflow = Nil
Outflow = Rs 38,723

The above revealed that Narsinghpur Block had exhibited Rs 38723 not Rs 32,299 (actually issued from Bank ABAB02) as outflow in PRIA Soft and ignored the differential amount Rs 6,424/- and exhibited 'Nil' as inflow. The same procedure was followed in the blocks of **TIGIRIA, NIALI, SALEPUR, MAHANGA and CUTTACK SADAR**.

(3) In Tangi-Choudwar Block, a basic entry in OBB Accounts for May 2005 in 'PAMIS' was:

		<u>Rs</u>	<u>Rs</u>
EF01 CONSTRUCTION OF BUILDING A/c	Dr.	10,035	
To ABAB04 OBB BANK A/C(UCO, AGRAHAT-2577)			9,430
To LBA01 Security Deposit			200
To LBA02 Royalty			375
To IZ01 SALE OF GUNNY BAG			30

The same was exhibited in PRIA Soft as

Inflow = Nil
Outflow = Rs 9,430/-

The above revealed that TANGI-CHOUDWAR Block had exhibited Rs 9,430/- (actually issued from Bank ABAB04) as outflow in PRIA Soft and ignored the differential amount Rs 605/- and exhibited 'Nil' as inflow. The same procedure was also followed in **NISCHINTA KOILI** block.

APPENDIX-4.3

Contd.

(Refer Paragraph 4.7.1 at Page 135)

Statement showing the position of Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of the department	Report awaiting settlement (up to June 2006)		Reports awaiting settlement for more than 10 years		Reports to which even first reply has not been received
		No. of Reports	No. of Paragraphs	No. of Reports	No. of Paragraphs	No. of Reports
1.	General Administration	40	102	05	12	20
2.	Law	102	294	14	30	52
3.	Food Supply and Consumer Welfare	10	25	04	06	08
4.	Energy	11	18	--	--	01
5.	Works	948	3238	399	912	31
6.	Science and Technology	04	07	03	03	--
7.	Higher Education	349	937	70	136	14
8.	Co-operation	103	260	28	50	06
9.	Housing and Urban Development	207	634	80	168	12
10.	Steel and Mines	29	47	06	06	04
11.	Tourism, Culture and Sports	59	195	15	40	05
12.	Home	485	1325	38	81	67
13.	Forest	480	1618	92	256	16
14.	Panchayati Raj	1393	7536	412	1728	456
15.	Finance	201	382	104	194	11
16.	Health and Family Welfare	1613	5531	771	2362	53
17.	Agriculture	1633	5576	292	712	83
18.	Labour and Employment	121	251	34	60	06
19.	Planning and Co-ordination	58	166	20	47	05
20.	Miscellaneous (Banks involving State transactions of pension payments and subsidy adjustment)	423	640	264	398	29
21.	Revenue	1424	4172	346	847	61

Sl. No.	Name of the department	Report awaiting settlement (up to June 2006)		Reports awaiting settlement for more than 10 years		Reports to which even first reply has not been received
		No. of Reports	No. of Paragraphs	No. of Reports	No. of Paragraphs	No. of Reports
22.	Excise	55	87	20	37	--
23.	Fisheries and Animal Resources Development	668	1932	140	220	20
24.	ST and SC and Minority and Backward Classes Development	434	1510	95	299	26
25.	Commerce and Transport	171	378	26	61	10
26.	Textiles and Handlooms	82	203	23	45	11
27.	Industries	354	1059	77	192	49
28.	School & Mass Education	1425	4372	409	1010	19
29.	Parliamentary Affairs	13	36	04	12	04
30.	Information and Public Relation	77	339	11	37	25
31.	Women and Child Development	721	2609	222	600	190
32.	Sports and Youth Services	41	148	16	42	04
33.	Water Resources	1626	5688	684	1726	74
34.	Rural Development	610	1985	208	354	35
Total		15970	53300	4909	126353	1407

APPENDIX-4.4

(Refer Paragraph 4.7.1 at Page 135)

Statement showing the year-wise break-up of outstanding IRs/Paragraphs

Year	Inspection Reports	Paragraphs
1964-65	01	02
1965-66	04	24
1966-67	06	19
1967-68	05	17
1968-69	06	18
1969-70	10	46
1970-71	07	21
1971-72	03	09
1972-73	02	02
1973-74	01	01
1974-75	02	05
1975-76	05	10
1976-77	03	07
1977-78	06	20
1978-79	10	37
1979-80	12	19
1980-81	45	85
1981-82	38	94
1982-83	41	73
1983-84	56	90
1984-85	71	128
1985-86	114	238
1986-87	165	356
1987-88	182	390
1988-89	195	437
1989-90	263	590
1990-91	328	773
1991-92	446	1084
1992-93	543	1395
1993-94	616	1636
1994-95	758	2138
1995-96	927	2918
1996-97	898	2810
1997-98	837	2751
1998-99	974	3428
1999-2000	1165	3878
2000-2001	1136	3885
2001-2002	1254	4646
2002-2003	1268	5069
2003-2004	1351	5073
2004-2005	1231	4846
2005-06	985	4232
TOTAL	15970	53300

APPENDIX-4.5

(Refer paragraph 4.7.1 at page 135)

Statement showing serious irregularities

Sl. No.	Name of the Irregularities	No. of Paragraphs	Amount (Rupees in crore)
1.	Infructuous/unfruitful/avoidable/irregular expenditure/extra liability/excess expenditure	1582	21397.08
2.	Excess payment to Firms/Contractors	608	8308.17
3.	Idle store/Surplus/Unserviceable store/blockage of Government money	1183	16163.13
4.	Irregular purchase/Non-accountal of stock/Non-adjustment of cost of material	416	2644.04
5.	Non-recovery of dues from firms/contractors and others	303	278.95
6.	Non-submission of UCs	912	116381.79
7.	Amount kept in Civil Deposits	943	24242.56
8.	Loss, Misappropriation and shortage of stores	1338	3029.33
9.	Unauthorised expenditure	839	3702.83
10.	Retention of undisbursed amount	549	3025.97
11.	Inadmissible/irregular payment	906	3964.12
12.	Advance payment/Less recovery of advance/interest/royalty and Income Tax	383	3754.76
13.	Under-utilisation of departmental machinery	45	4728.74
14.	Demurrage/Penalty	23	1131.47
15.	Undue financial aid to contractors/firms	177	8090.45
16.	Miscellaneous/doubtful expenditure/non-submission of vouchers/overdrawal etc.	2484	1336.91
17.	Stamped Receipt/Acknowledgement wanting	845	2955.03
18.	Loans/Advances not recovered	1606	7794.21
19.	Short/Non-realisation of Government dues	1492	6738.25

APPENDIX-4.6

(Refer paragraph 4.7.2 at page 136)

Statement of compliance notes on reviews/audit paragraphs (Civil) not received from Government as on 30 June 2006

Sl.No.	Name of Deptt.	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	Total
1	Agriculture	4	1		3			4	2	14
2	Home			1	2	2	1	1	1	8
3	Revenue	3	2	1	2		3	2		13
4.	Finance	2	2	6	3	1	1		3	18
5	Food Supplies and Consumer Welfare								1	1
6	School and Mass Education.			2	2	4	1	2	1	12
7	ST, SC Development Department and Minorities and Backward Classes Dev	3	1	2	2	1				9
	Health and Family Welfare			1	4	1	1	2	3	12
9	Housing and Urban Development					1	4	3		8
10	Sports and Youth Services						1			1
11.	Planning and Coordination							1	1	2
12.	Panchayati Raj							1	1	2
13	Industry							1		1
14	Water Resources		2	1	1		2	4	5	15
15	Transport			1			1	1		3
16.	Forest and Environment									
17	Steel and Mines				1					1
18.	Science and Technology.									
19.	Tourism and Culture					1	1			2
20.	Fisheries and Animal Resources Dev			1	1		2	2		6
21.	Labour and Employment							1		1
22.	Co-operation							1		1
23.	Women and Child Development			1		1	1	1		4
24.	Higher Education.				1		1	1	1	4
25	Information Technology								1	1
26	Information and Public Relation								1	1
27	Works				2	1	1	2	2	8
28	Rural Development						5	4	1	10
	Total individual paras outstanding	12	8	17	24	13	26	34	24	158

APPENDIX-4.7

(Refer paragraph 4.7.2 at page 136)

Statement showing status of PAC recommendations on which action had not been taken as on 30 June 2006

Sl. No.	Department	11 th Assembly (1997-2000)	12 th Assembly (2000-2004)	13 th Assembly (2004-2005)	Total
1	Agriculture	1	15	Nil	16
2	Co-operation	Nil	21	Nil	21
3	Commerce and Transport (Commerce)	Nil	All for future guidance	Nil	Nil
4	Commerce and Transport (Transport)	Nil	2	Nil	2
5	School and Mass Education	2	16	Nil	18
6	Higher Education	3	11	Nil	14
7	Finance	1	Nil	Nil	1
8	Forest and Environment	3	2	Nil	5
9	Food Supplies and Consumer Welfare	Nil	23	Nil	23
10	Fisheries and Animal Resources Development	Nil	3	6	9
11	General Administration	4	Nil	Nil	4
12	ST, SC Development Department and Minorities and Backward Classes Development	8	Nil	Nil	8
13	Health and Family Welfare	15	11	Nil	26
14	Home	1	11	Nil	12
15	Industries	Nil	12	Nil	12
16	Labour and Employment	Nil	15	Nil	15
17	Panchayati Raj	Nil	2	Nil	2
18	Public Enterprise	Nil	3	Nil	3
19	Steel and Mines	Nil	7	Nil	7
20	Law	Nil	Nil	11	11
21	Textiles and Handloom	Nil	15	Nil	15
22	Women and Child Development	1	Nil	Nil	1
23	Energy	16	9	Nil	25
24	Housing and Urban Development	19	5	10	34
25	Rural Development	12	Nil	9	21
26	Water Resources	10	65	10	85
27	Works	11	13	27	51
	Total	69	78	56	404

Glossary of abbreviations

A

AA	Administrative Approval
AAP	Annual Action Plan
ACA	Additional Central Assistance
AE	Assistant Engineer
AGCS	Auditor General of Co-operative Societies
AIDs	Acquired Immuno Deficiency Syndrome
AMDP	Accelerated Maize Development Programme
ANM	Auxiliary Nursing Midwife
APO	Assistant Project Officer
APOs	Annual Plan of Operations
ARCS	Assistant Registrar of Cooperative Societies
ARWSP	Accelerated Rural Water Supply Scheme
ASCO	Assistant Soil Conservation Officer
ASR	Annual Statistical Return
AWC	Anganwadi Centre
AWPB	Annual Work Plans and Budget
AWTC	Anganwadi Training Centre
AWW	Anganwadi Worker

B

BD	Bank Draft
BDO	Block Development Officer
BPL	Below Poverty Line
BRCC	Block Resource Centre Co-ordinator

C

CAP	Comprehensive Action Plan
CC	Cement Concrete
CCA	Culturable Command Area
CDPO	Child Development Project Officer
CE	Chief Engineer
CE&BM	Chief Engineer and Basin Manager
CGWB	Central Ground Water Board
CHC	Community Health Centre
CIP	Central Issue Price
CRCC	Cluster Resource Centre Co-ordinator
CSP	Centrally Sponsored Plan
CSS	Centrally Sponsored Scheme
CWSN	Children With Special Needs

D

DAFP	Director of Agriculture and Food Production
DAM	Directorate of Agricultural Marketing
DAO	District Agriculture Officer
DCCB	District Central Cooperative Bank
DCR	Deposit at Call Receipt
DDA	Deputy Director of Agriculture
DFW	Director of Family Welfare
DDO	Drawing and Disbursing Officer
DIET	District Institute of Education and Training
DISE	District Information System for Education
DMC	Departmental Monitoring Committee
DPC	District Project Co-ordinator
DPEP	District Primary Education Programme
DRCS	Deputy Registrar of Cooperative Society
DRDA	District Rural Development Agency
DSWO	District Social Welfare Officer
DTET	Director of Technical Education and Training
DW	Diversion Weir
DWSM	District Water and Sanitation Mission

E

EA	Executing Agency
EAS	Employment Assurance Scheme
EBB	Educationally Backward Blocks
EE	Executive Engineer
EGS	Education Guarantee Scheme

F

FCI	Food Corporation of India
FD	Finance Department
FFWP	Food For Works Programme
FPS	Fair Price Shop

G

GB	Governing Body
GGGCMU	Greater Ganjam Gajapati Cooperative Milk Producer Union Limited
GM	General Manager
GOI	Government of India
GoO	Government of Orissa
GP	Gram Panchayat

GSB	Granular Sub Base
GSDP	Gross State Domestic Product
H	
HETC	Home Economic Training Centre
HFL	High Flood Level
HFw	Health and Family Welfare
HRA	House Rent Allowance
I	
ICAR	Indian Council of Agricultural Research
ICDS	Integrated Child Development Services
ICM	Internal Control Mechanism
IDEA	Interactive Data Extraction and Analysis
IEC	Information Education and Communication
IMR	Infant Mortality Rate
IMRB	Indian Market Research Bureau
IR	Inspection Report
ISOPOM	Integrated Scheme of Oil Seeds, Pulses, Oil Palm and Maize
IT	Information Technology
ITDA	Integrated Tribal Development Agency
ITI	Industrial Training Institute
J	
JGSY	Jawahar Gram Samridhi Yojana
JLA	Junior Laboratory Assistant
JRM	Joint Review Mission
K	
KBK	Kalahandi Bolangir and Koraput
KGBV	Kasturba Gandhi Balika Vidhyalay
KSY	Kishori Shakti Yojana
L	
LBW	Low Birth Weight
LoC	Letter of Credit
LPCD	Litre Per Capita per day
M	
MCL	Mahanadi Coal field Limited
MCS	Model Cluster School
MD	Managing Director

MDM	Mid Day Meal
MEM	Monitoring and Evaluation Mechanism
MI	Minor Irrigation
MIP	Minor Irrigation Project
MNP	Minimum Needs Programme
MT	Metric Tonne
MLALAD	Member of Legislative Assembly Local Area Development
MLTC	Middle Level Training Centre
MMR	Maternity Mortality Rate
MOU	Memorandum of Understanding

N

NABARD	National Bank of Agriculture and Rural Development
NALCO	National Aluminium Company Limited
NC	Not Covered
NCCF	National Calamity Contingency Fund
NCDC	National Cooperative Development Corporation
NER	Net Enrollment Ratio
NREGS	National Rural Employment Guarantee Scheme
NGO	Non Government Organisation
NIPCCD	National Institute of Public Corporation and Child Development
NIT	Notice Inviting Tender
NKC	Nabakrushna Choudhury
NOAP	National Old Age Pension
NPDP	National Pulses Development Project
NPEGEL	National Programme for Education of Girls at Elementary Level
NMR	Nominal Muster Roll
NSC	National Seed Corporation
NSQ	Not of Standard Quality
NTPC	National Thermal Power Corporation

O

OAP	Old Age Pension
OBB	Operation Black Board
OBCC	Orissa Bridge and Construction Corporation
OBM	Orissa Budget Manual
OCAC	Orissa Computer Application Centre
OCC	Orissa Construction Corporation
OCHC	Orissa Cooperative Housing Corporation
OCS	Orissa Cooperative Society
ODP	Old Destitute Pension

OEP	Orissa Environment Programme
OGFR	Orissa General Financial Rules
OILFED	Oil Federation
OPDP	Oil Palm Development Programme
OPEPA	Orissa Primary Education Programme Authority
OPP	Oil Seeds Production Programme
OPWD	Orissa Public Works Department
OSAMB	Orissa State Agricultural Marketing Board
OSCB	Orissa State Cooperative Bank
OSCCW	Orissa State Council of Child Welfare
OSCAR	Orissa State Cooperative Agriculture and Rural Development Bank
OSCSE	Orissa State Civil Supplies Corporation
OSCU	Orissa State Cooperative Union
OSSC	Orissa Seeds Supply Corporation
OST	Orissa Sales Tax
OSWC	Orissa State Warehousing Corporation
OTC	Orissa Treasury Code
OWSSB	Orissa Water Supply and Swerage Board

P

PAC	Public Accounts Committee
PACS	Primary Agricultural Credit Society
PAMIS	Panchayat Accounting Monitoring Information System
PC	Partially Covered
PCCF	Principal Chief Conservator of Forests
PD	Project Director
PETS	Public Expenditure Tracking Survey
PHC	Primary Health Centre
PL	Personal Ledger
PLTC	Project Level Technical Committee
PMCS	Primary Milk Producers Cooperative Society
PMG	Polythene Mulch Groundnut
PMGY	Pradhan Mantri Gramodaya Yojana
PMU	Project Management Unit
PRI	Panchayati Raj Institution
PS	Panchayat Samiti
PWD	Public Works Department
PWS	Piped Water Supply

R

RCS	Registrar of Cooperative Society
RDD	Rural Development Department

R&E	Revenue and Excise
RGNDWM	Rajiv Gandhi National Drinking Water Mission
RLTAP	Revised Long Term Action Plan
RMC	Regulated Market Committee
RMO	Regional Marketing Officer
RWSS	Rural Water Supply and Sanitation

S

SAU	State Agriculture University
SBWL	State Board for Wild Life
SC	Scheduled Caste
SCA	Special Central Assistance
SE	Superintending Engineer
SEM	Self Employed Mechanic
SFCI	State Firms Corporation of India
SGRY	Sampoorna Grameen Rozgar Yojana
SHG	Self Help Group
SIS	State Implementing Society
SLCS	State Level Sanctioning Committee
SLPC	State Level Purchase Committee
SNP	Supplementary Nutrition Programme
SMR	Seed Multiplication Ratio
SoR	Schedule of Rates
SRC	Special Relief Commissioner
SRR	Seed Replacement Rates
SRRRI	Social and Rural Research Institute
SRSWOR	Simple Random Sampling Without Replacement
SSA	Sarva Shiksha Abhiyan
ST	Scheduled Tribe
STA	State Technical Agency
STR	Similipal Tiger Reserve
SVP	Seed Village Programme
SVS	Seed Village Scheme

T

TBPM	Text Book Production and Marketing
TC	Transportation Charge
TESCERT	Teacher Education and State Council of Educational Research and Training
TL	Truthfully Label
TLE	Teaching Learning Equipment
TLM	Teaching Learning Material

Concl.

TMOP	Technology Mission on Oil Seed Programme
TRC	Tourist Reception Counter
TS	Technical Sanction
TT	Telegraphic Transfer
	U
UC	Utilisation Certificate
UEE	Universal Elementary Education
ULB	Urban Local Body
	V
VLL	Village Labour Leader
VMC	Vigilance and Monitoring Committee
	W
WBM	Water Bound Macadam
WCD	Women and Child Development
WMA	Wage and Means Advance
WODC	Western Orissa Development Council
WR	Water Resources
WRCP	Water Resources Consolidation Projects
	Z
ZP	Zilla Parishad